EXHIBIT SS 6

POPO SIMON MOLEFE

JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE

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IN THE COMMISSION OF ENQUIRY INTO STATE CAPTURE:

AFFIDAVIT

I, the undersigned,

POPO SIMON MOLEFE

do hereby make oath and state as follows: -

Introduction

1. I am an adult businessman and currently chairperson of the Board of Transnet SOC. During the period 1 August 2014 to 30 August 2017, I served as the Chairperson of the Board for the Passenger Rail Agency of South Africa ("PRASA").

2. The facts set out herein affidavit are within my personal knowledge and belief, unless stated otherwise or the context makes the contrary apparent, and they are to the best of my knowledge and belief both true and correct.

3. To the extent that I make submissions of a legal nature in this affidavit, I do so on the advice received in the preparation of the affidavit.

4. I begin by noting that I have already given evidence to this Commission: in my capacity as Chairperson of the Board of Transnet – on 7 May 2019.

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5. I appear before you now to relate my experiences as the Chairperson of the Board of PRASA. I submit that my experiences at PRASA equip me to assist the Commission to better understand the different strategies that were used by those involved in state capture. In this affidavit, I will set out how, in my view, state capture was implemented at PRASA and how people who occupied positions of influence, especially in the award of tenders, had been made vulnerable by the manipulations of those at the heart of state capture. I will also seek to show that individuals and institutions that were under a duty to protect PRASA and those who were made vulnerable failed to fulfil that duty and as a result allowed the capture of PRASA to succeed and benefit certain individuals and entities connected to them.

6. In this regard, I am of the respectful view that PRASA was one of the state institutions that was identified for and became a victim of state capture. I add with concern that, the capture was so wide and deep that PRASA may not yet have freed itself totally from the shackles of state capture.

7. In this affidavit, and in my evidence, I will address the following matters: my appointment as Chairperson of PRASA's Board; the challenges that I experienced from varied quarters thereafter; how I became aware of the maladministration at PRASA; the various steps I took to attempt to correct what I perceived to be the wrongs and the obstacles that were put in my way; some of the approaches that I made on behalf of the Board to protect PRASA's and the public interest; and the conclusions to which I have arrived recently as regards what went on at PRASA.

8. PRASA is an organ of state. As such, it is subject to the applicable constitutional, statutory and regulatory measures. These have been collated into a file, which forms Annexure **PM1** to this affidavit. I confirm that it contains all the relevant measures that

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are relevant to the matters with which I deal herein. Where it will be helpful or necessary, I will refer to the relevant measure.

9. However, for general purposes it will suffice to place on record the following. Unlike many of the large SOEs, PRASA falls under the general authority of the Minister of Transport, as opposed to the Minister of Public Enterprises. As a result, PRASA is funded by National Treasury through allocations made to the Department of Transport. PRASA's Board is its Accounting Authority and its CEO its Accounting Officer. Insofar as procurement of goods and services by PRASA is concerned, PRASA is of course subject to all measures that are applicable to organs of state and in addition to its own SCM processes and procedures.

10. Finally, PRASA's main object and business is to ensure that rail and bus passenger services are provided within and to and from South Africa in the public interest; and its second object and business is to generate income from the exploitation of its assets. As a result of its being captured, for many years now PRASA has failed to deliver on these mandates. Fed up with PRASA's non-delivery and maladministration and the failure of those who are responsibility of its oversight, NGOs have had to turn to the Courts to protect the rights of commuters and the public. I understand that separate evidence on this issue will be presented to the Commission on these matters.

My early days at PRASA

11. As I have noted, I was appointed to the PRASA Board on 1 August 2014 by the then Minister of Transport, Ms Dipuo Peters. Minister Peters further appointed the other members of the Board, a process that I was not involved in. Soon after my appointment, I met with Mr Lucky Montana, who was then the Group Chief Executive

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Officer ("the CEO"). He congratulated me on my appointment, but wasted no time in telling me that he had told the previous Chairperson that he intended resigning, as he had been with PRASA for many years. He said he still intended to resign in the near future.

12. I responded by telling him that because PRASA was carrying out a major programme of modernization, the Board would need him to remain and lead the team as PRASA discharged its historic task. My fellow Directors and I had accepted appointment to the Board with the best intentions to support management and to strengthen good corporate governance.

13. In this regard, I point out that at first glance PRASA appeared to be an exciting company to be associated with. PRASA was beginning its execution of an ambitious government programme of modernization of the railways system that had suffered more than 40 years of neglect. Among the matters that were envisaged were the following: the replacement of aged trains, coaches and locomotives with new ones; a move from repeated attempts at stabilizing the Metro Rail to a model of delivering a better quality of service to commuters; renovating train stations and the rail network infrastructure; and installing a modern signalling system.

14. It was envisaged that this ambitious programme would require massive investment – a spend of some R172 billion over a period of 40 years on the purchase of modern locomotives. However, it also created an opportunity for massive skills development and the training of engineers, technicians, artisans, train drivers and the like: the plan was that the trains and components would be manufactured and maintained in South Africa. An opportunity to be part of PRASA during such a historic period excited me and, I am aware, many of the new Board members. To this end, as a Board, we began to acquaint ourselves with PRASA's organizational structures and capacity to carry out this ambitious undertaking.

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15. However, at the time the new Board assumed office, most of the major contracts, which ran into billions of Rands, had already been concluded. The Board asked Mr Montana, in his capacity as CEO, to make detailed presentations on the status of the various contracts, including future contracts that PRASA intended to conclude, so it could discharge its fiduciary duties properly. Somewhat surprisingly, the CEO was of little assistance. As a result, the Board itself had to approach attorneys to have the contracts drafted. I nevertheless was concerned that Mr Montana had not provided the information the Board had sought.

16. A quite urgent challenge that faced the Board was that the audit for the 2014/2015 financial year had not been completed. The Audit Report had highlighted irregular expenditure of more than R500 million during its annual audit. A copy of the Audit Report is annexed as **PM2**. More worryingly, the internal auditors projected that in the 2015/16 financial year irregular expenditure would soar to more than R8 billion. In addition, following certain concerns raised by the Auditor General and the Minister, the Board's Audit and Risk Committee convened an urgent workshop to deal with these concerns. The workshop's diagnosis was that PRASA's departments were dysfunctional, its controls were weak or non-existent and many individuals deployed in strategic positions lacked the requisite skills to adequately fulfil their roles.

17. A further concern for the Board was that employees were regularly suspended or dismissed, often in violation of the their constitutionally guaranteed labour rights, as is borne out by the fact that the CCMA often reversed many of these decisions. On one occasion, more than 500 members of the National Transport Movement (NTM) Trade Union were dismissed, only to be later reinstated by the Labour Court. Whether or not he was the ultimate decision-maker, the CEO had to take ultimate responsibility. The result of the foregoing is that PRASA was required to find funds it

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had not budgeted for to pay for employees' services that the CEO had refused to accept.

18. To add to the Board's challenges, at the Board's first substantive meeting, which was held on 27 November 2014, its former Chairperson, Mr Sfiso Buthelezi, advised us that he would be resigning immediately after the meeting. Mr Buthelezi was at the time the chairperson of the Board's Finance Capital Investments and Procurement Committee ("FCIP"). Quite strangely, he then made a submission for the approval of the appointment of service providers for the Braamfontein Depot Modernization project and for the purchase of Rails and Turnouts, alleging that the tenders were urgent.

19. The Board however required a probity report as assurance that there had been proper compliance with the relevant procurement prescripts and processes, particularly because the combined value of the tenders was R4 billion. Mr Montana said that the report was available and he could not understand why it had not been included in the presentation. He undertook to provide it to the Board as soon as possible. On the strength of his assurance, the Board approved the submission, but on the condition that the probity report would be submitted to the chairperson of the Audit and Risk Committee as well as the Board's Chairperson, that is, myself. But the report was never produced. On the contrary, the Board was later told that there could not have been a probity report as the contract of the Probity Officer had expired at least 12 months earlier.

20. Soon thereafter, Mr Montana asked to be released on leave, claiming that he was suffering from fatigue. He was granted leave. In the meantime, the Board asked PRASA's internal auditors to conduct a probity assessment of the tender processes. They found that the SCM Policy and PFMA had in fact not been complied with. A copy of the assessment report is annexed as **PM3.**

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21. As a result, on 26 February 2015, the Board cancelled the tenders and asked management to re-issue RFPs. The Board was very concerned that it had been misled by the CEO and Senior Management and demanded that action be taken. To me, the extent to which Mr Montana and the immediate past chairman, Mr Buthelezi, had misled the new Board were indications of major governance challenges at PRASA and it appeared that those whose responsibility it was to enforce governance, were in fact weakening it.

22. Moreover, I was of the view that Mr Montana had conducted himself in the manner in which he did because in the past he had worked with a weak Board who appeared to be afraid to tell him when he was wrong and that management were acquiescent in the wrongs that he committed. In an informal discussion with Montana I told him that.

23. I was also of the view that there was too much power concentrated in the Office of the CEO. Mr Montana was clearly not consulting his executive management committee when making decisions requiring their consent. The Exco Meetings were like a session where he simply issued orders. He was also chairman of all PRASA subsidiaries, such as Intersite and Autopax. In the Board's view, that did not augur well for good corporate governance. Accordingly, the Board withdrew from Mr Montana the chairpersonships of the subsidiaries and appointed chairpersons from within the respective subsidiaries to lead them. I told Mr Montana that he would have to adjust to the new style of governance.

24. In December 2014, I became aware of media reports that the Public Protector (PP) would soon release a report on her investigations into the affairs of PRASA, following complaints that had been lodged with her office. The reports suggested that the PP's Interim Report had been shared with PRASA. But the Board had not been informed of its existence.

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25. In March 2015, I asked Mr Montana if PRASA had received the PP Report. I also asked him if there was a trust deficit between him and me or between him and Board. He assured me that there was no mistrust. He then said that the Public Protector had issued an interim report and had posed several questions that needed to be responded to. I raised the issue again later in March, just before the memorial service of the late Minister Collins Chabane. Mr Montana then handed me a file containing the PP's report. He said the file also contained letter he had written to me, but suggested that I should read it when I arrived at home as we were both in a hurry to attend the memorial service.

26. In the letter, Montana indicated that he had elected not to renew his contract when it expired at the end of March 2015 and that he was resigning for personal reasons. I presented the resignation letter to the Board, which accepted Mr Montana's resignation, but asked him to continue to work while the Board searched for a replacement. A copy of my letter of reply to Montana is attached hereto as **Annexure PM4.**

27. However, given what we had experienced, the Board then limited the CEO's delegations in respect to new appointments and new tenders. The CEO was required to consult the Board and act only with its approval and instruction. This decision was taken to ensure that Mr Montana did not unilaterally commit the Board to any contracts or obligations immediately prior to his departure.

28. But it appeared that Mr Montana did not want to be held accountable to the Board. He wanted to account selectively, and on his terms. On 4 April 2015, whilst I was at Knysna on a holiday break, he asked to come and meet with me. I agreed to the meeting. It lasted some seven hours. Mr Montana presented a litany of complaints about me, the Minister of Transport (then Ms Dipuo Peters) and present Board members, except those who served with him in the previous Board.

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29. Fundamentally, Mr Montana accused us of conspiring with Minister Peters to work against him. In his view, the Board had been appointed with the express purpose of getting rid of him. I told him that that was not the case, but I that I did have concerns about his not acting openly and transparently with the Board.

30. However even after the meeting, he continued to raise those and other complaints against those whom I mentioned. Coincidentally, at about that time pickets and demonstrations were held and a media campaign was launched to urge the Board not to accept Mr Montana's resignation. All this continued until Mr Montana left office on 31 March 2015.

31. Soon thereafter, the Public Protector released her report on her investigation into complaints made by employees against PRASA's management, in particular its CEO (Mr Montana). As I detail hereunder, when I deal with it, the Report makes some damning findings and sets out her remedial action, which the Board readily agreed to implement. In addition, the Auditor General ("AG") had also issued some adverse findings.

32. In August 2015, the Board appointed Werkmans Attorneys ("Werksmans") to conduct certain forensic investigations that the AG's report had required. Thereafter, its scope of work was broadened to include matters that arose from the PP's Report. As a result of the work they did, many irregularities and much maladministration was uncovered. However, as I detail hereunder, the appointment of that firm did not find favour with certain influential persons, who criticised the Board for making the appointment. As that appointment is not related to the Terms of Reference of this Commission, I do not intend to dwell on it at any length. I must however record the following. The AG was of the view that the appointment was irregular, as the panel from which Werksmans had been selected had not been renewed by PRASA for a lengthy period.

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However, an Opinion that the Board obtained from another leading law firm in Johannesburg found nothing amiss with the appointment.

33. Notwithstanding the foregoing, I must record that the investigations conducted by Werksmans led to the Board reviewing two massive contracts: a R3,5 billion contract that was awarded to an entity called Swifambo; and a number of security contracts awarded to Siyangena. I note at this stage that the former has already been reviewed and set aside, but the latter is still the subject of litigation. However, in order not to interrupt the various developments that took place in the meantime, I will deal first with the developments. In doing so, I will address the following matters: Mr Roy Moodley's influence at PRASA and elsewhere; attempts to get Mr Montana back at PRASA; and my efforts to get higher powers involved; and how the Minister finally got rid of the Board.

Mr Roy Moodley

34. It is my observation that the *modus operandi* of those bent on capturing state-owned entities is to first capture senior officials in strategic and influential positions of such entities. In my experience, these captors target the decision makers, so that they can direct contracts, and ultimately money, to favoured companies or individuals. As I detail immediately hereunder, the conduct of Mr Roy Moodley is a clear example of this method of operation.

35. I did not know Mr Moodley until I was appointed to the PRASA's Board. However, soon thereafter, I noted that the name Roy Moodley was on the lips of many at PRASA. Some employees described him as "the owner" of PRASA. I was told that he had several companies which provided services to PRASA ranging from security, in the form of "Royal Security", to advertising, through a company styled "Strawberry Worx". I would go so far as to say that if one did not know Mr Moodley, one would easily mistake him for an executive manager of PRASA. I was told that he would often

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walk around with managers in their work environment, almost as if he himself was a PRASA Manager.

36. It is my firm view that Mr Moodley intended to capture me. By way of examples, and to support my contention, I highlight certain instances in the paragraphs hereunder.

37. Shortly after my appointment, Mr Moodley who appeared to know of my love for Golf invited me to a Golf Day he had arranged and that would be attended by Mr Montana, as CEO. However, PRASA was also holding a separate function on the same day to recognize their high performing employees. I chose to attend the function honouring PRASA employees, and congratulate them, rather than attend Mr Moodley's event.

38. Later, Mr Moodley invited me to the Durban July Handicap horse racing event. In an attempt to persuade me to attend, Mr Moodley advised me that then President, Jacob Zuma, Minister Jeff Radebe and other Ministers had accepted the invitation and were his guests at the event every year. This invitation, too, I declined.

39. On another occasion, in October 2014, Mr Moodley overheard me referring to my plans to attend "The Masters", a prestigious golfing event held at Augusta, Georgia, in the United States of America ("USA"). I had attended the tournament on a number of occasions in the past. Mr Moodley asked to join me at The Masters (April 2015), together with a Spanish business partner of his.

40. I informed Mr Moodley that I did not have a problem with his attending The Masters with me, as I had taken several acquaintances there before. Mr Moodley offered to cover the costs for air travel, accommodation, transfers and subsistence for my wife and I. Instead, I paid for the house that I rented every year, paid for air tickets for my wife and paid for the badges for four persons to access the Augusta National Golf Course. I did all of this to prevent Mr Moodley insisting on paying for my wife and I.

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41. I further informed Moodley that he should find his own accommodation as my rented house was fully occupied. He then indicated that I could say in his accommodation that he had reserved. I was extremely uncomfortable with his constant attempts to get closer to me and declined the suggestion.

42. I was later warned by a former colleague of mine at another SOC that he had heard Mr Moodley soliciting funds from directors of the said Spanish company, which he was consulting with through a former colleague at the time. He told them that he needed funds from them in order to take the Chairperson of PRASA, his wife and children to The Masters. He was alleged to have told them that he needed to cover all the costs for me and my family for a week.

43. I was very disturbed by these revelations and the potential damage it could cause to my reputation. I then told Mr Moodley that I was no longer able to go to The Masters, as there were certain emergencies at PRASA that required by intervention. But when I told him to proceed to The Masters without me, he said that if I was not going he, too would cancel.

44. When I was satisfied that Mr Moodley had cancelled and I had attended to the emergency at PRASA, I departed later in the week to join my wife and our friends from the USA whom we had invited to the Masters.

45. I am aware that there is a dispute between PRASA and Siyangena, which is a company in which Mr Moodley has an interest. At the time I made this affidavit, the matter had still not been heard. I understand that evidence on this matter will be led by someone else. It is a matter of public record that PRASA did not pay the Attorneys and Counsel representing PRASA in its defence of the litigation by Siyangena, resulting in these Lawyers withdrawing from the matter. The withdrawal of Counsel and attorneys left the door open for the High Court to hand down a default judgement to the prejudice of PRASA. Siyangena could potentially claim from PRASA and the

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Department of Transport six billion Rand (R6 000 000 000). The reluctance by PRASA to act in its own interest and prevent a huge loss of taxpayers' money is inexplicable. Fortunately, through the actions of my Board at the time, we were able to reverse such acts of malfeasance.

PRASA's Board and Mr Montana

46. As I have indicated that, after being appointed the new Board was serious about discharging its fiduciary duties. The PP in her report "Derailed" had exposed irregularities and malfeasance at PRASA and the Board was determined to hold management accountable. In my view, it is this determination that led to a strained relationship between the Board and Mr Montana and an inevitable fall-out. As I have already said, Mr Montana on several occasions attacked the Board and also the then Minister.

47. By way of examples, the Board noted certain media articles that appeared in the Financial Times, Business Day and City Press which pointed to the attack by Mr Montana on PRASA and the Board on particular. Montana appeared to have sold a narrative to the media which portrayed the Board's anti-corruption fight as a personal conflict between myself and Montana, the basis of which was never explained. Mr Montana further appeared to initiate conflict with PRASA through the following individuals:

47.1 Mr. Steven Sangweni, the President of the Commuters Association, who appeared to enjoy irregular funding from PRASA for activities designed to provide personal support for Mr. Montana against the BOC. Mr Sangweni threatened that if Mr Montana was not reinstated arson would be committed on the PRSA trains. I found

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it extremely concerning that departure of Mr Montana was followed by the intensification of the burning of the trains.

47.2 Mr Zenzo Mahlangu the General Secretary of the South African Transport and Allied Workers Union (SATAWU), who used the Union to wage campaigns against my person and the BOC. Zenzo Mahlangu later was found to have fraudulently acquired his South African Identity document. It was positively established that he was Zimbabwean and he was expatriated.

47.3 It subsequently emerged that SATAWU owns an investment company known as "Bashumi," which received business from Autopax, a subsidiary of PRASA that operates buses. Bushumi provided ticketing technology to Autopax. Given that the PRASA Board intervened and prevented the further awarding of irregular business to Bashumi, Zenzo Mahlangu's actions appeared to be a form of retaliation.

47.4 During March 2015 at the Africa Rail Bi-Annual Rail Conference, Mr Montana held a joint media conference with Mr Mark Granger, the Chief Executive of the Gibela Consortium, who were the contractors tasked with building 580 modern trains in South Africa. During the media conference Montana continuously spoke disparagingly of the BOC.

47.5 On one occasion I attended a meeting of FICP of the BOC. I later learned that after the meeting, Montana complained that, as Chairman of the BOC, I was not supposed to attend the FICP meeting. He described my presence at the meeting as a conspiracy to set the scene for his dismissal. However, in my view, Mr Montana was for the first time faced with a BOC that asked difficult questions, which was alien to him. On the contrary, he was used BOC's that always accepted what he presented to them, without question.

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47.6 It is my firm view that Mr Montana was determined to create and deepen conflict between him and the BOC. As further evidence of this, it emerged that the "PRASA in Turmoil" report, drafted by Montana was leaked to a journalist from someone in Minister Jeff Radebe's Office. Given the close relationship between Mr Montana and Minister Radebe, I did not find this surprising at all. I also shared the document with Minister Peters.

48. An issue that has always intrigued me is how Mr Montana had been getting away with what he had done at PRASA, such as corruption in procurement and abuse of power as found by the Courts and the PP. I am respectfully of the view that, when I consider the matter now, the following provides a possible explanation.

49. First, during the late 1990s and early 2000s, Mr Montana and Mr Makhensa Mabunda worked together at the Department of Public Enterprises, under Minister Radebe. Mr Montana was a Director in the office of and worked directly with Minister Radebe; Mr Mabunda was appointed as a Director in one of the divisions reporting to the Department of Public Enterprises.

50. Second, after the 2004 elections, Minister Radebe was appointed Minister of Transport. Mr Montana soon followed him to the Department of Transport, where he took up a position as Deputy Director-General for Public Transport. The Department of Transport later launched the Multimillion Rand Taxi Recapitalisation Programme during the tenure of Minister Radebe. The taxi recapitalisation programme was headed by Mr Montana. Mr Mabunda left the Department of Transport to pursue private business interests and then received one of the tenders for the taxi recapitalisation programme. Mr Montana resigned in 2006.

51. Third, a few months later Minister Radebe appointed Mr Montana as CEO of the SARCC, which later became PRASA. Mr Mabunda appears to have emerged as a service provider who was awarded contracts in around 2010, providing signalling

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services and advice to PRASA. Mr Mabunda became a key role-player in the multi-billion PRASA signalling programme, being appointed transaction advisor with Ms Brenda Malungete, through his Siyaya Engineering Consultancy, which was appointed to provided various transactional advisory services to PRASA. Such services included signalling, fuel supply and other engineering services through the PRASA Technical Division and Daniel Mtimkulu. Between 2012 and 2015, through consulting services and fuel, Mr Mabunda's Siyaya Group earned approximately R900 million from PRASA.

52. As I detail in the paragraphs hereunder, the Board's fight against corruption earned us many enemies. I got the impression that from being a hero of the struggle for liberation I was being ostracized by my own comrades. In my view, the simple reason was that the Board that I led had disrupted significantly the established patterns of looting.

53. And, in circumstances where one would have expected to get total support, which was unfortunately not forthcoming, but merely further exacerbated by obstacles put in the way of the Board.

54. I should perhaps add that Mr Montana had an important ally in Mr Daniel Mtimkulu, who left PRASA in March 2015 when disciplinary proceedings against him were instituted.

55. The manner in which Mr Montana and Daniel Mtimkulu manipulated the processes at PRASA is noted by the High Court and in the SCA in an application that my Board brought to review and set aside a R3,4 billion Rand contract that PRASA had concluded with company known as Swifambo Rail Leasing (Pty) Limited ("Swifambo").

56. I deal with the findings and observations made by those Courts in the paragraphs immediately hereunder.

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The Swifambo contract

57. In the paragraphs hereunder, I set out the extent of the maladministration, as found by the Courts, in respect of the contract that PRASA concluded with Swifambo. The position in respect of this contract may be summarised as follows in the paragraphs immediately below.

58. The Board applied to the High Court to declare the contract invalid and set it aside on account of numerous irregularities, primarily the dishonest and corrupt conduct of PRASA officials. Francis J set aside the contract. Swifambo appealed to the Supreme Court of Appeal ("SCA"), which dismissed the appeal. The Constitutional Court refused to grant Swifambo leave to appeal. Both the High Court and the SCA were highly critical of the conduct of PRASA officials, especially Mr Montana. I annex these judgments as **PM5 and PM6**, respectively.

59. In light of this, it is not necessary for me to repeat what was said by those Courts, except to refer this Commission to some of the factors that led the High Court and the SCA to conclude that the award of the tender was corrupt:

59.1 Swifambo's bid did not comply with the requirements of the RFP in several respects, such as not having a tax clearance certificate or a VAT number: [10];

59.2 Swifambo did not submit a BBBEE plan for goods and service it would procure for the duration of the contract;

59.3 Swifambo did not comply with the local content requirement as the locomotives were to be designed and manufactured in Spain and it did not provide evidence of previous experience in the rail industry: [11];

59.4 Swifambo did not demonstrate it had experience in the supply of locomotives or its capacity to manage a project of the size put out to tender: [12].

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60. Despite the foregoing and other irregularities, PRASA's BEC recommended to the BAC that the bid be awarded to Swifambo and at its meeting of 24 March 2012, the [old] Board approved Swifambo as the preferred bidder. The contract between PRASA and Swifambo was concluded on 25 March 2013. However, it was only on 4 July 2013 that a contract for the supply of locomotives was concluded between Swifambo and Vossloh: [13].

61. In its judgment, the SCA noted the role of Mr Daniel Mtimkulu, the Executive Manager: Engineering Services, as follows. In July 2011, he recommended to Montana and the then Board that PRASA sources 100 locomotives to replace its outdated fleet, at a cost of R5 billion over a period of six years. An RFP was then published in November 2011 to purchase some 88 locomotives. The specifications of the locomotives to be supplied were drawn up by Mr Mtimkulu: [6].

62. Of Mr Mtimkulu, the SCA said [at 7]. "He had no expertise in the subject, but had been appointed to a position in PRASA by Montana in 2010 and had a meteoric rise through the ranks, with a meteoric salary hike to match it. Mr Mtimkulu claimed to have diplomas in engineering and later a doctorate. In fact he had no qualification at all."

63. The SCA then noted that the specifications drawn up by Mr Mtimkulu contravened various requirements of PRASA's procurement policy. But they matched those of the locomotives manufactured by a Spanish company, Vossloh Espana S A U, which in May 2011 had made recommendations on PRASA's needs: [4]. The SCA agreed with Francis J that Mr Mtimkulu had tailored the specifications to include several features that were of no relevance to PRASA's needs, so as to benefit Vossloh and thus Swifambo. Accordingly the tender process was corrupt: [24].

64. Francis J had found that Mr Mtimkulu had behaved dishonestly. In the appeal before the SCA, even Swifambo did not deny this. The SCA also found that Mr Montana had

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been a party to Mr Mtimkulu's conduct: [8]. In addition, like Francis J, the SCA found that Swifambo was party to a fronting practice: [30].

65. In 2015, the new Board instituted disciplinary proceedings against Mr Mtimkulu, but he resigned before any hearing could be heard. Significantly, the SCA found that Mr Montana had been a party to Mr Mtimkulu's conduct: [8].

66. Of Mr Montana, the SCA said the following. "He controlled PRASA and its staff, was obstructive and attempted to cover up his role in various corrupt transactions, including the award of the tender to Swifambo . . . The Public Protector had experienced similar obstruction in her investigation" [34].

67. It is perhaps also instructive to note what the Public Protector said about the likes of Mr Montana.

The Public Protector's Report

68. Among the findings that the PP made in her report, "Derailed", are that in a number of cases PRASA extended the scope of tenders, which constituted maladministration and improper conduct. In one case, a tender for two train stations was later extended to seven stations, giving the contract a values of some R1,95 billion.

69. Of PRASA's and Mr Montana's approach the PP said: "[I]t was difficult to get information from PRASA, with this being a main causal factor behind the delay in finalising this investigation which was lodged in 2012. Promises for documents were not kept and even a request for assistance from the [old] Board yielded very few source documents. It was also discomforting that Mr Montana boasted about the failure of complainants to provide documentary evidence on some allegations and asked that I adjudicate those matters in his favour when he failed to provide legitimately requested documents: [p 63, para 3.5]." The PP also found that: the CEO suspended employees

without following proper disciplinary procedures: [p 375, para 8.25.1]; and that the conduct of habitually suspending employees contravened PRASA's disciplinary code: [p 376, para 8.25.4] and constitutes maladministration and improper conduct: [p 377, 8.25.7].

70. The PP also noted that there was a culture of poor information management or hiding of information that could provide evidence of maladministration: [p 382, para 8.33.2].

71. Among the specific remedial action the PP said should be taken is the following. The Board must: take cognizance of the findings of maladministration and improper conduct by Mr Montana and other functionaries [p 383, para 9.2.1]; report to the National Treasury and the Auditor-General particulars of the alleged financial misconduct and the steps it took; and support National Treasury in conducting a forensic investigation into all PRASA contracts above R10 million from 2012 and then tale appropriate measures to address the findings: [p 384, para 9.2.5].

72. Given all of these concerns, which had been aired in the public space, one would have expected that the Board's decision to accept Mr Montana's resignation would receive support from those who cared about PRASA, its employees, the commuters it serves and the public good.

73. Sadly, as I note in the rest of this affidavit, not only was there no support for the Board when it began its clean-up, but in fact it was vilified and eventually effectively disbanded.

Former President Zuma's attempt to intervene

74. After the Board had accepted Mr Montana's resignation, he publicly announced that if the Minister and the Board wanted him back he would be available to resume his responsibilities as CEO. The Board, however, showed no interest in having him back.

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75. Then, quite unexpectedly, in early August 2015 then President Zuma and Minister Radebe, who was then the Minister in the Presidency responsible for Planning, Monitoring and Evaluation, called a meeting at the Presidential Guest House in Pretoria. Minister Peters was invited to the meeting, along with Mr Montana and me. The meeting took place on 20 August 2015. It was initially meant to commence at 15:00, but only started after 18:00 and ended after 02:00 the following morning. I was not given any reasons for the delayed start of the meeting and was merely requested to wait.

76. Just before the Minister and I were called into the meeting room, I was informed by one of the security officials that Mr Montana and Mr Roy Moodley had just left the meeting room from the opposite side. I was alarmed, as it appeared that Mr Montana and Mr Moodley had been granted an audience, or had held a meeting with the President, prior to our meeting. As the Chairperson of the Board, I found it very strange that they would be consulted before the President met with me.

77. Minister Jeff Radebe started off by giving an account of how he had attempted to get hold of me to meet with a President Zuma. He claimed that his secretary informed my personal assistant that President Zuma wanted to meet with me. He indicated that his secretary was told that I was in Knysna on holiday playing golf and that I would see the President when I returned. The Minister appeared to be driving the message that the Chairman of PRASA (me) did not have respect for the President of the Republic of South Africa.

78. What Minister Rabebe had omitted to say was that although he was the Minister communicating what purported to be an official message he did so by means of a private Gmail email account. My personal assistant had requested his secretary to communicate via an official Government email address in order for the meeting to be

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correctly diarised. This was done at my insistence, as I wanted any meeting request with the President to be arranged through official channels.

79. Minister Radebe further stated that he had read in various media reports of on-going conflict between myself and Mr Montana. As such he was concerned about the potential impact of this conflict and possible escalation thereof.

80. Minister Radebe indicated that he had suggested to Minister Dipuo Peters that both Mr Montana and I be asked to meet with them, as the President was also concerned about the public spat between the two of us.

81. Minister Dipuo Peters responded by indicating that she had asked Minister Radebe appeal to Mr Montana to stop making public statements which brought PRASA into disrepute, and to accept that he was no longer the Group Chief Executive Officer, as the Board had accepted his resignation. Minister Peters explained that said she had made the request to Minister Radebe as he shared a close relationship with Montana.

82. At that point Minister Peters questioned Minister Radebe on the leaked "PRASA in Turmoil" report and stated that she could not understand why he had kept it to himself and did not share it with her, given that it concerned a State entity that she was responsible for. Minister Radebe, however, denied having been possession of the report.

83. To her credit Minister Peters stated that Mr Montana was fighting the BOC for discharging their fiduciary duties by investigating malfeasance in PRASA . She insisted that Board was obliged to investigate and that such an investigation should not be taken as personal by Mr Montana.

84. At that point I asked President Zuma to explain what protocol he was applying when he invited the Minister and I separately. I stated to him that as I was reporting to the

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Minister, the correct protocol was one of inviting the Minister and the Minister could then invite me, if she felt it necessary.

85. President Zuma was visibly irritated by my question. I told him that it was improper to invite the Minister and her report as if they had the same status in Government. Still irritated he said to me "I appointed her, I can invite her and whomever I want to invite. " At that point I said, "yes Mr President the prerogative is yours."

86. I was shocked when the President said "I have invited that boy, Lucky Montana." He then asked Minister Radebe call Mr Montana into the meeting.

87. President Zuma stated that whilst he was on state visit to the People's Republic of China, he had read about the public spat between Mr Montana and I. He said that it was embarrassing to the ANC, especially since both Mr Montana I were members of the ANC.

88. President Zuma stated that Mr Montana was very knowledgeable about commuter rail transportation and he should not be lost to the country. He said that we should sort out our differences and bring Montana back as the Group Chief Executive Officer of PRASA.

89. The President indicated that senior members of the ANC were concerned that Mr Montana and I had been making unpleasant statements about and against each other in the media.

90. At this juncture I wish to point out that, whilst Minister Peters and I went into the meeting not knowing what the agenda was, it appeared that Mr Montana had been briefed before-hand, as he proceeded to present a long report in which he attacked both Minister Peters and me.

91. He also spoke disparagingly about the Board. I did not respond to his utterances as I considered them irrelevant. As Mr Montana had threatened to litigate against the Board

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(although he never did follow through with this threat), I told the meeting that I would reply in court should his threat to litigate materialise. I chose to rather to focus on the termination of Mr Montana's service and the correctness of the Board's approach. After Mr Montana's presentation and the comments from Mr Zuma, it became clear to me that Mr Zuma wanted Mr Montana reinstated as PRASA's CEO.

92. I then invited Mr Zuma to address the Board and explain why he had a problem with its decision to release Mr Montana as the CEO, after it had accepted his resignation letter. Mr Zuma did not appear to take kindly to my invitation and the fact that I was not prepared to simply reinstate Mr Montana as the CEO. At that point, about 02:00 the following morning, the meeting ended because Mr Zuma fell asleep whilst we were talking. This was the last meeting I had with Mr Zuma. I left the meeting deeply concerned that the President of the country was personally interfering in the operations of PRASA, when the issues at hand clearly fell within the purview of the Board.

The dismissal of the Board

93. After Mr Montana's departure from PRASA, the Board sought to appoint a new CEO and embarked on a rigorous recruitment and interviewing process. However, Minister Peters frustrated the Board's attempts to appoint a CEO. Instead, she insisted that Mr Collins Letsoalo, who was at the time the Chief Financial Officer of the Department of Transport, be seconded to the post of CEO with effect from 1 July 2016, despite the initial opposition by the Board to his secondment.

94. Mr Letsoalo appeared to have been instructed to stop or significantly curtail the Werksmans investigation: he insisted that it is he who should take charge of the investigations. This soon led to tensions with the Werksmans investigation team.

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95. Thereafter, on 12 August 2016, Minister Peters herself attempted to stop the investigations. I annex her letter as **PM7**. I responded by letter to Minister Peters on 24 August 2016, setting out why the Board could was unable to simply stop the investigations. My response is annexed as **PM8.**

96. Minister Peters then dissolved the Board on 8 March 2017, by way of an announcement during the meeting of the Portfolio Committee on Transport. No reasons were given for the removal of the Board.

97. Shortly thereafter, Minister Peters appointed an interim Board. However, the dismissed Directors and approached the High Court to set aside our dismissal. Minister Peters opposed the application. She lost with costs and we were reinstated. A copy of the judgment is annexed as **PM9**.

98. In March 2017, Minister Peters was replaced by Minister Mkhacani Joseph Maswanganyi as Minister of Transport. Minister Maswanganyi, who had been a member of the Portfolio Committee on Transport, avoided meeting with the Board, despite several requests. It appeared to me from the outset that Minister Maswanganyi's agenda was to dissolve the Board.

99. On 5 June 2017, Minister Maswnganyi asked the Board to show cause why it should not be dissolved. Again the "irregular" appointment of Werkmans was raised as a key reason for the decision. His letter is annexed as **PM10.** The Board's response is annexed as **PM11.** The Minister did not follow through on his threat, but sought to achieve the same result through a different route.

100. When everything else failed he attempted to weaken the Board by ensuring that it did not have a quorum. I later found out that the directors were lobbied to resign from their respective positions on the Board, the intention being to isolate me as the Chairperson so that I could not be effective. Some Directors, including the representative of National

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Treasury, did resign. They were not replaced. The nominee of the Department of Transport stopped attending Board meetings. These developments left the Board ineffective, as it a quorum could not be formed.

Other attempts to vilify the Board

101. Desperate to expose the above developments to South Africans, on 8 March 2017, I wrote to the Speaker of the National Assembly, Honourable Ms Baleka Mbete, requesting parliamentary intervention. Among the matters I raised were: the failures in governance as detailed in the PP's report; the irregular and fruitless and wasteful expenditure of some R14,7 billion that had been uncovered by the Board-appointed investigators; and meetings of the Portfolio Committee did not follow the agenda and merely criticised the Board. I asked for a probe into the relationship between the Minister and the Board. I confirm the correctness of the contents. A copy of my letter is **PM12**.

102. On the same day, 8 March 2017, I wrote to the Chairperson of the Portfolio Committee, Ms Dimakatso Magadzi, expressing concern about the humiliating treatment meted out to the Board Members, at what should have been a professional and systematic process of accounting to Parliament and oversight. I implored her and the Committee to ensure that it desists from attacking the persons of the Directors. That letter is annexed as **PM13**. I again confirm the correctness of the contents.

103. Both these letters went unanswered.

104. Instead, in what appears to be an indication of contempt for the Board and the entities that were required to hold her to account, Minister Peters announced at that Portfolio Committee meeting that she was dissolving the Board.

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105. The meetings of the Portfolio Committee are about assessing the performance of the entity reporting. Such assessment is usually based on the annual report.

106. The meetings of the Portfolio Committee during 2015, 2016 and 2017 could best be described as chaotic.

107. Members did not follow the reporting brief that the Committee gave to the BoC. Their engagements with the BoC were hostile.

108. In my view the Portfolio Committee focused on trying to find wrong-doing with the investigations commissioned by the BoC, the appointment of Werksmans, the and regularity of BoC meetings.

109. The MP's even went so far as to debating gossip of the alleged purging of unidentified PRASA employees.

110. Some MP's, especially those belonging to the governing party could not disguise the fact that they wanted the BoC removed.

111. I found the conduct of the members of the Portfolio Committee to be disgraceful and it appeared from their line of questioning that they appeared to have been lobbied to compel the BoC to stop the investigations. The looting of the public purse and holding those responsible for such looting accountable did not appear to be important to them at all.

112. I also wish to add that Minister Peters and the Portfolio Committee, quite inexplicably, insisted that Werksmans be vetted by the State Security Agency (SSA). Given the allegations against key SSA officials was very concerned and refused to accede to the request. It was also strange to me that such SSA vetting was only required of Werksmans and not any other service provider conducting investigations as PRASA. Moreover, this requirement only emerged as more and more corruptions was exposed,

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particularly after Mr Auswell Mashaba revealed that R80 million was paid to individuals who claimed to be collecting finds on behalf the governing party.

Non-action by law-enforcement agencies

113. On 13 May 2016, pursuant to the investigations by Werksmans, I addressed a letter to both General Berning Ntlemeza, the Head of the Directorate of Priority Crime Investigation (DPCI), and to Advocate Shawn Abrahams, National Director of Public Prosecutions (NDPP). The letter is annexed as **PM14** and sets out the seriousness of investigations that had already been undertaken and the cases which had been reported to the Central Reporting Office in terms of the Prevention and Combating of Corrupt Activities Act (PRECCA) for further investigation. The letter to General Ntlemeza noted that a several cases concerning PRASA had been registered with the South African Police Services, but seemingly no progress had been made. I asked the DPCI to allocate dedicated resources to process the cases, especially those registered as serious offences.

114. However, notwithstanding the seriousness of the cases and the evidence forwarded, the Hawks refused to discharge their constitutional mandate. Ultimately, on 27 May 2017, the Board applied to the High Court for an order compelling the Hawks to act.

115. Notwithstanding that the application was brought three years ago, the matter has not been finalised. This is because, instead of dealing with the merits of the Board's complaints, the Hawks began by raising technical objections. The Court however dismissed these and showed its disapproval by awarding costs on an attorney and client scale. I annex its judgment as **PM15**. Thereafter the Hawks filed their answering affidavit and PRASA filed its Replying Affidavit. The matter has however not been taken further. It is clear that the interim boards that were installed simply do not have the determination of the dismissed Board to hold those who hold power to account.

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116. In light of the foregoing, I am of the view that as our claws sunk deeper into the roots of corruption, the Board could not rely on the Portfolio Committee for support. That Committee did not take its responsibility of oversight in respect public assets seriously. It appeared to me that they would rather turn a blind eye to malfeasance and protect the culprits, than work zealously in defence of the public purse. I was never able to fully comprehend why public representatives would give scant or no attention at all to the matters that affected the interest of the public that they purported to represent.

Conclusion

117. As I have detailed above, PRASA was plagued by corruption. Whilst Mr Montana was there it was one of the captured state institutions. His reign was so long, that he has had the opportunity to install many Daniel Mtimkulus. I fear that they still wield weighty influence at PRASA, and are still probably implementing Mr Montana's plans.

118. The failure of successive Ministers to appoint a permanent and independent Board with people determined to continue the clean-up operation we began is allowing this to happen.

119. I hope that the Commission will call the Administrator and require him to account for the present position.

Popo Simon Molefe

I hereby certify that the deponent knows and understands the contents of this affidavit and that it is to the best of the deponent's knowledge both true and correct. This affidavit was signed and sworn to before me in Johannesburg the 17 day of February 2020, and that the Regulations contained

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in Government Notice R.1258 of 21 July 1972, as amended by R1648 of 19 August 1977, and as further amended by R1428 of 11 July 1989, having been complied with.

Maria Mpumelelo Mkhwanazi
Membership Number: 20006311
Commissioner of Oaths CA (SA) (RSA)
5 Commerce Square, 39 Rivonia Road
Sandhurst, 2196

Signature: 17/02/2020

COMMISSIONER OF OATHS

Annexure "PM1"

Annexure "PM2"

FINAL MANAGEMENT REPORT TO THE ACCOUNTING AUTHORITY ON THE AUDIT OF THE PASSENGER RAIL AGENCY OF SOUTH AFRICA (PRASA) FOR THE YEAR ENDED 31 MARCH 2015.

INTRODUCTION

1. Our responsibility is to:

- express an opinion on the consolidated and separate financial statements.
- express a conclusion in the management report on the usefulness and reliability of the reported performance information for selected programmes/ objectives/ development priorities, and report the material findings in the auditor's report
- report on material findings relating to compliance with specific requirements in key applicable legislation, as set out in the general notice issued in terms of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA).

Our engagement letter sets out our responsibilities and those of the accounting authority in detail.

2. This management report includes audit findings arising from the audit of the financial statements, reporting on predetermined objectives and compliance with legislation for the year ended 31 March 2015. These findings were communicated to management, and the report also details management's response to these findings. The report furthermore includes information on the internal control deficiencies that we identified as the root causes of the matters reported. Addressing these deficiencies will help to improve the audit outcome.

3. The management report consists of an executive summary and annexures containing the detailed audit findings.

EXECUTIVE SUMMARY

SECTION 1: Interactions with stakeholders responsible for oversight and governance

4. During the audit cycle, we met with the following key stakeholders who are responsible for oversight and governance to communicate matters relating to the audit outcome of the Public Entities.

Stakeholder	Number of Interactions
Debrief meeting with management (9 December 2014)	1
Minister of Transport (14 July 2015)	1
Audit committee (24 Oct 2014, 6 Nov 2014, 20 Nov 2014, 5 Dec 2014, 6 Jan 2015, 19 Feb 2015, 22 April 2015, 25 May 2015, 21 July 2015)	9
Group Chief Executive Officer (22 April 2015, 13 May 2015, 8 July 2015, 14 July 2015, 17 July 2015, 27 July 2015)	6
Audit steering committees – Corporate (26 Jan 2015, 6 Feb 2015, 3 Mar 2015, 20 March 2015, 10 April 2015, 5 May 2015, 29 May 2015, 10 June 2015, 24 June 2015, 1 July 2015, 8 July 2015)	11
Audit steering committees – Rail (27 Jan 2015, 4 Feb 2015, 18 Feb 2015, 25 Feb 2015, 27 Mar 2015)	5

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Stakeholder	Number of interactions
Audit steering committees – Cres (28 Jan 2015, 11 Feb 2015, 25 Feb 2015)	3
Audit steering committees – Tech (4 Feb 2015, 25 Feb 2015, 6 Mar 2015)	3

5. At these interactions, we discussed audit outcomes of the 14/15 audit, the dashboard regarding internal controls, relationship between the AGSA and PRASA, regional visits, findings and matters of concern. Some of the stakeholders made commitments to implement initiatives that can improve the audit outcome. The commitments given and the progress of previous commitments are included in part F of section 2, which deals with the assessment of assurance providers.

SECTION 2: MATTERS RELATING TO THE AUDITOR'S REPORT

PART A – MISSTATEMENTS IN THE CONSOLIDATED FINANCIAL STATEMENTS

6. We identified material misstatements in the consolidated financial statements during the audit. These misstatements were not prevented or detected by the Public Entity's system of internal control. These material misstatements also constitute non-compliance with section 55(1) of the PFMA.

7. The misstatements that were corrected form the basis for the opinion on the financial statements.

Material misstatement			Impact	Impact
Financial statement item	Finding (include a brief description of the misstatement as per the findings and the auditor's report. Include the reasons for the auditee not correcting the misstatement when applicable)	Occurred in prior year (Insert Yes / No)	R current year	R prior year
Material misstatements not corrected - None				
Material misstatements corrected				
Non-current assets	Property, plant and equipment	Yes	(2 656 440 000)	(1 355 234 000)
	Prepayment for capital expenditure	Yes	1 567 349 000	635 718 000
	Leased assets (some supporting documentation for valuation outstanding)	Yes	924 671 000	954 026 000
	Intangible assets	No	1 234 000	NA
Current assets	Prepayment for capital expenditure	Yes	278 409 000	357 955 000
	Trade and other receivables	No	(110 000)	NA
	Inventories	No	(132 000)	NA
Non-current liabilities	Finance lease liability (some supporting documentation for valuation outstanding)	Yes	2 405 920 000	2 277 823 000
	Capital subsidy and grants	Yes	(109 714 000)	(242 176 000)
Current liabilities	Capital subsidy and grants	No	395 091 000	NA
	Trade and other payables	No	16 102 000	NA

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	Finance lease liability	Yes	179 571 000	167 824 000
Accumulated loss	Accumulated loss	Yes	(2 771 989 000)	(1 611 007 000)
Revenue	Government subsidy	No	(800 000 000)	NA
	Other income	Yes	272 626 000	29 355 000
Expenditure	Operating expenses	No	(38 853 000)	NA
	Depreciation and amortisation	Yes	(245 694 000)	(43 581 000)
	Derecognition/loss on disposal of assets	No	(3 179 000)	NA
	Impairment (losses)/reversal recognised	No	(38 466 000)	NA
	Fair valuation of investment properties	No	248 000	NA
	Finance cost	Yes	(307 665 000)	(290 884 000)
Disclosure	Prior period error adjustment (locomotives)	Yes	NA	357 955 000
	Unsolicited proposal	No	91 000 000	NA
	Irregular expenditure	No	545 897 000	NA
	Fruitless and wasteful expenditure	No	8 751 000	NA
	Capital commitments	No	2 162 358 000	NA

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PART B – MATTERS TO BE BROUGHT TO THE ATTENTION OF THE USERS

EMPHASIS OF MATTER PARAGRAPHS

8. The following emphasis of matter paragraphs will be included in our auditor's report to draw the users' attention to matters presented or disclosed in the financial statements:

Material capital commitment

9. As disclosed in note [xx] to the financial statements, the capital commitment for the purchase of new locomotives has significantly increased by R1,3 billion, from R3,5 billion to R4,8 billion, and the number of anticipated locomotives to be received has declined from 88 (as per the initial contract) to 70.

10. As disclosed in note [xx] to the financial statements, the capital commitment for the purchase of rolling Stock (fleet renewal programme) is R59,6 billion, which was disclosed under events after reporting date in the 2013-14 annual report as R51 billion.

Material prepayments for capital assets

11. As disclosed in note [xx] to the financial statements, material prepayments for capital expenditure to the total amount of R7,8 billion were made towards the purchase of new locomotives (R2,1 billion) and new rolling stock fleet renewal programme (R5,7 billion).

Financial sustainability of subsidiary

12. The subsidiary company (Intersite Asset Investments SOC Ltd) incurred an operating loss of R28 million (2014: R21 million) for the year. The net loss amounted to R26 million (2014: R19 million). The loss is primary attributed to the budgeted revenue from property investments, third party projects and commercial projects not materialising. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the subsidiary's ability to operate as a going concern. The investment in subsidiaries, as disclosed in note [xx] to the agency's annual financial statements, has not been impaired.

Restatement of corresponding figures

13. As disclosed in note [xx Leases, xx Property, Plant and Equipment - Network Assets, and xx Rolling Stock] to the financial statements, the corresponding figures for 2013-14 have been restated as a result of an error discovered during 2014-15 in the financial statements of the agency at, and for the year ended, 31 March 2014.

Irregular expenditure

14. As disclosed in note [xx] to the financial statements, the agency incurred irregular expenditure to the amount of R550 million. Evidence provided confirmed non-compliance with section 51(1)(a)(iii) and 51(1)(b)(ii) of the PFMA and the agency's supply chain management policy.

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ADDITIONAL MATTER PARAGRAPHS

15. The following additional matter paragraphs will be included in our auditor's report to draw the users' attention to matters regarding the audit, the auditor's responsibilities, and the auditor's report:

16. Supplementary information

The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this / these schedule(s) and, accordingly, I do not express an opinion thereon

PART C – CONCLUSIONS ON REPORTED INFORMATION RELATING TO THE PERFORMANCE OF THE PUBLIC ENTITY AGAINST PREDETERMINED OBJECTIVES

17. Included below are our conclusions on the reported performance information for selected programmes presented in the annual performance report.

18. We have audited the reported performance information for the following selected objectives presented in the annual performance report of the entity for the year ended 31 March 2015:

- Objective 1.3: Improve operational effectiveness on pages x to x
- Objective 1.4: Invest in new capacity to meet passenger demands in medium to long term on pages x to x

19. As required by sections 4 and 20 of the PAA, read with the general notice issued in terms thereof, our responsibility is to express reasonable assurance conclusions on the reported performance information for selected objectives presented in the annual performance report.

20. We conducted our audit in accordance with the International Standards on Assurance Engagements (ISAE) 3000: *Assurance engagements other than audits or reviews of historical financial information.*

21. We will report on whether we have received all the information and explanations required to conduct the engagement or if we became aware of additional information, the omission of which may result in the reported performance information being materially misstated or misleading.

22. We evaluated the reported performance information against the overall criteria of usefulness and reliability.

23. We evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes / objectives. We further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant as required by the National Treasury's *Framework for managing programme performance information (FMPPI).*

24. We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

25. During the audit, we performed procedures to obtain audit evidence about the usefulness and reliability of the reported performance information. The procedures selected depend on

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the auditor's judgement, including our assessment of the risks of material misstatement of the annual performance report. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that we may not detect some misstatements, even material ones, even though we properly planned and performed the audit in accordance with ISAE 3000. The procedures performed include the following:

- Understanding and testing the internal policies, procedures and controls relating to the management of, and reporting on, performance information.
- Evaluating and testing the processes, systems and controls and reviewing the documentation maintained at the auditee that support the generation, collation, aggregation, monitoring and reporting of the performance indicators and targets.
- Evaluating, testing and confirming the usefulness of planned and reported performance information in accordance with the identified performance management and reporting framework.
- Conducting detailed audit testing and obtaining sufficient appropriate audit evidence to verify the reliability of the reported performance information in terms of its validity, accuracy and completeness.

26. We believe that the evidence obtained from the work performed provides an appropriate basis for the reasonable assurance conclusions on the usefulness and reliability of the reported performance information expressed below.

Summary of audit conclusions

27. The following is a summary of our conclusions on the usefulness and reliability of the reported performance information:

Selected objective	Usefulness	Reliability
Objective 1.3: Improve operational effectiveness	*Unqualified*	*Unqualified*
Objective 1.4: Invest in new capacity to meet passenger demands in medium to long term	*Unqualified*	*Unqualified*

28. Unqualified conclusion on usefulness and reliability

In our opinion, the reported performance information of the Improve operational effectiveness objective and Invest in new capacity to meet passenger demands in medium to long term objective is useful and reliable, in all material respects, in accordance with the identified performance management and reporting framework.

29. Additional matters

We draw attention to the following matters. Our conclusion is not modified in respect of these matters:

30. Achievement of planned targets

Refer to the annual performance report on page(s) x to x for information on the achievement of the planned targets for the year.

31. Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for objective 1.3: Improve operational effectiveness and objective 1.4: Invest in new capacity to meet passenger demands in medium to long term. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

32. **Unaudited supplementary [schedules / information]**

The supplementary information set out on pages XX to XX does not form part of the annual performance report and is presented as additional information. I have not audited [this / these] [schedule / schedules] and, accordingly, I do not report thereon.

PART D – FINDINGS ON NON-COMPLIANCE WITH LEGISLATION

33. Included below are material findings on non-compliance with specific requirements in key applicable legislation.

Annual financial statements

34. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 55(1)(b) of the PFMA. Material misstatements were corrected.

Procurement

35. A contract amounting to approximately R17,9 billion (30% of R59,6 billion) relating to the BBBEE equity partners to the fleet renewal programme (new rolling stock) was awarded to bidders. The following non-compliance was identified:

- Non-compliance with the invitation to participate (ITP) as the agency did not consistently apply its discretion to disqualify the bidders in terms of conflict of interest, as required by section 51(1)(a)(iii) of the PFMA.
- The attendance register for the adjudication committee for the ITP and supplementary ITP process in respect of the BBBEE tender for rolling stock could not be provided; consequently we were unable to confirm receipt of all appointment letters

Unsolicited proposal

36. The agency did not notify National Treasury of the award of an unsolicited bid proposal to the value of R91 million, in contravention with paragraph 12.1 of the National Treasury practice note 11 of 2008-09.

Irregular expenditure

37. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. Irregular expenditure to the value of R550 million was incurred due to non-compliance with laws and regulations and the agency's supply chain management policy.

Fruitless and wasteful expenditure

38. The accounting authority did not take effective steps to prevent fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA. Fruitless and wasteful expenditure to the value of R19,9 million was incurred due to interest and penalties on late payments of creditor accounts, and payments to employees and consultants.

PART E – INTERNAL CONTROL

IMPLEMENTATION OF THE DRIVERS OF INTERNAL CONTROL

39. Below is our assessment of the implementation of the drivers of internal control, based on significant deficiencies identified during our audit of the financial statements, the [annual performance report / insert name of performance report] and compliance with legislation. Significant deficiencies occur when internal controls do not exist, are not appropriately designed to address the risk, or are not implemented, which either had or could cause the financial statements or the [annual performance report / insert name of performance report] to be materially misstated and material instances of non-compliance with legislation to occur.

40. When the required preventative or detective controls are in place, it is assessed with a ☺; when progress on the implementation of such controls was made but improvement is still required or where actions taken are not sustainable, it is assessed with a 😐; while ☹ indicates that internal controls are not adequate and intervention is required to design and implement effective controls. The movement in the status of the drivers from the previous year-end to the current year-end is indicated collectively for each of the three audit dimensions (namely financial statements, performance reporting, and compliance with legislation) under the three fundamentals of internal control (namely leadership, financial and performance management, and governance), with ⇧ (improved), ⇔ (unchanged) or ⇩ (regressed).

	Financial statements		Performance reporting		Compliance with legislation	
	Current year	Prior year	Current year	Prior year	Current year	Prior year
Leadership						
Overall movement from previous assessment	⇩		⇧		⇩	
• Provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity	😐	😐	☹	☹	☹	😐
• Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls	☹	☹	😐	😐	☹	☹
• Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	😐	😐	☹	😐	☹	😐
• Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities	☹	😐	😐	😐	☹	☹
• Develop and monitor the implementation of action plans to address internal control deficiencies	😐	😐	😐	😐	☹	😐

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Management report of Passenger Rail Agency of South Africa (PRASA)



































































	Financial statements		Performance reporting		Compliance with legislation	
	Current year	Prior year	Current year	Prior year	Current year	Prior year
• Establish an information technology governance framework that supports and enables the business, delivers value and improves performance	●	😐	●	😐	😐	😐
Financial and performance management						
Overall movement from previous assessment	⇩		⇩		⇩	
• Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	●	●	😐	😐	●	😐
• Implement controls over daily and monthly processing and reconciling of transactions	😐	😐	😐	●	●	●
• Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	●	●	●	😐	😐	●
• Review and monitor compliance with applicable legislation	●	●	😐	●	●	●
• Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information	●	😐	●	😐	😐	😐
Governance						
Overall movement from previous assessment	⇔		⇔		⇔	
• Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored	😐	●	●	●	😐	●
• Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively	😐	😐	😐	😐	😐	😐
• Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation	●	😐	●	😐	●	😐















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41. The table below provides the overall status of the drivers of key controls.

Status of the drivers of internal controls

Leadership		Financial and performance management		Governance	
Effective leadership culture	⇩	Proper record keeping	⇩	Risk management	⇩
Oversight responsibility	⇧	Processing and reconciling controls	⇔	Internal audit	⇔
HR management	⇔	Regular reporting	⇔	Audit committee	⇧
Policies and procedures	⇩	Compliance monitoring	⇩		
Audit action plans	⇔	IT system controls	⇩		
IT governance	⇩				

⇧ Improved	Unchanged	⇩ Regressed
⇧ Improved	⇔ Unchanged	⇩ Regressed
Good	Concerning	Intervention required

LEADERSHIP

Oversight responsibility

42. Whist oversight actions have not addressed the internal control weaknesses in supply chain management effectively during the period leading to no significant improvement in findings, the oversight of the current leadership is addressing the matter.

Action plans to address internal control deficiencies

43. A Management Plan for the Resolution of Auditor General Findings 2013/14 was submitted which details the public entity's progress in addressing internal controls regarding the financial statements and compliance with legislation. Management has however not implemented controls to prevent, detect and correct non-compliance with SCM policy as well as the material accounting errors.

Policies and procedures

44. Approved policies and procedures regarding Supply Chain Management are not effectively implemented.

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FINANCIAL AND PERFORMANCE MANAGEMENT

Proper record keeping

45. The terms of our engagement letter stipulated that information requested should be submitted within three (3) working days. Management was unable to provide the auditors with audit evidence; information related to governance and signed contracts/contract extensions with regards to supply chain management. Daily and monthly processing and reconciliation of transactions

46. Internal control deficiencies were identified in the accounting for property, plant and equipment. The verification of network assets and capitilisation of completed assets was not completed in a timely manner.

47. A significant amount of signed Board minutes and policies could not be provided for audit purposes.

Regular, accurate and complete financial reports

48. Management adjusted the financial statements, to correct errors regarding Capital Commitments, Government Subsidy, Property Plant and Equipment, Prepayment for Capital Expenditure, Finance and Operating Leases, and Prior Period Error Adjustment. Management is in the process of finalising the asset verification and updating the asset register and financial statements accordingly. Misstatements in terms of assets were identified during the audit. These related to physical verification, capitalisation and depreciation. Urgent finalisation of this process is required to ensure that complete and accurate financial statements are provided for audit.

Compliance monitoring

49. The PRASA Supply Chain Management policy was not adhered to. This results in irregular expenditure.

50. A Bid Evaluation Committee official did not comply with the prevailing prescripts when examining/evaluating a bid proposal resulting in non-compliance with the PRASA Supply Chain Management Policy and the Constitution resulting in irregular expenditure.

51. Prescripts as required by National Treasury Practice Note 11 of 2008/09 were not followed with regards to an unsolicited proposal resulting in irregular expenditure.

52. Management did not exercise oversight regarding compliance with the Public Finance Management Act and the Preferential Procurement Policy Framework Act and the Regulations thereto. An award was made to the bidder not scoring the highest points and objective criteria was not used to justify that reasonable grounds existed not to select the tender with the highest points. Furthermore the winning bidder should have been disqualified as the process followed was not fair. This results in irregular expenditure.

53. Irregular, and Fruitless and Wasteful Expenditure was not prevented and disclosed as required by the PFMA.

54. The evaluation criteria applied to evaluate bids differed from those provided in the original request for proposal.

IT systems

55. There was lack of key information security policies and procedures, which resulted in inadequate password setting configuration on servers hosting Resmeyl, Manhattan, FRAS

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and iTix application systems. This was due to system limitation as these are legacy systems that do not allow for the changes to be made. In addition, management will not be prioritising the update of password controls on Manhattan and FRAS as the functions performed by the two systems are being migrated to SAP system.

56. Furthermore delays were experienced with the approval of policies and procedures. As a result, no formally documented policy or process in place to govern the creation, modification and termination of user access to the Fare Revenue Accounting System (FRAS), ITIX Management Console (ITIX) and Manhattan Property Management (Manhattan) systems. In addition, there was lack of profile matrix which ensures segregation of duties for the access granted to users on Resmyl, Manhattan and ITIX systems.

57. Inadequate audit logs for FRAS, ITIX and Manhattan systems were noted and no evidence of user access reviews for Resmeyl, ITIX and Manhattan systems.

58. There is no formally documented ICT Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) in place. This was caused by slow authorisation processes within PRASA to approve policies and procedures and strategies, and also lack of adequately skilled personnel within PRASA to document a formal ICT Disaster Recovery Plan or manage and run an effective business continuity operation.

59. There was inadequate management of programmer access to the production environment due to insufficient human resource capacity within the ICT unit and system development being outsourced to external service providers.

60. Inadequate user access management and poor security configuration settings on SAP system were noted. This was mainly due to system malfunctioning and errors experienced on GRC system which is meant to ensure adequate user profile management.

61. The SAP depreciation rates for moveable assets (Asset Class 3300) were not adequately configured in alignment with the PRASA Asset Management Policy.

62. Inadequate validations on SAP system were noted, as there were five records identified on the asset register with invalid (blank) major and minor category descriptions. This could lead to accumulated depreciation being applied to incomplete and invalid asset descriptions.

63. An approved database configuration and security hardening standard was not in place for database environments within PRASA. As a result, the security and configuration settings of the SAP operating system and database servers were either inadequate or not configured.

The following paragraphs will be included in the audit report regarding internal control:

Financial and performance management

Daily and monthly processing and reconciliation of transactions

64. Internal control deficiencies were identified in the accounting for property, plant and equipment. The verification of network assets and capitalisation of completed assets (assets under construction) was not completed in a timely manner.

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Document management

65. Management did not supply documentation requested for audit purposes within a reasonable time due to an inadequate document management system.
66. A significant number of signed board minutes and policies could not be provided for audit purposes.

Regular accurate and complete financial reports

67. The financial statements contained misstatements pertaining to property, plant and equipment, prepayments for capital expenditure, finance and operating leases, capital commitments, prior period error adjustments and irregular expenditure. This was mainly due to financial statements submitted for audit that were not accurate and complete.

Compliance monitoring

68. Management did not take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure from occurring. Management has not implemented a register of irregular and fruitless and wasteful expenditure.

PART F – ASSESSMENT OF ASSURANCE PROVIDERS

69. The annual report is used to report on the financial position of auditees, their performance against predetermined objectives and overall governance, and one of the important oversight functions of Parliament is to consider auditees annual reports. To perform their oversight function, they need assurance that the information in the annual report is credible. To this end, the annual report also includes our auditor's report, which provides assurance on the credibility of the financial statements and the annual performance report as well as on the auditee's compliance with legislation.

70. Our reporting and the oversight processes reflect on past events, as it takes place after the end of the financial year. However, management, the leadership and those charged with governance contribute throughout the year to the credibility of financial and performance information and compliance with legislation by ensuring that adequate internal controls are implemented.

We assess the level of assurance provided by these assurance providers based on the status of internal controls (as reported in part E of section 2) and the impact of the different role players on these controls. We provide our assessment for this audit cycle below.

Assurance levels	
Senior management	***Provides limited/ no assurance***
The accounting authority	***Provides assurance***
Internal audit	***Provides some assurance***
Audit committee	***Provides assurance***

Senior management has provided limited assurance. The Accounting Authority and Audit and Risk Committee previously provided limited assurance due to prior year findings. The new members of Board and Audit and Risk Committee were appointed in August 2014. The committee provide assurance regarding the annual financial statements and performance

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DETAILED AUDIT FINDINGS

ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT

1. SUPPLY CHAIN MANAGEMENT – IRREGULAR EXPENDITURE

1.1 Property, plant and equipment and Prepayments for Capital Expenditure – Classification of New locomotives (CoF 20 - Corporate)

Audit finding

Background

During the audit the following invoices were provided as payments made to Swifambo (purchase of new locomotives) to 31 March 2015 totaling R2 203 712 974.10:

No	Invoice no	Invoice date	Amount paid	Description per invoice
1	SRL012-004	29/09/2014	R 155 908 635.77	Milestone progress payment Carbody completion of locomotive 11, 12 & 13 Diesel engine of locomotive 11, 12 & 13
2	SRL007-004	08/05/2014	R 288 657 078.19	Milestone progress payment Carbody finishing (x4) loco 1-4 Diesel engine (x7) loco 1-7
3	SRL008-001	21/05/2014	R 430 166 416.92	Milestone payment (10%)
4	SRL006-001	03/04/2014	R 335 308 062.36	Milestone payment and additional system
5	SRL003-001	12/11/2013	R 468 672 880.86	Payment no 2 (11.2% progress payment)
6	SRL001-002	01/10/2013	R 64 473 684.21	Phase 1 Mobilisation (15%)
7	SRL001-001	15/08/2013	R 460 526 315.79	Phase 1 Mobilisation (15%)

These items relate to the procurement of Diesel-Electric Locomotives through an outright sale as indicated in clause 1.3 of the signed Sale and Purchase of Locomotives Agreement between the Passenger Rail Agency of South Africa (PRASA) and Swifambo Rail Leasing Proprietary Limited.

PRASA has recognised an amount of R2 452 818 000 as Assets Under Construction in the Property, Plant and Equipment (PPE) note to the annual financial statements.

A difference of R249 105 025,90 between the invoices above and the disclosure in the annual financial statements has been noted. This difference is due to an amount of R182 424 651,62 which has been accounted for as an accrual as payment took place on 23 June 2015 and R66 680 374,28 for which supporting documentation has not been provided.

The risk is that the amount disclosed as Assets Under Construction may be misstated as the supporting documentation provided for audit does not agree to the amount disclosed in the annual financial statements. Furthermore the amount disclosed as a Capital Commitment may be misstated due to the accounting for an accrual.

Assets – Property, plant and equipment misstated

Paragraph 4.4 of the Conceptual Framework for Financial Reporting defines an asset as: *"a resource controlled by the entity as a result of past events from which future economic benefits are expected to flow to the entity."*

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Resource controlled by the entity

In order for these items to meet the definition of an asset, it must be a resource controlled by the entity.

Clause 15 of the Agreement stipulates the terms of Delivery of the Locomotives as follows:

"15.1 The seller shall, subject to 9.2.3, deliver the Locomotives at the Delivery Point, and within the time period, specified in the Delivery Schedule in a condition which is suitable for immediate use by the Purchaser for the Unit Acceptance Procedure.

15.2 Upon delivery of the Locomotives at the Delivery Point, the Purchaser shall inspect and start the Unit Acceptance Procedure of the Locomotives to confirm that they comply with the Specification Schedule. In the event that the Purchaser fails to inspect the Locomotives, or fails to confirm such Inspection, within 14 days of delivery, the Purchaser shall be deemed to have confirmed that the Locomotives comply with the Specification Schedule. Notwithstanding the aforesaid, the 14 day inspection period referred to in clause 15.2 shall be extended to 28 days in respect of delivery of the first Locomotive.

15.3 If the Locomotive meet the Specification and have successfully undergone the Unit Acceptance Procedure, the Purchaser will accept all such Locomotives so delivered.

15.4 Upon delivery and acceptance of one or more Locomotives, the Seller and the Purchaser shall execute an Acceptance Certificate in the form of Annexure L hereto indicating the Acceptance Date as to such Locomotive.

15.5 If the Purchaser rejects the acceptance of any Locomotives, it shall notify the Seller of such rejection within the period specified in clause 15.2 and shall provide the Seller in writing with full and detailed reasons in writing for the rejection.

15.11 For the avoidance of doubt, ownership of the Locomotives which has either a Minor Defect and/or Major Defect shall not pass to the Purchaser until the Purchaser has accepted such Locomotive and the Acceptance Certificate has been issued. The Seller shall be entitled to issue the final payment invoice with respect to each Locomotive once the Minor Defect and/or Major Defects have been rectified.

15.14 The risk of loss of each Locomotive will pass from the Seller to the Purchaser upon delivery of such Locomotive to the Delivery Point. The title of each Locomotive shall pass from the Seller to the Purchaser upon acceptance of the Locomotive in accordance with the Unit Acceptance Procedures, Issuing the Acceptance Certificate and full payment of the Purchase Amount for such Locomotive.

15.15 Upon delivery and full payment of the Purchase Amount for a Locomotive, the Seller will deliver to the Purchaser a bill of sale conveying good title to such Locomotive, free of any liens, claims, charges, and encumbrances except for Seller furnished equipment, and such other appropriate documents of title as the Purchaser may reasonable require."

Based on the above clauses to the Agreement, title of each locomotive passes to PRASA on acceptance of the Locomotive in accordance with the Unit Acceptance Procedures, issuing the Acceptance Certificate and full payment of the Purchase Amount. The risk of loss of each locomotive passes to PRASA upon delivery to the Delivery Point (PRASAs depot located in ERS Depot off Malta Road, Salt River, Cape Town).

Based on the audit work performed it has been noted that 9 locomotives were received by PRASA prior to 31 March 2015. These have been accepted by PRASA in the form of a Compliance Certificate, signed by Dr. Daniel Mtimkulu:

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Locomotive	Date signed off by Dr Daniel Mumkulu
AFRO 4001	18/12/2014
AFRO 4002	20/01/2015
AFRO 4003	21/01/2015
AFRO 4004	20/01/2015
AFRO 4005	20/01/2015
AFRO 4006	13/03/2015
AFRO 4007	13/03/2015
AFRO 4008	15/03/2015
AFRO 4009	15/03/2015

As approximately 63% of the total purchase price (as per the invoices provided for audit) has been paid to date all 9 locomotives have been paid for in full. Furthermore PRASA has accepted the risk of loss based on confirmation of insurance of 13 locomotives insured through Emrald Risk Transfer (Pty) Ltd in policy 1254/835 (Assets All Risks Policy).

Based on the above 9 locomotives are a resource controlled by PRASA.

Past event

As at 31 March 2015 PRASA has received and accepted 9 locomotives purchased under the agreement, the remaining of the 79 locomotives are still in the possession of the seller.

Future economic benefits are expected to flow to the entity

Title of each Locomotive will only pass from the Seller to the Purchaser upon acceptance of the Locomotive in accordance with the Unit Acceptance Procedures, issuing the Acceptance Certificate and full payment of the Purchase Amount for such Locomotive and therefore future economic benefits are expected to flow to PRASA from this point onwards. Future economic benefits are expected to flow to PRASA as at 31 March 2015 for the 9 locomotives received and accepted. Future economic benefits are not expected from the 79 locomotives still to be delivered post 31 March 2015.

Conclusion of definition of an asset

Based on the above 9 locomotives meet the definition of an asset and must therefore be accounted for as property, plant and equipment as at 31 March 2015.

Recognition

IAS 16, paragraph 7 states: *"The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:*
(a) it is probable that future economic benefits associated with the item will flow to the entity; and
(b) the cost of the item can be measured reliably"

It is probable that the 9 locomotives received and accepted will have future economic benefits which will flow to PRASA and the cost of a locomotive can be measured reliably. Therefore the 9 locomotives received and accepted can be recognised as an asset in the annual financial statements.

IAS 16, paragraph 37 states: *"A class of property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations. The following are examples of separate classes:*
(a) land;
(b) land and buildings;

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(c) machinery;
(d) ships;
(e) aircraft;
(f) motor vehicles;
(g) furniture and fixtures; and
(h) office equipment."

PRASA Assets Management policy, paragraph 3 relating to the scope, classifies assets and provides examples. The policy defines rolling stock as "*Coaches – Motor coach, Plain trailer and Nomad Trailer, Locomotives – Body, Controlling systems, Rotating machine and Under Frame*". Work in Progress is defined as "*Incomplete projects*". The policy classifies rolling stock and Work in Progress separately and these are separately disclosed in the note on Property, Plant and Equipment to the financial statements.

Clause 15.1 of the Agreement stipulates: "*The seller shall, subject to 9.2.3, deliver the Locomotives at the Delivery Point, and within the time period, specified in the Delivery Schedule in a condition which is suitable for immediate use by the Purchaser for the Unit Acceptance Procedure.*"

Therefore the 9 locomotives received are suitable for immediate use by PRASA and should therefore be classified as Rolling Stock in the Property, Plant and Equipment note to the annual financial statements. Currently the full amount paid to date is reflected within Assets Under Construction.

The Property, Plant and Equipment note to the financial statements is misstated due to the overstatement of Assets Under Construction and the understatement of Rolling Stock.

Property, plant and equipment overstated and prepayments for capital expenditure understated

As at 31 March 2015 PRASA has received 9 locomotives and made advance payments for the remaining 79 locomotives still to be received These payments have been made before PRASA has obtained the right to 79 remaining locomotives due for delivery and acceptance and therefore these prepayments must be recognised.

Paragraph 66 (current assets) of IAS 1 – Presentation of Financial Statements states:
"*An entity shall classify an asset as current when:*
(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
(b) it holds the asset primarily for the purpose of trading;
(c) it expects to realise the asset within twelve months after the reporting period; or
(d) the asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
An entity shall classify all other assets as non-current"

PRASA expects to receive the locomotives in the 2015/16 financial year and onwards and therefore the prepayment must be classified as current and non-current asset as required by IAS 1 paragraph 66.

The risk exists that Property, Plant and Equipment – Assets Under Construction is overstated and Prepayments for Capital Expenditure is understated resulting in a material misstatement of the annual financial statements. Furthermore there is a risk that current and non-current assets are understated.

Furthermore assets have realized during the current year from the prepayment for capital expenditure as disclosed in the prior year annual financial statements. This indicates that the prior year disclosure of the prepayment for capital expenditure disclosed as a non-current asset should have been disclosed as a current and non-current asset. The risks exists that prior year error

adjustment to the annual financial statements may be misstated with the current asset portion of the prepayment for capital expenditure that should have been disclosed in the prior year.

Addendum 3 to the Swifambo contract

Addendum 3 to the Swifambo contract was provided for audit purposes. This addendum has not been signed and therefore cannot be considered for audit purposes.

Irregular expenditure

The Public Finance Management Act (PFMA), section 1 definitions *"irregular expenditure": "expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including—*
(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of that Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government;"

During the prior year audit a finding was communicated to management regarding the procurement of the Swifambo Rail Leasing Proprietary Limited tender. The matter was reported as material non-compliance in the 13/14 audit report. As the payments for the locomotives were accounted for in Prepayments for Capital Expenditure the amount did not have to be accounted for as irregular expenditure in the prior year financial statements. On recognition of the asset within Property, Plant and Equipment the irregular expenditure related to this transaction needs to be disclosed in the financial statements. Management has not disclosed irregular expenditure related to this transaction in the 14/15 financial statements.

The amount is considered irregular for the following reasons:

0. PRASA did not ensure that the selection and appointment process of Swifambo was consistent with the stipulations contained in the tender document and Swifambo was consequently not disqualified for not submitting the following documents:
   - Sub-contractor's letter of good standing with relevant taxation authority in its country of origin
   - BBBEE Certificate submitted for the sub-contractor
   - Tender documents signed by both the Swifambo and the sub-contractor.
1. PRASA did not ensure that the technical evaluation of Swifambo was based on its own capabilities to deliver the locomotives. This is due to technical evaluation points awarded on capabilities of a sub-contractor even though there was no sub-contracting agreement at the time of evaluation while the criteria for valid tax clearance certificate, BBBEE certificate, financial viability and other criteria was evaluated based on Swifambo's strength.

Irregular expenditure for this transaction has not been disclosed in the financial statements and therefore is misstated.

Internal control deficiency

Financial Management - Management did not prepare accurate and complete financial statements that are supported and evidenced by reliable information.

Recommendation

- PRASA must recognise 9 locomotives as Rolling Stock in the note on Property, Plant and Equipment
- PRASA must recognise the amount paid as at 31 March 2015 for the remaining 79 locomotives to be delivered and accepted, as Prepayments for Capital Expenditure in the financial statements. Prepayments must be reflected separately on the face of the

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statement of financial position due to the materiality of the amount. The amounts must be classified into current and non-current assets

- A prior year correction should be disclosed for current assets, prepayments for capital expenditure.
- On recognition of the locomotives as Rolling Stock PRASA must disclose irregular expenditure in the annual financial statements.

Management response

- PRASA has disclosed the 9 locomotives under Property, Plant and Equipment
- The remaining portion has been accounted for as Prepayments
- The prior year figure has been shown as current and non-current.

Name: Yvonne Page
Position: GM Financial reporting

Auditor's conclusion

The financial statements have been amended. This is considered a material amendment to the financial statements and will be reported as such in the audit report.

Irregular expenditure:

The 2013/14 Report of the Auditor General to Parliament on PRASA (Audit Report) stated the following under *"Compliance with Legislation and oversight responsibility":*

"19. A contract amounting to R3.5 billion for the purchase on locomotives was awarded to a bidder. The evaluation criteria used was not fully consistent with the criteria stipulated in the request for proposal. This contravenes the PRASA supply chain management (SCM) policy and section 51(1)(a)(iii) of the PFMA.

23. The winning bidder for the purchase of locomotives was not disqualified for failing to submit the subcontractor's letter of good standing with relevant taxation authority in its country of origin and submitting tender documents not signed by both the winning bidder and the subcontractor, as required by the request for proposal. Furthermore, the technical evaluation of the winning bidder was based on the technical capabilities of the subcontractor; however, sufficient appropriate evidence which substantiates the existence of a subcontracting relationship between the bidder and the subcontractor at the time of the bid evaluation could not be provided."

The Public Finance Management Act (PFMA) defines ***"Irregular expenditure":*** *"means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including—*

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of that Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government;"

The Public Finance Management Act section 51(1)(a)(iii) as reported under "*Compliance with Legislation*" in the prior year Audit Report states: *"—(1) An accounting authority for a public entity— (a) must ensure that that public entity has and maintains— an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective;"*

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The PFMA section 51(1)(a)(i) states; *"—(1) An accounting authority for a public entity—(a) must ensure that that public entity has and maintains— effective, efficient and transparent systems of financial and risk management and internal control;"*

Furthermore section 51(b)(ii) of the PMFA states: *"(1) An accounting authority for a public entity— (ii) prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity;"*

The PRASA Supply Chain Management (SCM) policy, 2009, was the operational policy at the time of the procurement and award to Swifambo. The SCM policy ensures that PRASA maintains effective, efficient and transparent systems of internal control. The expenditure incurred has been paid based on a tender which did not comply with the operational policy of PRASA, i.e. non-compliance with the SCM policy. Furthermore the matters included in the prior year Audit Report constitute non-compliance with section 51(1)(a)(iii) of the PFMA as the bidder should have been disqualified. This meets the definition of ***irregular expenditure"*** *as expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation"* The expenditure incurred is in contravention with section 51(1)(a)(iii) and section 51(b)(ii) of the PFMA.

The guidance on irregular expenditure is applied as follows:

- Awards were made to a supplier who did not have a valid tax clearance certificate from SARS to indicate that the supplier's tax matters are in order nor has the supplier made arrangements with SARS to meet their tax obligations. The sub-contractor's letter of good standing with relevant taxation authority in its country of origin was not considered during the evaluation process even though it was a requirement of the RFP.
- The evaluation criteria applied to evaluate bids differed from those provided in the original request for quotation or documentation. The RFP required the following for evaluation purposes which was not considered:
    - Sub-contractor's letter of good standing with relevant taxation authority in its country of origin
    - BBBEE Certificate submitted for the sub-contractor
    - Tender documents signed by both Swifambo and the sub-contractor.
    - PRASA did not ensure that the technical evaluation of Swifambo was based on its own capabilities to deliver the locomotives. This is due to technical evaluation points awarded on capabilities of a sub-contractor even though there was no sub-contracting agreement at the time of evaluation while the criteria for valid tax clearance certificate, BBBEE certificate, financial viability and other criteria was evaluated based on Swifambo's strength.
- An Institution deviated from the prescribed procurement processes and the reasons were not documented and approved by the accounting officer/ authority or a delegated person. The SCM policy was deviated from and the reasons were not documented and approved by the Board as the delegated signatory.

Management has disclosed the irregular expenditure related to amounts capitalised within rolling stock, amended prepayments for capital expenditure, and property, plant and equipment. The financial statements have been amended materially, in property, plant and equipment and irregular expenditure, and will be reported as non-compliance with the PFMA in the audit report.

Effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act were not in place. The will be reported as material non-compliance in the audit report.

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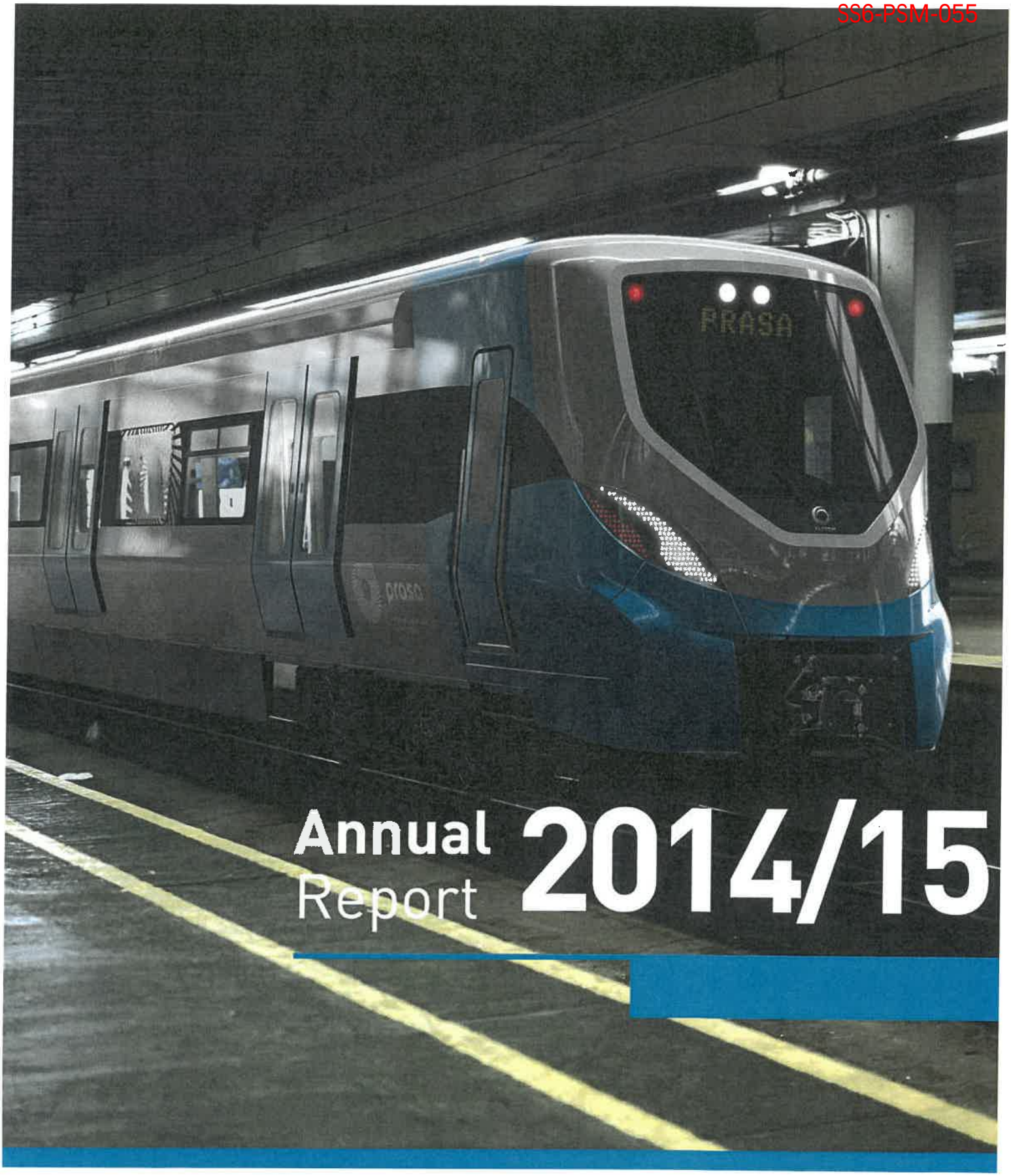

Annual Report 2014/15

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PASSENGER RAIL AGENCY OF SOUTH AFRICA

SS6-PSM-056

Ms Dipuo Peters
Honourable Minister of Transport
Parliament

Dear Honourable Minister

SUBJECT: FINANCIAL YEAR ENDED 31 MARCH 2015

We are pleased to submit, for your information, and presentation to Parliament, the Passenger Rail Agency of South Africa Annual Report for the period 1 April 2014 to 31 March 2015.

The report has been prepared in accordance with South African Generally Accepted Accounting Practice (SA GAAP), Public Finance Management Act, 1999, (Act No 1 of 1999) and other relevant Treasury Regulations.

Yours Sincerely

Popo Molefe
Chairman

Nkosinathi Khena
Acting Group CEO

Chairman's Overview



> "We contribute to carefully guide the company in the implementation of its long-term strategy."
>
> Dr Popo Molefe

On behalf of the PRASA Board it gives me great pleasure to present and submit this overview as an endorsement of the PRASA Annual Report for 2014/15 financial year. The Board is satisfied with the audited financial statements of the organisation contained in this annual report for the financial year 1 April 2014 to 31 March 2015.

The Board took office in August 2014 and we were in our first term of office during the 2014/15 financial year. We therefore wish to take this opportunity to thank Minister Elizabeth Dipuo Peters and the Government of the Republic of South Africa for the opportunity to serve and for the confidence displayed in all of us as a collective.

The year under review saw the financial close of the Rolling Stock Fleet Renewal Programme and gazetting of the appointment of Gibela Transport Consortium to deliver new modern coaches over the next few years at a cost of over R59 billion. This major milestone is one of the major key projects of the modernisation and investment in the new capacity strategy adopted and pursued by PRASA. In addressing decades of under investment in public transport infrastructure and in particular rail, PRASA has embarked on significant investment programmes focused on the modernisation of infrastructure and rolling stock.

The key programmes include (i) Rolling Stock Fleet Renewal Programme (ii) Signalling (iii) New Locomotives (iv) 120km/h Perway Programme and (v) Station and Depot modernisation.

These investments support PRASA's effort to position rail as a backbone of South Africa's transport system.

The Board of Directors is mindful of the many diverse economic, social and environmental issues that impact the organisation, and we continue to monitor these and the way in which they contribute and challenge the sustainability of our business.

We have placed particular priority on promoting the robust governance, compliance and risk management systems and processes embedded in the business. In so doing, we contribute to carefully guiding the company in the implementation of its long-term strategy, thereby ensuring that it delivers on its mandate of modernisation programme and realising its vision.

PRASA's most significant challenge is its funding model and the unfunded mandate of Mainline Passenger Service (MPLS). In this regard the Board will review the funding model, operational model and the structure for the organisation.

The Board is not satisfied with the performance of the organisation against the predetermine performance objectives and targets. Accordingly it has begun a process of reviewing these targets with a view to focusing on those that are mission critical for organisational performance. This process will be continued with a view to ensure that the eventual set of determined targets are achievable and setting the organisation on a path of improving levels of excellence.

The Board continues to provide full oversight on PRASA's main projects currently underway the most significant of which remain the Rolling stock fleet renewal Programme, Signalling, Modernisation of Depots and

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stations. Whilst some challenges were experienced during the year, these critical projects remain strategic to the overall sustainability of the organisation.

In terms of financial management PRASA has now achieved its nineth consecutive unqualified audit report from the Auditor General. This achievement continues to inspire confidence and pride in the organisation. The increase in the number of findings including repeat findings indicates that the company is regressing in terms of governance and internal controls. The Auditor General has highlighted serious weaknesses, in our compliance with supply chain management processes, a very weak ICT environment, our financial health, continued going concern status seriously challenged and our Human Capital Management requiring focus. The Board is immediately focusing on the weaknesses identified by the Auditor-General with a view to improving the quality of the audit outcome in the years to come.

We have a bold strategy for the benefit of all South Africans. For us the key to achieving the PRASA vision lies in effectively balancing out short-term capital spend with the realisation of the long-term benefits of our ambitious projects. Our financial under performance and not meeting our predetermined objective targets serve as a reminder that we still face many challenges en-route to our desired destination. Futhermore we continue to work towards the necessary combination of sustainability and growth. We will continue to refine this focus in the coming years in an effort to ensure delivery of building a modern rail company. Great progress however has been made and we hope to gain more traction in the coming financial year.



I would like to thank my fellow PRASA Board members, the PRASA Executive Team, all PRASA staff, suppliers, business partners, our Labour unions SATAWU and UNTU, and all key stakeholders for their continued support during the past financial year.

On behalf of the entire Board, I wish to thank the Director General and the Department of Transport officials. Our appreciation goes to the Chairman of the Portfolio Committee on Transport Ms Dikeledi Magadzi and the members of her committee.

Our gratefulness goes to the Minister of Transport, Honourable Ms. Elizabeth Dipuo Peters, MP and the Deputy Minister of Transport, Honourable Ms Sindisiwe Chikunga, MP for the support and guidance during the year.

Together we will continue to do more.



Dr Popo Molefe
Chairman

Report of the auditor-general to Parliament on the Passenger Rail Agency of South Africa

Report on the consolidated and separate financial statements

Introduction

1. I have audited the consolidated and separate financial statements of the Passenger Rail Agency of South Africa and its subsidiaries (Agency) set out on pages 61 to 112 which comprise the consolidated and separate statement of financial position as at 31 March 2015, the consolidated and separate statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the consolidated and separate financial statements

2. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and the requirements of the Public Finance Management Act of South Africa 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Passenger Rail Agency of South Africa and its subsidiaries as at 31 March 2015 and their financial performance and cash flows for the year then ended, in accordance with the South African Statements of Generally Accepted Accounting Practice (SA GAAP) and the requirements of the PFMA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters

Material capital commitment

8. As disclosed in note 32 to the financial statements, the capital commitment for the purchase of new locomotives has significantly increased by R1,3 billion, from R3,5 billion to R4,8 billion, and the number of anticipated locomotives to be received has declined from 88 (as per the initial contract) to 70.

9. As disclosed in note 32 to the financial statements, the capital commitment for the purchase of rolling stock (fleet renewal programme) is R59,6 billion, which was disclosed under events after reporting date in the 2013-14 annual report as R51 billion.

Material prepayments for capital assets

10. As disclosed in note 5 to the financial statements, material prepayments for capital expenditure to the total amount of R7,8 billion were made towards the purchase of new locomotives (R2,1 billion) and new rolling stock fleet renewal programme (R5,7 billion).

Financial sustainability of subsidiary

11. The subsidiary company (Intersite Asset Investments SOC Ltd) incurred an operating loss of R28 million (2014: R21 million) for the year. The net loss amounted to R26 million (2014: R19 million). The loss is primary attributed to the budgeted revenue from property investments, third party projects and commercial projects not materialising. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the subsidiary's ability to operate as a going concern. The investment in subsidiaries, as disclosed in note 9 to the agency's annual financial statements, has not been impaired.

Restatement of corresponding figures

12. As disclosed in note 37: prior period error adjustment (affecting note 6: leased assets, note 15: finance lease, note 4: property, plant and equipment - network assets and note 5: prepayments for capital expenditure) to the financial statements, the corresponding figures for 2013-14 have been restated as a result of an error discovered during 2014-15 in the financial statements of the agency at, and for the year ended, 31 March 2014.

Irregular expenditure

13. As disclosed in note 41 to the financial statements, the agency incurred irregular expenditure to the amount of R550 million. Evidence provided confirmed non-compliance with section 51(1)(a)(iii) and 51(1)(b)(ii) of the PFMA and the agency's supply chain management policy.

Additional matter

14. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Supplementary information

15. The supplementary information set out on pages 1 to 52 does not form part of the financial statements and is presented as additional information. I have not audited this and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each

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subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the Passenger Rail Agency of South Africa for the year ended 31 March 2015:
    - Objective 1.3: Improve operational effectiveness on pages 21 to 25.
    - Objective 1.4: Invest in new capacity to meet passenger demands in medium to long term on pages 26 to 29.

18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPI)*.

20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
    - Objective 1.3: Improve operational effectiveness.
    - Objective 1.4: Invest in new capacity to meet passenger demands in medium to long term.

Additional matters

22. I draw attention to the following matters:

Achievement of planned targets

23. Refer to the annual performance report on pages 17 to 33 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for objective 1.3: Improve operational effectiveness and objective 1.4: Invest in new capacity to meet passenger demands in medium to long term. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

25. The supplementary information set out on page 17 does not form part of the annual performance report and is presented as additional information. I have not audited this and, accordingly, I do not report thereon.

Compliance with legislation

26. I performed procedures to obtain evidence that the Passenger Rail Agency of South Africa had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

27. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 55(1)(b) of the PFMA. Material misstatements were corrected.

Procurement

28. A contract amounting to approximately R17,9 billion (30% of R59,6 billion) relating to the BBBEE equity partners to the fleet renewal programme (new rolling stock) was awarded to bidders. The following non-compliance was identified:
    - Non-compliance with the invitation to participate (ITP) as the agency did not consistently apply its discretion to disqualify the bidders in terms of

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conflict of interest, as required by section 51(1)(a)(iii) of the PFMA.

- The attendance register for the adjudication committee for the ITP and supplementary ITP process in respect of the BBBEE tender for rolling stock could not be provided; consequently we were unable to confirm receipt of all appointment letters.

Unsolicited proposal

29. The agency did not notify National Treasury of the award of an unsolicited bid proposal to the value of R91 million, in contravention with paragraph 12.1 of the National Treasury practice note 11 of 2008-09.

Irregular expenditure

30. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. Irregular expenditure to the value of R550 million was incurred due to non-compliance with laws and regulations and the agency's supply chain management policy.

Fruitless and wasteful expenditure

31. The accounting authority did not take effective steps to prevent fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA. Fruitless and wasteful expenditure to the value of R19,9 million was incurred due to interest and penalties on late payments of creditor accounts, and payments to employees and consultants.

Internal control

32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Financial and performance management

Daily and monthly processing and reconciliation of transactions

33. Internal control deficiencies were identified in the accounting for property, plant and equipment. The verification of network assets and capitalisation of completed assets (assets under construction) was not completed in a timely manner.

Document management

34. Management did not supply documentation requested for audit purposes within a reasonable time due to an inadequate document management system.

35. A significant number of signed board minutes and policies could not be provided for audit purposes.

Regular accurate and complete financial reports

36. The financial statements contained misstatements pertaining to property, plant and equipment, prepayments for capital expenditure, finance and operating leases, capital commitments, prior period error adjustments and irregular expenditure. This was mainly due to financial statements submitted for audit that were not accurate and complete.

Compliance monitoring

37. Management did not take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure from occurring. Management has not implemented a register of irregular and fruitless and wasteful expenditure.

Other reports

Investigations

38. The Public Protector is performing an investigation based on a complaint received in 2012 which covers the period of the allegations between 2010 and 2012. The investigation was initiated based on allegations of financial mismanagement and tender irregularities. The investigation is being finalised and the report will be issued in the 2015 -16 financial year.

Auditor-General
Pretoria
31 July 2015

AUDITOR-GENERAL SOUTH AFRICA

Annexure "PM3"

SS6-PSM-064

"PM3"

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PASSENGER RAIL AGENCY
OF SOUTH AFRICA

AD-HOC REVIEW OF TENDERS
–
BRAAMFONTEIN DEPOT & SUPPLY OF RAIL & TURNOUTS

February 2015

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PASSENGER RAIL AGENCY OF SOUTH AFRICA
AD-HOC REVIEW OF TENDERS
INTERNAL AUDIT REPORT

FEBRUARY 2015

23 February 2015

The Chairpersons of the Audit Committee and the Finance, Capital, Investment and Tender Committee
Passenger Rail Agency of South Africa
1040 Burnett Street
Prasa House
Hatfield

Dear Ms Manase and Ms Mahlala

AD-HOC REVIEW OF TENDERS – MODERNISATION OF THE MAINTENANCE ROLLING STOCK DEPOTS - BRAAMFONTEIN (HO/PT/DM/0032/12/2013) & MANUFACTURE & SUPPLY 48KG/m RAIL AND 48KG/M, 57KG/M AND 60KG/M TURNOUTS FOR THE BRAAMFONTEIN AND SALTRIVER DEPOTS AND THE 120KM/H PERWAY (HO/PT/INFR(P)/0045/03/2014)

We present our report on the above mentioned review. Details of work performed and the results of the review are contained in the rest of this report.

The report is presented in the following format:

1. Executive Summary – sets out the background, scope, approach as well as a summary of the results;
2. Appendix A - Definition of Roles and Responsibilities; and
3. Appendix B – Detailed Findings per tender process for each tender reviewed.

Should you require further information, please do not hesitate to contact Bukkie Adewuyi on (011) 231 0600 or bukkiea@sng.za.com or Jabulile Nkosi on (011) 802 4155 or jnkosi@sekelaxabiso.co.za.

Yours faithfully,

Bukkie Adewuyi
Project Director

Jabulile Nkosi
Joint Project Director

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EXECUTIVE SUMMARY

1. INTRODUCTION

The co-sourced internal audit consortium partners were requested by the Board of Directors to provide independent assurance on the procurement processes implemented during the evaluation and adjudication of braamfontein depot (HO/PT/DM/0032/12/2013), rail and turnout (HO/PT/INFR(P)/0045/03/2014) tenders. This review commenced in January 2015 at the Corporate Office of the Passenger Rail Agency of South Africa ("PRASA").

This was a special ad-hoc request and does not constitute part of the approved internal audit plan for 2014/2015. We understand that the Board has approved the award of these tenders subject to the presentation of the supporting probity officer's report by management. The subsequent discovery of the lack of a probity process and report on these tenders necessitated this audit request from the Board as an alternative means of receiving an independent assurance on the fairness of the procurement process followed in line with applicable legislation and organisational policy.

Our services were performed in accordance with the Standards of Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors ("IIA Standards").

2. OBJECTIVE, SCOPE & APPROACH

2.1 OBJECTIVE

The objective of the review was to provide independent assurance on whether controls that were implemented during the tender evaluation and adjudication processes were in compliance with the PRASA Group supply chain policy and procedures as well as applicable laws and regulation.

2.2 SCOPE OF REVIEW

The scope of the review of these two tenders, at a minimum, included ascertaining that all the activities undertaken complied with the PRASA Supply Chain Policy and Procedures, PFMA, PPPFA, Treasury Regulations and any other legislation that regulates the Supply Chain Management in the PRASA environment. This included reviewing the following, but not limited to:

Bid Specifications, Advertisement, RFP Compilation & Issuance –

- Request For Proposal and supporting documents, such as but not limited to the tender specifications received from the user department, advertisement placed, RFP documents issued etc;

Tender Briefing Process –

- Tender briefing register or receipts issued; and
- The supporting documents generated during and after the Tender Briefing.

Receipt & Opening of Bid Documentation –

- The documentation as it relates to receipt and opening of the Bids.

Bid Shortlist –

- The short listing and disqualification of bidders.

Bid Evaluation and Adjudication -

- The terms of reference, composition and conduct of the tender evaluation and adjudication committees, including the declaration of conflicts of interests, if any;
- The evaluation method used;
- The appropriateness of the evaluation method used;
- The tender documents received from bidders;
- The composition and conduct of the tender evaluation and adjudication committees, including the declaration of conflicts of interests, if any;
- Conflict searches and background checks performed on bidders, if any;
- The results of the tender evaluation and adjudication process, including the scoring of the respective bids and bidders in line with the stipulation of the RFP;
- Changes to RFP (i.e. optimising an RFP), if any; and

- The Bid Evaluation and Adjudication reports.

Recommendation and Selection of Successful Bidder -`

- The recommendation of the evaluation and adjudication committees to the GCEO and Board of Directors for approval.

Conflict of Interest Review –

- Perform membership/directorship and entity searches on publicly available databases in respect of various parties involved in the procurement process, which includes the shortlisted participants and members of the various committees.
- We will further obtain and review declarations of conflict of interests made by the relevant parties in line with the Conflict of Interest Policy, Code of Ethics and other relevant policies and procedures.

In addition to the above, we:

- Performed any other procedures that are deemed necessary in order to give assurance and assist the Board in making its decision.
- Made recommendations on any corrective measures that needs to be taken in respect of issues identified.
- Prepare a report on the work done.

This review will be performed at the PRASA Corporate Office in Hatfield. Should it be deemed necessary, we will visit the relevant divisions or subsidiaries.

The review will be limited to the following tenders as requested:

- HO/PT/DM/0032/12/2013 – Braamfontein Depot
- HO/PT/INFR(P)/0045/03/2014 – Rail & Turnout.

Note

This review was an audit of the procurement process and did not constitute a forensic investigation or real-time probity review. We therefore only performed internal audit procedures to provide assurance to the board on compliance with policy, laws and

regulation as outlined in the above scope. We did not undertake work of a nature that can be deemed to be a forensic investigation or a real-time probity assessment.

2.3 APPROACH

The process that we followed was as follows:

- Preliminary scope discussions and agreement of the audit planning memo with the key executive and management team;
- Review of documentation and conduct of interviews to understand the processes followed and associated controls;
- Design of audit procedures to evaluate compliance with key controls in the procurement process;
- Evaluation of the process followed for the affected tenders to determine that there is compliance with the required procurement controls stipulated in the procurement policy and procedures as well as applicable laws and regulation;
- Identification and reporting on compliance for each aspect of the tender process. Non-compliance areas identified will be clearly indicated to management.

3. BACKGROUND TO THE TENDERS REVIEWED

The two tenders reviewed are:

- Rails and Turnouts tender number: HO/PT/INFR(P)/0045/03/2014
- Braamfontein Depot, tender number: HO/PT/DM/0032/12/2013

They form part of the readiness projects for replacing the existing rolling stock with more modern rolling stock. PRASA has identified Braamfontein, Wolmerton, Salt River, Springfield and Durban as the key service depots for upgrade in preparation for the maintenance of the new fleet. The current prioritized depots for the Medium Term Expenditure Framework (MTEF) are Braamfontein and Salt River for receiving the production trains starting from 2016.

The new modern fleet will replace the current aged rolling stock, which will be phased out gradually until 2034.

Both bids were evaluated by the Cross Functional Sourcing Committee ("CFSC") and adjudicated by the Corporate Tender and Procurement Committee ("CTPC"). The evaluation process was supported by the following transaction advisors:

- Ledwaba Mazwai Attorneys- Legal
- Ledwaba Mazwai Attorney and KPMG Services Pty LTD - Economic Development (ED)
- KPMG Services Pty LTD - Finance
- Siyaya DB Engineers – Technical

3.1 RAILS AND TURNOUTS TENDER NUMBER: HO/PT/INFR(P)/0045/03/2014

Manufacture and Supply 48kg/m rail and 48kg/m, 57kg/m and 60kg/m turn-outs for the Braamfontein and Salt River depots and the 120km/h perway projects.

In line with the New Rolling Stock Programme PRASA has also embarked on the 120km/h project in order to fully benefit from the higher speeds that can be achieved by the New Rolling Stock. The 120km/h project focuses on 3 demonstration corridors, namely:

- Gauteng Province: Mabopane – Pretoria – Johannesburg – Naledi Corridor, including Leralla Line (446km);
- KwaZulu-Natal: KwaMashu – Durban – Umlazi. Including Bridge City and Isipingo lines (168km); and
- Western Cape: Khayelitsha – Cape Town and Kapteinsklip – Cape Town corridors, including Throat in Cape Town (280km).

We understand that in order to achieve higher travelling speeds, the need to replace the existing 48kg/m turnouts with new 60kg/m turnouts on the main lines was identified.

We also understand that in order to simplify the procurement process and achieve economy scale, the tender issued by PRASA for the design, manufacture and supply of rails and turnouts included the turnouts required as part of the 120km/h project.

The detailed requirements were as follows:

- 48 kg/m rail profile for the depot (Braamfontein and Salt River) modernisation project;
- 1:9 tangent geometry, monoblock turnouts with 48 kg/m rail profile for the depot (Braamfontein and Salt River depot);
- 1:9 and 1:12 tangent geometry, monoblock turnout with 60 EI rail profile with transition rail for the 120 km/h project; and
- Design manufacture and supply of double slips for the DMP project.

The following companies submitted bids as follows:

- Vossloh Cogifer ("Vossloh);
- Voestalpine VAE SA (Pty) Ltd("VAE");

Vossloh did not submit a bid for the supply of Rails but only for the manufacture and supply of Turnouts whilst VAE submitted bids for the complete tender requirements of the supply of both Rails and Turnouts.

Due to the above, a decision was taken (it is not clear who took or authorised this decision) to evaluate the tender separately for Rails and Turnouts.

Following the evaluation process on all criteria set out in the tender, the CTPC recommended the board to support the appointment of Vossloh Cogifer for the manufacture, supply and delivery of 48kg/m turnouts for the Braamfontein and Salt River depots and 60kg/m turnouts for the 120km perway projects at the total cost of R1,147, 619.271 and recommended the board to support the appointment of Voestalpine VAE SA (Pty) Ltd for the manufacture, supply and delivery of 48kg/m rails for the Braamfontein and Salt River depots at the total cost of R129, 446,637.

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The Transaction Advisors (Financial – KPMG), in their report, have raised potential benefits and drawbacks to this split as follows:

"The recommendation to split the tender between the two technologies of Rails and Turnouts has meant splitting the Contract Price tendered by each Bidder into two elements. This has not caused any problems with respect to Vossloh Cogifer, as its tender submission only addressed Turnouts, but for VAE Voestalpine, this has been performed based on the detail provided in the Bidder's tender submission, which clearly indicated what amounts related to Turnouts and what amounts related to Rails.

There is, however, still a risk that the Bidder (who at present has no knowledge of a potential split between the two technologies), may not accept to contract on the basis of only the Rails element of the tender, or, if the Bidder does accept to contract on this basis, may request that its Contract Price be revised upwards to account for the loss in economies of scale (i.e. if it had anticipated to be awarded the full tender for Rails and Turnouts, it would likely have priced accordingly, which may have taken into consideration potential savings on overheads due to the advantages provided by the scale of the total tender).

It should be highlighted that the decision to split the two technologies of Rails and Turnouts may also have certain impacts of the delivery. There is a potential advantage to having two Bidders delivering the different elements of the tender, in that these manufacturing and delivery processes can run in parallel, and there is greater capacity with two Bidders, which both can shorten delivery times. However, given that shipments from overseas will be required to be made, it is equally possible that the smaller deliveries sizes caused by splitting the tender may mean that certain deliveries have to be delayed until there is sufficient volume of material to justify the fixed cost related to a particular delivery. This could serve to push the delivery timetable out, rather than shorten it. The net impact on the delivery timetable, based on the above, is uncertain, and would also need to be determined as soon as possible on appointment of VAE Voestalpine as the Preferred Bidder. It has, however, been provided for in the RFT that the Bidder must align its delivery timetable with that

of the main construction contractors for the Braamfontein and Salt River depots (who are yet to be appointed).

It should be noted that, even though the split of the tender between different technologies, their similarities mean that there will likely remain an element of competitive tension between the Bidders throughout the contract, as excuses for non-delivery from one contractor will be more difficult where the other contractor is delivering successfully.

It should be noted, however, that the split of the two technologies produces an uneven split between the two Bidders, as the Turnouts tender is far larger than the Rails tender in value, which limits the abovementioned benefits of splitting the tender between the two Bidders, versus a situation where the tender were split, say 50:50 on value, between the Bidders."

Similarly, the Legal Advisors have noted risks identified with the recommendation to appoint VAE SA for the supply of Rails. Their commentary reads as follows in their report:

"For the reasons set out above, the clarification response from Voestalpine VAE SA (Pty) Ltd in relation to the Bid Bond was not satisfactory. Under the circumstances a failure by Voestalpine VAE SA (Pty) Ltd to provide a Bid Bond in the prescribed form of Appendix G, leaves PRASA without security for the Bidder's undertaking and/or obligations for the project. This potentially exposes PRASA to commercial and project risks which it sought to mitigate by requesting the Bidders to provide the Bid Bond in the prescribed form of Appendix G."

"Given the importance of the Rail component to the project and time pressures, PRASA may choose to proceed to appoint Voestalpine VAE SA (Pty) Ltd as Preferred Bidder for the Rail portion of the Tender without the Bid Bond. However, PRASA must be mindful of the commercial and project risks set out above".

3.2 BRAAMFONTEIN DEPOT, TENDER NUMBER: HO/PT/DM/0032/12/2013

This project was for the Modernisation of the Maintenance Rolling Stock Depots – Braamfontein Depot. It was advertised from December 2013 in 10 newspapers for 103 days. Twenty-five potential bidders attended the briefing session and submissions were received from six bidders comprising joint ventures formed by most of these companies.

The following companies responded:

- Lubbe Construction (Pty) Ltd;
- Rail Contractors (RF) (Pty) Ltd;
- Braamfontein Depot Joint Venture;
- Ntuthuko Joint Venture;
- Maziya, Sinohydro & SAWIR; and
- Zambli Construction (Pty) Ltd.

Recommendations were made by the CTPC to support the appointment of Ntuthuko Joint Venture as the preferred bidder at the total cost of R2, 279,208,172.32 including VAT and Braamfontein Joint Venture as the reserved bidder at the total cost of R2,614,760,988.67 including VAT.

There were significant concerns raised by the finance transaction advisor around the above recommended award that PRASA is required to consider before the contracting is finalised.

4. SUMMARY OF OBSERVATIONS / AREAS NOTED FOR MANAGEMENT'S ATTENTION

Area of Review	Rails and Turnouts tender number: HO/PT/INFR(P)/0045/03/2014	Braamfontein Depot, tender number: HO/PT/DM/0032/12/2013
	Areas of Concern Noted (Yes / No)	Areas of Concern Noted (Yes / No)
Compliance with Treasury Guidelines, Regulations & RFP Requirements	Yes	Yes
Utilisation of Experts	Yes	Yes
Bid Specifications	Yes	Yes
Advertisement	No	No
RFP Compliance & Issuance	Yes	Yes
Tender Briefing Process	No	Yes
Shortlist	Yes	Yes
Receipt & Opening of Bid Documentation	Yes	Yes
Bid Evaluation	Yes	Yes
Bid Adjudication	Yes	Yes
Recommendation and Selection of Successful Bidder	Yes	Yes
Conflict of Interest Review	No	No

Detailed below are key summaries of concerns identified in the areas highlighted in the table above.

4.1 RAILS AND TURNOUTS TENDER NUMBER: HO/PT/INFR(P)/0045/03/2014

Compliance with Treasury Guidelines, Regulations & Request for Tender ("RFP") Requirements

a) We noted that the recommendations / instructions to the Board of National Treasury were not executed around the appointment of the Probity Officer and an independent Administrative entity.

b) We further noted that the non-appointment of the Probity Officer is a departure from the information widely communicated to bidders by PRASA in Part A – Instructions to Bidders.

Utilisation of Experts (Transaction Advisors)

a) The KPMG and Ledwaba Mazwai contracts expired on the 30 June 2013. We were provided with the recommendation for extension of these contracts which was approved by the GCEO 01/10/2014, which means the extensions were processed after the expiration of their contracts, however the contract extensions could not be provided for review. Work was however being carried out and expenditure incurred during the period after June 2013 when there was no contract in place.

b) The Siyaya db contract expired on the 15 February 2014. We were not provided with evidence of an extension for this contract. Work was carried out after the expiration of the contract.

Bid Specifications

a) We noted that we could not identify the official who signed off the bid specifications to confirm whether such official was a member of the CFSC or a transaction advisor as the name and position of the person was not indicated on the document.

b) Furthermore, there were no minutes or other evidence of interrogation and approval of the bid specifications that could be provided for our review. We could therefore not confirm that transaction advisors were indeed involved at the

specifications stage or that the bid specifications were approved by PRASA officials who are members of the CFSC. The extensive clarification process noted at evaluation stage further lends credence to our view as we believe the transaction advisors would have ensured that the RFP is clearer in terms of the requirements of PRASA.

c) We were informed that the bid specifications were compiled by the Transaction Advisors by a special resolution of the board. However such board resolution could not be provided for our review.

d) We could not therefore determine if the bid specifications committee was appropriately composed in line with the policy as there was no evidence of this or whether they obtained the necessary expert advice from the transaction advisors as indicated in the policy.

Bid Advertisement, RFP Compliance & Issuance

a) We were not provided with evidence of approval of the change in closing date. We could therefore not confirm if this instruction came from the appropriate SCM structures.

b) We assume that management has a valid reason for keeping the tender response period open for so many days.); however this may cause inefficiencies in the procurement process and delay the achievement of strategic objectives.

Tender Briefing Process & Shortlist

a) We could not obtain evidence to confirm the appropriateness of the shortlisting process as we noted that the Legal qualification criteria (compliance) was conducted simultaneously with other qualification streams; hence non qualifying bidder on the Legal stream was evaluated on the other streams (Finance, Economic Development & Technical.

Receipt & Opening of Bid Documentation

a) Bids received were not recorded in a bid receiving register, as stipulated in the supply chain management policy.

b) A bid opening register was maintained for the opening, however we could not confirm the identity or appropriateness of the composition of the bid opening team as this was not documented on the opening register. The number of officials opening the bids was also not consistent as there were instances where either one (1) or three (3) officials undertook the bid opening.

c) We further noted that the SCM policy does not provide guidance in terms of the process of opening of bids or the composition of officials who must be present at such.

d) A register for late bids was not maintained as stipulated in the SCM policy. According to management, this is due to the fact that late bids are not accepted; hence there is no reason to maintain such a register. It is however then recommended that the policy be amended as such.

Bid Evaluation

a) We noted that the stipulation of the RFP was relaxed in requesting clarification for bidders to submit information which was originally requested but not submitted or not submitted in the particular format requested. Bidders subsequently passed where they had initially failed certain qualification criteria due to this clarification process.

b) Bidders were evaluated in Part C (Evaluation Requirements) even though they failed Part B (Qualification Requirements) - VAE was evaluated and has been recommended as the preferred bidder for Rails without the provision of a bid bond as required in the tender which led to them failing the Legal section of Part B. The Legal Advisors ("Ledwaba Mazwai") have raised risk concerns in this regard.

c) We could not ascertain that the CFSC has the authority or obtained such authority to take a decision to split the evaluation of the tender into two based on the fact that one of the bidders responded to only one part of the bid. The Transaction Advisors (Financial – KPMG) have raised key risk factors in their report that this decision may bring.

d) We were not provided with minutes or other evidence that the Cross Functional Sourcing Committee ("CFSC") attended a workshop, therefore we could not conclude on whether appropriate guidance was provided to empower the CFSC members and prepare them for the evaluation process.

e) We noted huge variances in scoring allocated by evaluators to the bids. This seems to indicate a high level of subjectivity in the process which may be perceived as bias. This may be linked to the point above around the lack of a workshop or guidance medium for the committee members. The highest and lowest scores allocated by the evaluators to each bidder have been highlighted in yellow in a table presentation in the detailed Section of this report (Appendix A).

Bid Adjudication

a) We noted that the following members of the Corporate Tender and Procurement Committee ("CTPC") did not sign their appointment letters:
   - Dr Josephat Phungula (Chief Procurement Officer) – Member; and
   - Yvonne Page (General Manager: Financial Reporting)

a) We further noted that Ms Constance Monkwe (CTPC Secretary) was not formally appointed by the GCEO as required by the policy; she was however serving as the secretary of the CTPC.

b) Mr Patric Gombert (member of CTPC) did not sign the declaration and confidentiality agreement.

Recommendation of successful bidder

a) The Transaction Advisors (Financial – KPMG) have raised key risk factors in their report that the decision to split the tender in two may bring as detailed above.

b) It is not clear whether VAE has submitted the required bond and hence qualifies to be awarded as the preferred bidder for Rails. This has also been raised by the Legal Advisors (Ledwaba Mazwai) as a risk factor.

4.2 BRAAMFONTEIN DEPOT, TENDER NUMBER: HO/PT/DM/0032/12/2013

Compliance with National Treasury Guidelines, Regulations & RFP Requirements

Utilisation of Experts (Transaction Advisors)

Areas for management's noted in the above two areas are the same as for 4.1 under the tender for Rails & Turnouts

Bid Specifications, Bid Advertisement, RFP Compliance & Issuance

a) SCM management could not provide evidence on how the bid specification committee was constituted. As a result there was no confirmation whether all the required resources participated in the development of the bid specification;
b) Management could not provide approved bids specifications;
c) There is no evidence to confirm the process that was followed to translated the bid specification to request for proposal;
d) Agenda and the minutes of deliberations relating to the development of bid specification, RFP could not be provided;
e) There is no evidence to confirm whether the evaluation criteria specified on the RFP was developed prior to the proposal being published on the media between 08 December and March 2014;
f) The optimised RFP was issue on 28 February 2014, there was evidence provided to confirm what informed the need to change, who participated to the deliberations of the changes, who approved changes. In addition the optimised RFP was not sent to all bidders who attended the briefing session.

Tender Briefing Process & Shortlist

a) We could not obtain evidence to confirm the appropriateness of the shortlisting process as we noted that the Legal qualification criteria (compliance) was conducted simultaneously with other qualification streams; hence non qualifying bidder on the Legal stream was evaluated on the other streams (Finance, Economic Development & Technical.

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Receipt & Opening of Bid Documentation

a) Due to the absence of CFSC, and the minutes, it was difficult to establish whether the determination of a tender document fee of R10 000, took into account Agency preferential procurements targets;

b) Inconsistencies were noted in the determination of the bid documentation fees, where one tender was priced R1000, while the other tender was priced R10 000, in the same programme;

c) The advert was not aligned to the policy, where it prohibited bidders to attend the compulsory briefing session only if tender document fee was paid. The process was also found not to be consistent as there were bidders that were allowed to attend without prior purchase of the bid documents.

d) The process of managing tender briefing was found to be inconsistent.

e) A register of all received bids whether submitted on time or late was not maintained.

f) Inconsistencies were noted as follows:

- Closing time of the tender on the RFT is 16:00 whereas on the advert is 12:00 when was it communicated and to whom; further to this the closing date was extended to 05 May 2014, management could not provide evidence to approve the extension
- Delivery Address on the RFT was PRASA house, Hatfield and delivery address on the advert is Umjantshi House;
- There was a typing error interim of the Date of the Compulsory Briefing session of the technical; both the RFT and the advert referred the technical briefing session to be held on the 17 January 2013 instead of 17 January 2014. Although management stated that there was an email communication to all bidders, were not provided with proof of acknowledgement from the bidders.

g) The original bid documents were not clearly defined, this was illustrated by the total number of 265 questions asked during the briefing and before the tender closed.

Bid Evaluation

a) Although the committee was appointed to perform bid evaluation, evaluation was done by transaction advisors with minimal involvement of the committee. The

absence of agenda, minutes and attendance register it has prevented the audit in confirming whether the reports presented by advisors were interrogated by bid evaluation committee prior acceptance and preparation of the report to the Corporate Committee.

b) The composition of economic development evaluation committee was not in compliant to SCM policy, the evaluation committee only consistent of transaction advisory members (4 members from Ledwaba and 1 member from KPMG) with no representation from PRASA.

c) Evaluation methodology designed prior to evaluation process was not signed off by PRASA in order to ensure that the Minister of Finance exemption conditions were met and section 9.9 of the policy was complied with.

d) The evaluation process was found not to be efficient, as bidders that would have been disqualified in other phases were evaluated.

e) The bidders were requested to provide comprehensive responses and information in respect to the qualification criteria, however it was noted that bidders didn't submit comprehensive responses and were not disqualified. Further to that, the process of soliciting clarification from the bidders was not fair and consistent as bidders were not requested to clarify similar questions, in certain instances bidders were allowed to revise the original submission.

f) SCM management subsequently provided us with a letter signed by the GCPO (Mr Josephat Phungula) indicating that advice was sought from the Legal Advisors to seek clarification from bidders to submit missing documents and information; however a formal opinion issued by the Legal Advisors to support this was not available. We are also of the view that consultation should have been held with the GCEO prior to relaxing evaluation processes as was done in this case. This clarification process subsequently resulted in previously "failed" bidders now passing the qualification requirements.

Bid Adjudication

a) The CTPC members were formally appointed by the Group CEO on the 30 June 2014 for a period of 12 months, however we noted from the inspection of the appointment letter that though the following members were appointed by the GCEO, they have not yet signed their appointment letters, and are already serving in the committee.

b) We noted that the following members of the CTPC did not sign their appointment letters:
   - Dr Josephat Phungula (Chief Procurement Officer) – Member; and
   - Yvonne Page (General Manager: Financial Reporting)

c) We further noted that Ms Constance Monkwe (CTPC Secretary) was not formally appointed by the GCEO as required by the policy; she was however serving as the secretary of the CTPC.

d) Mr Patric Gombert (member of CTPC) did not sign the declaration and confidentiality agreement.

Recommendation of successful bidder

a) Although recommendations were made by the CTPC to support the appointment of Ntuthuko Joint Venture as the preferred bidder at the total cost of R2, 279,208,172.32 including VAT and Braamfontein Joint Venture as the reserved bidder at the total cost of R2,614,760,988.67 including VAT, there were significant concerns raised by the finance transaction advisor that PRASA is required to consider before the contracting is finalised.

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5. OVERALL CONCLUSION AND RECOMMENDATIONS

Based on the above areas noted for management's attention, we are of the view that certain risks have arisen based on processes followed and decisions taken during the evaluation processes of these two tenders.

We noted a number of areas where the policy and RFP requirements were not complied with. Potential bidders may also have been unduly excluded from the process due to decisions taken at the point of evaluation that should otherwise have been decided at initial RFP stage.

We therefore recommend to PRASA as follows:

1. We advise the Board to engage with the National Treasury on corrective actions in the case of the non-conformance with the instructions of the National Treasury. The Board should monitor future tenders within the Rolling Stock and Depot Modernisation programme for compliance with the Instructions of the National Treasury.

2. We advise management to seek advice from their lawyers and the National Treasury on whether payments made to the advisors during the period where there were no valid contracts will constitute "irregular expenditure" and the necessary steps to take in condoning such, should that be the case. Additional advice should be sought and steps taken to regularise these contracts and prevent similar occurrence in future.

3. The Board should take a decision whether they accept the probability of unfairness in the evaluation process followed and the decision taken to split the tender for Rails and Turnouts into two at evaluation stage as this may have constituted unfairness to bidders who could otherwise have bidded for either of the two components had such been clarified from the RFP stage. **A decision to condone or reject the non-compliance with the policy and RFP requirements is recommended.** Future tenders should be subjected to thorough review at the bid specifications stage to ensure that the need to adapt or relax bid requirements for bidders at evaluation stage is minimized.

Evidence of such intensive deliberations at bid specifications stage should be retained indicating clearly the PRASA officials and advisors who take part in such process.

4. We further advise that management should conduct a market analysis and thereafter compile a sourcing strategy that would guide future procurement processes.

5. Where Transaction Advisors have been earmarked for involvement in the tender process, we advise that they be consulted at the bid specification stage as well to ensure that the specifications are well designed and tailored to meet the requirements of PRASA and the practicality of delivery by bidders.

6. The bid specifications should be formally signed off as evidence that it has been formally deliberated upon and finalised by the responsible committee members.

7. Any changes in tender requirements, closing date or submission venue should be formalised and signed off by an official with the authority to make such changes. The record of such sign-off should be formally retained.

8. We advise management to review and address efficiencies in the procurement process, particularly relating to date of closure and subsequent extensions. Bottlenecks in the value chain that currently causes undue extensions (i.e. incorrect or unclear RFP information) should be reviewed and addressed.

9. Evidence of the process undertaken to shortlist bidders should be compiled and retained as part of the process to demonstrate fairness.

10. Management should either implement the bid receiving and late bid registers as recommended in the policy or update the policy to exclude such and recognise the current practice.

11. We further advise that the policy be amended to clearly define the processes and procedures for the opening of bids as well as the composition of the bid opening committee.

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12. Management should review the responsibilities and authority of the CFSC and provide guidelines for them on actions to take or the appropriate structure to approach in situations when they are of the view that it will be of benefit to PRASA to undertake certain relaxation of RFP requirements. Such process must be approved by the Board and implemented in future situations where clarification is considered for areas where bidders have clearly not complied fully with RFP requirements.

13. We advise that there should be a workshop for the CFSC prior to their sitting for evaluations to ensure that there is guidance for them around the scoring criteria for consistency.

14. Members of the CFSC conducting evaluations and the CTPC undertaking adjudication should undertake declarations and sign the code of conduct as appropriate. Appointment of the main members of both committees should be formally documented and accepted. The appointment of the Secretary should also be formalised. Alternate members for the CTPC should be appointed as advised in the policy.

15. Management is advised to ensure that risk factors indicated by the Transaction Advisors around the award of the contracts are monitored and resolved, should a decision to condone and proceed with the tender be taken.

Overall, Management and the Board must take a decision to accept or reject the non-compliance with the policy for the two affected tenders reviewed.

This recommendation has been discussed with the Group Chief Executive Officer and his response and action plan is reflected below.

6. MANAGEMENT RESPONSE AND ACTION PLAN

Response

After due consideration of the contents of this report from the Internal Audit consortium, we are of the view that the two tenders are noncompliant and will therefore be cancelled. This will obviously cause delays to our readiness programme; however these type of non-compliance with key SCM principles and procedures cannot be tolerated.

Action Plan

We will design alternative tender procedures to acquire the equipment and services required. Consequence management will be implemented accordingly.

Responsible Official

Group Chief Executive Officer – Mr Lucky Montana

7. STATEMENT OF RESPONSIBILITY

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters that raised in our report are only those which come to our attention during the course of our internal audit work and will not necessarily be a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasize that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us with full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

This report and the work connected therewith are subject to the Terms and Conditions of the service level agreement signed between PRASA and the Consortium (SekelaXabiso and SizweNtsalubaGobodo). The report will be produced solely for the use of the Management and Board of PRASA, its divisions and subsidiaries. Its contents should not be quoted or referred to in whole or in part without our prior written consent. The Consortium will accept no responsibility to any third party, as the report has not been prepared, and is not intended for any other purpose.

APPENDIX A – DEFINITIONS OF ROLES AND RESPONSIBILITIES

Role	Responsibilities
Cross Functional Sourcing Committee(CFSC)	The CFSCs are cross-functional teams that are appointed by the CPO in consultation with End-User managers. They must be constituted of at least three members of whom at least one member should be a SCM Practitioner and the other specialists from end-user departments. When it is deemed necessary, independent experts may also be co-opted to a bid evaluation committee in an advisory capacity. Where such independent experts are sought, approval should be sought from the GCEO. The CFSCs performs the following functions: • Designing bid specifications. • Checking bids specifications. • Compile bid document. • Compile evaluation criterion. • Ensure completeness of bid documentation. • Take into account when preparing specifications the Agency preferential procurement targets when formulating specifications. • Facilitate the allocation of evaluation criteria and weightings. • Arrange and manage bid briefing sessions and handle bidder enquiries. • Conduct administrative compliance evaluation of all proposals in terms of Tax Clearance Certificate. • Conduct evaluation of all bids according to the evaluation criteria stipulated in the bid document. • Ensure that all potential suppliers are compliant with all relevant legislation through ensuring the completion of back ground checks on potential vendors. • Compile a supplier recommendation report to the CTPC. • Ensure that the bid process complies with policies, procedure and regulations. • Recommend the withdrawal of bids after closing time, amendment, and cancellation after awarding, transfer and cession of contracts. • Maintain records to ensure the existence of an audit trail. • Perform all monitoring activities, inclusive of achievements in terms of preferential procurement and report them to the Senior Manager: SCM as required.
Corporate Tender and Procurement Committee (CTPC)	The CTPC is established with the objective to perform the functions as indicated below. The CTPC is a cross-functional committee appointed by the GCEO. It shall comprise of at least six members each with an alternate member, and not more than eight, of whom at least two members are a SCM Practitioners and one from Finance. The CTPC's primary function is to:

Role	Responsibilities
	• Consider the procedure followed by the CFSC's, DTPC's, RTPS's and all other involved with the procurement and disposal of goods and services, taking due cognizance as far as procedure, substance and value for money is concerned; • Ensure that preference is given to those enterprises that enhance equality of employment opportunity, BEE, business skills and economic conditions of HDI's; • Approve recommendations in respect of bids, quotations or offers as per Delegation of authority for Corporate office purchase; • Approve requests for confinement as per Delegation of Authority; • Decide on requests for short listing for bids with a value as per Delegation of Authority; • Made recommendations to the GCEO in respect of tenders as per Delegation of Authority; • Review and approve requests for extension of contracts as per Delegation of Authority; • Review deviations from normal bid procedures and inform the GCEO or individuals of adverse trends or specific events where the CTPC believes the SCM Policy guidelines are not being followed: • Request an employee to appear before the CTPC to furnish additional information; • Condone or reject a submission for non-compliance with the SCM Policy or reserve a decision pending further information or clarification of a specific matter; • Approve or condone the employment of limited bidding in cases of emergency as per delegation of authority for corporate Office Purchases; • Review and approve recommendations to dispose of PRASA's property in line with PRASA's Delegation of Authority; • Approve the withdrawal of bids after closing time, amendment, and cancellation after awarding, transfer and cession of contracts; • Approve requests for confinement as per Delegation of Authority for Corporate Office Purchases; and • Decide on requests for short-listing for bids as per Delegation of Authority.
Group CEO & Board Of Control	The supply chain management regulatory framework provides in section 3(i) that the Accounting Officer of an institution must develop and implement an effective and efficient Supply Chain Management system for the acquisition of goods and services and for the development, maintenance, management, and implementation of this policy rests with the Group Chief Executive Officer (GCEO) and Board of Control (BoC). He has the responsibility to appoint the Chairperson, Members and Secretary of the CTPC.
End User	An end-user is an authorized employee of PRASA that requests SCM involvement, support, consultation or the performance of activities associated with acquisition of services.

Role	Responsibilities
	It is the responsibility of end-users to;- • Request SCM's involvement, support or consultation in the performance of activities associated with acquisition of goods or services, excluding items petty cash purchasing. • Accurately obtain proper budget approval, as well as to maintain proper documentation to support the direction given to SCM • Clearly describe their need or requirements to enable SCM to produce accurately and timeously. The description of the requirements should be good enough that it can be transmitted by a second party to a supplier and be delivered correctly without clarification. This may mean using drawing and specification. All requests for purchasing shall be submitted to SCM manually of via the e-procurement system.
SCM Department	The SCM department has the responsibility; authority and is accountable for:- • Recommendation of company procurement policy. • Management and coordination of the SCM function. • Corresponding with, or delegate others to correspond with manufacturers and/or suppliers regarding company supply chain process. • Initiation and preparation of request for proposal/tender/quote to and from potential suppliers. • Initiation and management of Cross Functional Sourcing Committee and Evaluation Teams. • Management of contracts for products and services. • Maximisation of buying leverage by co-ordination of volume purchases. • Development and maintenance of an optimum supplier database. • Promoting broad based black economic empowerment through implementing preferential procurement
Finance, Capital Investment and Tender Committee	Members and Chairperson shall be appointed by the BoC; the FCP shall comprise three Non-Executive Directors and the GCEO. A non-executive Director shall chair it. The FCP has the following responsibilities:- • Ensure that there is a SCM policy is in place. • Consider recommendations from the GCEO for Board's approval of tenders. • Consider the procedure followed by the TPC and all others involved with the procurement and disposal of goods and services, taking due cognisance as far as procedure, substance and value for money is concerned. • Ensure that preference is given to those enterprises that are owned by black people, particularly black women and designated groups. • Approve recommendations in respect of bids, quotations or offers as per Delegation of Authority. • Request and employee before the FCP to furnish additional information.

Role	Responsibilities
	• Condone or reject a submission for non-compliance with the SCM policy or reserve a decision pending further information or clarification of a specific matter. • Comply with the BoC terms of reference.
Group Chief Executive Officer	The GCEO has the responsibility to: • Appoint the Chairperson, Members and the Secretary of CTPC • Appoint the Chairperson, Members and the Secretary of the DTPC in consultation with the Divisional Chief Executive Officers (DCEO). • Ensure PRASA has and maintains appropriate SCM system which is fair, equitable, transparent, competitive and cost-effective. • Approve preferential procurement targets in line with what the BoC has approved. • Approve tenders as per Delegation of Authority. • Review and recommend to the FCP tenders with a value as per the Delegation of Authority. • Consider and recommend to the BoC SCM related policy and procedures and/or amendments thereto in conjunction with Exco. • Approve appointments, irrespective of value, outside the normal process in emergency situations or other exceptional circumstances that threaten life, property or equipment or can have a negative impact on the smooth and safe operation of critical services of PRASA in conjunction with Exco. • Consider and recommend to the Board strategic partnerships which are in the interest of PRASA and add strategic value to its business and/or in support of its strategy. The Board will approve such partnerships.

APPENDIX B – DETAILED OBSERVATIONS

1. COMPLIANCE WITH NATIONAL TREASURY GUIDELINES, REGULATIONS & RFP REQUIREMENTS

Overview

- National Treasury granted PRASA an exemption from section 3 of PPPFA. The exemption related to "Evaluation criteria of 85/15 instead of 90/10 for all the procurement of goods exceeding R 1m".
- The exemption was in respect of the PRASA Rolling Stock Fleet Renewal and Depot Infrastructure Programmes.
- The exemption was approved in 2012 by the then Minister of Finance, Mr Pravin Gordhan.

In addition to certain conditions imposed on the exemption, management was advised to **"instruct the board to ensure the following prior to the commencement of the procurement process":**

- *Submission of procurement policy and evaluation criteria for each tender programme to the National Treasury: PPP Unit for its concurrence;*
- *Appointment of independent entity to manage the administrative part of procurement, in consultation with Accountant-General, Mr Freeman Nomvalo; and*
- *Appointment of Probity Officer, who must not be entity administering the procurement process.*

We further noted that it is stipulated in the RFP (Instructions to Tenderers) that part of the evaluation and adjudication structures created is "the Finance, Capital, Investment and Procurement Committee ("FCIP"), comprised of normal FCIP members, whose mandate is to review the recommendation of the Adjudication Committee, as well as the report of the probity advisor and make a final recommendation to the Board of PRASA on the appointment of the Preferred and Reserve Bidders, as applicable". This statement gives tenderers the assurance that a Probity Officer would be a part of this process.

PRASA, being a schedule 3B entity is not stipulated as one of the Institutions that need to comply with the Treasury Regulations. We however noted that PRASA indicates in its policy that it has compiled its SCM policy based on regulatory framework of the PFMA and other regulatory documents. We noted that PRASA has appointed separate committees for Bid Evaluation and Adjudication as directed in the Treasury Regulations.

Areas noted for Management's Attention

- We noted that the instruction of National Treasury was not executed around the appointment of the Probity Officer and an independent Administrative entity.
- We further noted that the non-appointment of the Probity Officer is a departure from the information widely communicated to bidders by PRASA in Part A – Instructions to Bidders.

Management Response and Action Plan

According to Mr Piet Sebola, the Executive for Strategic Asset Development, a discussion between the then Accountant - General and himself made the requirement for an independent administrative entity delinquent if a probity officer was appointed as this could lead to a duplication of scope of work.

The lawyers ("Ledwaba Mazwai") indicated that the non-appointment of the Probity Officer was probably due to the fact that this was a recommendation and not a key condition from National Treasury.

2. UTILISATION OF EXPERTS

Overview

We noted that the following transaction advisors were part of this tender process for the various streams indicated below.

- Ledwaba Mazwai Attorneys- Legal
- Ledwaba Mazwai Attorney and KPMG Services Pty LTD - Economic Development (ED)
- KPMG Services Pty LTD – Financial & Commercial
- Siyaya DB Engineers – Technical

We confirmed that Ledwaba Mazwai and KPMG were appointed through a tendering process for the Rolling Stock Renewal Programme on 19 November 2011, Tender No. HO/EMPO/08/023/08/2011. The contracts for both transaction advisors indicated a contract period of 21 November 2011 to 30 June 2013 (19 Months).

Siyaya DB Engineers were appointed through a tendering process for the Depot Modernisation Programme on 30th July 2013, Tender No. HO/PT/(DM)/014/06/2013.The period of their contract as sighted on the signed contract document was 15 July 2013 to February 2014 (7 months).

The evaluation of this tender under review took place from mid to late 2014; this was after the contracts for the transaction advisors had expired.

We sighted reports prepared for each stream by the advisors which demonstrated that they were indeed part of the evaluation process.

Areas noted for Management's Attention

We noted the following:

1. The KPMG and Ledwaba Mazwai contracts expired on the 30 June 2013. We were provided with the recommendation for extension of these contracts which was

approved by the GCEO 01/10/2014, which means the extensions were processed after the expiration of their contracts, however the contract extensions could not be provided for review. Work was however being carried out and expenditure incurred during the period after June 2013 without a valid contract in place.

2. The Siyaya db contract expired on the 15 February 2014. We were not provided with evidence of an extension for this contract. Work was carried out after the expiration of the contract.

Management Response and Action Plan

3. COMPLIANCE WITH SCM POLICY – RAILS AND TURNOUTS TENDER NUMBER: HO/PT/INFR(P)/0045/03/2014

3.1 Bid Specifications

Overview

We obtained bid specifications compiled for the tender. We were provided with the document titled, "PRASA Depot Modernization Program, Depot Braamfontein, Technical Requirements for Tenders, Volume 3.1.2.4, Permanent Way -Turnouts and Crossing Specification, General Technical Requirements" signed by an unspecified individual on the 06th March 2014. This document contained specifications relating to the Rails and Turnouts tender.

We noted that per the PRASA SCM policy, the responsibilities for Bid Specifications and Evaluation have been combined and allocated to the Cross Functional Sourcing Committee ("CFSC"). The committee is allowed to consult external advisors with the approval of the CEO.

Areas noted for Management's Attention

1. We noted that we could not identify the official who signed off the bid specifications to confirm whether such official was a member of the CFSC or a transaction advisor as the name and position of the person was not indicated on the document.

2. Furthermore, there were no minutes or other evidence of interrogation and approval of the bid specifications that could be provided for our review. We could therefore not confirm that transaction advisors were indeed involved at the specifications stage or that the bid specifications were approved by PRASA officials who are members of the CFSC. The extensive clarification process noted at evaluation stage further lends credence to our view as we believe the transaction advisors would have ensured that the RFP is clearer in terms of the requirements of PRASA.

3. We were informed that the bid specifications were compiled by the Transaction Advisors by a special resolution of the board. However such board resolution could not be provided for our review.

4. We could not therefore determine if the bid specifications committee was appropriately composed in line with the policy as there was no evidence of this or whether they obtained the necessary expert advice from the transaction advisors as indicated in the policy.

Management Response and Action Plan

Mr Palello Lebaka - Exec Depot Modernization, an end-user, was the official who signed off the bid specifications. He is currently on suspension.

3.2 Bid Advertisement, RFP Compliance & Issuance

Overview

We confirmed that the tender was advertised in 10 newspapers across the country and for 51 to 55 days. The initial closing date was extended to 06 May 2014. The SCM policy indicates that bids will be advertised for at least three weeks (21 days).

Newspaper	Date published	Tender Closing date	Number of days
The New Age	12 March 2014	06 May 2014	55
Sowetan	12 March 2014	06 May 2014	55
Sunday Times	16 March 2014	06 May 2014	51
The Star	12 March 2014	06 May 2014	55
Pretoria News	12 March 2014	06 May 2014	55
Sunday Tribune	16 March 2014	06 May 2014	51
The Citizen	12 March 2014	06 May 2014	55
Business Day	12 March 2014	06 May 2014	55
City Press	16 March 2014	06 May 2014	51
Cape Argus	12 March 2014	06 May 2014	55

The policy makes provision for bid document fees to be charged and stipulates that this must be paid before the closing date of the tender otherwise the tender will be disqualified.

The tender provided detailed information around the following:

- Description of Project
- Document Fee
- Compulsory Briefing – locations, date, time and physical address

The RFP documents were very detailed. There were various annexures indicating the evaluation criteria for the four evaluation pillars

- Legal
- Economic Development
- Financial and Commercial
- Technical

The advert provided the mode of delivery for the bidders and it also indicated the place and time where the bids can be delivered. We noted a change in the closing date of the tender; however we obtained evidence (email) that this change was consistently communicated to all affected bidders.

We confirmed that the tender documents were sold for R1,000 to each bidder. This is in line with the policy which allows bid documents to be sold to bidders for a fee.

Areas noted for Management's Attention

1. We were not provided with evidence of approval of the change in closing date. We could therefore not confirm if this instruction came from the appropriate SCM structures.

2. We assume that management has a valid reason for keeping the tender response period open for so many days. Such extended tender advertisement periods may cause delays in the procurement cycle and in the achievement of strategic objectives.

Management Response and Action Plan

3.3 Tender Briefing Process & Shortlist

Overview

We noted from the Briefing Session Register that the register was for joint briefing session of 6 tenders that went out together with this tender. Vossloh Cogifer and Voestalpine VAE SA (Pty) Ltd appears on the briefing session registers as attendees.

According to the Site Inspection Certificate/Pre-Tender Briefing, submitted as part of the Bid Returnables under Technical, both bidders attended the site visit on 25 March 2014 and 26 March 2014, in Johannesburg and Cape Town (Salt River) respectively.

The Tender Collection Register, dated 13 – 19 March 2014, indicates that 15 bidders bought and collected bid documents. The below companies bought the bid documents:

a) Tubular Track;
b) Inyameko;
c) Vossloh Cogifer SA;
d) Mizana Engineering;
e) Tisen Investments (Pty) Ltd;
f) S.B Delivery Services;
g) Azon Engineering;
h) Hana Enertect Services;
i) Voestalpine VAE SA;
j) Gijima Heavy Machine;
k) K) Cala Rail;
l) Batuka Investments;
m) Nonzuko Trading JV;
n) Guma Group; and
o) PMD Engineering.

Only two bidders responded and submitted bids to PRASA; they are highlighted in bold font above.

No bidders were disqualified from the process at the shortlist stage.

Areas noted for Management's Attention

1. We could not obtain evidence to confirm the appropriateness of the shortlisting process as we noted that the Legal qualification criteria (compliance) was conducted simultaneously with other qualification streams; hence non qualifying bidder on the Legal stream was evaluated on the other streams (Finance, Economic Development & Technical.

Management Response and Action Plan

3.4 Receipt & Opening of Bid Documentation

Overview

We received and reviewed three (3) bid opening registers, with following dates:

a) 30 June 2014;
b) 3 July 2014; and
c) 04 August 2014.

From the documentation reviewed (Bid Evaluation Report), we noted that the evaluation process commenced on the 11th July 2014, however due to clarification south from bidders on either incomplete information, incorrect presentation or resubmission of annexures, bids were subsequently received and evaluated again.

The bid opening register dated 30 June 2014, indicate that the bids received were opened by one person who could not be identified as the name and position were not reflected.

For the second bid opening register dated the 3 July 2014, addressed to "Thami Kubheka", the register was not signed.

For the third bid opening register dated 04 August 2014, addressed to "Thami Kubheka", the register was signed by three unidentified individuals as names and positions were not reflected.

All three (3) submissions were from the two (2) bidding companies – Vossloh and VAE.

Areas noted for Management's Attention

1. Bids received were not recorded in a bid receiving register, as stipulated in the supply chain management policy.

2. A bid opening register was maintained for the opening, however we could not confirm the identity or appropriateness of the composition of the bid opening team as this was not documented on the opening register. The number of officials opening the bids

was also not consistent as can be seen from the above overview where either one (1) of three (3) officials undertook the bid opening in different instances.

3. We further noted that the SCM policy does not provide guidance in terms of the process of opening of bids or the composition of officials who must be present at such.

4. A register for late bids was not maintained as stipulated in the SCM policy. According to management, this is due to the fact that late bids are not accepted; hence there is no reason to maintain such a register. It is however then recommended that the policy be amended as such.

Management Response and Action Plan

We do not accept late bids, hence the non-maintenance of a register for late bids.

3.5 Bid Evaluation

Overview

Section 9.9 of the PRASA SCM Policy says the CFSC must be composed of at least one SCM practitioner and other officials from the end user department. This section furthere states that the CFSC members are appointed by the (Chief Procurement officer) CPO in consultation with End user managers.

The RFP for Rails and Turnouts states that *"If a template is provided in the RFT for the submission of information in respect of a criterion, Bidders should not deviate from the template provided in the RFT unless permission for deviation has been stipulated."*

The RFP also states that *"The Bidder must respond to each and every heading in section 2 (Qualification Requirements) of this Part B and provide comprehensive responses and information in respect of each heading. Tenders that do not fulfill the threshold requirements in respect of all the Qualification Requirements, will not be considered Compliant Tenders, and will not progress to being evaluated under Part C (Evaluation Criteria) and the Bidders who submitted those Tenders will not be appointed as the Preferred or Reserve Bidder."*

The members of the CSFC, who undertook the bid evaluation, were formally appointed by Mr Asif Rehman, Senior Manager: SCM PRASA Technical, in a letter dated 25 May 2014 with the subject: *"APPOINTMENT TO SERVE IN THE TENDER EVALUATION COMMITTEE TO EVALUATE THE TENDER FOR THE LONG LEAD EQUIPMENT - PHASE 2".*

The members of the CFSC were identified as:

a) Maishe Bopape - Senior Manager SCM: PRASA Rail (Chairperson);
b) Godfrey Sonny - Senior Manager SCM: PRASA Corporate;
c) Thami Kubheka - Project Manager Rolling Stock Depot Modernisation Programme: PRASA Technical;

d) Bafana Nhlapo - Project Manager Accelerated Rolling Stock Programme: PRASA Technical;
e) Vusi Nkabini - Governance & Compliance Manager Office of the CEO: PRASA Technical; and
f) Tonie Vermeulen - General Manager Engineering Services: PRASA Rail.

The composition of the committee is in compliance with the policy.

The evaluation criteria are aligned with BBBEE and PPPFA except for the exemption in terms of section 3 of PPPFA, where PRASA has been granted exemption by National Treasury as detailed under "1. – Compliance with National Treasury Guidelines" above.

The tender documents - Part A - Instruction to bidders, indicates all the requirements and evaluation guidelines for the following:

a) Tender Returnables (Legal);
b) Technical Response Requirements;
c) Financial Response Requirement; and
d) Economic Development Response Requirements.

According to the CFSC Evaluation Report, the committee made a decision to split the tender between Rails and Turnouts as one of the two bidders, Vossloh, did not submit a bid for Rails but only for Turnouts whereas Voestalpine VAE did submit bids for both Rails and Turnouts. **The committee decided to continue evaluating the bidders and not to disqualify or fail them due to the fact that only one portion of the bid was responded to.**

We noted that clarification was sought from the bidders by the Evaluation Committee. It is indicated in the Transaction Advisors report (Economic Development report compiled by the Legal Advisors (Ledwaba Mazwai) that PRASA elected to seek clarification in the following instances:

a) the information provided by the Bidder was not sufficiently clear for purposes of conducting an evaluation on compliance with Part B (*Qualification Criteria*) of the RFT;

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b) the document requested is for PRASA's convenience and does not go to the fundamental aspects of the Tender Response, and to request it would not prejudice or be unfair to the other Bidders or the process itself;

c) varying information had been submitted by Bidders; and

d) there was an obvious error in the Tender Response or where a specific document appears to have been excluded in error.

Through review of the Transaction Advisors' report and supporting documents, we noted that clarification was sought in the following instances:

a) Economic Development

The bidders were requested to provide comprehensive responses and information in respect to the following qualification criteria:

1.	Job creation
2.	Preferential Procurement
3.	Local content

Voestalpine VAE SA

- The Bidder did not submit electronic copies of the Economic Development Scorecard, Economic Development Matrix and the Monthly Obligations as required in the RFP;

- The Bidder provided the required Economic Development Plans, however the Plans submitted by the Bidder do not sufficiently respond to the stipulated sub-categories regarding local content commitments in terms of DTI requirements, preferential procurement and job creation. They were requested to provide additional information in the Economic Development Matrix in this regard.

It is noted that in spite of the clarification process the Bidder was not able to meet the 65% threshold in respect of Local Content.

Vossloh

- The Bidder did not provide the following documents as required in the RFP:
  (i) a completed Economic Development Matrix. The bidder was requested to clarify its commitment per the stipulated sub-categories regarding local content

commitments in terms of DTI requirements, preferential procurement and job creation.

(ii) a valid B-BBEE verification certificate as they are not incorporated in South Africa. The RFP did not make alternative indication of requirements in this type of situation.

(iii) economic development plans.

(iv) electronic copies of the Economic Development Scorecard, Economic Development Matrix and the Monthly Obligations

After the clarification process, the Transaction Advisor's conclusion was as follows:

Rails - VAE passed the qualification criteria whilst Vossloh failed due to non-submission of a bid in this regard.
Turnouts – VAE failed in this regard due to the inability to demonstrate compliance with the Local Content thresholds for Turnouts.

b) Legal

The bidders were required to provide response in relation to the following key criteria in order to meet all legal requirements:

1. Structure of a project
2. Legal Status of a bidder
3. Shareholders agreement
4. Details of Directors
5. Confirmation of the Project Agreements and Tender Returnables and Legal Response Requirements
6. Statement by members
7. Key Subcontractors

Voestalpine VAE SA

- **Legal Criterion 2: Legal Status of the Bidder** - the Bidder was required to submit the Project Company's Constitutional Documents. The Bidder did not provide a memorandum of incorporation.

- **Legal Criterion 4: Details of Directors –** the Bidders and their Members did not provide details of all directors (name, address and occupation) of the Bidder and its Members, or proposed ones where they have not been appointed as yet, indicating in respect of each director whether he/she is an executive or non-executive director including brief curricula vitae.

- **Bid Bond -** the Bidder provided the Bid Bond in the amount required under the RFT. The Bid Bond received, however, was deficient in that it did not comply exactly with the prescribed form (Appendix G) as required by introducing additional wording and qualifications of the terms of the Bid Bond.

The following commentaries were made by Ledwaba Mazwai (Legal Advisors) in their report. "*This poses a risk to PRASA insofar as the procurement process, if for whatever reason extends beyond the current 12 month period prescribed in the RFT for the Bid Validity Period.*" "*The Bidder requested an extension of two days to allow it to obtain a Bid Bond in the prescribed form of Appendix G from a different bank as its own bank was not prepared to give a Bid Bond in the prescribed form of Appendix G. The Committee acceded to the request and granted the extension. However, the Bidder did not submit the Bid Bond within the two days as requested.*" We noted in their report that despite a number of follow-ups by PRASA, the bidder did not provide the required bond; rather they proposed to make a cash payment to PRASA in lieu of the Bid Bond which was deemed unacceptable.

The Legal Advisors went on to indicate as follows

- *"For the reasons set out above, the clarification response from Voestalpine VAE SA (Pty) Ltd in relation to the Bid Bond was not satisfactory. Under the circumstances a failure by Voestalpine VAE SA (Pty) Ltd to provide a Bid Bond in the prescribed form of Appendix G, leaves PRASA without security for the Bidder's undertaking and/or obligations for the project. This potentially exposes PRASA to commercial and project risks which it sought to mitigate by requesting the Bidders to provide the Bid Bond in the prescribed form of Appendix G."*
- *"Given the importance of the Rail component to the project and time pressures, PRASA may choose to proceed to appoint Voestalpine VAE SA*

(Pty) Ltd as Preferred Bidder for the Rail portion of the Tender without the Bid Bond. However, PRASA must be mindful of the commercial and project risks set out above"

Vossloh

- **Legal Criterion 7: Key Subcontracts -** the Bidder did not provide detailed heads of terms to be entered into with its Sub-Contractors and Suppliers. The Bidder was requested to provide the detailed heads of terms.

Their eventual conclusion was that VAE failed the Legal response part of the qualification criteria due to the lack of a bid bond whilst Vossloh passed.

c) Technical

The bidders were requested to provide comprehensive responses and information in respect to the following qualification criteria:

1.	Organisation – key personnel CVs
2.	Track Record
3.	Compliance – with technical requirements
4.	Programme – ability to meet project timelines

Voestalpine VAE SA

- The Bidder did not include a detailed schedule of supply and delivery for rails, turnout and double slip. A generic statement was issued with the bid on the ability of the Bidder to deliver rails, turnout and double slip with 7 to 11 month from the date the order is placed. The bidder was asked to submit a detail delivery schedule and time scale to be resubmitted for evaluation as required in the RFT issued.

- Bidder issued a high level schedule for the manufacture, supply and delivery for rails, turnout and double slips in section 5 of the tender clarification response. The schedule is spread until December 2017, as supposed to the RFT requirement of

delivery of March 2018. This proposed delivery schedule is subject to tender confirmation by September 2014.

Vossloh

- No bid was submitted by the Bidder for the supply of rails, therefore no evaluation was carried out on the supply of rail for the Bidder. It should be noted that the Bidder did not include the manufacture and supply of double slip as required in the RFT, therefore no evaluation was required for manufacture and supply of double slip.

After the clarification process, the Transaction Advisor's conclusion was as follows:

Rails - VAE passed the qualification criteria whilst Vossloh failed due to non-submission of a bid in this regard.
Turnouts – Both companies passed the qualification criteria.

d) Financial

The bidders were requested to provide comprehensive responses and information in respect to the following qualification criteria:

5.	Contract price
6.	Financial Standing
7.	Capacity to deliver

Voestalpine VAE SA

- VAE's bid submission appeared to contain a number of qualifications or caveats of its Contract Price, which would imply that PRASA would be liable for further payments outside of the Contract Price that the Bidder had quoted. The bidder was therefore asked to clarify this.

Vossloh

- The bidder did not indicate dates on the Milestone Schedule as required. PRASA sent a clarification query to the Bidder to request that it provide a completed Table of Milestones, with dates for each of the Milestones.

After the clarification process, the Advisors concluded that both companies passed the financial and commercial evaluation.

Areas noted for Management's Attention

1. We noted that the stipulation of the RFP was relaxed in requesting clarification for bidders to submit information which was originally requested in a particular format due to non-compliance in this regard.

2. Bidders were evaluated in Part C (Evaluation Requirements) even though they failed Part B (Qualification Requirements) - VAE was evaluated and has been recommended as the preferred bidder for Rails without the provision of a bid bond as required in the tender which led to them failing the Legal section of Part B. The Legal Advisors ("Ledwaba Mazwai") have raised risk concerns in this regard.

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3. We could not ascertain that the CFSC has the authority or obtained such authority to take a decision to split the evaluation of the tender into two based on the fact that one of the bidders responded to only one part of the bid. The Transaction Advisors (Financial – KPMG) have raised key risk factors in their report that this decision may bring.

4. We were not provided with minutes or other evidence that the CFSC attended a workshop, therefore we could not conclude on whether appropriate guidance was provided to empower the CFSC members and prepare them for the evaluation process.

5. We noted huge variances in scoring allocated by evaluators to the bids. The below seems to indicate a high level of subjectivity in the process which may be perceived as bias. This may be linked to the point above around the lack of a workshop or guidance medium for the committee members. The highest and lowest scores allocated by the evaluators to each bidder have been highlighted in yellow.

				EVALUATOR 1		EVALUATOR 2		EVALUATOR 3		EVALUATOR 4		EVALUATOR 5		EVALUATOR 6		AVERAGE	
Rails	Weighting	Threshold	Target	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah
Job Creation - Percentage commitment	80%	0%	20%	11,36%		11,36%		11,36%		11,36%		11,40%		11,36%		11,37%	
Job Creation - Ability	20%			58,00%		80,00%		40,00%		30,00%		85,00%		30,00%		42,17%	
Preferential Procurement - Percentage commitment	80%	0%	20%	65,50%		65,50%		65,50%		65,50%		65,00%		65,50%		65,42%	
Preferential Procurement - Ability	20%			30,00%		8,00%		38,08%		78,00%		55,00%		40,00%		41,51%	
Local Content - Percentage commitment	100%	5%	65%	15,11%		15,11%		15,11%		15,11%		15,00%		15,11%		15,09%	
Local Content - Ability	0%			35,00%		6,00%		60,00%		25,00%		100,00%		35,00%		43,50%	

				EVALUATOR 1		EVALUATOR 2		EVALUATOR 3		EVALUATOR 4		EVALUATOR 5		EVALUATOR 6		AVERAGE	
Turn-outs	Weighting	Threshold	Target	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah	VAE	Vassiah
Job Creation - Percentage commitment	80%	50%	65%		85,00%		85,00%		85,00%		85,00%		85,00%		85,00%		85,00%
Job Creation - Ability	20%				80,00%		60,00%		90,00%		90,00%		85,00%		70,00%		79,17%
Preferential Procurement - Percentage commitment	80%	30%	50%		30,00%		30,00%		30,00%		30,00%		30,00%		30,00%		30,00%
Preferential Procurement - Ability	20%				80,00%		70,00%		25,00%		40,00%		35,00%		60,00%		51,67%
Local Content - Percentage commitment	100%	65%	90%		65,00%		65,00%		65,00%		65,00%		65,00%		65,00%		65,00%
Local Content - Ability	0%				90,00%		55,00%		70,00%		78,00%		35,00%		65,00%		65,50%

Management Response and Action Plan

PASSENGER RAIL AGENCY OF SOUTH AFRICA
AD-HOC REVIEW OF TENDERS
INTERNAL AUDIT REPORT

FEBRUARY 2015

3.6 Bid Adjudication

Overview

Section 9.4 of the SCM policy provides for the appointment of the Corporate Tender Procurement Committee ("CTPC") by the GCEO. It further states that the committee will comprise at least six members each with an alternate member and not more than eight of whom at least two members must be SCM practitioners and one official from Finance. This committee is responsible for the adjudication of tenders.

The members of the CTPC were formally appointed by the GCEO in line with the policy. According to the letter signed by the Group Chief Executive Officer, Mr Montana, we noted that the following members were appointed into the Corporate Tender and Procurement Committee ("CTPC") - Adjudication Committee:

a) Chris Mbatha, Group ICT as the Chnairperson of the committee);
b) Dr Josephat Phungula, Chief Procurement Officer: Corporate as the member of the committee;
c) Hishaam Emeran, GM: Strategic Network Planning as the member of the committee;
d) Patric Gombert, Intersite Executive: 3rd Party Projects as the member of the committee;
e) Vincent Kobuwe, Executive Manager: Strategic Infrastructure as the member of the committee; and
f) Yvonne Page, GM: Finance Reporting as the member of the committee.

We noted that the separation of the evaluation and adjudication committees has been done in line with Treasury Regulations.

Areas noted for Management's Attention

1. We noted that the following members of the CTPC did not sign their appointment letters:
   a. Dr Josephat Phungula (Chief Procurement Officer) – Member; and
   b. Yvonne Page (General Manager: Financial Reporting)

2. We further noted that Ms Constance Monkwe (CTPC Secretary), was not formally appointed by the GCEO as required by the policy; she was however serving as the secretary of the CTPC.

3. Mr Patric Gombert did not sign the declation and confidentiality agreement.

Management Response and Action Plan

3.7 Recommendation and Selection of Successful Bidder

Overview

Following the evaluation process on all criteria set out in the tender, the CTPC recommended the board to support the appointment of Vossloh Cogifer for the manufacture, supply and delivery of 48kg/m turnouts for the Braamfontein and Salt River depots and 60kg/m turnouts for the 120km perway projects at the total cost of R1,147, 619.271 and recommended the board to support the appointment of Voestalpine VAE SA (Pty) Ltd for the manufacture, supply and delivery of 48kg/m rails for the Braamfontein and Salt River depots at the total cost of R129, 446,637.

The Transaction Advisors (Financial), in their report, have raised potential benefits and drawbacks to this split as follows:

"The recommendation to split the tender between the two technologies of Rails and Turnouts has meant splitting the Contract Price tendered by each Bidder into two elements. This has not caused any problems with respect to Vossloh Cogifer, as its tender submission only addressed Turnouts, but for VAE Voestalpine, this has been performed based on the detail provided in the Bidder's tender submission, which clearly indicated what amounts related to Turnouts and what amounts related to Rails.

There is, however, still a risk that the Bidder (who at present has no knowledge of a potential split between the two technologies), may not accept to contract on the basis of only the Rails element of the tender, or, if the Bidder does accept to contract on this basis, may request that its Contract Price be revised upwards to account for the loss in economies of scale (i.e. if it had anticipated to be awarded the full tender for Rails and Turnouts, it would likely have priced accordingly, which may have taken into consideration potential savings on overheads due to the advantages provided by the scale of the total tender).

It should be highlighted that the decision to split the two technologies of Rails and Turnouts may also have certain impacts of the delivery. There is a potential

advantage to having two Bidders delivering the different elements of the tender, in that these manufacturing and delivery processes can run in parallel, and there is greater capacity with two Bidders, which both can shorten delivery times. However, given that shipments from overseas will be required to be made, it is equally possible that the smaller deliveries sizes caused by splitting the tender may mean that certain deliveries have to be delayed until there is sufficient volume of material to justify the fixed cost related to a particular delivery. This could serve to push the delivery timetable out, rather than shorten it. The net impact on the delivery timetable, based on the above, is uncertain, and would also need to be determined as soon as possible on appointment of VAE Voestalpine as the Preferred Bidder. It has, however, been provided for in the RFT that the Bidder must align its delivery timetable with that of the main construction contractors for the Braamfontein and Salt River depots (who are yet to be appointed).

It should be noted that, even though the split of the tender between different technologies, their similarities mean that there will likely remain an element of competitive tension between the Bidders throughout the contract, as excuses for non-delivery from one contractor will be more difficult where the other contractor is delivering successfully.

It should be noted, however, that the split of the two technologies produces an uneven split between the two Bidders, as the Turnouts tender is far larger than the Rails tender in value, which limits the abovementioned benefits of splitting the tender between the two Bidders, versus a situation where the tender were split, say 50:50 on value, between the Bidders."

Areas noted for Management's Attention

1. The Transaction Advisors (Financial – KPMG) have raised key risk factors in their report that the decision to split may bring as detailed above. It is not clear whether VAE has submitted the required bond and hence qualifies to the awarded as the preferred bidder for Rails.

Management Response and Action Plan

3.8 Conflict of Interest Review

Overview

According to the screening report prepared by PRASA, the background check was performed only on the preferred bidders and the reserved bidders. The report indicates that Vossloh Cogifer and Voestalpine are registered companies with the Registrar of Companies. There are no judgements against both companies. And it also list how many directors each company have.

It further stated that Vossloh Cogifer must be monitored if the contract is awarded due to the fact that it is a foreign owned company to ensure ongoing compliance with BEE and DTI NIPP.

As part of our audit procedures, we requested the Auditor-General to assist us with the conduction of conflict and background checks on the bidders and parties involved in the evaluation process. No conflicts were highlighted.

Areas noted for Management's Attention

None

Management Response and Action Plan

None

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4. COMPLIANCE WITH SCM POLICY - BRAAMFONTEIN DEPOT, TENDER NUMBER: HO/PT/DM/0032/12/2013

4.1 Bid Specifications Advertisement, RFP Compliance & Issuance

Overview

In terms of SCM policy section 9, the roles and responsibilities of the Bid Specification committee are well defined and allocated to the CFSC per Appendix A.

Areas noted for Management's Attention

1. SCM management could not provide evidence on how the bid specification committee was constituted. The policy requires that the committee should be constituted by three members of whom at least one member should be a SCM practitioner, and other specialist from user departments.

2. In addition there was no evidence how independent experts were co-opted and whether their roles were clearly defined. Due to the committee not established, it was not demonstrated who was the secretariat of the committee who had to fulfill the responsibilities of preparing packs, agendas, keep minutes, of the committees and communicate recommendations and decisions to SCM and relevant officially.

   In addition to the above:

   - Management could not provide approved bids specifications;
   - There is no evidence to confirm the process that was followed to translated the bid specification to request for proposal;
   - Agenda and the minutes of deliberations relating to the development of bid specification could not be provided;
   - There is no confirmation whether all the required resources participated in the development of the bid specification;
   - There is no evidence to confirm whether the evaluation criteria specified on the bid specification was developed prior to the proposal being published on the media between 08 December and March 2014;

3. With the exception of Siyaya DP Engineers, who does not have a valid contract, KPMG and Ledwaba Mazwai (transactional advisors)contracts were extended to be effective 01 October 2014,after the evaluation process has commenced and with the absence of minutes and approved bid specification we are unable to determine whether transactional advisors have participated in the advisory capacity when the bid specification was developed.

4. The optimised RFP was issue on 28 February 2014, there was evidence provided to confirm what informed the need to change, who participated to the deliberations of the changes, who approved changes. In addition the optimised RFP was not sent to all bidders who attended the briefing session.

The advert was published on the following newspapers

Newspaper	Advert period	Duration
The New Age	13 December 2013 - 28 March 2014	105 days
Sowetan	13 December 2013 - 28 March 2014	105 days
Sunday Times	08 December 2013 - 28 March 2014	100 days
The Star	13 December 2013 - 28 March 2014	105 days
Pretoria News	13 December 2013 - 28 March 2014	105 days
Sunday Tribute	08 December 2013 - 28 March 2014	100 days
The Citizen	08 December 2013 - 28 March 2014	100 days
Business Day	13 December 2013 - 28 March 2014	105 days
City Press	08 December 2013 - 28 March 2014	100 days

The policy specify that bids will be closed at least 3 weeks(21 days) after the date of publication, *We noted that the management of bid closing date was not efficient as the adverts were allowed to run for maximum of 103 days,*

Over and above this, the closing date was extended to 05 May 2014, evidence of approval for the extension by the delegated officials was not provided during the review.

Management Response and Action Plan

4.2 Tender Briefing, receipt and closure and tender shortlisting

Overview

Cross Functional Sourcing Committee (CFSC) role is to arrange and manage bid briefing sessions, handling of bidder enquiries. The policy also state that

- the agency may charge a fee for any tender document, a tender will be disqualified if fees are not received before the closing date of the tender;
- Bids close at the time and date determine in the bid document;
- A register of all received bids will be maintained;
- No late bid shall be considered, all late bids shall be listed in a register for all bids
- End user should clearly describe their need/ requirements to enable SCM to produce accurately and timeously. The description of the requirements should be good enough that it can be transmitted by a second party to a supplier and be delivered correctly without clarification, this may mean using drawing and specification

Areas noted for Management's Attention

1. Due to the absence of CFSC, and the minutes, it was difficult to established whether the determination of a tender document fee of R10 000, took into account Agency preferential procurements targets;
2. Inconsistencies were noted in the determination of the bid documentation fees, where one tender was priced R1000, while the other tender was priced R10 000, in the same programme;
3. The PRASA SCM policy does not give guidance on the number of officials who should be present during tender opening.
4. The advert was not aligned to the policy, where it prohibited bidders to attend the compulsory only if tender document fee was paid, the process was also found not to be consistent as there were bidders that were allowed to attend without prior purchase of the bid documents.
5. The process of managing tender briefing was found to be inconsistent. The table below demonstrates how the process was followed

PASSENGER RAIL AGENCY OF SOUTH AFRICA
AD-HOC REVIEW OF TENDERS
INTERNAL AUDIT REPORT

FEBRUARY 2015

No.	Name of bidder	Bidder on the collection register	Bidder is on the record of receipts	Bidder paid bid document fee	Bidder attended the briefing session	Bidder received the optimised RFT	Bidder on the opening tender register
1	Yale	Yes	No	No	Yes	No	Did not submit
2	Acton Transport	Yes	No	No	Yes	yes	Did not submit
3	Baran Projects SA	Yes	Yes	No	Yes	No	Did not submit
4	Stafunnutti stocks	Yes	Yes	Yes	Yes	yes	Submitted
5	Enza Construction	Yes	No	No	Yes	yes	Did not submit
6	WBHO Construction	Yes	yes	yes	Yes	yes	Submitted
7	Vossloh Southeren Africa	Yes	Yes	Yes	Yes	No	Did not submit
8	Zambli	Yes	yes	yes	Yes	No	Submitted
9	Murray and Roberts	Yes	No	No	No	No	Did not submit
10	Yimeka Trading JV / Yimeka trading	Yes	No	No	Yes	No	Did not submit
11	Tokologo Technical assignments	Yes	No	No	No	No	Did not submit
12	Basil Read	Yes	No	No	Yes	yes	Did not submit
13	Trencon Construction	Yes	yes	yes	No	No	Did not submit
14	Lubbe Construction	Yes	yes	yes	Yes	Yes	Submitted
15	Raubex infrastructure	Yes	yes	yes	Yes	yes	Did not submit
16	Aveng Grinaker	Yes	yes	yes	Yes	yes	Submitted
17	Superway Construction	Yes	yes	yes	Yes	No	Did not submit
18	Imfuyo projects	Yes	yes	yes	Yes	No	Did not submit
19	Phagama JV	Yes	No	No	Yes	yes	Did not submit
20	Siemens	Yes	No	No	Yes	yes	Did not submit

No.	Name of bidder	Bidder on the collection register	Bidder is on the record of receipts	Bidder paid bid document fee	Bidder attended the briefing session	Bidder received the optimised RFT	Bidder on the opening tender register
21	Avax SA	Yes	No	No	Yes	No	Did not submit
22	SAWIR/SAWBCC	Yes	No	No	Yes	yes	Submitted
23	G&C Consulting / Mpfumelelo	Yes	No	No	Yes	No	Did not submit
24	Makole Property	Yes	No	No	Yes	yes	Did not submit
25	Seedi Projects	No	No	No	Yes	No	Did not submit
26	SSET	No	No	No	No	yes	Did not submit

6. A register of all received bids whether submitted on time or late was not maintained;
7. **Inconsistencies were noted as follows:**
   - Closing time of the tender on the RFT is 16:00 whereas on the advert is 12:00 when was it communicated and to whom;
   - Delivery Address on the RFT was PRASA house, Hatfield and delivery address on the advert is Umjantshi House;
   - There was a typing error interim of the Date of the Compulsory Briefing session of the technical; both the RFT and the advert referred the technical briefing session to be held on the 17 January 2013 instead of 17 January 2014. Although management stated that there was an email communication to all bidders, were not provided with proof of acknowledgement from the bidders

8. The original bid documents were not clearly defined, this was illustrated by the total number of 265 questions asked during the briefing and before the tender closed. The table below provide an example of some of the questions asked by bidders for clarification.

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Question	Response
In some places the RFT refers to PRASA's sole discretion in disqualifying a Bidder for non-compliance in relation to the Qualification requirements, and in other parts of the RFT it simply refers to an outright fail will PRASA please clarify the position in this regard?	PRASA refers Bidders to sections 4.1.2 and 9.6.16 Part A of the Request for Tenders which states If a Tender does not fulfil any of the requirements of Part B (Qualification Requirements) to the satisfaction of PRASA or failure on the part of a Bidder to comply with the mandatory requirements as set out in the various Parts and Volumes of this RFT, and to the extent that such requirements have not or are not waived by PRASA, PRASA may, in its sole discretion, determine that it is not a compliant Tender, and not assess it any further in terms of Part C. A failure to comply with this requirement may at PRASA's discretion result in the disqualification of a Bidder. The RFT will, where required, be amended to reflect this position.
Please provide clarifications on the advanced payment and guarantee and the actual payment utilization	The advanced payment percentage for each phase will be 10% of the Contract Price for each phase
Payments are based on milestones. Are milestones attached to program? Are payments only upon full reaching of milestones?	A list of Key Milestones will be issued shortly in a briefing note, as part of Volume 4. Payments will be made upon achievement of a Key Milestone (i.e. those milestones defined on the Key Milestones schedule in Volume 4). However, bidders are free to propose 'General Milestones' which constitute progress toward achievement of a Key Milestone. These will be payable prior to achievement of the Key Milestone to which they relate, based on certified (by an engineer) work done. General Milestones are not permitted to be more than 50% of the value of the achievement of the Key Milestone to which they relate

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Question	Response
This clause refers to the Operational Readiness Plan which would typically indicate how people and/or equipment are to be relocated between buildings to ensure continuity of operations. Please issue this document	This document is not available, and this aspect will be addressed in the optimised tender

Management Response and Action Plan

4.3 Bid Evaluation

Overview

Cross Functional Sourcing Committee (CFSC) role is as defined in the SCM policy around the evaluation of tenders.

Cross functional Sourcing Committee consisting of the following members was appointed on 23 July 2014 to perform bid evaluation.

Name	Position
Takalane Mukwevho (Chair Person)	General Manager SCM: PRASA Corporate
Imraan Khan	ICT - Enterprise Architecture: PRASA Corporate
Knowledge Ramolefe	Senior Manager Strategic Infrastructure: PRASA Technical
Shumi Mokotedi	Senior Manager Legal: Legal, Compliance and Risk: PRASA Corporate
Justice Maanaka	Senior Manager: Office of the CEO: PRASA Technical
Mamsy Mokate	Senior Manager Finance

From the inspection of the CFSC appointment letter, we noted that the appointment was approved by Asif Rehman: Senior Manager: SCM PRASA Technical and Josephat Phungula – GCPO on the 24 July 2014;

The CFSC was also assisted by the following transaction advisors to evaluate the modernisation of the maintenance of the rolling stock depot- Braamfontein tender:

- Ledwaba Mazwai Attorneys- Legal
- Ledwaba Mazwai Attorney and KPMG Services Pty LTD - Economic Development (ED)
- KPMG Services Pty LTD - Finance
- Siyaya DB Engineers - Technical

Although the committee was appointed to perform bid evaluation, evaluation was done by transactional advisors with minimal involvement of the committee. The absence of agenda, minutes and attendance register it has prevented the audit in confirming whether the reports presented by advisors were interrogated by bid evaluation committee prior acceptance and preparation of the report to the Corporate Committee.

Conflict of interest:
The following member of the Bid evaluation committee did not sign declaration of interest:

- Ms Shumi Mokotedi

Furthermore we noted the following CFSC members (who were assisting the CFSC as transactional advisors did not declare interest.

- Sbusiso Maseko (Evaluator and sub Lead)
- Viola Ngwenya (Ledwaba Mazwi)

The following officials did not sign a code of conduct

- Viola Ngwenya (Ledwaba Mazwai)
- Thandeka Dlulane (Ledwaba Mazwai)
- Mpilo Mahlangu (Ledwaba Mazwai)

Legal evaluation

The bidders were required to provide response in relation to the following key criteria in order to meet all legal requirements

1.	Structure of a project
2.	Legal Status of a bidder
3.	Shareholders agreement
4.	Details of Directors
5.	Statement by members
6.	Confirmation of acceptance of the project
7.	Statement by members regarding involvement in litigation

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Areas noted for Management's Attention

Legal evaluation

The legal criterion evaluation team comprised of the following members from Ledwaba Mazwai, in the respective capacities as indicated below:

- Calvin Nchabeleng (Evaluator and Team lead)
- Jessica Magagane (Evaluator) and
- Sbusiso Maseko (Evaluator and sub lead)

In addition to the members from Ledwaba Mazwai, the legal criterion evaluation team comprised of the members from PRASA.

The bidders were required to respond to seven criteria and to submit all applicable tender returnable schedules in Volume of RFT in order to pass legal evaluation. Bidders did not respond to all the legal requirements of the RFT and were not disqualified. Further to that, the process of soliciting clarification from the bidders was not fair and consistent as bidders were not requested to clarify similar questions, in certain instances bidders were requested to submit revised documentation.

Below are various questions that were posed to bidders

Bidder	Clarification question
Braamfontein Depot	Declaration of bidder Bid Bond
Lubbe construction	Structure of the project Legal status of the bidder Shareholder Agreement Details of Directors Confirmation of Acceptance of project Agreements Legal Statement by members Key subcontractors Bid Bond National Industrial Participation Programme(NIPP)

Bidder	Clarification question
Maziya General	Structure of the project Legal status of the bidder Shareholder Agreement Legal Statement by members Key subcontractors Tender cover letter Lead member authorization Bid Bond National Industrial Participation Programme(NIPP)
Ntuthuko joint venture	Legal status of the bidder Tender cover letter Resolution of Consortium Tax Clearance certificate
Rail Contractors	Structure of the project Lead member authorization
Zambli Construction	Structure of the project Confirmation of Acceptance of project Agreements Legal Statement by members Letter of intent Bid bond

Economic Development evaluation

The bidders were requested to provide comprehensive responses and information in respect to the following qualification criteria:

4. Job creation
5. Ownership
6. Management control
7. Skills Development
8. Enterprise and supplier Development
9. Socio Economic Development
10. Local content

Areas noted for Management's Attention

1. The composition of economic development evaluation committee was not in compliant to SCM policy, the evaluation committee only consistent of transactional advisory members (4 members from Ledwaba and 1 member from KPMG) with no representation from PRASA.

2. Evaluation methodology designed prior to evaluation process was not signed off by PRASA in order to ensure that the Minister of Finance exemption conditions were met and section 9.9 of the policy was complied with.

3. The evaluation process was found not to be efficient, as bidders that would have been disqualified in other phases were evaluated,

4. The bidders were requested to provide comprehensive responses and information in respect to the qualification criteria, however it was noted that bidders didn't submit comprehensive responses and were not disqualified. Further to that, the process of soliciting clarification from the bidders was not fair and consistent as bidders were not requested to clarify similar questions, in certain instances bidders were allowed to revise the original submission.

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Below are various questions that were posed to bidders

Bidder	Clarification question
Braamfontein Depot	• Was required to complete SBD5 • Bidder was requested to provide clarity on how their proposed local content would be applicable to all the milestones
Lubbe construction	Was required to complete SBD5 Was requested to: • clarify which appendix to be taken into account since multiple appendices were submitted • provide quarterly obligations • provide clarity on their commitments in relation to job creation and ownership as the original response only address local content
Maziya General	Was required to complete SBD5 Was requested to clarify which appendix 1, 2, 3 as it was not clear which appendix was which
Ntuthuko joint venture	Was requested to: • clarify which commitment to be taken into account since 2 commitments were submitted • resubmit Appendix 3 as the original submission was inconsistent with
Rail Contractors	Was requested to resubmit Appendix X2 as the original was not in the correct format
Zambli Construction	Was required to complete SBD5 Was requested to • Indicate which commitment in respect to job creation should be taken into account, the bidder was allow to revise all their ED commitments in Appendix A • Provide a completed Appendix X2 as there was no alignment to commitments provided in Appendix X1 • Provide quarterly obligations

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Financial evaluation

The bidders were requested to provide comprehensive responses and information in respect to the following qualification criteria:

8. Contract price
9. Financial Standing
10. Robustness and delivery of funding proposal
11. Robustness and delivery of financial model

Areas noted for Management's Attention

In order to pass the threshold requirement of financial criterion, bidders were required to provide all of the information requested in terms of Volume 4(financial response requirements), specifically including the structure of financial response as described in section 1.1 of Volume 4 and the table of milestone values shall add up to contract price.

4.4 Bid Adjudication

In terms of SCM policy section 9 the roles and responsibilities CTPC is a cross functional committee appointed by GCEO, it comprise of at least six members each with an alternate member and not more than eight, of whom at least two members are SCM practitioners and one from Finance. It has the responsibility for adjudication bids evaluated by the CFSC.

The members of the CTPC were formally appointed by the GCEO in line with the policy. According to the letter signed by the Group Chief Executive Officer, Mr Montana, we noted that the following members were appointed into the Corporate Tender and Procurement Committee ("CTPC") - Adjudication Committee:

g) Chris Mbatha, Group ICT as the Chairperson of the committee);
h) Dr Josephat Phungula, Chief Procurement Officer: Corporate as the member of the committee;
i) Hishaam Emeran, GM: Strategic Network Planning as the member of the committee;
j) Patrick Gombert, Intersite Executive: 3rd Party Projects as the member of the committee;
k) Vincent Kobuwe, Executive Manager: Strategic Infrastructure as the member of the committee; and
l) Yvonne Page, GM: Finance Reporting as the member of the committee.

We noted that the separation of the evaluation and adjudication committees has been done in line with Treasury Regulations.

Areas noted for Management's Attention

1. The CTPC members were formally appointed by the Group CEO on the 30 June 2014 for a period of 12 months, however we noted from the inspection of the appointment letter that though the following members were appointed by the GCEO, they have not yet signed their appointment letters, and are already serving in the committee.

   (i) Dr Josephat Phungula (Chief Procurement Officer) - Member

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(ii) Yvonne Page (General Manager: Financial Reporting)

2. We further noted that Ms Constance Monkwe (CTPC Secretary), was not formally appointed by the GCEO as required by the policy; she was however serving as the secretary of the CTPC.

3. The SCM policy further requires that alternative members be appointed to the CTPC by the Group CEO, based on the information provided by management, alternative members were not appointed.

Management Response and Action Plan

4.5 Recommendation and Selection of Successful Bidder

Overview

The bidder with the highest scores was recommended for selection by both the bid evaluation and adjudication committees in their recommendation report.

Ntuthuko Joint Venture (Preferred bidder).

Both CFSC and the CTPC recommended the appointment of Ntuthuko Joint Venture as the preferred Bidder for the modernization of the Braamfontein Rolling stock depot at the total cost R2 279 208 172.35 inclusive of VAT.

Both the CFSC and the CTPC also recommended the appointment of Braamfontein Depot Joint venture as a reserved bidder for modernization of the Braamfontein rolling stock maintenance depot at the total cost of R2 614 760 998.67 inclusive of VAT.

Areas noted for Management's Attention

a) Although the CTPC recommended the two bidders, the table below lists the key areas that need to be considered by management prior to the finalization of the award of the contract.

Financial area	Concern
	Ntuthuko JV
Items of BoQ not priced	The Bidder has not priced certain specific elements of the Bill of Quantities (being certain Preliminary & General items and certain items of civil works). No clarification query was submitted to the Bidder on this issue. It is therefore an issue which will need to be dealt with on award of Preferred / Reserve Bidder status. PRASA is advised to highlight the issue upon award and to draw the Bidder's attention to the fact that the full required scope, per the BoQ, should be priced, therefore the Bidder's Contract Price stands, as it is, and the Bidder is required to deliver the full scope of works regardless. Should the Bidder not accept this, the Contract Price could be adjusted to account for these items, but certain other concessions or benefits should be sought (e.g. contraction of timetable, scope variations etc.) in exchange, thus preserving the value for money status which was obtained in the evaluation outcome.

Financial area	Concern
Caveats to Contract Price	The Bidder has explicitly stated certain caveats to its Contract Price / Financial submission (beyond the above non-pricing of BoQ items): Bidder has requested to be reimbursed in full for any costs incurred in dealing with Third Party Utilities. Also, it states that any gain / loss sharing (or similar system) in terms of Clause 14.4 of the Depot and Staging Yard Agreement (DSA) or elsewhere will not be applicable. The total liability of the Contractor to the Employer, under or in connection with the Contract, may not exceed 20% of the accepted contract amount. A retention guarantee will be submitted in lieu of cash retention Certain other commercial terms of the DSA have been qualified as well - refer to Legal evaluation. These issues constitute qualifications to the Bidder's Contract Price. There are two options for resolution, being: Enforce acceptance of the commercial terms which the Bidder caveated in its bid response as a condition of award of Preferred / Reserve Bidder status. Permit the above qualifications, but insist upon obtaining certain benefits (e.g. contraction in the timetable for delivery, adjustments or variations to scope) in exchange for this, on a quid pro quo basis, thus preserving the value for money status which was obtained in the evaluation outcome. It is advised that, for practical reasons, the second option may be preferable, since the Bidder may well not agree to accept the commercial terms (as these were deliberately qualified in its bid). Also, the nature of the specific terms are not such that they cannot be waived, and PRASA has a number of concessions that it would like to achieve in the final contractual solution which could be achieved through exchange on a quid pro quo basis. Notwithstanding the above recommendation, PRASA should be mindful of the risks associated with acceptance of the specific commercial terms indicated Third Party Utilities – Refer to Legal evaluation report. Liability of the Contractor to the Employer – Refer to Legal evaluation report. Retention guarantee – While this does not remove the incentive for ensuring any issues are dealt with over the warranty period / standard of work is high, it does reduce the impact that would be felt by the Contractor, since the Contractor would not be 'out of pocket' over this period. From a pure financial perspective, PRASA is in the same position, since the value of the security is the same, and the bond should be on-demand.
Lack of Performance Security	The Bidder did not provide a letter from its anticipated performance security providers attesting to its ability to secure the required guarantees. However, this issue was clarified with the Bidder, and the Bidder was able to provide the required letter attesting to its ability to secure performance security for the contract. Unfortuantely, the value of this was only sufficient to cover 10% of the Contract Price (being the value of the Performance Bond, and excluding the Advance Payment Bond).

Financial area	Concern
	It is therefore suggested that the provision of the required security (both Performance Bond and Advance Payment Bond) be a condition of award of Preferred / Reserve Bidder.
Financial Standing:	Reliance is placed on the Aveng Group to provide the necessary balance sheet funding to the Bidder, being the majority and 70% shareholder. The group's recent performance has been under pressure locally with its South African construction operations performing poorly. This is reflected in its share price movements and need to raise additional debt finance. However due to the group's size and extent of cash and reserves (R4.5bn – 15% of total assets – in cash), the company is able to absorb significant funding and cash flow requirements. It is advised that PRASA monitor the performance of Aveng and be aware of any further adverse movements which may occur, causing a negative impact on the Bidder's ability to deliver and meet the funding and cash flow obligations. Furthermore, the payment profile from PRASA, bolstered by the allowance of more General Milestone Payments, is a key source of cash flows for the Bidder, and will reduce the stress on the Member cash flows and may obviate the need for external finance.
Braamfontein JV	
Deviations in Bidder delivery timetable vs RFT Project Programme	It was identified through a review of the Bidder's Milestone Schedule that the 'Dates for achievement of Key Milestone' differ from those indicated on the Project Programme supplied to Bidders in the RFT, and that these variances are significant, both (in many instances) individually, and in aggregate across the full programme – collectively, these deviations result in the Bidder's programme extending to a total of 5 years, versus the PRASA indicative programme of 3 years and 4 months. Due to this severe deviation, the timely delivery of the entire programme will be at risk if PRASA cannot secure that the Bidder contract its programme dramatically, or if the Bidder, for some unavoidable structural reason, cannot achieve a contraction in the programme. Therefore, a mutually agreeable timetable will need to be negotiated with the Bidder as a matter of absolute priority, if this Bidder is to progress as either Preferred or Reserve Bidder. A clarification query has been submitted to the Bidder requesting the Bidder to accept the base programme timing and/or provide reasons for the material deviations noted. The response to this query does not have a direct evaluation impact (as the timetable was not made a mandatory requirement or one to which a score attached), but rather will inform PRASA better going into the contracting stage. It is recommended that PRASA communicate this impediment in the Bidder's tender response upfront in the contracting stage, and that the

Financial area	Concern
	Bidder not be permitted to insist on additional payments as compensation for any programme contraction. Further to the above, the introduction of competition, through having a Preferred and Reserve Bidder (if the route of a BAFO is not pursued), should be used to put pressure on the Bidder to reduce its project programme timetable duration.
Dates for General Milestones after particular Key Milestones	The Bidder's response included a number of General Milestones, with completion dates after the Key Milestones to which they related. This should not be the case, since General Milestones are part of the completion of a Key Milestone, and therefore should occur before the date set for achievement of the Key Milestone. This issue was queried with the Bidder and the Bidder reiterated its position, being that the General Milestones would need to be after the Key Milestones – per review by the Technical evaluation team, this does not appear to be required, so the General Milestones will revert back to being prior to the relevant Key Milestones. PRASA is reminded that this issue will need to be communicated (along with the other Milestone Schedule adjustments) to the Bidder, should it progress as Preferred or Reserve Bidder, in the course of arriving at the finalised Milestone Schedule to be contractualised.
Preliminary and Generals	Preliminary and General items have been separately indicated on the Bidder's Milestone Schedule. While dates have been provided for these items, it is not shown to which specific Key Milestones these amounts relate, and these amounts have not been allocated to any specific Key Milestones. A clarification query was submitted to the Bidder in relation to this issue. Since no clarification response was received within the time allocated for the query response, the Preliminary and General items were simply allocated, based on the dates for the individual items, to the different Key Milestones for the purposes of scoring under Part C. The Bidder will need to be advised at the outset of the contracting stage on what basis the Preliminary and General items have been allocated, and agreement reached on the appropriateness of the allocation in finalising the contractualised Milestones.
Payment of Advance Payment	The Bidder has indicated that the entire Advance Payment shall be paid upon there being a signed contract in place. However, paragraph 2.1 of Volume 4 (Financial Response Requirements) is clear that the Advance Payment shall only be paid once all of the items indicated beneath it (i.e. Performance Security issued, Contractors yard and laydown area established, Safety file approved, Approved construction schedule, Preliminary risk register submitted and Proof of insurances submitted) have been successfully completed / achieved. This issue was queried with the Bidder. The Bidder did not confirm within the allowed time for response, and therefore the full Advance Payment is assumed to be paid on achievement of the last item listed under the Advance

Financial area	Concern
	Payment. PRASA is sensitised to the fact that, while the Bidder has been informed of this, it may have a different view should it progress to the contracting stage, in which case this issue then becomes an item for negotiation at such time.
Financial Standing	Concern is raised regarding the financial results of Enza Construction, a 45% shareholder in the Bidder. The company had negative equity of R3.6 million as at 30 June 2013 and generated a net comprehensive loss for the 2013 financial year of R9 million. Gross margin also declined from 13.8% to 5.1%, indicating potential problems with cost control, or pressure on the business from competition. This is mirrored by increases in operating costs of over 40% year on year. The company's total assets equated to R100.5 million as at 30 June 2013, indicating its relatively small size in relation to a contract of this nature. No information is provided regarding what support the company will receive from its holding company. Notwithstanding the above, and notwithstanding the 45% shareholding Enza construction has in the Bidder, the strength of WBHO's financials are indicative of its ability to underwrite the obligations of the Bidder as a whole, which mitigates the reliance that is placed on the other shareholders. Furthermore, the payment profile from PRASA, bolstered by the allowance of more General Milestone Payments, is a key source of cash flows for the Bidder, and will reduce the stress on the Member cash flows and may obviate the need for external finance.

Management Response and Action Plan

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4.6 Conflict of Interest Review

Overview

According to the screening report prepared by PRASA, the background check was performed only on the preferred bidders; the following suppliers formed a joint venture for Ntuthuko, the recommended bidder:

(i) Keren Kula
(ii) Uvuko Civils and maintenance
(iii) Aveng Africa Ltd

Based on the security screening reports all companies in the Joint Venture passed the security screening report and there was no judgments against the company and its respective directors.

Areas noted for Management's Attention

None

Management Response and Action Plan

None

Annexure "PM4"

SS6-PSM-147

"BoC3" "PM4"



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Chairman

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Mr T.L Montana
Group Chief Executive Officer
PRASA House
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PRETORIA
0001

Dear Lucky

RE: NOTICE OF TERMINATION OF CONTRACT

I acknowledge receipt of your letter dated 15 March 2015 and note that you wish to serve a 6 month notice period with effect from 1 June 2015.

The Board appreciates the consideration you have given to the need for the Board to have sufficient time to recruit the services of a suitable replacement and to manage the transition to new leadership. It may, however, be important for the Board to commence the process of seeking a replacement as soon as possible. This gives rise to the possibility, if a replacement is found who can commence earlier than December 2015, or if the Board decides that it would be in the interests of PRASA to make different arrangements for the transition, that the Board may request a separation at an earlier date. We will, however, raise this with you further only if the need arises.

We will also communicate further with you on any specific measures that we would like to introduce concerning your authority during the period ahead, until separation. The specific aspects of your authority that we may wish to regulate, for example, concern your authority to make senior executive appointments (we would expect that you do not make any further appointments without express authority of the Board in the present circumstances) and your authority to approve significant procurement matters (we would similarly expect you to raise these with the Board in each specific instance in the period leading up to your departure).

Directors Dr P Molefe (Chairman), TL Montana (Group CEO), C Cele, X George, NS Kheswa, ZP Manase, C Manyungwana, MJ Matiala, L McMillan, N Mkonge, WS Steenkamp.

Company Secretary: L Zida

MM

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I will address you separately on those matters once they have been considered further by the Board.

Save for matters such as stated above which are raised expressly with you, you will remain subject to all of the usual terms of employment in the interim. The Board will find a suitable opportunity to thank you for your services to PRASA over the past 9 years.

Yours sincerely

Dr P Molefe
Chairman of the Board
Date: 01/04/2015

MM

SS6-PSM-149

Annexure "PM5"

Annexure "PM6"

MM

Annexure "PM7"

MINISTER

TRANSPORT

REPUBLIC OF SOUTH AFRICA

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Private Bag X9129 Cape Town 8000 Tel: (021) 465 7260 Fax: (021) 461 6845

Dr. Popo Molefe
Chairperson: Passenger Rail Agency of South Africa (PRASA)
Private Bag X 101
Braamfontein
2017

Dear Dr. Molefe,

CONCERNS OVER PRASA'S INVESTIGATIONS LED BY WERKSMANS ATTORNEYS INTO SEVERAL IRREGULARITIES IDENTIFIED IN THE AUDITOR GENERAL (AG) REPORT

As a shareholder, I hereby write to express my concern over the long and protracted investigation by Werksmans Attorneys into several irregularities identified in the AG's report and the ever-rising costs thereof.

Whilst your efforts to clean up the organization and enhance good corporate governance are commendable, I am however deeply concerned that this investigation seems endless and without a clear scope with a specific end objective. This situation has resulted in excessive spending, which is reported to be in the region of R80 million. Besides, the current financial challenges we are facing as an entity and the country at large requires that we manage our finances in a prudent and sustainable manner.

Exacerbating this is the fact that the money spent has not been budgeted for and can be regarded as an irregular expenditure. Focusing the scope of the investigation will allow us to have a budgeted investigative plan with clear timelines that can be monitored continuously.

Finally, I have already on numerous occasions expressed and directed the board to focus on the declining performance of PRASA in terms of the Annual Performance Plan (APP). The Board is therefore reminded to focus its efforts on delivering the core mandate of the organization.

I therefore, ask that you close off this investigation process and consider the results or report thereof. Furthermore, the board is requested to submit a detail report indicating the progress and the outcome of the investigation. A determination of any further investigation and a way forward will subsequently be made after studying the report in detail.

MM

It will be highly appreciated if the report can reach my office by end August 2016. Your office can liaise with Mr. Joe Mojapelo, my Special Advisor, for any clarification or further information at 082 490 3197 or alternatively at MojapeloL@dot.gov.za

Kind Regards

Ms. Dipuo Peters, MP
Minister of Transport
DATE: 12/08/2016

Cc. Acting Group CEO : PRASA – Collins Letsoalo

Annexure "PM8"

SS6-PSM-157

Office of Dr. Popo Molefe
Chairman

www.prasa.com

"PM8"

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24 August 2016

THE HONOURABLE MINISTER OF TRANSPORT
MS DIPUO PETERS
PRIVATE BAG X193
PRETORIA
0001

Dear Minister

PRASA'S INVESTIGATIONS LED BY WERKSMANS ATTORNEYS INTO SEVERAL IRREGULARITIES IDENTIFIED BY AUDITOR GENERAL'S REPORT 2014/2015 AND THE PUBLIC PROTECTOR

I acknowledge receipt of the Honourable Minister's letter of 12 August 2016, the content of which I and the Board have noted.

I understand the concern raised not to relate to whether or not the forensic investigation is necessary. The Minister will indeed recall that the need for the forensic investigation was discussed and agreed at the meeting between the Board and the Honourable Minister at the airport on 17 July 2015.

The concerns that I understand to be raised are that the forensic investigation is endless and without a clear scope, constitutes excessive spending, is not budgeted for and can be regarded as irregular expenditure. It is also indicated that the Minister's own preference is for the Board to focus on the Annual Performance Plan (APP). The Minister directs us to close off the investigation and submit a detailed report to your office so that the Minister can make a determination as to whether there is a need for further investigation.

Directors Dr P Molefe (Chairman), C Letsoalo (Acting Group CEO)
C Cele, X George, NS Kheswa, ZP Manase,
C Manyungwana, MJ Mattala, L McMillan,
TB Phitsane, WS Steenkamp

Company Secretary:
L. Zide

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Before addressing the specific matters raised, I wish to record how the Board understands its fiduciary duties as prescribed in the Public Finance Management Act (PFMA).

Section 50(1) of the PFMA obliges the Board to:

(a) exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;

(b) act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity;

(c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature; and

(d) seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the financial interests of the state.

Section 51(1) provides for the following general responsibilities of the Board

(a) ...

(b) must take effective and appropriate steps to—

(i) collect all revenue due to the public entity concerned; and

(ii) prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity; and

(iii) manage available working capital efficiently and economically;

The above obligations (section 50(1)) and general responsibilities (section 51(1)) are precisely what necessitated embarking upon the forensic investigation and the litigation that flowed from it.

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I address the specific matters raised in the letter:

1. **Whether the investigation is irregular**

Werksmans Attorneys is one of the firms of attorneys on the panel of attorneys of PRASA. The allocation of this work to Werksmans Attorneys was therefore done in the ordinary course of allocating work to attorneys on the PRASA panel. The only difference being that this appointment was done by the Board having considered the expertise and experience of Werksmans Attorneys. We were advised that the panel of attorneys was constituted after an open tender process.

The Board's considered view is that the expenditure incurred in the investigation is therefore not irregular.

2. **The scope of the investigation**

At the time of signing the letter of engagement appointing Werksmans Attorneys, they were instructed to investigate, amongst others, the irregular expenditure transactions that had been identified by the Auditor-General (AG). At that time, these were the only irregular transactions that had been brought to the attention of the Board.

Shortly after this appointment, the Public Protector issued her report into the complaints that had been referred to her. When this report was issued, we indicated to the Public Protector that we shall implement her remedial steps. Part of these remedial steps were implemented by Werksmans Attorneys and others were implemented with the assistance of the attorneys that were appointed to assist PRASA with the review application that had been launched by Mr. Montana against the Public Protector's report, namely, Mkhabela Huntley Adekeye Inc. The part that is implemented by

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Werksmans Attorneys is the investigation part of the remedial actions recommended by the Public Protector.

The reason for the referral of the investigation part of the implementation to Werksmans Attorneys was a realisation that there is some similarity in the role players and similar patterns with some of the suppliers and officials of PRASA. This meant that referring the investigation to any other investigators, as per the Public Protector's recommendations to the Chief Procurement Officer (CPO) of National Treasury, would be too costly for the state, would lead to duplications, a disjointed process and disjointed outcomes. We met with the CPO of National Treasury on this and he agreed with us that where there are common players and common trends, it would be cheaper and more desirable for the state to have a coordinated approach to such matters and for these matters to be investigated by the same firm. These matters were identified and were excluded from the investigation of the CPO of National Treasury. The investigation under the purview of the CPO of National Treasury is ongoing.

The litigation that has flowed from the investigation requires the assistance of the forensic investigation team that is analysing finances, piecing together disparate documents that were concealed or were supposed to have been destroyed. Our experience in the litigation, the information gathered through the investigation process and the responses from our opponents shows that our opponents have a lot of information that PRASA would not have been able to deal with but for the litigation support that is provided by the forensic investigation team. To add insult to injury, PRASA's opponents are utilising moneys that they gained unlawfully from PRASA to oppose the legal proceedings instituted by PRASA against these very entities and individuals. An example of this is the 'guarantee' that obliges PRASA to pay almost R800 million to Siyangena. As we have previously advised the Minister, this document was not known by any PRASA official. We are still awaiting the reply to the letter addressed to your office in this regard. Siyangena have

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now instituted legal proceedings against PRASA claiming payment of an amount of approximately R1,1 billion related to this very 'guarantee'.

Werksmans Attorneys have also advised the Board that as a result of their investigations conducted thus far, the Board was obliged to report suspicious transactions in terms of the Prevention and Combatting of Corrupt Activities Act. PRASA has consequently laid 120 (40 complaints including a reference to 80 confinement entities) section 34 reports to the Directorate for Priority Crimes Investigations (the DPCI).

At the request of the DPCI, PRASA has, at its cost retained forensic accountants to assist the DPCI with the financial analysis of the information that flows from the subpoenas issued by the DPCI. At this stage the only criminal complaint that has received the attention of the DPCI is the criminal complaint lodged against Swifambo and all relevant role players. The forensic accountants have already completed the majority of the analysis in this regard which will presumably be utilized in prosecuting all identified wrongdoers. However, to date, I am not aware of any instance where the DPCI have begun taking statements or any other investigative action of significance. I therefore implore the Honourable Minister to intercede on PRASA's behalf with the Minister of Safety and Security to expedite these matters which are of national importance.

The scope therefore covers:

- the irregular expenditure identified by the AG R550 million,
- the adverse findings of the Public Protector (about R3,7 billion),
- other irregular expenditure that flowed from the analysis of documents by the forensic investigators (more than R14 billion),
- litigation support, the main litigation at this stage being the review and setting aside of contracts worth (R7,1 billion) and the recovery of R2,6 billion

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- The forensic accounting team's support of the DPCI with analyzing flows of funds.

3. **Whether the spending on the investigation is excessive**

We believe that the explanation of the scope of the investigation shows that the money spent on the forensic investigation is reasonable and will increase the prospects of PRASA recovering the losses incurred by PRASA through irregular, fruitless and wasteful expenditure.

The Minister will recall that the investigation is happening in an environment where documents were concealed and spirited away. This necessitated the involvement of IT specialists. The financial transactions involved are complex and require specialised financial analysis and forensic accounting skills. The complex maze of the transactions perpetrated by persons inside and outside of PRASA necessitates the use of skilled forensic investigators. There is therefore no one who is working on the matter who is not required to do so. In fact, due to the magnitude and complexity of the issues being investigated, it would be necessary to deploy more resources.

We have negotiated for the lawyers to charge rates that are comparable with other rates charged by PRASA's lawyers with similar experience and expertise. We have agreed that the subcontractors they have engaged charge AG rates which equates to a discount of 40% of their usual rates.

4. **The focus of the Board on the APP**

It is necessary to say, at the outset, that the forensic investigation is assisting greatly with identifying areas where performance is wanting, particularly the reasons for the defective performance. What has been found is that critical components of PRASA's rolling stock were sourced from companies that had neither the expertise nor experience of manufacturing or assembling these critical components. Similarly, the companies that were

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handling the maintenance of the infrastructure were companies that had neither the capacity nor the expertise to maintain PRASA's infrastructure. This is very risky for PRASA and its commuters and causes PRASA to incur an excessive amount in the procurement of critical components for the rolling stock and the maintenance of its infrastructure. This is because these companies have to engage companies with the necessary skills and enjoy an unnecessary mark-up. It therefore goes without saying that the performance of Rail operations will fail in the circumstances. This clearly shows that the forensic investigation does not militate against the addressing of operational inefficiencies.

Flowing from this finding, the Board has directed management to issue out a tender for these critical components and these maintenance service providers. This will ensure that the right people provide the right critical components and provide maintenance and there is no excessive expenditure for these parts and services.

The Board has also identified security and operations as critical enablers of the success of PRASA. In this regard, a security indaba was held under the watchful eye of the Chairman of the SHEQ sub-Committee of the Board and identified a number of issues in the security department that management should address and is addressing. This was followed recently by a road show to deal with improving operational inefficiencies. This was led by the acting Group CEO, Mr. Letsoalo.

The Minister indicated that, notwithstanding the completion of an independent robust process to recruit a permanent Group CEO, the Minister's view was that PRASA was not ready for such an appointment. The reason we had consulted the Minister around our recommendations for the position of Group CEO of PRASA was that we felt that the appointment of a permanent Group CEO will assist with stability. We however deferred to the Minister's preference to second the acting Group CEO from the Department of Transport.

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The Minister will have noted that the performance report in respect of the first quarter showed a much improved performance of 62% from the 48% of the previous quarter.

In order to ensure that there is no repetition of the lack of controls that will lead to incorrect service providers being appointed, the Audit and Risk sub-Committee of the Board has instituted a process in terms of which, all contracts over R10 million are audited by Internal Audit.

The Board is also lending strategic input to ensure that the modernization programme is proceeded with in an efficient and lawful manner.

5. **Whether the investigation should be stopped and a detailed report be submitted to the Minister**

As we indicated to the Minister at our meeting of 17 July 2015 and as clearly indicated from the above excerpts of the PFMA, we believe that the Board has the responsibility to institute and to continue with the forensic investigations in its capacity as the accounting authority of PRASA. We are satisfied that the investigation is necessary, is not irregular, is cost-effective and assists with easing some of the operational bottlenecks created by the past blatant failure to observe the law.

In any event, as indicated above, the investigation is also part of the implementation of the remedial steps recommended by the Public Protector. It is now established law that these remedial steps are binding.

The proposed termination of the investigation will:

- signal that, not only the identified unlawful conduct but any future unlawful conduct can proceed with impunity to the detriment of the fiscus,

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- lead to the termination of the litigation which has already been instituted and will expose PRASA (and, by extension, the fiscus) to the tune of approximately R12 billion of possible irregular, fruitless and wasteful expenditure,
- will deprive PRASA's management of information necessary to identify and root out those officials who are still working against the interests of PRASA,
- lead to the Board being found not to have acted in the interests of PRASA and in discharge of their fiduciary duties, their obligations in terms of the PFMA and in upholding the rule of law as enshrined in the Constitution, and
- lead to the Board being found to be flouting the law in not implementing the remedial steps, where the Board has already undertaken to implement such steps.

The Board does not have a reason to stop the investigation at this point and is satisfied that stopping the investigation will be harmful to PRASA.

We have endeavored to keep you abreast of the progress of the investigation. This has been done through, amongst others:

- a meeting with you in Rivonia focusing on the preliminary irregularities found in the Swifambo contract, this meeting was held on 28 August 2015.
- a meeting at Werksmans Attorneys during November after the launch of the review application in respect of the Swifambo contract
- the last written report was on the 7th July 2016.

It is regrettable that on 1July 2016, I requested a meeting with the Board for you to address it on a number of issues, including this investigation. However, to date, we have not yet received a response.

MM

It is my considered view that it will be a sad day for the Department as a shareholder and for the citizens of South Africa if this investigation does not reach its logical conclusion.

I trust that this clarifies the Board's stance in this regard. We shall, in correspondence to follow by the end of August, provide you with a detailed report of the forensic investigation undertaken by Werksmans Attorneys on the Board's instructions.

Regards

DR PS Molefe
Chairman of the Board
Passenger Rail Agency of South Africa

Annexure "PM9"

SS6-PSM-169

Annexure "PM10"

"PM 10"

MINISTER
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Dr Popo Molefe
Chairman of the PRASA Board of Directors
PRASA House
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Pretoria

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LMatsemela@prasa.com

Dear Dr Molefe

RE: NOTICE OF INTENTION TO TERMINATE YOUR MEMBERSHIP OF THE BOARD OF CONTROL OF PRASA.

1. As you are aware, I was appointed by the President of the Republic of South Africa as the Minister of Transport on 30 March 2017. You may also be aware that I previously served in the Portfolio Committee on Transport ("*the Portfolio Committee*") in the National Parliament. I therefore have intimate knowledge and history of some of the matters I raise below.

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2. You were appointed by my predecessor as a member of the Board of Control ("*the Board*") of PRASA on 28 July 2014. The Board is the Accounting Authority referenced in Chapter 6, Part 2 of the Public Finance management Act, No 1 of 1999. Following your appointment, you entered into a written agreement with the Department of Transport ("*the DoT*") commencing on 1 August 2014 and terminating on 31 July 2017.

3. PRASA has been and remains one of the state owned enterprises that has been performing poorly over the years. The starting point for the purpose of this notice is the Public Protector's report No: 3 of 2015/16 titled "*Derailed*". It detailed massive irregularities at PRASA. In a letter dated 9 September 2015, my predecessor implored your Board to take cognizance of the Public Protector's report and implement its remedial actions.

4. It saddens me to note that some of the malfeasance identified in the Public Protector's report has festered since your Board took over. I refer you in this regard to PRASA's quarterly reports for the financial years 2015/2016 and 206/2017. They have consistently shown gross decline in performance, lack of or inadequate governance oversight and poor financial management at PRASA. Letters written by my predecessor to Chairperson of the Board on 17 March 2016, 4 June 2016 and 27 January 2017 detailing PRASA's poor performance are of relevance.

5. I pause to mention that in the recent Court application you brought against my predecessor, you alleged that you and other directors she removed were unaware that the issues she raised in her letter of 17 March 2016 were still alive

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and could warrant their summary dismissal. You told the Court that you had addressed the issues raised by her in your letter of 20 April 2016 and that she accepted them. To your knowledge, this was patently untrue. When you deposed to this affidavit, you had in your possession her letters of 4 June 2016 and 27 January 2017. Far from the "marked improvement" in the 2016/2017 financial year as you promised in your letter of 20 April 2016, PRASA's affairs have in fact worsened.

6. The letter of 27 January 2017 in relation to 2nd Quarter Performance Report for the financial year 2016/17 demonstrate that instead of "marked improvement" you promised in your letter of 20 April 2016, the situation at PRASA in fact worsened. It failed to meet its target of transporting 122.5 million passengers, missing the target by 23.4 million passengers. It missed standing targets on capital projects as per the funding approved by PRASA, DoT and National Treasury, a matter of serious concern that negatively affects service delivery targets by the Government. The fruitless and wasteful expenditure had increased from 2.3 million in the first quarter to 4.6 million in the second quarter of 2016/2017 financial year. The irregular expenditure which was at a staggering R1.5 billion was showing an increasing trend. This points to lack of proper internal controls and accountability in respect of oversight, governance, leadership, project management, financial management and revenue collection.

7. The 3rd Quarter Performance Report for the 2016/17 financial year shows that PRASA only reached 41.4% of the planned targets. Its performance decreased by 18% when compared to the 2nd Quarter of the same financial year. Fruitless

and wasteful expenditure increased from R4.6 million in the 2nd Quarter to R8.7 million. Irregular expenditure still stood at R1.5 billion.

8. The 4th Quarterly Performance Report for the 2016/17 financial year shows that PRASA achieved a measly 34.5% of the planned targets. Its performance decreased by 6.9% when compared to the 3rd quarter of the 2016/17 financial year. Fruitless and wasteful expenditure increased from R8.7 million in the 3rd quarter to a whooping R20.2 million. Irregular expenditure increased from R1.5 billion from the 3rd quarter to R2.5 billion. The Board has failed to turn the situation around.

Werksmans' irregular appointment

9. Through my involvement in the Portfolio Committee on Transport in Parliament, I have also become aware of the appointment of Werksmans Attorneys by the Board to conduct certain investigations within PRASA. To my knowledge, this appointment was not made in accordance with PRASA's own Supply Chain Management Policy. There does not appear to have been any written agreement concluded at the time of the appointment with a defined scope, duration and costs of this agreement. The amount of over R140 million paid to Werksmans so far would in my view qualify as irregular expenditure.

10. You are requested in your submissions to demonstrate how Werksmans was appointed and in accordance with which provisions of your SCM Policy, including but not limited to providing me with the copy of the Board resolution that approved the appointment. You must demonstrate why the payments made do

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not amount to irregular expenditure. A copy of the contract between PRASA and Werksmans if any, should also be furnished with your submissions.

Repayment of unduly paid Board fees

11. On 27 October 2016, my predecessor addressed a letter to yourself as the Chairperson of the board imploring you to ensure that non-executive members of the board who received undue payment as additional fees for "*supplementary work*" must repay that money back to the entity within three months of receiving the letter. This letter followed deliberations in the Portfolio Committee on Transport and its resolution that the Board members should reimburse PRASA as the payments were not properly sanctioned. The Auditor General also found the payments to be irregular.

12. While I accept that you as a Chairperson has to date fully reimbursed PRASA, you have not shown keenness in ensuring that other Board members do the same and steps are taken against those who refused to repay. You seem to have acquiesced in their default of payment. This indeed suggest that the Board does not take its fiduciary duties seriously nor respect the findings of the Auditor-General (a Chapter 9 institution) and Parliament. This also demonstrate the boards' lack of accountability.

The Shareholders' Compact 2016/2017 and Policy considerations

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13. On 13 March 2016, the Executive Authority of PRASA, being the Minister of Transport and the Accounting Authority of PRASA, being its Board as represented by yourself as the Chairman, entered into a Shareholders Compact (*"the Compact"*) as required by section 29.2 of the Treasury Regulations. The Compact, read with its annexures, documents the mandate, key performance measures and indicators to be attained by PRASA as agreed between the parties.

14. Clause 6 of the Compact stipulates the framework for the Compact. It incorporates the main objectives and main business of PRASA as stated in section 23 of the Legal Succession to the South African Transport Services Act, No 9 of 1989 which include ensuring, at the request of the DoT that the commuters services are provided within, to and from the Republic of South Africa in the publics' interest and in doing so, to have due regard to key government, social, economic and transport policy objectives.

15. I have already referred to PRASA's failure to meet its targets, leading to failure to provide sufficient commuters services and negatively affecting key government social, economic and transport policy objectives as stipulated in the Compact and relevant legislation. Through the shortcomings identified above, the Board has failed to adequately implement the Corporate Plan attached as Annexure A to the Compact.

16. Clause 10.3 of the compact expressly states that the accounting authority must always maintain the highest standard of integrity, responsibility and

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accountability and ensure that it finds a fair balance between conforming to corporate governance principles and performance of PRASA.

17. You must appreciate that the Minister of Transport as the Shareholder of PRASA discharges her political responsibility and policy dictates by appointing members of the Board who are expected to have knowledge, skill and experience to help PRASA to meet its mandate and key policy objectives of government. If the members of the Board fail in their duties, the Minister has no option but to terminate the membership of Board members who have not assisted PRASA to discharge its statutory functions.

Parliament's stance

18. You are aware through your appearances in Parliament that the Portfolio Committee has long implored my predecessor to disband the Board due to your poor performance as set out above. This is the view of all political parties represented therein. Some of Portfolio Committee's minutes were attached to the Court application referred to above and are not referred to further herein. In fact, as recent as 23 May 2017 when I delivered the Department's budget speech, it made fresh calls for me to disband the Board for the above reasons.

Board not quorate

19. With what I have raised above, you probably are fully aware that since the Court judgement three more members have since resigned from the Board thereby making it impossible for the remaining members to form a quorum as per the Shareholder's compact, inability to hold Board meetings, inability to re-establish

MM

sub-committees and therefore making the Board and its sub-committees to be dysfunctional. You would also appreciate that I cannot at this stage accede to your request made in your letter of 16 May 2017 to urgently appoint members of the Board to meet the quorum. I must firstly be convinced from your submissions that you and the remaining Board members are still fit for membership of the Board. In any event, I can only appoint members of the Board in line with the policy on appointment of Board members in State owned entities. That process, from calling for nominations to tabling of recommended names before Cabinet for approval could take more than a month. Even if I were to nominate the departmental representative and request the National Treasury to do the same I would still be obliged to approach Cabinet for concurrence and/or approval.

Written submissions

20. Taking into account what I have stated above, I intend terminating your membership of the Board and appoint men and women who can save the fortunes of PRASA. I hereby afford you seven (7) working days to make written representations to me as to why I should not terminate your membership of the Board.

Yours sincerely

Mr Joe Maswanganyi, MP
Minister of Transport
Date:

MM

SS6-PSM-178

Annexure "PM11"

"PM11" SS6-PSM-179

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By hand

By email: info@dot.gov.za; mulangal@dot.gov.za; mojapelol@dot.gov.za; joe@senapelo.co.za

Your reference	Our reference	Date
	V Movshovich / P Dela / D Cron / J Coyle / M Kekana	14 June 2017

Dear Sir

Notices of intention to remove members of the Board of Control of the Passenger Rail Agency of South Africa

1. We act for the Passenger Railway Agency of South Africa ("**PRASA**") and its Board of Control ("**the Board**") (collectively, "**our clients**"). As you know, the Board is currently comprised of Dr PS Molefe, Mr X George, Ms MJ Matlala and Mr WS Steenkamp.

2. We refer to the letters sent on or about 5 June 2017 by the Minister of Transport ("**the Minister**") to each member of the Board, entitled "*Notice of Intention to Terminate your membership of the Board of Control of PRASA*" ("**the notices to remove**").

3. The notices to remove are almost identical in their terms and run to approximately eight pages each, constituting a treatise on the alleged wrongdoings of the Board. A number and variety of serious allegations have been made in respect of our clients spanning several years, calling into question the Board members' integrity, competence, fitness and

Senior Partner: JC Els **Managing Partner:** SJ Hutton **Partners:** BW Abraham RB Africa NG Alp OA Ampofo-Anti RL Appelbaum DC Bayman AE Bennett AP Blair DHL Booysen AR Bowley JL Brink S Browne MS Burger RI Carrim T Cassim SJ Chong A Christie KL Collier KM Colman KE Coster K Couzyn JJ Daniels CR Davidow JH Davies PM Daya L de Bruyn PU Dela JHB de Lange DW de Villiers BEC Dickinson MA Diemont DA Dingley G Driver HJ du Preez CP du Toit SK Edmundson AE Esterhuizen MJR Evans AA Felekis GA Fichardt G Fitzmaurice JB Forman C Gabriel CP Gaul KL Gawith OH Geldenhuys MM Gibson SJ Gilmour H Goolam CI Gouws PD Grealy A Harley JM Harvey MH Hathorn JS Henning KR Hillis XNC Hlatshwayo S Hockey CM Holfeld PM Holloway HF Human AV Ismail ME Jarvis CM Jonker S Jooste LA Kahn M Kennedy A Keyser PN Kingston M Kyle J Lamb L Marais S McCafferty MC McIntosh SJ McKenzie M McLaren SI Meltzer CS Meyer AJ Mills JA Milner D Milo NP Mngomezulu S Mogale M Moloi J Moolman LE Mostert VM Movshovich RA Nelson BP Ngoepe A Ngubo ZN Ntshona MB Nzimande L Odendaal GJP Olivier N Paige AMT Pardini AS Parry S Patel GR Penfold SE Phajane TC Phala MA Phillips D Ramjettan GI Rapson Z Rawoot K Rew G Richards-Smith NJA Robb DC Rudman S Rugan M Sader H Samsodien JW Scholtz KE Shepherd AJ Simpson N Singh N Singh-Nogueira P Singh J Smit MP Spalding PS Stein MW Straeuli LJ Swaine JM Swanepoel Z Swanepoel A Thakor A Toefy PZ Vanda PP van der Merwe SE van der Meulen CS Vanmali JE Veeran D Venter B Versfeld MG Versfeld TA Versfeld DM Visagie J Watson DP Wild KL Williams K Wilson RH Wilson M Yudaken **Chief Operating Officer:** SA Boyd

Webber Wentzel is associated with ALN

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propriety. Despite the length and breadth of these accusations, however, the Board members have been afforded just seven working days to make written representations to the Minister and explain why their respective membership of the Board should not be terminated.

4. Members of the Board intend to make full and substantive representations to you in respect of the notices to remove.

5. With respect, however, this time period is inadequate for, *inter alia*, the following reasons:

5.1 the ultimate removal of the Board would have serious and far-reaching consequences for our clients if not fully and comprehensively addressed;

5.2 the notices to remove are incredibly broad and address historic conduct and events which occurred during the entire tenure of the Board, from 2014 to date;

5.3 our clients were completely unaware that the removal of the Board was contemplated - especially as the Minister did not appeal against the recent judgment of the High Court of South Africa, Gauteng Division in *Molefe and Others v Minister of Transport and Others* (17748/17) [2017] ZAGPPHC 120 (10 April 2017); and

5.4 the Board is currently steeped in the day-to-day management of PRASA, including investigative, litigious and auditing matters, which inhibits the ability of its members to respond to the Minister within the time period allowed.

6. As such, and without accepting the validity of the notices to remove, our clients request that you afford them an extension until 26 June 2017 to make written representations. Please let us know, by no later than 10h00 on Thursday, 15 June 2017, whether the Minister will agree to this.

7. Please note that, should the Minister deny the extension and/or seek to remove the Board without the benefit of the Board members' written submissions, our clients will be forced to exercise their rights in law.

8. Our clients also propose to meet with you as soon as possible to discuss their mutual relationship and attempt to resolve any concerns or issues which may have arisen.

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WEBBER WENTZEL
in alliance with > Linklaters

Yours faithfully



WEBBER WENTZEL
V Movshovich
Direct tel: +27 11 530 5867
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Annexure "PM12"

Office of Dr. Popo Molefe
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"PM 12"

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Speaker of the National Assembly, Honourable Ms Mbete, MP
Parliament of the Republic of South Africa
Cape Town, 8000
per e-mail: ...

Copies:
SCOPA Chairman
Chairperson of the PCOT
Chief Whips of SCOPA
Chief Whips of PCOT

Dear Madamme Speaker,

REQUEST FOR A PARLIAMENTARY INQUIRY INTO THE OPERATIONS AND GOVERNANCE OF PRASA

1. I write to you on behalf of the Board of Control of Passenger Rail Agency of South Africa (PRASA) to request the National Assembly to institute an inquiry into the operations, governance, and intergovernmental relations of PRASA.

2. As you may be aware the full extent of the failure of governance was revealed in the Public Protector's report titled "Derailed" (August 2015). Subsequently, the Auditor General's report on PRASA for the 2014/15 financial year indicated that about R550 million was irregular expenditure. As required under the PFMA, the investigations mandated by the board showed that the true extent of fruitless, wasteful and irregular expendtiure was approximately R14.7bn.

3. In addition to the identified failures in governance and the resultant prejudice to the fiscus, PRASA operations were in a state of disrepair and continued to decline during our tenure.

4. The Board has made strenuous effort to arrest the decline in PRASA operations, strengthen controls within the organisation and to investigate financial misconduct as

Directors Dr P Molefe (Chairman), L Zide (Acting Group CEO)
X George, ZP Manase, C Manyungwana, MJ Matlala,
TB Phitsane, WS Steenkamp

Company Secretary
T.Mohube

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required under the PFMA. On various occasions, the Board has apprised the National Assembly, through the relevant committees, of these efforts. We have also apprised the Minister, the Chairman of SCOPA and the Chairperson of the PCOT of progress on these efforts.

5. For the sake of brevity, I will only highlight the following:

   a. The Board instituted a recruitment process for a new Chief Executive Officer for PRASA which was concluded during February 2016. We submitted the preferred candidates for ratification by the Minister of Transport during March 2016. To date, there has been no progress the Board has not received a response from the Minister.

   b. PRASA has instituted civil proceedings in contracts involving over R7bn to review and set them aside. Further, we have instituted proceedings to recoup monies lost to PRASA and disciplinary steps against employees involved. These matters are now before the courts or relevant forums.

   c. We laid criminal complaints with the DPCI as required under Prevention of Corrupt Activities Act (PRECAA) and hired forensic auditors to assist the DPCI in analysing the illicit cash flow. To the board's dismay, the law enforcement authorities have not acted with the requisite or due diligence on any of the complaints. For ease of reference, I have attached to this correspondence several letters I have addressed to the head of the DPCI and the NPA. Please note that, when sending these letters, I copied them to the chairman of SCOPA. A comprehensive table of all cases with the DPCI was provided to the SCOPA.

   d. In the most recent instance, the Minister seconded to PRASA the CFO in her department, Mr Collins Letsoalo, to act as the Group CEO while a permanent replacement is being sought. Among the Minister's and the Board's expectations were that Mr Letsoalo would stabilise PRASA operations and draft a turnaround plan. Mr Letsoalo awarded himself a 350% salary

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increment in the guise of a "secondment allowance" without Board approval and instructed officials in the ministry to charge PRASA for it. I have attached here a copy of my report to the Minister on this matter.

6. I have noted the comments of various members of parliament in the PCOT meetings of 7 and 8 March 2017. I and the Board share their concerns and frustration in the lack of progress. In fact, it is these comments that have strengthened our conviction that your urgent intervention is required, hence this letter.

7. The delays in the permanent appointment of a CEO and relevant executives, the lack of progress on police investigations and prosecutions and indifference from the Ministry on critical matters have had a deleterious effect on PRASA operations and governance. I fear that the decline would reach a irreversible point without your urgent intervention.

8. This Board's term of office is scheduled to end on 31 July 2017. It is in the public interest that the next Board is not saddled with the same matters and that the current Board should account fully for before parliament.

9. It is also in the public interest that other institutions such as the Ministry, the DPCI and NPA to account on the handling of matters referred.

10. Members of the Board will avail their full cooperation with the inquiry if it is institutted.

Thanking you in anticipation.

Yours truly,

DR POPO MOLEFE
CHAIRMAN: PRASA BOARD OF CONTROL
DATE: 08/03/2017

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Annexure "PM13"

Office of Dr. Popo Molefe
Chairman

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Ms Dikeledi Magadzi
Portfolio Committee on Transport
Parliament of the Republic of South Africa
Cape Town
per e-mail: dmagadzi@parliament.gov.za

Dear Chairperson

BRIEFING BY THE PASSENGER RAIL AGENCY OF SOUTH AFRICA ON SERVICE DELIVERY AT METRORAIL

1. As you are aware, I sent my apology to the Portfolio Committee on Transport ("the PCOT") indicating that I was not in a position to travel to Cape Town. I however followed the proceedings of the PCOT. I was shocked to learn that the entire first day of the PCOT's proceedings was about a matter that the Board of Control ("the BoC") of PRASA was not asked to bring to the attention of the PCOT. We were invited to appear before the PCOT under the guise that we were going to discuss Metrorail Operations. We prepared a presentation for the PCOT on this basis and spent money ensuring the presence of PRASA officials critical to operations to appear before the PCOT.

2. The leadership of PRASA is aggrieved that the BoC and key officials of PRASA were brought into the august chambers of Parliament to discuss a matter that should not occupy the time and attention of the PCOT, and were subjected to a barrage of false accusations, grossly unfair innuendo and assassinations of character under your watch. I request the Chairperson of the PCOT to urge members to desist from abusing their Parliamentary privileges and immunity by assailing the characters of the leadership of PRASA by unfounded and spurious accusations without producing any evidence.

3. As the Accounting Authority of PRASA, the Board appreciates that Parliament in general and your Committee in particular, is one of the most important stakeholders that PRASA has to account to. However, in the interest of proper accounting and mutual respect, the Board cannot be ambushed with a topic that does not add value to the work of PRASA and be subjected to a situation where that topic is treated in a way that is grossly unfair and is a distraction from the work of your Committee.

Directors Dr P Molefe (Chairman), L Zide (Acting Group CEO)
X George, ZP Manase, C Manyungwana, MJ Matlala,
TB Phitsane, WS Steenkamp

Company Secretary
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The matter of Mr Letsoalo is a very simple one and has been dealt with and finalised by the Board and the Minister. In accordance with good governance, the Minister has received a comprehensive report on the 3rd of March 2017. On 1 March 2017, the Minister terminated the secondment of Mr Letsoalo.

4. You and your Committee accused the Board of being involved in "dispute after dispute". The Board has been engaged in a difficult process of restoring order, good corporate governance and enforcing controls in an institution where these have been deliberately and systematically destroyed over several years. In this regard, we urge you to familiarise yourself with:

a. the Auditor-General's report of 2014/15 financial year which identified irregular expenditure to the tune of R550 million. According to the PFMA, the Board is obliged to investigate the instances of irregular expenditure; and

b. the Public Protector's Report entitled Derailed which found wide spread maladministration and breakdown of processes and systems and recommended that the Board and National Treasury investigate every contract above R10 million and concluded between 2012 and 2015.

c. the Auditor-General's report of 2015/16 financial year which identified irregular expenditure to the tune of R14 billion. This irregular expenditure was uncovered by the investigations that were conducted under the purview of the Board of PRASA.

5. The above investigations have revealed more irregularities and corruption and obliged the Board to take the following steps:

a. Provided about 69 reports in terms of section 34 of the Prevention and Combatting of Corrupt Activities Act;

b. Assisted the Hawks in their investigation of the alleged corruption and money laundering in the Swifambo and Siyangena contracts;

c. Launched Review Applications in respect of the Siyangena and Swifambo Contracts.

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6. Operationally, the investigations assisted PRASA to identify those contracts that were awarded to people who had neither the capacity nor the ability to carry out the contracts that were awarded to them. These contractors are the reasons for the constant failures in operations.

7. It is very easy for any person who is oblivious to the amount of rot, corruption and incompetence that we discovered in the wake of the departure of the former Group CEO to assume that all the challenges of PRASA were caused by the Board. We have frankly and honestly shared our frustrations and challenges with the PCOT. As stated above, it is through our investigation that we have uncovered almost R14 billion in irregular expenditure, this is almost 90% of PRASA's annual expenditure. It is almost impossible to assure quality services where almost all the expenditure is irregular.

8. The Board has implored management to proceed with the quality assurance of the draft turn-around strategy and process it as per the discussions of November 2016. We believe that once this has been adopted, PRASA will be in a position to show the positive and quality fruits of the money that is spent by the fiscus to support the work of this important cog in our economy.

9. We implore you to ensure that the PCOT avoids sensational, narrow, side shows of individuals and focus on constructively interrogating the presentation on Metrorail Operations as per the invitation. We value any constructive engagement that is meant to improve the experience of millions of commuters that PRASA is mandated to move every day. We had expected that the PCOT will focus on this and not on a matter that concerns a tri-partite agreement that has lapsed.

Yours truly,

DR POPO MOLEFE
CHAIRMAN: PRASA BOARD OF CONTROL
DATE:

Annexure "PM14"

SS6-PSM-191

"FA14"

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Office of Dr. Popo Molefe
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TO:

1. THE HEAD:

   DIRECTORATE FOR PRIORITY CRIME INVESTIGATION
   GENERAL B NTLEMEZA
   SOUTH AFRICAN POLICE SERVICE
   DIRECTORATE FOR PRIORITY CRIME INVESTIGATION
   SOUTH AFRICAN POLICE SERVICE
   A5 PROMAT BUILDING
   1 CRESSWELL ROAD
   SILVERTON
   PRETORIA, 0186

2. THE NATIONAL DIRECTORATE OF PUBLIC PROSECUTIONS

   NATIONAL PROSECUTING AUTHORITY
   ADVOCATE S ABRAHAMS
   VICTORIA & GRIFFITHS MXENGE
   VGM BUILDING
   123 WESTLAKE AVENUE
   WEAVIND PARK
   SILVERTON
   PRETORIA, 0184

c.c. DIRECTORATE FOR PRIORITY CRIME INVESTIGATION
MAJOR GENERAL KHANA
SOUTH AFRICAN POLICE SERVICE
DIRECTORATE FOR PRIORITY CRIME INVESTIGATION

Directors Dr P Molefe (Chairman), TL Mangana (Group CEO), C Cele, X George, NS Khoshe, ZP Manase, C Manyungwana, MJ Mallela, I. McMillan, T.B. Phasane, WS Steenkamp

Company Secretary: L. Zide

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SOUTH AFRICAN POLICE SERVICE
A5 PROMAT BUILDING
CRESSWELL ROAD
SILVERTON
PRETORIA, 0186

Dear Sirs,

PREVENTION AND COMBATTING OF CORRUPT ACTIVITIES ACT 12 OF 2004 ("PRECCA") : PASSENGER RAIL AGENCY OF SOUTH AFRICA ("PRASA")

Introduction:

1 We wish to express our gratitude for the deployment of Major General Khana and his team (with whom we have already engaged, to handle the criminal investigations which will hopefully lead to the successful prosecutions of those individuals and entities who have seen fit to plunder a State owned entity and thereby imperil PRASA's mandate from Government to provide a world class safe, reliable and efficient transport service to all commuters.

2 PRASA, as the implementing arm of the National Department of Transport, the sole shareholder, is primarily focused on the mandate contained in the *Legal Succession Act of South African Transport Services Act 9* of 1989, as amended.

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3 The main objectives and main business of PRASA are to:

3.1 Ensure that, at the request of the Department of Transport, rail commuter services are provided within, to and from the Republic in the public interest.

3.2 Provide, in accordance with the Department of Transport, for long haul passenger rail and bus services within, to and from the Republic in terms of the principles set out in section 4 of the *National Land Transport Transition Act 22 of 2000.*

3.3 PRASA shall generate income from the exploitation of assets acquired by it, which include real estate and property portfolios.

3.4 A further requirement is that, in carrying out its objectives and business, PRASA shall have due regard for key Government, social, economic and transport imperatives and policy objectives.

3.5 As a public entity, Government initiatives remain a strategy driver for PRASA. This is manifested through legislation, government policies and strategies, such as:

3.5.1 National Transport Policy;

3.5.2 Public Transport Strategy;

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3.5.3 Legislation;

3.5.4 Green Paper on Rail; and

3.5.5 Economic Strategy and Job creation initiatives.

4 The Directorate for Priority Crime Investigation (DPCI) was established as an independent directorate within the South African Police Service in terms of Section 17C of the *South African Police Service Act*, 1995 as amended by the South African *Police Service Amendment Act* 57 of 2008.

5 The DPCI is responsible for the combating, investigation and prevention of national priority crimes such as serious organised crime, serious commercial crime and serious corruption in terms of Section 17B and 17D of the *South African Police Service Act* of 1995 as amended.

6 Section 179 of the *Constitution of the Republic of South Africa*, 1996 (Act No. 108 of 1996), created a single National Prosecution Authority (NPA).

7 The Office of the National Director of Public Prosecutions (NDPP) was established on 1 August 1998, in terms of Section 179(1) of the Constitution.

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8 Legislation governing the prosecution authority is the National Prosecuting Authority Act 32 of 1998 and provides the prosecuting authority with the power to institute criminal proceedings on behalf of the State and carry out any necessary functions incidental to instituting criminal proceedings.

Background:

9 Public Protector Investigation:

9.1 In 2015, the Public Protector of South Africa published a report entitled "*Derailed*" No. 3 of 2015/16. The report communicated findings and the appropriate remedial action in terms of the remedial power given by Section 182(1)(c) of the Constitution, following the investigation of 37 complaints initially lodged by the South African Transport and Allied Workers Union (SATAWU) in 2012 and later pursued by the National Transport Movement (NTM), alleging maladministration and related improper conduct involving procurement irregularities, conflict of interest, nepotism and human resources mismanagement, including victimisation of whistle-blowers, by the erstwhile Group Chief Executive Officer and other functionaries at PRASA.

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9.2 The Public Protector found that 19 of the 32 complaints were substantiated. There was a "*systematic failure*" to comply with supply chain management policies and a culture of hiding information.

10 The Auditor General of South Africa (AGSA) findings:

10.1 In 2015, the AGSA issued several adverse findings against the erstwhile PRASA board and operations.

10.2 A new chairperson and board were appointed at PRASA in August 2014. In discharge of their fiduciary duties, they employed the services of Werksmans Attorneys who in conjunction with AGSA, the South African Police Service and the National Prosecuting Authority, commenced with further investigations into these findings.

11 To date, PRASA has engaged with AGSA, National Treasury, Financial Intelligence Centre, officials from the DPCI, South African Police Service, Asset Forfeiture Unit, NPA and others. To this end:

11.1 A number of cases have been reported to the Central Reporting Office of the DPCI for further investigation and in compliance with PRASA's duty to report as prescribed by PRECCA.

11.2 A number of criminal cases where PRASA is the complainant have also been registered with the South African Police Service.

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11.3 In addition to this, PRASA has already instituted a number of civil proceedings against business entities and persons to review and set aside agreements which were improperly awarded and to recoup losses sustained by PRASA. Further such actions are expected to follow in due course.

11.4 I attach for your convenience, two founding affidavits (including the supplementary matter in respect of the Siyangena matter) relating to what has become commonly known as the "*Swifambo matter*" and the "*Siyangena matter*" together with the AGSA report and the Public Protector report. You will no doubt appreciate and agree that the scale and complexity of the alleged offences, the losses to PRASA and the nature of the allegations are extremely serious and of huge financial proportion thereby directly impacting upon Government's ability to provide to its citizenry.

12 PRASA has sought legal advice in respect of instituting criminal proceedings against those identified as allegedly having had a hand in the identified transgressions. PRASA believes that even a cursory perusal of the AGSA report referred to, the Public Protector's report and the founding papers settled in the civil matters referred to above, clearly demonstrate the severe damage caused to PRASA, the State's ability to fulfil its transport mandate and more especially, to the many citizens of our country

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who rely on PRASA's services on a daily basis. We further believe that the facts as they stand, present a *prima facie* case of racketeering as defined in Section 2(1) of the *Prevention of Organised Crime Act* 121 of 1989 (POCA).

13 The PRASA Board has already been called upon on several occasions to account to relevant Parliamentary Committees as to the progress made in its efforts to deal with the AGSA and Public Protector findings and in particular in relation to the progress of criminal proceedings against the various wrongdoers.

Formal request for assistance:

14 Chapter 3 of the Constitution deals with matters of co-operative governance between State entities.

15 Section 40(1) emphasises that State entities in the Republic are distinctive, interdependent and interrelated.

16 Section 40(2) requires of all spheres of Government to observe and adhere to the principles in this Chapter and to conduct their activities within the parameters that the Chapter provides..

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17 In terms of Section 41(1), under the heading "*Principles of Co-Operative Government and Intergovernmental Relations*" all spheres of Government and all organs of State within each sphere are required to among others:

17.1 foster friendly relations;

17.2 assist and support one another;

17.3 inform one another of, and consult one another on, matters of common interest; and

17.4 co-ordinate their actions and legislation with one another.

18 Arising from these investigations, and in the spirit of the Constitutional imperative of co-operative governance, the following requests are therefore directed to your good offices for your urgent consideration:

18.1 That the DPCI, once Major General Khana and his team have had sufficient opportunity to acquaint themselves with the relevant facts, declares the investigations into matters registered with them as serious offences and assign resources to these cases, commensurate with the needs of the citizenry, so as to ensure a functional PRASA, bringing those guilty to book and ensure the recoupment of any losses to PRASA and the State.

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18.2 That the NDPP considers certifying (in terms of Section 2(4) of POCA) the investigations into the matters registered with the DPCI as racketeering cases. Similarly, you are requested to consider assigning NPA resources sufficient to the complexity of the cases and the measure of losses and continued risk to the State and PRASA. In this regard, we enclose for your attention a copy of a letter which we addressed to Advocate Wolfaardt (Deputy Director of Public Prosecutions – Specialised Commercial Crime Unit) on 16 February 2016.

19 We look forward to receiving your acknowledgement of receipt as well as your favourable response hereto at your earliest convenience.

Yours truly

DR P.S. MOLEFE
CHAIRMAN OF THE BOARD
DATE 13/05/2016

SS6-PSM-201

Annexure "PM15"

HIGH COURT OF SOUTH AFRICA
(GAUTENG DIVISION, PRETORIA)

CASE NO: 36337/2017

DELETE WHICHEVER IS NOT APPLICABLE
(1) REPORTABLE: ~~YES~~ / NO.
(2) OF INTEREST TO OTHER JUDGES: ~~YES~~ / NO.
(3) REVISED. ✓
DATE 04/05/2018
SIGNATURE

In the matter between:

PASSENGER RAIL AGENCY OF SOUTH AFRICA	Applicant
ORGANISATION UNDOING TAX ABUSE	Intervening Party
and	
DIRECTORATE FOR PRIOPRITY CRIMES INVESTIGATION	First Respondent
NATIONAL PROSECUTING AUTHORITY	Second Respondent

JUDGMENT

DAVIS, J

Introduction

[1] In this matter four interlocutory applications came before me in the Third Court on 30 April 2018. As the various interlocutory applications are being applied for by different parties, it will avoid confusion to refer to the parties as in the main application.

[2] The Applicant in the main application is the Passenger Rail Agency of South Africa (PRASA). The First Respondent in the main application is the Directorate for Priority Crimes Investigation (DPCI) and the Second Respondent is the National Prosecution Agency (the NPA). The Organization Undoing Tax Abuse (OUTA) is the intervening party. The NPA abides the decision of the court and did not participate in the interlocutory applications.

[3] The four interlocutory applications are the following:

3.1 The Rule 7 Proceedings launched by the DPCI;

3.2 The condonation application launched by the DPCI;

3.3 The counter-application by PRASA;

3.4 The intervention application by OUTA.

[4] The procedural history

The procedural history of the interlocutory applications are (briefly) the following:

4.1 On 29 May 2017 PRASA launched the main application;

4.2 On 5 June 2017 the DPCI lodged its notice of opposition;

4.3 On 21 June 2017 the State attorney on behalf of the DPCI requested an extension of time for the delivery of the DPCI's answering affidavit, which time would expire on 27 June 2017;

4.4 On 22 June 2017 PRASA's attorneys granted such extension to 14 July 2017;

4.5 On 12 July 2017 the DPCI lodged a Rule 7 notice, disputing the authority of the then Chairperson of PRASA and its Board of Control, Dr Molefe, to have launched the main application;

4.6 On 13 July 2017 PRASA's attorney claimed that the Rule 7 notice was out of time and therefore irregular, the 10 days period after service of the main application having expired on 12 June 2017. Simultaneously a power of attorney from PRASA's Group CEO and Group Executive: Legal, Risk and compliance (also referred to as "Head of Legal") was sent to the State Attorney.

4.7 Leaving further correspondence between the parties aside for the moment, a notice in terms of Rule 30 was delivered by PRASA on 26 July 2017 claiming the irregularity of the Rule 7 notice;

4.8 On 2 August 2017 PRASA's attorneys sent an affidavit deposed to by Dr Molefe on 26 July 2017, being prior to the expiry of his term of office on 31 July2017, to the State Attorney. This affidavit makes reference to a resolution taken by the PRASA Board of Control to institute, inter alia, the present proceedings. The resolution was taken at a special board meeting on 21 September 2015. This affidavit was subsequently served on the State Attorney

on 7 August 2017 together with confirmatory affidavits thereto by four other board members;

4.9 Despite the above and, intent on pursuing the disputed authority raised in its Rule 7 notice, the DPCI lodged a substantive (but conditional) application in terms of Rule 27 (3) of the Uniform Rules (referred to as the condonation application);

4.10 PRASA opposed the condonation application. In its opposition it again annexed the affidavit of Dr Molele and other board members and, reliant thereon and on the contents of the opposing affidavit by its "Head of Legal", claimed certain relief in a counter application, notably the setting aside of the DPCI's Rule 7 notice alternatively a declaratory order that the PRASA main application was duly authorised;

4.11 The DPCI did not answer or reply to the abovementioned PRASA affidavit and its counter-application.

4.12 In the meantime, OUTA has delivered an application for leave to intervene on 31 July 2017 which application was opposed by the DPCI on the basis that the PRASA main application was fatally defective due to lack of authority and that leave to intervene should not be granted in respect of a defective application. OUTA has delivered a replying affidavit to the DPCI's answering affidavit;

4.13 The papers in the main application are, as yet, incomplete in that the DPCI has not yet delivered its answering affidavit which ostensibly, on the correspondence, has been ready since the previously extended date for filing of 14 July 2017;

4.14 OUTA has indicated that its founding affidavit is ready for delivery immediately upon being granted leave to appeal.

[5] I consider it inimical to the interests of justice that, where matters of public interest are concerned, organs of state indulge in costly squabbles of interlocutory and somewhat technical nature rather than engage with the merits of the matter in an expeditious, responsible and transparent manner.

[6] Context

The context of the relief claimed in the main application, to my mind, adequately illustrates this point:

6.1 PRASA has in recent years sought to investigate numerous incidents of alleged corruption, other criminal conduct and irregularities relating to various tenders, including the two mentioned in the main application, namely the "Swifambo and Siyangena tenders". Fruitless, wasteful or irregular expenditure of between R 9 billion and R 14 billion are alleged in this regard.

6.2 Some of the irregular and unlawful activities were set out in a report by the Auditor General in the Draft Management Report of 31 March 2015 and others were highlighted in a report by the previous Public Protector entitled "Derailed".

6.3 The magnitude and severity of the "problems" uncovered were such that it overwhelmed PRASA's Board of Control. It therefore took the step of engaging forensic investigators lead by PRASA's attorneys Werksmans to assist in unearthing the relevant information. Werksmans were mandated to commence their investigations on 5 August 2015. The investigations bore

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substantial fruit in respect of, inter alia, the two tenders referred to in paragraph 6.1 above which had been prioritized by PRASA.

6.4 On 21 September 2017 and at a special board meeting of the PRASA Board of Control a resolution was taken which had been detailed in the affidavit of Dr Molefe in paragraph 8 thereof as follows:

"8 *On that day, the Board resolved that:*

8.1 PRASA launch any application proceedings and institute any action proceedings that PRASA may be duly advised (by Werksmans) to launch or institute, and which proceedings are deemed to be the appropriate remedial actions to any findings that may arise from the investigation.

8.2 PRASA defend any application proceedings and action proceedings that may be launched or instituted by any third parties as a result of remedial steps taken by PRASA to deal with any findings by Werksmans during the course of the investigation.

8.3 That POPO SIMON MOLEFE be and is hereby authorised to take all steps and do all things necessary with regards to the proceedings referred to in paragraph 1 and 2 above including the signing of all documents and deposing to affidavits in regard thereto, and insofar as he has done so before the

adoption of these resolutions, such action/ s be and is / are hereby ratified.

8.4 That Werksman Attorneys of 155-5th Street, Sandown, Sandton be appointed as PRASA's attorneys in regard to the proceedings referred to in paragraphs 1 and 2 above".

6.5 The resolution followed on complaints filed with the South African Police Services (the SAPS) regarding the 37 complaints initially made to the Public Protector, including complaints of criminal conduct regarding the award of the two mentioned tenders and conduct surrounding their execution.

6.6 From an early stage, the SAPS referred the complaints to the DPCI for investigation as these complaints fell within its constitutional and statutory mandate. The founding affidavit is replete with complaints regarding the dilatory and alleged lackadaisical and unorganized fashion in which the investigation has been handled since.

6.7 The relief claimed in the main application is the following:

(a) Declarations that the DPCI has failed reasonably to conduct and / or continue to finality the PRASA / Siyangena and Swifambo investigations;

(b) A declaration that the DPCI has failed reasonably to conduct and co-ordinate the investigations co-operatively with the NPA to enable the effective utilization of asset protection

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procedures provided for in the Prevention of Organised Crime Act 121 of 1998;

(c) An order directing the DPCI to take such steps as are necessary to finalise its investigations in respect of the related complaints by taking inter alia the steps set out in prayers 5.1 to 5.5 of the notice of motion;

(d) An order directing the DPCI to finalise its investigations within 30 days or such other time as may be determined by the Court or directing the Head of the DPCI to request the NPA to lead the investigations in terms of section 28(2) of the National Prosecution Authority Act 32 of 1998;

(e) Various relief aimed at preserving the confidentiality of certain evidence before the Court and to ensure that a financial analysis conducted in respect of the Swifambo matter be placed before the Court under an appropriate confidentiality regime;

(f) An order directing the DPCI to supply the NPA with the financial analysis.

6.8 It is in this context that the DPCI's attack in terms of Rule 7 must be considered.

[7] Uniform Rule 7

The relevant portions of Uniform Rule 7 provide as follows:

"Power of Attorney

... the authority of anyone acting on behalf of a party may, within 10 days after it has come to the notice of a party that such person is so acting, or with the leave of the court on good cause shown at any time before judgment, be disputed, where after such person may no longer act unless he satisfied the court that he is authorised so to act, and to enable him to do so the court may postpone the hearing of the action or application ...

(4)Every power of attorney filed by an attorney shall be signed by or on behalf of the party giving it, and shall otherwise be duly executed according to law; provided that were a power of attorney is signed on behalf of the party giving it, proof of authority to sign on behalf of such party shall be produced to the registrar who shall note that fact on the said power ..."

[8] Authority to Act

8.1 It is clear from the wording of the rule that it is primarily designed to ascertain whether the attorney acting for a party has the necessary mandate or power of attorney to represent the specific party or client.

8.2 Based on the wide wording of Rule 7(1), it is also often used to dispute the authority of anyone alleging that the proceedings have been authorised by a party, particularly in the instance of corporate or other legal entities.

8.3 The best evidence that proceedings have been authorised by a corporate entity is customarily the production of a resolution of the board of such an entity to this effect, introduced by an official of the entity. It is usual and desirable for such a resolution, if it exists, to be annexed and proven by the founding affidavits in motion

proceedings but such method of proof is not essential in every case. In each case, the court must decide whether sufficient evidence has been placed before it to warrant the conclusion that it is indeed the applicant that is litigating and not some unauthorized person purportedly acting on its behalf. Mall (Cape) (Pty) Ltd v Merino Ko-operasie Bpk 1957 (2) SA 347 (C) quoted with approval in Poolquip Industries (Pty) Ltd v Griffin 1978 (4) 357 (WLD) with reference to a string of similar judgments at 386 F-H.

8.4 One should also be mindful of the fact that "*the deponent to an affidavit in motion proceedings need not be authorised by the party concerned to depose to the affidavit*". Rather "*it is the institution of the proceedings and the prosecution thereof which must be authorised*". Ganes and Another v Telecom Namibia Ltd 2004 (3) SA 615 (SCA). Once the proceedings have been authorised on behalf of a party, it is unnecessary that a witness should additionally be authorised. Eskom v Soweto City Council 1992 (2) SA 703 (W).

8.5 It is a question of fact whether the evidence tendered on the issue of authority is sufficient to establish whether it is in fact the applicant litigating.

8.6 "*The manner in which the authority is challenged is also relevant to the kind of evidence that would be required to satisfy a court as to the existence of authority*" : Tzaneen Local Transitional Council v Louw et Uxor 1996 (2) SA 860 (T) at 863B-C and Tattersall and Another v Nedcor Bank Ltd 1995 (3) SA 222 (A) at 228F – 229D.

[9] I am of the view that the issue of whether the present proceedings are in fact those of PRASA and whether they have been duly launched is of far greater importance than the issues of whether the Rule 7 notice was delivered in time and, if not, whether "good cause" has been established for the granting of condonation and, if not, whether the notice should be set aside as an irregular step or not. Determination of the issue of authority would also be dispositive of these other questions, including that of intervention of OUTA.

[10] The Rule 7 notice

10.1 The "manner" in which PRASA's authority was challenged has been formulated as follows in the DPCI's notice in terms of Rule 7:

> "*The deponent to the founding affidavit, Dr Popo Simon Molefe, does not allege that he has been authorised by the Board of PRASA, the applicant herein, to launch this application.*
>
> *The applicant is a juristic person, a state owned entity with legal personality established in terms of section 22(1) of the Legal Succession to the South African Transport Services Act No 9 of 1989 and it has a Board of Control in which authority to manage PRASA vests.*
>
> *As a result, the Board's resolution authorizing the launching of this application is a sine qua non for the launching of the application.*
>
> *The absence of the Board's resolution is fatal to this application.*
>
> *Wherefore the First Respondent hereby calls upon the applicant to produce a Board resolution which authorises the deponent to the*

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founding affidavit to launch this application and to depose to an affidavit on behalf of the applicant ..."

10.2 The consequences to be achieved by this notice has been stated on behalf of the DPCI in heads of argument filed on its behalf to be that "*should this application (the Rule 7 attack) be granted, there will be no prejudice to PRASA as at this stage a new Board has been appointed and they can go back and rectify this irregularity and bring back the case and all their rights will remain intact*".

10.3 The aforesaid submission was premised on the fact, as stated by the State Attorney in his affidavit delivered in support of the DPCI's application for condonation, that "*... it was also raised by client in that consultation [of 10 July 2017] that it has learned through the media that the PRASA Board did not quorate (sic) at the time when Dr Molefe deposed to the founding affidavit and launching (sic) the application. Senior counsel undertook to consider the issue. It was on the strength of this revelation and failure by Dr Molefe to allege in the founding affidavit that he was duly authorised which strengthened the suspicion that indeed Dr Molefe did not have authority to institute the application. The Rule 7 notice was delivered on this basis*".

10.4 So far the grounds for disputing the authority of the PRASA proceedings and the manner in which it has been raised.

[11] Evaluation

11.1 To start off with, the attack on the alleged lack of authority to depose to an affidavit is unfounded and misplaced and has determinatively been dealt with by the Supreme Court of Appeal in

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Gane's case mentioned in paragraph 8.4 above. No such authority to depose is necessary. Insofar as it may have been, it has in any event been granted by the Board.

11.2 The allegation that a Board of Control resolution is a sine qua non for the launching of legal proceedings is also factually incorrect. The PRASA Board of Control has, as it is empowered to do in terms of section 24 (5) of its enabling statute mentioned in the Rule 7 notice, delegated the authority to institute proceedings to an employee. In the affidavit delivered by PRASA in support of its counter-application and in opposition to the DPCI's condonation application, its Group Executive: Legal, Risk and Compliance (also known as Head of Legal) produced such a "delegations document" which clearly indicate that the power to institute legal proceedings and to appoint attorneys and counsel to act on behalf of PRASA has been delegated to the said deponent as the responsible person and that the accountability responsibility has been delegated to the Group CEO.

11.3 In response to the Rule 7 notice, PRASA's attorney have forwarded a power of attorney signed by the Head of Legal and the Group CEO of PRASA, reading as follows:

"... in our respective capacities as Acting Group Chief Executive Officer and Group Executive: Legal, Risk and Compliance of the Passenger Rail Agency of South Africa ("PRASA") and as the accountable and responsible person authorised to (a) institute legal proceedings on behalf of PRASA and (b) appoint attorneys and counsel to act on behalf of PRASA as prescribed in PRASA's

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Delegation of Authority (a copy of which is attached) hereby certify that, in our aforesaid capacities, we have duly:

1. *Authorised the institution of the above proceedings and*

2. *Nominated, constituted and appointed Werksmans ... to act for PRASA, to launch and prosecute the proceedings ...*

To the extent necessary we hereby ratify, allow and confirm any and all actions already taken by virtue of this Power of Attorney".

11.4 As already indicated, all though this Power of Attorney was furnished to the state attorney on 14 July 2017, the DPCI was not satisfied with it and proceeded with its dispute of authority, alleging that the power of attorney was "fatally defective" as it was "inconceivable" that subordinate employees can authorise their employer to institute legal proceedings. No attack was however made on the delegation referred to above itself nor on its validity. A proper power of attorney to institute proceedings was therefore furnished by the duly delegated PRASA employee. It follows that this attack is without foundation.

11.5 In addition to the above, PRASA furnished the State Attorney with a copy of the Affidavit of Dr Molefe referred to in paragraph 6.4 above on 2 August 2017 and separately served and filed the affidavit together with the confirmation affidavits of four other Board members on 7 August 2017.

11.6 In the DPCI's application for condonation launched the next day, 8 August 2017, not a word was said about Dr Molefe's affidavit nor

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about the resolution of 21 September 2015. Still not a word was said by the DPCI about this after the delivery of the affidavit opposing its condonation application and supporting PRASA's counter application, to which the affidavit of Dr Molefe and that of the other Board members were again attached. In addition, it was common cause during argument of the matter that at 21 September 2015 the PRASA Board of Control was quorate.

11.7 Counsel for the DPCI, although conceding that PRASA's Board retained the power to authorise the institution of legal proceedings itself despite the delegation of similar power to its Head of Legal, attacked the Board resolution relied on by Dr Molefe, not on the basis that it had not been properly minuted, but on the basis that it and the Power of Attorney referred to in paragraph 11.3 above are mutually exclusive and mutually destructive.

11.8 I cannot agree. Clearly the Board Resolution is blanket in nature, particularly viewed in the context in which it was taken as set out in paragraph 6 above. The exercise of the delegated power reflected in the Power of Attorney was additional and incidental thereto but relating to these specific proceedings. The two powers and the exercise thereof are clearly complimentary to and not destructive of each other.

11.9 In view of the uncontested evidence of Dr Molefe, not only has it been established to the satisfaction of the court that the present proceedings are indeed those of PRASA and have been duly authorised, but that the prosecution of the attack on this authority appears to be so without foundation that it was unreasonable.

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11.10 Insofar as it may not yet be apparent, I find that the present proceedings have been duly authorised by PRASA.

11.11 In view of the above finding, I need not make any separate finding in respect of the condonation application or the Rule 30 proceedings except insofar as costs are concerned. It also follows that, once the issue of PRASA's authority is disposed of, there is no further bar or hurdle, insofar as there may have been, for the delivery of the DPCI's answering affidavit in the main application.

[12] OUTA's intervention

OUTA submitted, both in the affidavit filed in support of its intervention and in argument, that it was entitled to join in the main application as it seeks the same relief as PRASA and on the same facts and for substantially the same reasons. It further claimed to act in the public interest and that its joinder would be manifestly convenient and in the public interest. PRASA did not object to this proposed intervention and the only opposition proffered by the DPCI was that mentioned in paragraph 4.12 above. It conceded that, should the issue of authority be decided in PRASA's favour, as it now had, that it would not object to OUTA's joinder. With reliance on, inter alia, Shapiro v SA Recording Rights Association Ltd (Galeta intervening) 2008 (4) SA 145 (W), I am satisfied that OUTA has made out a sufficient case to warrant its intervention in the main application. It has also indicated that, should leave to intervene be granted, it is in a position to deliver its founding affidavit as co-applicant immediately and, as the grounds relied therein are substantially the same as those relied on by PRASA, lastmentioned of which the DPCI (and the NPA) had been aware of for almost a year, it should not present the respondents with any difficulty in delivering their answering affidavits thereto promptly.

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[13] The hearing of the main application

I have been advised by the parties that the review application in respect of the review of one of the tenders forming the subject matter of the main application has been set down for hearing in the Third Court in this Division at the end of June 2018. PRASA would have preferred to have the main application heard simultaneously therewith but the permutations pertaining to this and the exchange of further papers subsequent to the filing of the answering affidavit by the DPCI will have to be taken up by the parties with the Deputy Judge President, with whom they had already had meetings in this regard. Suffice it to say that in the counter application an order for delivery of the answering affidavit in the main application by the DPCI within five days was claimed. There was no objection raised to this proposed time period.

[14] Costs

14.1 As indicated earlier in this judgment, it is to be deplored that organs of state engage in interlocutory skirmishes with each other whilst the main battle is raging around them and they, by their conduct delay any meaningful engagement therein.

14.2 The delay caused by the dispute of one organ of state of the authority by another organ of state for a mandamus to have criminal investigations expedited or concluded has exceeded nine months if calculated from the delivery of the Rule 7 notice and only slightly shorter if calculated from the day of the furnishing of the affidavit of Dr Molefe wherein the Board of Control resolution to initiate proceeding had been detailed. These delays could have been avoided and the manner in which the authority had been challenged was, as already indicated, inappropriate.

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14.3 Not only did this delay prejudice progress in the finality if the investigation or at least the consideration of the public interest issues raised in the main application but huge additional costs were incurred.

14.4 The DPCI alleged that it would suffer prejudice if the main application is not dismissed due to a lack of authority but demonstrated no such prejudice. Surprisingly it further argued that "*the only possible prejudice (which is denied) [that PRASA would suffer] should the relief be granted, is the delay in the adjudication of the claim*". This, to my mind, constitute an irresponsible and wasteful type of litigation by an organ of State.

14.5 In addition, the prosecution of the challenge to PRASA's authority is in my view and in the circumstances of this matter and its context, unreasonable to the extent that it warrants a punitive costs order. The same applies to the opposition to OUTA's application for intervention.

14.6 Both PRASA and the DPCI had agreed or conceded that whatever costs order be made, the costs of three counsel would be warranted.

[15] Order

1. Paragraph 2 of the counter-application by PRASA is granted to the effect that:

1.1 It is declared that the main application is duly authorised;

1.2 The DPCI is directed to deliver its answering affidavit to the main application, if any, within five days from date of this order.

2. OUTA is granted leave to intervene in the main application as co-applicant and is directed to deliver its founding affidavit forthwith.
3. OUTA's costs of its application for intervention shall be costs in the main application.
4. The DPCI is ordered to pay OUTA's costs occasioned by the opposition to OUTA's application for intervention.
5. The DPCI is ordered to pay PRASA's costs of the interlocutory applications, including the costs of the condonation application and PRASA's counter application, on the scale as between attorney and client, including the costs of three counsel where employed.

N DAVIS
Judge of the High Court
Gauteng Division, Pretoria

Date of Hearing: 30 April 2018

Judgment delivered: 4 May 2018

APPEARANCES:

For the Applicant:	Adv. R HuttonSC (with Ms S Cowen and Ms N Kakaza)
Attorney for Applicant:	Werksmans Attorneys, Pretoria
For the Intervening party:	Adv Q G Leech SC (with Ms A Dipa)
Attorney for Applicant:	Alet Uys Attorneys, Pretoria
For the First Respondent:	Adv W Mokhari SC (with Mr MH Mhambi and Ms CT Lithole)
Attorney for Respondent:	State Attorney, Pretoria

News
Prasa-Saco tender query

Vusi Xaba
430 words
7 August 2015
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Sowetan
English
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shady R15-million payment under scrutiny by board

THE Passenger Rail Agency of SA board is probing a shady R15-million tender awarded to an organisation that recently mounted a campaign to defend **controversial** former chief executive officer **Lucky Montana**.

Prasa group chief strategy officer Sipho Sithole said Prasa awarded the South African Commuters Organisation (Saco) a R15-million deal to patrol the streets in Gauteng to ensure train commuters' safety.

The deal was concluded under Montana's stewardship.

He confirmed that R10.6-million had been paid to Saco.

Sowetan has seen documents stating that a memorandum of understanding was signed on October 1 2008, that does not stipulate the amount involved.

Another document states that Saco would be paid R5-million a year for three years, expiring in 2016.

Sithole said certain issues relating to the contract's operational plan were not clearly defined in the contract.

These include the sourcing of safety patrollers.

Sithole could also not explain how safety patrollers would fit into community policing since police and community policing forums (CPF) were already in place to conduct the same tasks.

One of the contract documents signed in 2008 states that the average public transport commuter is faced with danger from the moment they leave their homes, to and from taking public transport.

The CPF, the contract states, focuses its protective activities within residential areas but leaves the area between the commuting facilities, such as the train station precincts and the residential areas, unprotected.

Revelations about the investigation have opened another round in a bout in which two parties have been trading punches prior to Montana's axing from the parastatal last month.

Saco president Stephen Sangweni accused Prasa board chairman Popo Molefe of seeking to destroy Prasa, and vowed not to rest until Montana was reinstated in the organisation and Molefe fired.

He told Sowetan that he was not aware of the investigation, but said he was summoned to a meeting with Transport Minister Dipuo Peters about two weeks ago to discuss problems at Prasa.

Saco has recently joined forces with the South African Transport and Allied Workers Union (Satawu) in protecting Montana and calling for Molefe's expulsion.

Satawu also has a feud with Prasa over a R120-million tender awarded to a company linked to it.

Attempts to get comment from the national Department of Transport spokesman Tiyani Rikhotso since Wednesday were fruitless.

Peters's spokesman Ishmael Mnisi had also not responded at the time of going to print.

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Features
RAIL INFRASTRUCTURE - Prasa spat gets criminal

Nicky Smith
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RAIL INFRASTRUCTURE

Prasa spat gets criminal

Police, courts are dragged in over disputed contracts as Montana-Molefe fallout rages on

WHAT IT MEANS

FOUR INVESTIGATIONSINTO PRASA CONTRACTSWILL SHINE LIGHT ON ITS MONEY DECISIONS

Can the multiplicity of investigations into the Passenger Rail Agency of SA (Prasa) get to the bottom of the machinations at the agency over the past five years?

If the truth doesn't emerge from multipronged investigations by public protector Thuli Madonsela, the auditor-general and the Prasa board, the probes will at least shine a much-needed light on how decisions are taken at an agency that is set to spend R225bn over the next nine years.

To put that in context, this is about half what government says it will spend on the contentious nuclear investment programme for 9,6GW.

Over the past three weeks, two criminal cases were opened into the state of affairs at Prasa. The first criminal charge was laid by chairman Popo Molefe to investigate an alleged conspiracy to assassinate him.

The second charge was laid by ousted CEO **Lucky Montana**, over allegations of **fraud** related to contracts awarded to SA Fence & Gate to provide fencing around eight train depots. Expenses on this contract, Montana says, were inflated by as much as R100m.

SA Fence & Gate was started in 1994. CEO Geoff Greyling is adamant the company has done nothing wrong.

On Monday, Greyling wrote to Madonsela, asking her to investigate the contract it stands accused of inflating and another contract which it lost in what it says appears to have been a & manipulation& of the tender documents.

It says its bid was R600m cheaper than the R2,5bn offer made by the winning bidder, Siyangena Technologies.

SA Fence & Gate's contract for the eight Prasa depots was awarded in 2012 for R209m. It was meant to be finished last year, but is still rumbling on. It is way over budget, with the bill at R268m so far. It's also now costing plenty in legal bills because, when Prasa refused to pay, SA Fence & Gate went to court.

Now Montana claims the deal is also tainted by corruption.

In one example, he alleges that SA Fence & Gate invoiced Prasa R31m for LED lights which it claimed were & imported& but which Montana says were bought in SA.

However, SA Fence & Gate says this is all a smear campaign, and wants Madonsela to investigate the contracts because her office & is the appropriate legal authority to investigate and report on the alleged irregularities, and [this] is a far more credible alternative to the nefarious and uncalled-for public campaigns that are being carried out against [us]& In a letter obtained by the Financial Mail, Greyling wrote to Prasa's acting CEO, Nathi Khena, on July 31 to ask for arbitration on the depot fencing contract.

He argued in an earlier urgent court application seeking payment that the delays were threatening his business.

Montana has also raised questions over why SA Fence & Gate donated nearly R100000 to Molefe's fundraising golf day. After that Molefe and transport minister Dipuo Peters began pressuring Montana to pay the company — something he felt uncomfortable doing, given what he saw in the contracts.

In the letter to Khena, Greyling agrees that the company made the donation to Molefe's golf day but says this wasn't a conflict of interest because his company & supports charitable events on a regular basis& All of this creates great instability at Prasa, which should be unwavering in its focus to meet the deadlines its huge capital equipment investment programme requires.

New trains begin to arrive in November and very little of the infrastructure that is required to accommodate these longer, faster trains is ready.

Taxpayers should be paying attention, considering that Prasa's capital investment programme — which is aligned with the state's industrialisation programme as well as its largely neglected economic plan for infrastructure — is one of the three biggest programmes, after Eskom and Transnet.

Prasa was formed in 2009 from the broken and unwanted pieces of public transport assets left over from the last big round of state-owned entity restructuring in the early 2000s. But its short existence has been pockmarked by strife.

Prasa's inherent institutional weakness and lack of policy support from its shareholder, the department of transport, has left it vulnerable.

Even Transnet and Eskom, which have older and deeper institutional ranks, are paying the price for the damage the interest in their large capital programmes has created.

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Here

Lucky Montana and Popo Molefe

Both have laid charges

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BusinessDay

EcoFin
Prasa 'flouted its own procurement policies'

Andiswa Maqutu
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CONTROVERSY has refused to die over the Passenger Rail Agency of SA's (Prasa's) deal to procure 70 locomotives from Spanish manufacturer Vossloh Espana, through Swifambo Rail Leasing.

Prasa seems to have flouted its own procurement policies and contractual stipulations to favour Swifambo.

The latest questions date back to 2013 when opposition parties asked the auditor-general to investigate the deal, citing the high cost of the locomotives. There had also been questions about why Prasa would choose to associate itself with Swifambo as one of its directors was implicated in tender corruption some years before.

Swifambo, referred to as & the seller& in contracts seen by Business Day, is a supplier of railway technology, according to its website. But little information is readily available about the company or its other directors.

The locomotives tender has again been thrust into the limelight in recent weeks following media reports that the locomotives are of an incorrect height and could damage rail infrastructure.

However, Prasa has strenuously denied this, going as far as taking journalists aboard a train pulled by a Vossloh locomotive to disprove these claims.

Prasa has so far received 13 of 20 new diesel locos, which are undergoing testing and will operate commercially upon approval from the Rail Safety Regulator (RSR). The other 50 locos are hybrid, which means they can run on both diesel and electric power.

The new locomotives are meant for the agency's long-distance Shosholoza Meyl service, as well as its maintenance services.

This contract is separate from the larger R51bn tender to procure 600 trains from Gibela Rail Transport Consortium, of which Alstom Southern Africa Holdings, the manufacturer, is the largest shareholder.

Last year, a report by the auditor-general, contained in Prasa's annual results, said Prasa had flouted its own procurement policies in awarding the deal.

According to the auditor-general, Prasa had paid Swifambo a deposit of R468m four months prior to Swifambo providing the agency with a performance bond of R307m. Prasa's procurement policies require that the & performance security (bond) must be provided prior to concluding the contract with the agency (Prasa)& said the auditor-general.

Swifambo seems to have paid the performance bond using Prasa's money.

The auditor-general also said the technical capabilities of the bidder, Swifambo, were based on those of the subcontractor, Vossloh. However, there was insufficient evidence that a subcontracting relationship existed between the bidder and subcontractor at the time the bid was evaluated.

Prasa has made other payments to Swifambo that do not appear to be contractually stipulated.

In terms of the contract, Prasa was meant to pay Swifambo a 10% progress payment seven months after payment of a stipulated deposit. However, Prasa gave Swifambo a progress payment of 11.2% instead, about R40m more.

In response to written questions from Business Day, Prasa said the progress payments were on a per locomotive basis and the 11.2% payment was made in respect of a number of locomotives at different stages of completion.

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In terms of the Prasa-Swifambo contract, the progress payment of 10% was to be made after Swifambo had presented a letter to Prasa.

Such a letter would have originated from the supplier of the brake system, confirming receipt of the purchase order, made by the loco manufacturer, Vossloh.

Prasa seems to be committing millions in payments to Swifambo, which is not the manufacturer of the locos, simply upon a letter being issued to the agency from suppliers and a manufacturer with whom it does not have contracts.

Prasa could not say how it verifies that the letters are genuine, stating only that the letters are issued by the locomotive parts manufacturers to Vossloh, and are available for viewing.

Verification would be necessary as the Prasa-Swifambo contract does not appear to allow for Prasa to have access to Vossloh, which is manufacturing the locomotives.

A second progress payment, also of 10%, was to be made 12 months into the contract, once Swifambo had presented another letter to Prasa. This would have been issued by the supplier of the traction motor and electric cabinet, confirming receipt of a purchase order made by Vossloh.

Also raising eyebrows is that in terms of the Prasa-Swifambo contract, & the seller& Swifambo — is required to provide & adequate office space and equipment& to accommodate Prasa personnel near the point of assembly in Spain. Prasa personnel may inspect each locomotive at & any reasonable time& the contract says.

However, Swifambo is not the manufacturer of the locomotives.

The contract does not allow Prasa to review the work being done by Vossloh.

However, Prasa told Business Day that a Project Steering Committee, made up of Prasa, Swifambo and Vossloh personnel had been set up to monitor progress on the project. The Prasa project team regularly visits Spain, according to the agency. These visits to monitor progress are a & critical part of monitoring the project on an ongoing basis& Prasa said. Office space in Spain has also been provided to Prasa on these occasions.

Prasa had initially sought to procure 88 Spanish locos from Vossloh through Swifambo, at a cost of R3.5bn, on the closing date for tender submissions.

However, Prasa failed to hedge on the deal and the number of locos to be procured was revised down to 70 at the date of signing. The contract value now stands at R4.8bn despite the smaller number of locomotives.

In contrast, Swifambo had hedged its own position in the contract. Swifambo submitted a price for the deal at a euro-rand exchange rate of R10.18 with a clause in the contract saying it would be liable for currency risk up to the R10.40 mark.

In an internal memo, Prasa's GM Siphiwe Mathobela described it's foreign currency positions as a & floor without a roof or ceiling& If Prasa does not hedge on the contract, the value could continue to increase and the agency would have to keep reducing the number of locos it is able to buy.

A reduced number of locos, would force Prasa to adjust its plans for them, with either the initial plan for Shosholoza Meyl or maintenance suffering.

Prasa's contractual issues are the latest to come under the microscope. The agency's head engineer for the locomotives, Daniel Mtimkhulu, has resigned after failing to produce during an internal **investigation** the engineering qualification and PhD he had claimed to have. He is now being charged with **fraud**. Former Prasa CEO **Lucky Montana** was fired by the Prasa board last month.

On Sunday, Transport Minister Dipuo Peters said she had requested a probe by the auditor-general into alleged financial mismanagement at Prasa. A few days earlier she conceded that Prasa had attracted negative media coverage regarding its trains acquisition and called for patience while the agency and the RSR tested the locos.

maqutua@bdfm.co.za

A report by the auditor-general, contained in Prasa's annual results, said Prasa had flouted its own procurement policies in awarding the deal

START: Picture:

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ForeignAffairs
global open source intelligence

Minister orders forensic probe at Prasa

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English
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MIL OSI -

Source: South Africa News Agency - Report:

Headline: Minister orders forensic probe at Prasa

Pretoria - Transport Minister Dipuo Peters has written to the office of the Auditor General to request the chapter 9 state institution to conduct a forensic investigation into alleged financial and tender irregularities at the Passenger Rail Agency of South Africa (Prasa).

The Minister has commissioned the Auditor General's office to look into alleged violations of the Public Finance Management Act and other related statutes regarding contracts, engagement of service providers and payments to service providers including but not limited to issues that have received wide media coverage recently.

The agency is said to have incurred "**irregular** expenditure" of more than R700 million. Prasa's chief executive, **Lucky Montana**, was recently dismissed. He subsequently laid **fraud** and criminal charges against a number of Prasa executives

"Given the revelations of the recent past concerning the Passenger Rail Agency, I am of the singular view that an independent institution such as the office of the Auditor General, is better placed and empowered to look into financial affairs at Prasa with a view to identify areas of weakness and recommend corrective measures.

"I have been in consultation with the Board and senior management of PRASA in the past weeks. I have asked several questions, the responses of which largely inform my decision," said the Minister.

She said the Auditor General's office had previously produced reports regarding financial management at Prasa.

"I have thus requested the Auditor General's office to look into those past reports and immediately attend to identified areas of concern. As the executive authority I take primary responsibility for the affairs of state owned entities that are administratively and politically accountable to the Ministry of Transport," says Minister Peters.

The Board of Directors of Prasa, management, staff and other relevant stakeholders are expected to cooperate with and provide support to the Auditor General's office in its execution of the brief.

Minister Peters encouraged the leadership of Prasa to remain focused on ensuring that trains continue to run daily and the efficient delivery of the new rolling stock programme. - SAnews.gov.za

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Document PARALL0020150804eb8400002

News
MINISTER REQUESTS PRASA INVESTIGATION

172 words
3 August 2015
Sowetan
SOWT
Sowetan
English
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TRANSPORT Minister Dipuo Peters has written to the office of the auditor general to request the chapter 9 state institution to conduct a forensic investigation into alleged financial and tender irregularities at the Passenger Rail Agency of South Africa (Prasa), the transport ministry announced on Sunday.

It said in a statement that the minister had commissioned the AG's office to look into alleged violations of the Public Finance Management Act and other related statutes regarding contracts, engagement of service providers and payments to service providers including but not limited to issues that have received wide media coverage recently.

The former group CEO of Prasa, **Lucky Montana**, has formally laid **fraud** and criminal charges at the Hillbrow police station against a number of Prasa executives.

Earlier this month, Prasa ousted Montana from the CEO post.

Public protector Thuli Madonsela, will on August 3 announce her findings on multiple allegations of corruption, fraud, nepotism and financial mismanagement at Prasa, lodged with her office in 2012. – RDM News Wire

Document SOWT000020150803eb830000t

Transport Minister Asks Auditor-general to Investigate Alleged Tender Irregularities at PRASA

Isha Sondhi
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223 words
3 August 2015
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ATTOPN
English
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The Transport Ministry said that, Dipuo Peters, the Transport Minister of SA has asked the auditor-general to investigate allegations arising from financial and tender irregularities at the Passenger Rail Agency of SA (PRASA).

According to the Department of Transport, the allegations are connected to violations of the Public Finance Management Act and are also linked to related legislation concerning contracts, payments to service providers and the engagement of service providers. These issues have recently got media coverage.

The PRASA board of directors, the management and the staff including some other stakeholders, all are expected to co-operate with the Auditor General's investigation by giving support.

Thuli Madonsela, the Public Protector will be announcing her findings today regarding the **investigation** conducted by her that was related to allegations of **fraud**, **corruption**, nepotism and financial misconduct carried out at PRASA. The ex group CEO at PRASA, **Lucky Montana**, who was thrown out from the post earlier filed **fraud** and criminal charges against several PRASE executives in the Hillbrow police station.

Mr Montana seeks investigation into alleged tender fraud of R100million and said that he has given files containing evidence to the police related to fraudulent transactions and correspondence which will help in investigating the case.

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News
Blood on the tracks

KINGDOM MABUZA
582 words
31 July 2015
The Times
TIMESAV
The Times
English
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First death threats, now criminal charges as Prasa battle intensifies

It remains quite unbelievable that Prasa has moved to reinstate Ms Ngonye

Axed boss goes to police

THE war within rail agency Prasa continues.

Its former CEO, **Lucky Montana**, staggered into the Hillbrow Police Station yesterday with a pile of files to open a case of **fraud** against the agency's chairman, Popo Molefe; acting CEO Nathi Khena; its executive for legal, risk and compliance, Martha Ngoye; and two directors of a service provider.

Montana, who was unceremoniously removed as CEO of the Passenger Rail Agency of SA, claims the parastatal stands to be defrauded of nearly R100-million, with the help of senior managers.

Prasa spokesman Sipho Sithole said he was not aware that Montana had opened a case against officials or board members of the agency.

In his submission to the police Montana claims that a Prasa service provider, whose name is known to The Times, was awarded a contract in 2012 to install fencing at all Prasa depots across the country.

"There is a serious case against the company and it defrauded Prasa of millions," he said outside the police station. "I came here to formally lay a charge against them."

Montana said the company had inflated invoices and claimed a further R31-million for lights it said were bought abroad.

His bid for a criminal charge against Molefe was informed by the company's donation to an event in Sun City organised by the Prasa chairman. This constituted a conflict of interest, said Montana.

He said that since his forced removal last week a Prasa executive whom he had suspended for fraudulently paying the security company R58-million had been reinstated by Molefe.

"It is not in the public interest to reinstate the executive, the board is not acting in the interest of the public. But what do you expect when the chairman of the board [Molefe] got a donation from the same company under a cloud," Montana said.

"It remains quite unbelievable that Prasa has quickly moved to reinstate [executive] Ms Ngoye who still has serious charges against her. One would have expected the internal disciplinary process against [her] to be completed and only if exonerated, she be reinstated [but] if proven guilty, she be criminally charged for flouting the Public Finance and Management Act.

Montana has been particularly critical of Molefe, accusing him of interfering with operations at the agency. Last week, Molefe claimed his life was under threat and that a meeting of the ANC's Umkhonto we Sizwe military veterans had allegedly classified him as an obstacle.

Prasa has also acted against its chief engineer, Daniel Mthimkhulu, for having misrepresented his qualifications. It has opened a case of fraud against him and is demanding that he pay back the money he earned over four years as chief engineer.

Montana said yesterday he hoped Prasa would pursue the alleged fraudulent contract with the same vigour as it had Mtimkhulu.

"As a matter of principle, I believe Prasa should, with the same zeal it is taking on the Mthimkhulu issue, pursue the fraud and corruption case involving the service provider, which is overseen by the chairman [Molefe] and his supporters."

Last night, police said they would not comment until the case was on their books.

CRYING **FRAUD**: **Lucky Montana**, the axed CEO of the Passenger Rail Agency of SA, leaves the Hillbrow police station in Johannesburg yesterdayPicture: MOELETSI MABE

Document TIMESAV020150731eb7v0000q

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Business News
fight at prasa gets nastier

Kingdom Mabuza
252 words
31 July 2015
Sowetan
SOWT
Sowetan
English
Copyright 2015 Times Media (Pty) Ltd

THE war within the Passenger Rail Agency of SA heated up yesterday when its former CEO, **Lucky Montana**, staggered into Hillbrow police station in Joburg with a pile of files to open a case of **fraud** against Prasa chairman Popo Molefe and against one of its executives and a service provider.

Montana spent two hours in the charge office, with an officer drafting a summary of his case to enable the police to formulate charges.

He opened a case against South African Fence and Gate company and against Prasa, which could also implicate some officials of Prasa for allegedly colluding with the security company.

Montana said the company was awarded a contract in 2012 to install fencing at all Prasa depots across the country.

"There is a serious case against Fence and Gate. They defrauded Prasa of millions, and I came here to formally lay a charge against them," he said.

Montana said the company inflated their invoices and claimed a further R31-million for lights which it claimed were bought abroad.

He said the charge against Molefe was informed by the company's donation to an event in Sun City organised by him.

Montana said an executive he had suspended for fraudulently paying the security firm R58-million was reinstated by Molefe, yet it was not in the public interest to reinstate the executive.

gloves off: Axed former Prasa CEO Lucky Montana has laid charges against his previous employers PHOTO: Moeletsi Mabe

Document SOWT000020150731eb7v0000o

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BusinessDay

News
In Brief - National

Sipho Masombuka
284 words
31 July 2015
Business Day
MEWBUD
Business Day
English
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IN BRIEF

Montana lays fraud charges over Prasa

RAILWAYS The former group CEO of the Passenger Rail Agency of SA (Prasa), **Lucky Montana**, yesterday laid **fraud** and criminal charges at the Hillbrow police station against a number of Prasa executives. Mr Montana is alleging tender **fraud** of R100m and said he had provided the South African Police Service with evidence of transactions and correspondence about the case. RDM News Wire

Mbeki visits Tutu in hospital

RE-ADMITTED Former president Thabo Mbeki visited Archbishop Emeritus Desmond Tutu at a Cape Town hospital yesterday. The archbishop and his family & were very moved by the support he has received over the past few weeks& his daughter, Reverend Canon Mpho Tutu said. Her father was re-admitted to hospital on Tuesday. RDM News Wire

Presidency job for Ngqulunga

APPOINTMENT The Presidency yesterday announced the appointment of Bongani Ngqulunga as deputy director-general and head of the private office of the president. Dr Ngqulunga has been acting in the position since the appointment of the previous incumbent, Lakela Kaunda, as chief operations officer in the Presidency in 2014. RDM News Wire

Skills lack 'threatens water'

DELIVERY Lack of skills and capacity at municipalities underpinned poor water service delivery — 28% of the country's towns have inadequate water supply — the chief engineer in the Department of Water and Sanitation, Allestair Wensley, said at the Southern African Development Community National Water Week-SA workshop. RDM News Wire

Worry after Sheraton shooting

ROBBERY The shooting that left a guest critically injured outside the luxurious Sheraton hotel in Pretoria during an armed robbery on Wednesday night has left management concerned, said general manager Pascal Fouquet.

Document MEWBUD0020150731eb7v0000q

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The Star

NWS

Prasa saga thickens with blackmail, corruption charges

451 words
31 July 2015
The Star
THESTR
E1
4
English
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Axed Montana opens case against Molefe, contractor

Just when it looked like the Passenger Rail Agency of South Africa (Prasa) had made it through a gauntlet of scandals, more controversy has surfaced, implicating top management.

Axed chief executive **Lucky Montana** has made damning allegations against the parastatal and a contractor affiliated with them, claiming that the relationship between them has resulted in **fraud** amounting to close to R200 million.

It was for this reason, as well as blackmail, harassment and corruption, that he opened a case at Hillbrow police station yesterday against Prasa chairman Popo Molefe, two other executives at the state-owned enterprise and two officials from SA Fence and Gate, which was hired to install security fences.

Montana, who claims he was unfairly dismissed earlier this month as he wanted to investigate the contractor, told reporters outside the police station that he awarded the contract to SA Fence and Gate in 2012, and problems began to emerge the next year.

He said the company didn't deliver the quality of material they had promised. Prasa paid the contractor about R31m for lights, as they claimed they were imported.

"However, investigations claim this was not the case because I also visited site and the material was not what we were promised," he said.

Also, earlier this year, SA Gate and Fence sponsored a golf day hosted by Molefe at Sun City. Montana questioned the relationship between the chairman and the company, and when he questioned his superior, he was dismissed as Prasa chief executive.

He claims Prasa management fear that if he investigates the contract awarded to SA Gate and Fence, what he uncovers could harm the parastatal and Molefe's reputation.

Montana again defended Daniel Mtimkulu, the former head of engineering at Prasa, describing him as "a genius".

"He has made contributions to Prasa and was a young and transformative leader."

The enterprise charged Mtimkulu, who has since resigned, with gross dishonesty and fraudulent misrepresentation after he allegedly lied about his qualifications.

Despite admitting that Mtimkulu had a case to answer to, he said that if Prasa wanted to go after him, it should use the same "zealousness" to investigate the SA Fence and Gate contract.

Montana said Molefe had "blackmailed" Mtimkulu to give him damning information about him, but he refused and informed the axed chief executive about the incident.

The Star has seen texts on Montana's phone, allegedly from Molefe to Mtimkulu, where the chairman calls for a meeting with the former engineer to "deal with matters", and if these weren't resolved, Molefe said: "I will make your issues worse but I need things to nail Montana."

Document THESTR0020150731eb7v00033

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CAPE TIMES

NWS
Montana makes new fraud allegations on Prasa, contractor

117 words
31 July 2015
Cape Times
CAPTIM
E1
4
English
© 2015 Independent Newspapers (Pty) Ltd

Just when it looked like the Passenger Rail Agency of South Africa (Prasa) had made it through a gauntlet of scandals, more controversy has surfaced implicating top management.

Axed chief executive **Lucky Montana** has made allegations against the parastatal and a contractor affiliated with them, claiming that the relationship between the pair has resulted in **fraud** of close to R200 million. For this reason, as well as that of blackmail, harassment and **corruption**, he has opened a case at the Hillbrow police station against Prasa chairman Popo Molefe, two executives at the state-owned enterprise, and two officials from SA Fence and Gate, hired to install security fences.

Document CAPTIM0020150731eb7v0002d

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Public Is Still Waiting for Lucky Montana to Address Media Conference [press release]

by Dennis Bloem
244 words
30 July 2015
15:21
All Africa
AFNWS
English
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Jul 30, 2015 (Congress of the People/All Africa Global Media via COMTEX) -- Congress of the People wants to know why Prasa group CEO held back at the press conference from telling his side of the story. Did the government prevail on him not to bite the hand that feeds him? Is Lucky Montana shamming legal action for an "unfair dismissal" to get President Zuma's customary tap on the back and a huge golden handshake? Is that what he is waiting for?

What price is he putting for government to buy his silence and keep the rot at Prasa hidden from public view?

Everyone who is directly or indirectly in the South African public service dreams of a humungous golden handshake and severance of duty. This is President Zuma's legacy.

COPE wants to know when Montana will shed light on allegations that he was implicated in the R2,4 billion tender fraud contract that the board had to cancel. Montana must reconvene the press conference and in keeping with his conviction, must share his side of the story with the public. Innuendos from either side will only deepen the mystery and heighten concern.

The resignation of Mr Daniel Mthimkhulu yesterday from Prassa is only strengthening Cope 's **fraud** case against both **Lucky Montana** and Daniel Mthimkhulu. We are resolute that the law must take its course.

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Daily Dispatch

News
Prasa 'had the right' to query bids

NICKY SMITH
383 words
28 July 2015
Daily Dispatch
DAITCH
Daily Dispatch
English
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Prasa 'had the right' to query bids

By

ADVICE drafted by attorneys Ledwaba Mazwai last December shows that the Passenger Rail Agency of SA (Prasa) was within its rights to request clarification from companies bidding for a contract to reconfigure and modernise its Braamfontein depot.

This advice, seen by Business Day, appears to contradict the findings made by the rail agency's internal auditors Sekela Xabiso.

The Braamfontein depot is one of the crucial pieces of infrastructure for the R51-billion commuter rail renewal programme, to replace SA's unreliable and unsafe passenger train services.

In February and March rumours were circulating that Prasa chief executive **Lucky Montana** had been suspended and his suspension was related to tender **fraud** related to the R2.4-billion project. On the reason for this suspension, Prasa has said only that having him attack the board from the inside of the boardroom was untenable.

According to Montana, the Prasa board was concerned about the desire to have shortlisted bidders clarify information about their bid, ostensibly worried that this could compromise the bidding process. Ledwaba Mazwai – one of the firms contracted to Prasa as a transaction adviser for the modernisation programme – was asked to draft an opinion.

In the 15-page opinion, the attorneys at Ledwaba Mazwai refer to the Constitution and case law regarding state procurement. In their conclusion, they state: "Prasa is permitted to clarify an ambiguity or to allow a tenderer to correct an obvious mistake or to ask for clarification or details required for the proper evaluation of a tender response.

"However, this cannot amount to a change in the substance or price of their tender response."

A process to seek clarification from bidding companies then ensued. But this created alarm and the board, which had initially recommended the tender proceed, decided to seek further advice.

This is where Sekela Xabiso come into the picture. The auditors found a number of issues that were problematic. Among these were the absence of a probity officer's report as well as the lack of record-keeping in parts of the bid process.

Ledwaba Mazwai highlighted the lack of appreciation for the peculiarities related to the bid.

On Montana's version of events – the board "erred". — BDLive

Document DAITCH0020150728eb7s0001c

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News
Thuli tracks graft claims amid Prasa train wreck

PIET RAMPEDI, MZILIKAZI wa AFRIKA and STEPHAN HOFSTATTER
1,047 words
26 July 2015
The Sunday Times
SUNTIM
MainBody
English
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Nepotism, cronyism and profligacy among accusations made by union

The accusations against Montana are 'false, baseless and defamatory'

PUBLIC protector Thuli Madonsela has been investigating axed Prasa CEO **Lucky Montana** after claims that he awarded a multimillion-rand contract to a company owned by a "personal friend" and failed to take disciplinary action against a "cousin" accused of tender and appointment **irregularities**.

Madonsela is expected to make public the findings of her three-year probe against Montana and the Passenger Rail Agency of South Africa next Monday.

Ironically, it was the South African Transport and Allied Workers Union — which is now threatening to strike if Montana is not reinstated — that lodged the complaint with her.

Satawu's accusations include that:

& x95;Prasa paid R80-million up front to Fifa during the 2010 World Cup without proper approval and budget allocation;

& x95;Prasa requested R2-billion from the Treasury on the pretext that it would use the money during the takeover of Shosholoza Meyl's operations, but used the money for something else;

& x95;Prasa overspent by R2-billion after it improperly engaged with various construction companies for 2010 World Cup projects;

& x95;A former chairman failed to declare a conflict of interest after a subsidiary of a company he headed was involved in Prasa's rolling-stock renewal programme;

& x95;Montana gave a man the union said was his cousin, Stephen Ngobeni, a job at Prasa and protected him after he irregularly appointed a training contractor;

& x95;Montana improperly awarded a multimillion-rand deal to a company owned by a personal friend, Makhensa Mabunda; and

& x95;Prasa failed to take action against people who made unlawful electronic transfers of funds from its bank account.

Montana is outraged at Madonsela's failure to dismiss the allegations of gross corruption against him. In his written response to her provisional report, "Missing Tracks", he says the protector fails to provide "an explicit and unambiguous dismissal of such an allegation".

He takes exception to the title of the report because it suggests there was corruption at Prasa even though he had provided Madonsela with "evidence which proved that the allegations by the complainant are blatantly false".

Montana admits to governance failures and says Prasa's finances could be run better. "Prasa welcomes the provisional report and the remedial actions recommended by the office of the public protector. Prasa views these as an essential tool to assist it in improving its internal administrative and financial controls."

But he bemoans the fact that Prasa is "still expected to go an extra mile to prove its innocence" instead of Madonsela placing this burden of proof on the complainants.

Montana asks Madonsela to "make an express and unambiguous pronunciation on whether each of the ... allegations is true or false".

In his defence Montana says that:

& x95;Prasa did not pay a cent to Fifa but had a "value in kind" agreement with the soccer body that granted the rail agency marketing and sponsorship rights in return for transporting fans and executives to stadiums;

& x95;Prasa followed "an open, transparent, fair and competitive bidding process" in appointing construction companies in preparation for the World Cup, and "there was never such an overspending of R2-billion and the auditor-general does not make such a finding";

& x95;There was never a R2-billion subsidy allocated to Shosholoza Meyl and the allegation that this money was misspent "is simply false";

& x95;Ngobeni joined Prasa long before Montana's appointment, and the men are not related;

& x95;Prasa appointed Siyaya DB, a company owned by his so-called friend Mabunda, because the preferred bidder did not meet its BEE requirements and Mabunda's company was a reserved bidder;

& x95;He had dealt harshly with officials implicated in the theft of funds from its bank account; and

& x95;The former chairman's company had never been appointed by Prasa for its rolling-stock renewal programme "nor is it related to any of the appointed companies".

Montana says the accusations against him and Prasa are "false, baseless and defamatory".

They were driven by "ulterior motives" that had nothing to do with the fight against corruption, he says.

Montana says he is disappointed that even though the investigation and the outcomes revealed that the allegations of corruption or maladministration against him and Prasa were baseless, Madonsela's provisional report failed to use unambiguous language to "dispel the falseness of the allegations".

He lambastes the main complainant, transport union Satawu, saying it clearly had an axe to grind because it had earlier released a statement demanding that the Prasa board suspend him with immediate effect. In the same statement the union boasted about getting rid of an SAA CEO, he says.

This week Satawu released a statement demanding Montana's reinstatement and calling on Transport Minister Dipuo Peters to fire the Prasa board, headed by Popo Molefe.

"The decision by the **irregular** board to fire CEO **Lucky Montana** is illegal," said Satawu general secretary Zenzo Mahlangu. "We think **Lucky Montana** has done very well and certainly must be reinstated."

Madonsela this week postponed the release of her final report into the accusations of tender irregularities, financial mismanagement and appointment irregularities at Prasa from Thursday to August 3.

She said she decided to delay it after some of the implicated parties requested more time to make representations to her on key issues.

Montana could not be reached for comment yesterday. His spokesman, Moffet Mofokeng, said he would be available at 3pm, but Montana's phone rang unanswered and he failed to respond to an SMS.

investigations@sundaytimes.co.za

DERAILED: Lucky Montana addresses the media in Johannesburg after he was fired from the Passenger Rail Agency of South Africa two weeks ago amid reports that Prasa had bought new trains that are too tall for South African railway lines Picture: WALDO SWIEGERS

BLUE TRAINS: Controversial new Prasa trains sourced from a Spanish manufacturer were unveiled recentlyPicture: GALLO IMAGES

'ILLEGAL': Prasa board chairman Popo Molefe

PROBE: Public protector Thuli Madonsela has been investigating complaints against Prasa and its former CEO Picture: PUXLEY MAKGATHO

Document SUNTIM0020150727eb7q0004g

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Inside Prasa's dirty battles

Thuletho Zwane
2,740 words
24 July 2015
Mail & Guardian Online
AIWMAG
English
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Heated correspondence shows the fight for state contracts at SA's passenger rail agency and suggests pressure exerted to pay an ANC-aligned supplier.

Explosive emails and fierce SMS exchanges reveal the depth of the ugly battle for state contracts at the Passenger Rail Agency of South Africa (Prasa), with politicians, board members, agency executives and connected businesspeople all part of a toxic mix paralysing the parastatal.They point to the fact that a disputed tender given to a member of the ANC's Progressive Business Forum (PBF), alleged political interference in Prasa's internal affairs through a Cabinet minister, and a donation by a Prasa supplier to Prasa board chairperson Popo Molefe's charity are all part of the implosion at the highest level of the agency.The Mail & Guardian has had sight of fiery email communications between axed Prasa group chief executive Lucky Montana, board members and Molefe. The M&G has also seen SMS exchanges between Transport Minister Dipuo Peters and Montana in which Peters appears to put pressure on Montana to pay a Prasa supplier who is a member of the ANC-aligned PBF (see below).A heated email spat between Montana and a board member, William Steenkamp, was triggered by Steenkamp's query about the delayed payment to a security company, SA Fence & Gate, which was contracted by Prasa to install fencing at all its depots across the country. The director of SA Fence & Gate, Moya Nape, who this week confirmed that he had made a donation to Molefe's charity golf day, tried to influence the minister, Molefe and the board to get involved in expediting the payment. In an email dated June 5 2015, Steenkamp asked Montana to prioritise paying the company, which had threatened legal action against Prasa. "I am not sure what the situation is and what the reasons surrounding the non/delay in payment are, but could someone please pay attention to this matter because I don't want to get involved in outstanding payment issues," wrote Steenkamp. Meddling in management issuesMolefe, who was copied in the email, agreed the matter should be prioritised. But this did not go down well with Montana, who responded in an email dated June 8 2015 by accusing the board of meddling in management issues. He said the delay was not about money, but about a contractual dispute. "This is not a payment issue, as you suggested in your email. I personally made interventions in the past to assist the supplier, but I am now convinced that Prasa is being taken for granted by a supplier who is unable to meet its obligations," Montana wrote.Montana also rejected Steenkamp's suggestion that the matter should be prioritised: "Does the board intend to get involved on an urgent basis whenever there are disagreements between Prasa management and suppliers?"I urge directors to stop engaging directly with suppliers and [they] should also not elevate the interests of individual suppliers to the level of the board," Montana said.This prompted an angry response from Steenkamp, who accused Montana of believing he was bigger than the board. "I believe that I have had enough of the contemptuous, disrespectful, insulting, offensive and grossly undermining tone with which you are consistently engaging the board of control and individual directors, because it has become a norm in your daily interactions with the board," his email read. Exploiting any opportunitySteenkamp accused Montana of exploiting any opportunity to attack the board: "I will not be dictated to by your office as to who I am allowed to see and not see, whether it is inside or outside of Prasa, since I have fiduciary duties to perform – unless I am meeting people who are detrimental to Prasa's interests, then it is a different matter."The fact that you exploit any opportunity to attack the board or individual directors has reached a point where I believe we have to enter into serious discussions regarding our relationship with you, because this cannot be allowed to continue since it is totally unsustainable and seriously harmful to the company," Steenkamp said. He added: "Prasa is not about the [group chief executive] – we can no longer be seen as a board of control that is seized with constantly massaging grossly inflated egos and personalities," said Steenkamp.The M&G understands SA Fence & Gate was awarded a tender in 2012 for R209-million, which was paid by Prasa. The company then billed Prasa for an extra R45-million in accrued costs.Montana told the M&G that the same company later requested R58-million from Prasa for an extension of the contract. This was apparently granted by an executive manager at Prasa's technical division, Palello Lebaka, who served as acting group chief executive in January while Montana was on leave.Procurement proceduresOn his return Montana terminated the contract, saying the increased scope of the fencing project did not follow proper procurement procedures. Lebaka was later disciplined for this. In his email, Montana implied the board members were pushing for payment to be made to SA Fence & Gate because of personal interests. He pleaded with them to allow the management to deal with the dispute: "We know why the

interest of this specific service provider becomes a matter of top priority," he said.It is not the first time that Molefe and Steenkamp have served in a state parastatal that reports to Peters. The pair also served as board

members of PetroSA when Peters was energy minister.Transport Minister Dipuo Peters, pictured with Cyril Ramaphosa, is said to have leaned on Prasa management to pay a firm with funding links to the ANC. (David Harrison, M&G)Molefe, who is the only one authorised to speak on behalf of the board, this week denied that the board ever discussed the SA Fence & Gate tender or knew anything about it. This was despite him being copied in all of the email correspondence and acknowledging it. "It is absolute rubbish," he said, adding that it was Prasa management that had dealt with the tender.No 'valid reasons'SA Fence & Gate's Nape said he had had no problems with Prasa until the contract was terminated "without valid reasons. We never knew people were unhappy. No one ever raised a concern that they were not happy with what we were doing," Nape told the M&G.He said he was very surprised when the contract was terminated "because they did not pay the accrued money ... which was not part of the bill of quantity", Nape said.The M&G has, however, seen a letter from Prasa technical head Saki Zamxaka to SA Fence & Gate, which notes that the company was told many times that it was not performing in accordance with the schedule. "Prasa regards your failure to perform in accordance with your revised schedule as a material breach of the terms of the agreement. Your contract therefore ends on June 10 2015 and will not be extended," the letter reads. At the same time, it appears that Peters meddled in the matter. An SMS exchange between Peters and Montana suggests the minister put pressure on Montana to appease Nape and pay his company because he was a member of the PBF, which makes donations to the ruling party.Normal complaintPeters's spokesperson, Tiyani Rikhotso, said it was normal for businesses to complain to the minister about nonpayment."This wasn't the first or only time the minister has shared correspondence with the former [chief executive] of Prasa or any of the heads of the group's subsidiaries. Whenever she receives complaints of an operational nature about Prasa, she forwards that to the department's representative on the board of directors of Prasa and the executives at Prasa," he said.Nape made a donation to Molefe's fundraising golf day hosted in April. Both confirmed the donation, but denied that there was a conflict of interest. "It is true they sponsored T-shirts. But the money never comes to me. [It] went straight to the supplier. Even the president has a golf day and many companies donate. It has nothing to do with tenders," Molefe said.Nape said: "It was a different story. It was a charity thing that everyone can do. It is not a personal thing. We were supporting charity."Early resignationMontana's detractors claim that his falling-out with the board was as a result of his early resignation. Montana's contract was to have come to an end in April 2016, but he had decided to leave on December 1. He later tried to reverse his resignation, which the board rejected.Relations further deteriorated when Molefe announced last week that the board had decided to dismiss Montana immediately. Montana described the decision as grossly unlawful and illegal. Part of the incomplete R254-million fencing project. (Oupa Nkosi, M&G)In a week of drama, both Molefe and Montana were instructed by Peters to cancel their separate scheduled press conferences last Friday. Molefe obeyed but Montana went ahead, although he stopped short of providing details. That evening, Peters convened an urgent meeting with the board at which she instructed them to reverse the dismissal.The board apparently refused.Conspiracy to commit murderOn Wednesday this week, Molefe opened a case of conspiracy to commit murder after allegations of a plot to kill him emerged. They are contained in an unidentified document leaked to the media by Molefe's supporters.The document claims the assassination plot was discussed during a meeting by the ANC's military veterans association, attended by Deputy Defence and Military Veterans Minister Kebby Maphatsoe. He was unavailable for comment but reportedly denied the allegations.It also alleges that Montana has been mobilising members of the South African Transport and Allied Workers' Union (Satawu) to push for the dismissal of Molefe, Peters and the entire Prasa board. The document claims Montana paid the travel costs of union leaders who crisscrossed the country to address Satawu structures.This week, Molefe threatened to cancel a R120-million tender that Prasa awarded to Blackstar Communications, owned by former Satawu employee Vincent Masoga. Satawu's investment company, Bashumi Trust, and the Food and Allied Workers Union hold minority shares in Blackstar. Molefe said this was the reason for the enmity towards him.Montana dismissed claims that he was mobilising workers against Molefe as "nonsensical". He said Molefe's assertion of a plot to kill him was laughable and a tactic to divert attention from Prasa issues."We are not a banana republic where people are killed because we disagree on issues," said Montana.'Lunatic'Satawu general secretary Zenzo Mahlangu said Molefe is a "lunatic" and that the union stands by its call for him and the board to resign. Mahlangu denied Molefe's accusations that this move was prompted by the union's links with Blackstar."Satawu does not have a company called Blackstar Communications," he said. Bashumi Trust has an 11% share in the company, but Mahlangu denied any conflict of interest. Blackstar's Masoga said Molefe called him last Friday, threatening to cancel his contract if Satawu did not stop criticising him and the board. "[During the telephone conversation] he accused me of failing to talk to Satawu or Cosatu to tell the guys to shut up. He said as long as Satawu is not shutting up, Prasa won't do business with [Blackstar]," said Masoga.Molefe denied that he had discussed business with Masoga. "I said: 'I can't keep quiet about you when you are campaigning against me'," he said. On Thursday, Molefe appeared to backtrack on his threat about cancelling the Blackstar tender, saying there was nothing wrong with it. "All I am saying is that it has come to my attention that Bashumi, a Satawu investment company, has an interest in Blackstar and that I now understand why they are waging a campaign ... not about the interests of their members but against the board," Molefe said.

SMSes show how Dipuo Peters pressured Lucky MontanaThe following are the SMS exchanges between the expelled group chief of the Passenger Rail Agency of South Africa (Prasa), **Lucky Montana**, and Transport Minister Dipuo Peters, between May 11 and 13. Dipuo PetersLucky, there is one of your service providers, a PBF [Progressive Business Forum] member who alleges that you owe their company, SA Signs [sic] and

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Gates. They say you owe them R28-million or R29-million or so. Contact them. Thanks. Dipuo PetersLucky MontanaDear Minister. I have followed up with the CEO of Prasa Technical, who is responsible for the fencing project. Apparently SA Fence and Gate had applied for extension of time on their fencing project with Prasa. The request for extension should first be considered and approved by the Prasa Corporate and Tender Committee [CTPC].Apparently SA Fence and Gate insist that they be paid before their extension of time is formally approved. This will be in breach of our procurement procedures and such payment will constitute **irregular** expenditure. The CEO of Prasa Technical, Saki Zamxaka says he has been in contact with Mr Moya Nape and indicated that payments will only be effected once approvals had been obtained.I will also follow up with our procurement team on how far they are with the CTPC approval process and also make contact with Mr Moya to update him on the matter. However, we are unable to pay before proper procurement processes had been finalised.Kind regards, LMSMS messages from Moya Nape to Dipuo Peters, May 13, which she forwarded to MontanaGood afternoon Minister.Did you manage to check with the Man cause it's really a problem for us suppliers [to] now stop supplying material cause [we] owe them.Many ThanksSecond SMS from Nape to Peters, May 13Minister, how can Govt owe Suppliers R30m and think that life it's normal.We have workers and suppliers [and] need to pay them[.] [O]ur relationship with our suppliers it's Sour now they are taking us to the Lawyers etc.Reason I cut off am driving.We couldn't finish the project on time cause they stop our project for 5 months last year without even paying us. Other people get paid even. Why? They are not telling you the Truth.We are really tired to talk to this people same as December they didn't pay us and paid us in February after taking [the] legal route again. Why? Why must we suffer like this they rather take their contract if this is how [they] are going to treat our business.MontanaThanks Minister. The statements by Moya are rather unfortunate. He calls me a liar after I had tried to assist him and his company. In fact, I went to the Braamfontein project site with him after he brought to my attention some of the challenges. Moya is also aware that they are not fully innocent.On our part, Prasa had disciplined and dismissed one of the Executive Managers at Prasa Technical for, amongst other [reasons], increasing the scope of their fencing project without proper procedures and approval.I had to take the matter to the Board and request for approval to increase the scope of the project and the associated costs.Prasa could have taken the route to immediately cancel the contract but searched for a win-win solution.The delays are not due to inefficiency on the part of Prasa but primarily about us trying to clean the mess created by what others may describe as "collusion" between his company and the dismissed Executive from Prasa Tech.They contributed to the problem by ordering light equipment without the proper approval of Prasa as required by their contract. In fact, SA Fence and Gate had requested a huge variance which we rejected.If Moya feels so strongly about us treating them unfairly, I suggest SA Fence and Gate exercise their legal rights. A **court** of law would probably order Prasa to cancel the contract. I realise this is the price you pay for trying to solve the problem and helping your own people.I am so disappointed with the fact that he reports Prasa to the Minister but does not re[p]ort the full facts, including their role in this matter.Kind regards. LM

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BusinessDay

EcoFin
Public protector delays findings of Prasa probe

Nicky Smith
592 words
23 July 2015
Business Day
MEWBUD
Business Day
English
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NEWS ANALYSIS

PUBLIC Protector Thuli Madonsela has had three years to investigate multiple allegations of corruption, fraud, nepotism and financial mismanagement at the Passenger Rail Agency of SA (Prasa) but it is unclear how much closure will be brought to the matters raised in 2012.

Ms Madonsela's report was due to be released today but yesterday her office said it would now be made public on August 3. This was because some of the & implicated parties& approached the public protector for a postponement & on the basis that they wished to make representations to her on issues that are central to the **investigation**& The timing could not have been worse for the embattled Prasa, which is hard-pressed to respond to allegations of tender **irregularities** and missed targets. Last week, Prasa ousted its CEO **Lucky Montana** and suspended the executive manager of engineering services in charge of the R3.5bn locomotive deal after questions were raised over his academic qualifications.

This week the portfolio committee is visiting Prasa to check on the progress it is making with its modernisation programme, which requires a great deal of infrastructure investment to support the new train technology which is being introduced. The new coaches are due to start arriving in November from Brazil, where the first 20 are being manufactured.

As recently as May, Mr Montana complained to the office of the public protector in a lengthy document seen by Business Day about the quality of the probe by her office as well as some of the & inconclusive opinions and findings& in a provisional report sent to Prasa.

In the document, Mr Montana points to the source of the probe, which he said was brought about by an unhappy former Prasa executive.

The South African Transport and Allied Workers' Union (Satawu) had lobbied the media and government early in 2012 to institute a forensic investigation into Prasa — particularly into Mr Montana — and threatened strike action.

Ironically, Mr Montana initially welcomed the feedback from the public protector as well as what he described as remedial action recommendations — which were implemented.

& Prasa views these remedial actions in the provisional report as an essential tool to assist it in improving its internal administrative and financial controls,& he said. These actions would strengthen governance frameworks and internal controls to ensure that Prasa was protected from unlawful conduct, he said.

Mr Montana then went on to complain at length over the shortcomings of the process and the quality of interactions between Prasa and the public protector's investigators.

He said in some instances the public protector's office had completely ignored information sent to it by Prasa, and had repeatedly asked for the same information, creating concern that documents were not being read.

The heart of the complaints revolved around some of the allegations levelled against Mr Montana and the agency.

& In all of the (serious) ... allegations levelled against Prasa the overwhelming evidence before the office of the public protector indicates there is no truth to these allegations and in fact the provisional report itself does not unearth any evidence. However, what is disappointing is the failure of the office to categorically dismiss these false allegations, which form the very essence of the complaint of corruption and maladministration,& said Mr Montana.

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Prasa views these remedial actions in the … report as an essential tool to assist it in improving its administrative and financial controls

START: Picture:

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DFA

NWS
Cope takes former rail men to cops

242 words
21 July 2015
Diamond Fields Advertiser
DIAMFI
E1
7
English
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COPE yesterday pressed charges of **fraud** against former Passenger Rail Agency of South Africa (Prasa) boss **Lucky Montana** and head engineer Daniel Mtimkulu at the Brooklyn police station in Pretoria.

Cope member of the city council, Tiyiselani Babane, said he wanted police to probe Montana for "ensuring Mtimkulu benefited unlawfully from the proceeds of an unlawful and fraudulent activity".

He also wanted Mtimkulu to be investigated for misrepresenting his qualifications.

Prasa suspended Mtimkulu after it was established he lied about his qualifications.

Mtimkulu came under fire for not having the BTech in engineering, a Master's or doctoral degree he claimed to have. He had also been criticised for not having registered with the Engineering Council of South Africa, as required by law.

Babane said Cope was keeping true to not condoning cadre deployment in the public service. "People must be given jobs on merit. One of the key things Cope promised was to professionalise the public service," he said.

He accused Montana, who was axed last week, of having ensured Mtimkulu remained on as head engineer despite knowing he didn't meet the academic criteria or qualifications for that position.

Babane said Montana assisted Mtimkulu to financially benefit from Prasa despite this. Mtimkulu had the intention to defraud Prasa and misrepresented his academic qualifications to obtain a salary not due to him, he said. "The misrepresentation of Mtimkulu caused financial prejudice to taxpayers."

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CAPE TIMES

NWS
Cope lays fraud charges against Prasa officials

129 words
21 July 2015
Cape Times
CAPTIM
E1
4
English
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COPE pressed charges of **fraud** against former Passenger Rail Agency of SA (Prasa) boss **Lucky Montana** and head engineer Daniel Mtimkulu at the Brooklyn police station in Pretoria yesterday.

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Mtimkulu came under fire for not having a BTech in engineering, a Master's or a doctoral degree he claimed to have. He had also been criticised for not having registered with the Engineering Council of SA, as required by law.

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THE MERCURY

NWS
Prasa two charged with fraud

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The Mercury
MERCRY
E1
2
English
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COPE laid charges of **fraud** against former Passenger Rail Agency of South Africa (Prasa) boss **Lucky Montana** and head engineer Daniel Mtimkulu at the Brooklyn police station in Pretoria yesterday.

Cope member of the Tshwane council Tiyiselani Babane said he wanted police to probe Montana for "ensuring Mtimkulu benefited unlawfully from the proceeds of an unlawful and fraudulent activity".

He also wanted Mtimkulu to be investigated for misrepresenting his qualifications. Prasa suspended Mtimkulu after establishing he had lied about his qualifications.

Mtimkulu came under fire when newspaper reports revealed he did not have the B Tech in engineering, a Master's or a doctoral degree which he claimed to have.

He has also been criticised for not having registered with the Engineering Council of South Africa, as required by law.

Prasa confirmed that he had lied about his qualifications. Babane said Cope did not condone cadre deployment in the public service.

"People must be given jobs on merit and they must be able to carry out those responsibilities," he said. He said police had promised to conclude the case soon as it was "a very simple case".

"One of the key things Cope promised on its formation was to professionalise the public service."

He accused Montana, who had been axed last week, of having ensured Mtimkulu remained in the position as head engineer despite knowing Mtimkulu did not meet the academic criteria and qualifications required.

He said Mtimkulu had the intention to defraud Prasa and misrepresented his academic qualifications for the sole purpose of obtaining a salary he should not have been getting.

"The misrepresentation caused financial prejudice to Prasa and thus to the taxpayers of South Africa."

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PRETORIA NEWS

NWS
Cope lays charges against Prasa boss and its 'bogus' head engineer

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Pretoria News
PRETNW
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2
English
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Babane said Cope was keeping true to not condoning cadre deployment in the public service. "People must be given jobs on merit."

"One of the key things Cope promised was to professionalise the public service," he said. He accused Montana, who was axed last week, of having ensured Mtimkulu remained on as head engineer despite knowing he didn't meet the academic criteria or qualifications for that position.

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Cope to Lay a Charge of Fraud Against Mtimkulu [press release]

by Dennis Bloem
326 words
20 July 2015
18:32
All Africa
AFNWS
English
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Jul 20, 2015 (Congress of the People/All Africa Global Media via COMTEX) -- Leaders of Congress of the People will lay a charge of **fraud** against **Lucky Montana** and Daniel Mtimkulu at the Hatfield Police Station, in Pretoria, at 10H00 tomorrow.

It has become clearer by the day that Mtimkulu knowingly misrepresented his qualifications to Prasa. By doing so, he got appointed as chief engineer and thereby unduly and unlawfully benefited for many years. This is intolerable. Furthermore, he is likely to have put Prasa and the state into deep financial trouble through his role in the R600 million contract for diesel locomotives from Spain.

COPE is determined that all those who perpetrate fraud must have charges laid against them. We are intolerant of fraud wherever it occurs. Fraudulent misrepresentation of qualifications damage state institutions and can cause serious harm to citizens through structures collapsing. Too many people in the public service have lied about their qualifications. They remain undetected for a prolonged period of time and that shows a failure on the part of government.

Those who head parastatals should be charged for dereliction of duty for not satisfying themselves on the validity of claimed qualifications. Due diligence on their part would have immediately revealed the truth.

When a scandal surfaces or when a problem arises, the ruling party in the last few years has frequently opted to negotiate a golden handshake, involving millions of rand to buy the silence of board member or state employee. This is unacceptable. The state has shied away from prosecution in open court or disciplinary action in order to hide the truth from the public.

COPE, however, is clear that the party must lay charges against fraudsters wherever fraud surfaces in the public service. Fraudsters in government undermine the civil service and do untold harm to the nation. Fraudsters must have their day in court.

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Business
Derailed Prasa. Montana's gravy train shunted to rail siding

CHRIS BARRON
1,090 words
19 July 2015
The Sunday Times
SUNTIM
Business Times
English
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NEWSMAKER. Derailed Prasa CEO blames his exit on exhaustion, amid revelations of incompetence, and a corruption probe

Montana's gravy train shunted to rail siding

Our railway system's spec defines a limited maximum height

If an engineer is not registered it doesn't mean that he is not a qualified engineer

LUCKY Montana's sudden departure this week from the Passenger Rail Agency of SA (Prasa) after almost 10 years as group CEO comes after a series of damaging revelations cast serious doubt on his competence and probity, and also as the public protector prepares to release her report on allegations of **corruption** against him.

Montana announced in April he would be leaving at the end of the year, three months before his contract would have expired, after serving a notice period.

The board told him this week to go immediately.

Montana blamed his early exit on exhaustion and tensions with the board, which he claimed was interfering in executive decisions. He made no secret of his strained relationship with the chairman, Popo Molefe.

Given the shambles at Prasa and never-ending catalogue of hair-raising revelations of executive incompetence, unethical behaviour, conflicts of interest and questionable tender awards, Montana, who refused an interview, can count himself lucky to have survived for as long as he has.

Exhaustion should be the least of his problems.

After Montana proudly announced that Prasa had received 13 new diesel locomotives for its long-distance service, Shosholoza Meyl, investigations by Rapport newspaper revealed that the locos, which cost R600-million, were too high for the overhead electrical cables on the country's rail lines.

They're part of an initial R3.5-billion deal which will see Prasa taking delivery of another seven diesel, and 50 hybrid, locomotives.

Montana dismissed the reports as part of a racist agenda.

Technical experts say the facts are the facts. "As far as the height issue goes, specs are specs. And our railway system's spec defines a limited maximum height which these locomotives exceed."

Montana said the infrastructure would be upgraded to accommodate the locomotives. It has been pointed out that the cost of doing this — R7-billion for the Johannesburg and Pretoria network alone — has not been budgeted for.

This contract is separate from a R51-billion contract Prasa awarded to the Gibela empowerment consortium to deliver 600 trains for Prasa's commuter rail fleet renewal programme.

It has also emerged that Prasa's chief engineer, who designed the locomotives, is not properly qualified and is not registered with the profession's statutory body, as required by law. The Engineering Council of South Africa rejected his application to register in 2006 because he could not prove that he was appropriately qualified.

According to press reports, Wits University, where "Dr" Daniel Mtimkulu claims to have studied engineering, has no record of his having been a student. Doubts have also been cast on the master's degree and doctorate he claims to have studied for in Germany.

Montana said recently, prior to his departure from Prasa, that there would be an inquiry into Mtimkulu's non-registration with the council and his qualifications. He had been informed of this and would not be suspended.

But Montana, who was unimpressed with the furore over Mtimkulu, also said: "If an engineer is not registered it doesn't mean that he is not a qualified engineer."

This is by no means the only rule Prasa has broken under Montana's leadership. It emerged this week that Prasa deviated from its payment schedule in a contract to buy the Spanish locomotives, paying the winning consortium Swifambo Rail Leasing about R40-million more than stipulated.

Inadequate foreign currency hedging by Prasa has seen the price increase from R3.5-billion to more than R4.8-billion. At the same time, the number of locos which it will get for that additional amount has been reduced from 88 to 70.

Last year, the auditor-general found Prasa had made payments to Swifambo that contradicted its procurement policy. Montana said then that the process had "inherent tensions" but was "in no way a dodgy contract". He said "certain shortcomings of a contractual nature" with Swifambo were being "looked into". The contract was awarded to Swifambo after "an open and competitive tender process".

But it was mired in controversy, and opposition parties asked the auditor-general to investigate.

Montana said at the time that Prasa had purchased the best locomotives for South Africa. "Certain people" were trying to force it to buy locomotives that were not suitable, he said.

Recent reports have fingered him for selling his Johannesburg home for R3.4-million more than its valuation, and almost R3-million more than other houses in the neighbourhood, to the lawyer of a security company which was awarded a R3-billion tender by Prasa months before the transaction.

Rival bidders complained that the tender process was tweaked to favour this company, whose CEO left the South African subsidiary of German electronics giant Siemens amid allegations he had paid bribes to secure state tenders for Siemens elsewhere in Africa.

Montana said previously the value of the house reflected upgrades since he bought it — although according to Rapport, the City of Johannesburg valued the house 10 months before the sale. Pretoria attorney Riaan van der Walt paid R6.8-million in cash for it, R3.4-million more than its valuation.

Further reports raised questions about Montana's relationships with people who received big contracts from Prasa.

He was said to be using an up-market residential property in Cape Town belonging to a person whose company, Commuter Transport Engineering, had for years been getting contracts from Prasa for, among other things, the repair and renovation of Metrorail train coaches.

Montana denied using the property, but could not or would not explain why a Mercedes-Benz car in the garage was leased to him; nor why he had been paying to provide a garden service at the house.

Nor, indeed, why a security guard posted at the house, but abruptly removed after Montana was asked about his connection with the property, had confirmed that Montana used the property.

A report by public protector Thuli Madonsela into allegations of corruption against Montana will be released on Thursday, according to her spokesman, Oupa Segalwe.

TALL TALES: Lucky Montana was behind the acquisition of locos said to be too high for the rail system Picture: ARNOLD PRONTO

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NWS
The infamous club

661 words
19 July 2015
Sunday Independent
SUNIND
E1
8
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Vincent Mdunge

Probably the only person who has been convicted and sentenced for faking his qualifications so far is former police spokesman Vincent Mdunge. Mdunge got five years' imprisonment last year for two counts of fraud and one of forgery for allegedly presenting a fake matric certificate to gain promotion in the police force and to gain entrance to do further studies at Unisa. Mdunge, 49, was convicted on a count of fraud for receiving a salary to which he was not entitled. The highest rank a police officer can achieve in the police without a matric certificate is warrant officer. Mdunge had reached the rank of colonel.

He was found guilty of fraud for submitting his forged matric certificate to Unisa to obtain admission to a National Diploma in Police Administration course.

His former teacher testified in court that he handed Mndunge his matric certificate and that he got an E agregate which did not reflect what he thought were his abilities as a student.

Mndunge is appealing the sentence.

Hlaudi Motsoeneng

THE Controversial SABC chief operations officer has remained steadfast in his position at the broadcaster despite a report by Public Protector Thuli Madonsela that he had lied about his educational qualification, among others. The DA took the matter to court and it ruled that he be suspended immediately. He appealed the court decision. His boss, Communications Minister Faith Muthambi, decided to ignore both Madonsela's report and the court ruling and made Motsoeneng's position permanent this month. Motsoeneng's famous quotes include: "You have two kinds of people in this world. You have certificated people and educated people. You can have many degrees but also in that you need a brain". ¦"You can have all the qualifications, but if you can't operate in the studio, for example, how can you work?" ¦"I qualified myself. People can write and think whatever they want. I don't know what is the relevance of matric when I have a modern senior certificate, which is higher than the matric certificate."

Daniel Mtimkulu

THE PASSENGER Rail Agency of SA (Prasa) this week suspended its head engineer Daniel Mtimkulu less than 48 hours after it fired its chief executive, **Lucky Montana**. The suspension of Mthimkhulu comes after an **investigation** into his qualifications where he failed to produce the academic certificates that he claimed he had. Last week, newspaper reports revealed that Mtimkulu was not officially registered with the engineering profession's statutory body and that in 2006 the Engineering Council of SA had rejected his application for registration. Mtimkulu claimed he studied engineering at Wits University before going on to obtain his doctorate in Germany. After the revelations, Prasa instituted an inquiry. At the time, Prasa spokesman Sipho Sithole told News24: "Now there is a formal disciplinary inquiry… because he has failed to produce the academic qualifications that he claimed he had." Prasa says the suspension comes as ¦a result of the confirmation by the inquiry that he lacked the necessary qualifications.

Yolisa Pikie

The latest and probably the youngest CV cheat to date comes from the SA Revenue Service and is none other than Yolisa Pikie, is a former special adviser to the ex-Sars deputy commissioner, Ivan Pillay. ¦He quit in April after he was caught lying about his qualifications. According to reports, Pikie claimed to have a BCom degree from the University of the Western Cape when he applied for his job with Pillay. However, Pikie's academic record from the university shows that he did not complete his degree after repeatedly failing several subjects, including accounting, statistics, management and industrial psychology. Sars sources said he ¦also

passed himself off as a lawyer at official meetings, even though he did not complete his law degree at Unisa. Pikie rose through the ranks to become special assistant to then |Sars commissioner Pravin Gordhan. Sars rejected his resignation and lodged a criminal complaint of fraud against him.

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DIS

Montana hopes to get lucky as he fights to get back on track

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16
English
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Police and rail are unlikely bedfellows. After the police bloopers as outlined in the Marikana report, it was the turn of rail to hog the headlines this week. But while the wailing induced by the transgressions of the police was guttural and no laughing matter, the tears around rail matters were largely the result of mirth.

As the comedy of errors unfolded at Prasa, the passenger rail agency, even the most dour tried their hand at humour, with variations of the noun rail and its verb cousin, derail.

The butt of most of the jokes was the rail agency's sacked chief executive, Lucky Montana.

Montana has often been in the headlines - thanks to his job and lifestyle. However, rarely to such comical effect.

One would have thought that when Prasa board chairman Popo Molefe made public Montana's dismissal, the latter would consider the move as just water off a duck's back as he was leaving the parastatal anyway. Having effectively resigned, Montana was serving a notice period from June 1.

But enter Scene One, Act One of the tragi-comedy, which sadly included the death of his uncle, Montana kicked off a great hue and cry over being released from his duties four months before time.

Fast-forward to the reactions on his departure from segments of the transport industry and you'd be forgiven for thinking the man was on his way out of his own volition.

Taxi bodies Santaco and the National Taxi Alliance have, through their respective bosses, slammed the sacking, saying "Montana was good to the taxi industry".

He cannot go, they said. The matter of his resignation is another country for the taxi men.

This is the same taxi industry that is normally averse to taking just a slice of the transport pie, preferring to grubbily keep the whole, as evinced by their violent protests in Mamelodi last week at the introduction of Autopax on the routes formerly plied by Putco. Montana once headed Autopax.

A close associate of Montana could only speak - and at length - to The Sunday Independent off the record. But it is not rocket science to know he who pays the piper plays the tune. And Montana seems to play fine tunes, the allure of which many find engrossing.

The dynamics of the union-employer relationship are traditionally adversarial. But transport union Satawu speaks of Montana in terms one reserves for a Messiah.

Granted, an entry in Montana's CV says he was the recipient of the Africa Rail Personality of the Year Award in 2008.

But he's no saint, a fact that seems to rile his cheerleaders.

Satawu acting general secretary Zenzo Mahlangu was on SAfm on Friday and he cast aspersions on the Prasa board for showing Montana the door. He credited Montana with effecting transformation at Prasa but said he was not shocked to hear of his demise.

If there was a purge, Mahlangu said, "it can't be Lucky alone".

He charged the board comprised "people with criminal records". This is the common refrain of the Montana camp. Their official statement demanded the "Prasa board reinstate Montana immediately".

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"Satawu also demands the Minister of Transport, Dipuo Peters, dismisses the Prasa board with immediate effect. We believe the decision by the **Irregular** board to fire CEO **Lucky Montana** is illegal. We have said time again the Prasa board was appointed illegally. Therefore it (stands) to reason that any decision made by this board is illegal..."

Later in the day, radio reports referred to threats from Satawu to disrupt rail services if their man was not back at his desk soon.

For his part, Montana was not twiddling his thumbs. He was working at fever pitch, though at odds with those who want him back.

He called a press conference. A colleague who attended said Montana thanked his ancestors in Xitsonga before summarily calling a halt to proceedings.

He no longer felt the compulsion to give his side of the story. This act was a stroke of genius, one of his backers said.

But the truth is it offered more comic relief than the poor effort of Prasa, which had earlier cancelled the media briefing they had convened. No reasons were given.

In the meantime, the rumour mill is allowed free rein on whether the locomotives procured from Spain at a cost of R600 million were an issue at play here.

Standing at 4.264m high, the locomotives are said to exceed the allocated local height of 3.965m. Prasa puts their roof height at 4.1m.

When the story broke, Montana blamed it on racism as the qualifications of the chief engineer, Daniel Mtimkulu, came under scrutiny.

Montana had hardly finished thanking his ancestors when his Who's Who profile was updated to declare him a former group chief|of Prasa.

But he does not seem to be particularly pressed to act with equal haste in other areas of this conundrum. Neither does Prasa.

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Vested interests made loco claims — Prasa boss

Transport Writer

CEO of state-run Passenger Rail Agency of SA (Prasa) **Lucky Montana** says & vested interests& working through the media are seeking to create the impression that the agency's executives are & incompetent& and & **corrupt**& This follows weekend media reports that locomotives procured by Prasa from Spanish manufacturer Vossloh Espana were the incorrect height and could damage the overhead electrical cables on the country's rail lines.

Prasa has to date received 13 new diesel locomotives, which it procured for its long-distance service, Shosholoza Meyl, at a cost of R600m. It is set to take delivery of seven more, as well as 50 hybrid locomotives in the R3.5bn deal.

This contract is separate from the R51bn contract Prasa awarded to the Gibela empowerment consortium, of which Alstom Southern African Holdings is the largest shareholder, to deliver 600 Alstom trains for Prasa's commuter rail fleet renewal programme.

At a news briefing in Pretoria yesterday, a visibly angry Mr Montana denied the acquired locomotives were the incorrect height and accused the journalist responsible for the report of not checking the facts.

Mr Montana said the Rail Safety Regulator, which had granted Prasa a testing and commissioning permit for the locomotives, was the & final arbitrator& and would not have granted the permit if the specifications of the locomotives were incorrect.

He said the locomotives received were in the middle of tests in Mahikeng, Bloemfontein and parts of the Eastern Cape.

As part of the test, some of these locomotives were used to transport passengers from Johannesburg to the Cape Town Jazz Festival earlier this year, he said.

Locomotives that have passed the testing process and received regulator approval are expected to be operating commercially at the end of next month. Prasa also plans to test the trains in Limpopo.

Mr Montana said the trains were meant not only to revitalise the local long-distance train service but also to be used for regional travel on the continent.

Rail Safety Regulator spokes- woman Babalwa Mpendu said Prasa had been issued a & no objection& to test the AFRO4000 locomotives, which had to be done under operational conditions.

The agreed testing period was six months and ended in August, she said. After this the regulator would have 30 days to look at the report and decide whether the testing needed to be extended or whether the locomotives could operate commercially. & There are still things we can only find after the report. We still have to see what impact there is at the point of operational conditions,& she said.

Prasa cited an article by Afrikaans newspaper Rapport, which said the locomotives had a roof height of 4.264m but the maximum height for diesel locomotives in SA is 3.965m.

According to Prasa, the writer relied on three unnamed senior Transnet engineers.

The article also said Prasa had continued with the contract despite engineers' warnings.

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But yesterday Prasa said the locomotives had a height of 4.1m. The distance between the rail and electric wire is 5m, with a minimum height of 4.5m, giving a clearance between the contact wire and the roof of 400mm.

Mr Montana said at the time of procuring the trains, there had been much debate from people with & vested interests& about which locomotives were being procured and from where. Opposition parties had lobbied for them to be built by Transnet.

Mr Montana said & some people& had tried to & force certain kinds of locomotives& on the agency that were not suitable for its kind of business. The locomotives Prasa eventually procured could not be built anywhere in SA.

& Prasa has acquired the best locomotives in the world. And we are not here to apologise,& Mr Montana said.

Prasa's rail operations executive manager for engineering services, David Mtimkulu, said the new locomotives were outperforming expectations and were far more fuel-efficient, using just 6,000l of diesel between Johannesburg and Cape Town, versus the 16,000l used by the older locomotives.

He said the locomotives had 54% local content.

Mr Montana said he was disappointed by the comments made by political parties, which he described as & misplaced and ill-informed& He was hoping the parties would have a chance to withdraw their remarks.

& I hope political parties will familiarise themselves with the facts before trying to score cheap political points,& he said.

The Democratic Alliance has said the locomotives could damage overhead electric cables on the country's rail lines, while the Economic Freedom Fighters called for Mr Montana's resignation. The Congress of the People wanted to know why Prasa had ignored warnings about the locomotives.

maqutua@bdfm.co.za

As part of the test some of these locomotives were used to transport passengers from Joburg to the Cape Town Jazz Festival

TALL STORY: Prasa had ordered locomotives at a height that could cause damage to SA's railways, media reports said at the weekend, but Prasa CEO Lucky Montana says the locomotives being tested have passed regulatory muster. Picture: THE TIMES

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EFF Statement On the Procurement of Defective Locomotives By Prasa [press release]

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Jul 06, 2015 (Economic Freedom Fighters/All Africa Global Media via COMTEX) -- The Economic Freedom Fighters condemns the ANC government for the reckless use of taxpayers funds in the procurement of defective 70 locomotives by Passenger Rail Agency of South Africa (PRASA) from the Spanish manufacturer Vossloh Espana at a cost of R3.5 billion. The Minister of Transport, Dipuo Peters, welcomed the arrival of 13 locomotives with pomp and ceremony which were manufactured at cost of R600 million in spite warnings from engineering experts that these locomotives are not suitable for South African railway tracks. The Minister has previously announced that government intends to spend R56 billion to procure a further 600 locomotives as part of the modernisation of the rail transport.

The EFF is concerned and disturbed by serious disregard of prudent management of taxpayers funds by the Department of Transport and its related entities like PRASA. We have reason to suspect that bribes may have been exchanged in the cheerful procurement of these 'defective' locomotives from a company that was found guilty of price collusion in Germany in 2012. The CEO of PRASA, **Lucky Montana**, is already facing numerous allegations of **corruption**. The Minister must immediately place **Lucky Montana** under suspension without pay and a full **investigation** on **corruption** allegations against him be instituted. The Minister must also immediately suspend all these contracts of defective locomotives which are not locally manufactured. This procurement of foreign manufactured locomotives not only is a waste of taxpayers funds but also makes a complete farce of the ANC government claim to be promoting localisation of production, beneficiation and industrialisation.

The EFF will request the Public Protector to investigate the whether these contracts awarded by PRASA to the Vossloh Group were improper and in violation of the provisions of the Prevention and Combatting of Corrupt Activities Act, 2004; and whether any government official or PRASA official benefited improperly and unlawfully from the awarding of these contracts.

The EFF wishes to reiterate that its zero-tolerance stance against corruption, whether in government or the private sector. Officials who are guilty of any unlawful or improper conduct and who steal from the poor must face the full might of law.

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IN THE HIGH COURT OF SOUTH AFRICA

(GAUTENG LOCAL DIVISION, JOHANNESBURG)

CASE NO:2015/42219

In the matter between:

PASSENGER RAIL AGENCY OF SOUTH AFRICA Applicant

and

SWIFAMBO RAIL LEASING (PTY) LTD Respondent

REPLYING AFFIDAVIT

I, the undersigned

POPO SIMON MOLEFE

do hereby make oath and state

1. I am the deponent to the founding affidavit in this application and my position and authority within the applicant and in relation to this application remain as set out therein.

2. As set out in the founding affidavit, many of the facts set out herein are not within my personal knowledge and pre-date my involvement with

that this application rests on a well-founded and cogent factual basis.

8.54. In relation to review proceedings based on the principle of legality, I am advised that the requirement is that the review must be brought within a reasonable time, and that what is reasonable depends on the circumstances. I submit that the explanation of the circumstances which resulted in the delay in launching the application demonstrates that PRASA acted reasonably in bringing the application.

9. Swifambo is not innocent

9.1. Mr Massaro and his ignorance have been exploited to contend that Swifambo is an innocent tenderer. The contention is untrue and Swifambo is aware that the contention is untrue.

9.2. In early July 2015 Mr Mamabolo informed me that he had uncovered criminal conduct within PRASA committed over an extended period of time while Mr Montana held the position of GCEO In this regard I have attached as annexure RA12, a confidential report that was prepared by the BIU, under the direction of Mr Mamabolo. This report reveals serious unlawful conduct concerning PRASA that was instigated by Mr Montana, and attempts by him to stymie the board's efforts to clean up the organization. It also shows that there

was a plan to assassinate me and that surveillance had been on my personal security, which had been found to be wanting. Since my life was threatened, I laid a complaint on 22 July 2015 and a charge of conspiracy to commit murder is accordingly being investigated. I have also had to enlist the services of a personal protection service to ensure my safety. I also instructed Mr Mamabolo to report any and all suspected criminal activity to the South African Police Services ("SAPS").

9.3. In mid-August 2015, Mr Mamabolo received a phone call from a person who did not wish to be named. Mr Mamabolo was informed by this person that a "*Mashaba*" wanted to meet with him to discuss the Swifambo tender and to facilitate a meeting with me, as the chairperson of the board. Mr Mamabolo decided to first meet with Mr Mashaba without me.

9.4. Mr Mamabolo, the unnamed person and Mr Mashaba met at a restaurant situated in the Grey Owl Village shopping Centre in Pretoria, called Antonnio's Italian Kitchen. At this meeting, Mr Mashaba told Mr Mamabolo that he was worried that his involvement in the Swifambo tender would negatively affect his other businesses. Mr Mashaba suspected that people were investigating him and he wanted the investigation to stop. Mr Mashaba wanted Mr Mamabolo to arrange a meeting with me to discuss these issues.

9.5. Mr Mashaba explained to Mr Mamabolo that he had initially been approached by a Makhensa Mabunda ("Mr Mabunda"), who convinced him to get involved with a tender to supply locomotives to PRASA. Mr Mabunda told Mr Mashaba that he was friends with Mr Montana, who was working at PRASA.

9.6. Mr Mamabolo decided to arrange the meeting with me and Mr Mashaba. I met Mr Mashaba at the Maslow Hotel in Sandton on 31 August 2015. I was accompanied by Mr Mamabolo and Mashila Mtlala ("Mrs Mtlala"). Mrs Mtlala is a member of the board and the FCIP Committee Chairperson.

9.7. Mr Mashaba once again explained that he had been approached by a Mr Mabunda, who had asked him to participate in a tender to supply PRASA with locomotives. Mr Mashaba said that before being approached by Mr Mabunda, he had no previous business relationship with Mr Mabunda. We also know now that neither Mr Mashaba nor Mr Mabunda had any experience in supplying locomotives.

9.8. Mr Mashaba told us that he knew that the Swifambo tender was under investigation and did not want his association with the tender to negatively affect his other businesses. Mr Mashaba wanted an assurance from me that his businesses would not be affected by the investigation. I explained to him that I could not give him any assurances or indemnify him in any way.

9.9. Mr Mashaba informed us that, through his involvement with Mr Mabunda, he had been in contact with a Maria Gomes ("Ms Gomes"). Ms Gomes had initially contacted him telephonically and wanted to meet him in person to discuss the Swifambo bid. Ms Gomes invited him to meet her.

9.10. Mr Mashaba explained that he met with Ms Gomes. Ms Gomes told Mr Mashaba that she wanted money for the "*movement*". Ms Gomes also told him that she knew the bid to supply locomotives to PRASA was worth billions and she could not understand why ten percent (10%) of the value of the bid could not be paid to the African National Congress. Ms Gomes was insistent that money should go to the movement.

9.11. Mr Mashaba explained further that Mr Mabunda had instructed him to pay some of the money received from PRASA into specified accounts, without Mr Mashaba knowing who was being paid or the reason for the payment. Mr Mashaba was insistent that he did not know the identity of the beneficiaries and he was merely informed that the money would "*benefit the movement*".

9.12. Mr Mashaba said that it was a *"pity"* that he did not have the documents with him that reflected the payments that had been made. However, he undertook to provide the

documents. I suggested that he should give the documents to Mr Mamabolo or Mr Mamabolo could collect them from him.

9.13. On or about 2 September 2015, Mr Mamabolo collected the documents from Mr Mashaba at his offices situated in Block G, Central Park 400, 16th Road, Midrand. Mr Mashaba handed over an envelope containing the following documents:

9.13.1. A payments schedule, attached as "RA15" ("payments schedule").

9.13.2. Email correspondence from a Mr George Sabelo and Mr Mashaba, attached as "RA16".

9.13.3. A payment authorisation letter, dated 20 May 2013, attached as "RA17".

9.13.4. A Similex invoice, dated 1 January 2014, attached as "RA18".

9.13.5. A Similex invoice, dated 5 January 2014, attached as "RA19".

9.13.6. A payment authorisation letter, dated 10 January 2014, attached as "RA20".

9.13.7. A payment authorisation letter, dated 17 January 2014, attached as "RA21";

9.13.8. A payment notification, dated 6 May 2014, attached as "RA22".

9.13.9. A series of emails between Maria Gomes and Mr Mashaba, dated 8 January 2014, 9 January 2014 and 26 May 2014, attached as "RA23".

9.14. Mr Mashaba and Mr Mamabolo had various other meetings during which Mr Mashaba explained the content of the documents. Mr Mashaba explained that:

9.14.1. After payments were made by PRASA to Swifambo or Swifambo Holdings, he was instructed by Ms Gomes to make the payments set out in the payments schedule.

9.14.2. Mr Mashaba confirmed that such payments were made to entities who were not creditors of Swifambo or Swifambo Holdings.

9.14.3. The amounts received by Swifambo or Swifambo Holdings would be transferred to his company AM Consulting Engineers. AM Consulting Engineers would pay a company known as Similex. Once the payments had been made to Similex, Ms Gomes would then distribute the funds.

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9.14.4. Mr Mashaba maintained that he did not know who ultimately received the money.

9.14.5. Mr Mashaba explained that the reason why the payment amounts of R90, 000.00 and R1,050,000.00 were undated in the payments schedule was because both these payments were made in cash to Ms Gomes.

9.15. The following facts corroborate the documents handed over by Mr Mashaba and his version of events:

9.15.1. Mr Mashaba is a director of AM Consulting Engineers (Pty) Ltd. The relevant part of a CIPC report confirming this is attached as "RA24".

9.15.2. Ms Gomes is a director of a company known as Similex (Pty) Ltd. A CIPC report confirming this is attached as "RA25". It should be noted that the auditors for Similex (Pty) Ltd are Van Wyk Auditors. The auditors used by Swifambo.

9.15.3. In terms of the letter of authority, dated 20 May 2013 (RA17), Mr Mashaba states: "*Kindly facilitate the following payment from Swifambo Rail Holdings, account number: 202538117 to the following account …*". The first initiation payment

made by PRASA to Swifambo was paid to Swifambo Rail Holdings.

9.15.4. The investigators found an expression of interest for the provision of locomotives from Siyaya Rail Solutions (Pty) Ltd ("Siyaya Rail Solutions"), which is identified as a subsidiary of the S Group. A copy of the expression of interest is attached as "RA26". At the top of the fifth page it states that Siyaya Rail Solutions had entered into strategic partnerships with two international companies, one of them being Vossloh.

9.15.5. Mr Mabunda is a director of Siyaya Rail Solutions, S Group Investments (Pty) Ltd ("S Group") and Siyaya Consulting Engineers (Pty) Ltd ("Siyaya Consulting"). The relevant portion of the CIPC reports, in relation to each company, is attached as "RA27" to "RA29". It is be noted that the auditors for Siyaya Rail Solutions, S Group and Siyaya Consulting are Van Wyk Auditors. The auditors used by Swifambo and Similex.

9.15.6. The expression of interest confirms that Mr Mabunda was interested in the supply of locomotives to PRASA and that Mr Mabunda had,

through his S Group entities, identified Vossloh as its supply partner.

9.15.7. As set out in the founding affidavit (in paragraph 17.3), the RFP was collected by someone from the S Group. The entity S Group Holding Company (Pty) Ltd paid for the tender documents using the reference "*Swifambo*".

9.15.8. A number of entities under the control of Mr Mabunda have been awarded tenders by PRASA. Some of those entities were implicated by the Public Protector in the Derailed report.

9.15.9. Email correspondence between Mr Montana and Ms Gomes dated 17 December 2013 was discovered during the investigation. I attach the email correspondence as "RA30".

9.15.10. The first alarming feature of this correspondence is the familiarity between Ms Gomes and Mr Montana. For instance, they refer to each other as "*comrades*". The second alarming feature is that Mr Montana sends Ms Gomes details of various projects within PRASA. Mr Montana had no business sending such information to Ms Gomes. Similex is not a tenderer, supplier or contractor to

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PRASA. Ms Gomes, to the best of my knowledge, is not involved in any entities supplying services to PRASA.

9.16. At the beginning of September 2015, Mr Mashaba continued to contact Mr Mamabolo to request that he facilitate another meeting with me. I declined to meet with Mr Mashaba and instead instructed Mr Mamabolo to facilitate a meeting between Mr Mashaba and PRASA's attorneys. A meeting was arranged. However, Mr Mashaba cancelled the meeting, stating that he had been advised not to attend.

9.17. The confirmatory affidavits of Mr Mamabolo and Mrs Mtlala are attached as "RA13" and "RA31".

9.18. The information set out above was provided to the SAPS and is presently being investigated by the Directorate for Priority Crime Investigation (the Hawks) and the NPA. I understand that this case has been registered by the Anti-Corruption Task Team as a national priority offence.

10. In addition, Mr Massaro does not deny that Swifambo had no previous involvement or track record in the rail industry prior to the award of the tender. Swifambo was a shelf company acquired for the sole purpose of obtaining the tender. Mr Massaro confirmed that Swifambo was not trading when it submitted the bid. Mr Massaro alleges that the execution of the contract involved purchasing and setting up office equipment, and

1. REPORT ON ACTIVITIES THAT IMPEDES ON PRASA OPERATIONS, ACTIVITIES TOWARDS SATAWU MARCH DURING THE MARCH AND THE AFTERMATH THEREOF

1.1.1 Information was received that the Group Chief Executive Officer of Passenger Rail Agency of South Africa is mobilising the workers particularly SATAWU members (South African Transport and Allied Workers Union) against PRASA Chairman Mr. Popo Molefe and the board of control.

1.1.2 The source informed us that at an unconfirmed date there was a SATAWU regional meeting held at their regional offices where plans were discussed to source PRASA's regional workforce support.

1.1.2 After the meeting the mentioned above the following Regions were approached KZN, Western Cape, Eastern Cape and Gauteng Province.

1.2 GAUTENG REGION

1.2.1 On the 24th May 2015 an e-mail was circulated by Metro Rail management (Provincial Manager, Ms Thembela Khulu and Acting Provincial Security Manager Mr. Ronnie Khumalo) that all SATAWU and non SATAWU members be released to attend a SATAWU meeting that was to be held at Metro Park building in Johannesburg on the 25th May 2015.

1.2.2 The meeting was held on the 25th May 2015 from 10h00 am until 14h00 pm. The meeting was addressed by SATAWU's Bongani Mashava and the gentleman known to us only as Sihle. (both SATAWU provincial office bearers).

1.2.3 A resolution was adopted at this meeting that there should be a general strike and the march was to be held on the 28th May 2015. SATAWU members and non SATAWU members were to march to PRASA Head Office. SATAWU's Pretoria region declined to participate in the activities.

1.2.4 SATAWU Provincial leadership approached United Transport Union (UNTU) to be in solidarity with them. UNTU leadership declined indicating that their union protects the rights of the workforce not those of the Executives.

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1.3 WESTERN CAPE REGION

1.3.1 Mr Kabelo Mantsane, the current acting Head Group Corporate Security manager, went to Western Cape region to address workers and the Veterans. He (Mr. Mantsane) told them that there was money allocated to the Corporate Security Department by GCEO and that money has since disappeared during the tenure of the suspended Head Group Corporate Security Mr. Mkhuseli Matakata.
Mr Mantsane told workers, Military Veterans included that he managed to solicit money from the GCEO and he will confirm in about two weeks' time.

1.3.2 When he came back on the date promised, he requested support for the GCEO regarding the so called challenges experienced by the Group Chief Executive Officer within PRASA. The workers and the military veterans told Mr Mantsane that they were unable to assist in this regard due the fact that their concerns were not addressed.

Their concerns are as follows:

1.3.2.1 Salary disparity in different grades and regions
1.3.2.2 Absorption of military veterans

1.3.3 As a result of management failure to address the above concerns, Western Cape region declined to support SATAWU's cause.

1.4 KwaZulu Natal

1.4.1 On the 6th to the 7th May 2015, three Gauteng provincial office bearers of SATAWU, Mr. Bongani Mashava, Sihle Shabalala and a third person unknown to members of KZN came to KZN and initially, claimed that they were there to address Prasa Cres and the staging yard matters but when they were given the platform, the gentlemen told their audience that they were there with the mandate from the GCEO PRASA, Mr Lucky Montana. The mandate was to request support from the workers to remove the chairperson, Mr. Popo Molefe, the board of control and the minister of transport, Dipuo Peters.

1.4.2 The reasons given to the workers by the three SATAWU office bearers were that Mr. Popo Molefe and the board were hostile to the GCEO.

1.4.3 The KZN team declined to assist the three SATAWU colleagues and instead told the three that their issues(KZN) remain unresolved.

1.5 Eastern Cape Region

1.5.1 This meeting was addressed by Satawu national office bearer, Mr. Reymond Magweshu on the 27 May 2015, after having attended a Satawu meeting

that was held on the 23 May 2015 that was addressed by Mr. Sihle Tshabalala and Bonganl Mashava of Gauteng province, where the Eastern Cape leadership was requested to embark on a campaign to discredit and remove the board and its chairperson.

1.5.2 On the 27 May 2015 at the local hall where the meeting was held, Mr. Raymond Magewshu requested the support of the employees to remove the chairperson, Mr. Popo Molefe and the board. No reasons were advanced for such a request.

1.5.3 The request was declined after Mr. Nceba Dywanisi, a protection services member engaged the national leader about their interference in matters that belong at the executive managers level. the region pointed out that it was the national leadership of the country that appointed the leadership at prasa and therefore the region cannot be seen to be rebelling against such a decision.

2. Days Preceding the Strike Violence

2.1 On Tuesday the 26 May 2015, there were lot of activities at uMjantshi House, where Wilson Sebiloane, J.T. Mlambo and Chauke (both Task Team commanders) were busy compiling strike action plan for the Task Team that was to be implemented on the 28 May 2015 at PRASA House.

2.2 The two commanders were coached by Mr. Sebiloane that on the day of the strike, the marchers must be allowed to enter the premises with aim to allow them the opportunity to converge just outside the main entrance of the building where the chairperson of the board was expected to come and accept the memorandum from SATAWU members.

2.3 The pamphlets and flyers for the strike were printed at uMjantshi House third floor by members of security department. Infact, from our point view, the entire strike or march plan was being organized by the security department. Security was to be planted among the strikers to agitate and instigate the marchers.

2.4 When the marchers arrive at PRASA house, the plan was to refuse to hand over the memorandum to any other person except the chairperson of the board so as to create an opportunity for the marchers to expose him to insults and humiliation.

2.5 While busy drafting the action plan for the strike, members of the security department were coming in to brief Mr. Wilson Sebiloane about how far they have mobilized members of the Umkhonto We Sizwe Gauteng region where Wilson Sebiloane is the chairperson.

2.6 Percy Tsolo, chairperson of ANCYL Gauteng region mobilized members of ANCYL Gauteng and the COSAS members to assist in the campaign against the chairman of the board, Mr. Popo Molefe.

3. The Day of the Strike/March

3.1 Protection Services vehicle (kombi) was used as mobile command centre for the strikers.

3.2 when the marchers arrived at PRASA house, they were stopped at the gate by Wilson Sebiloane, went to fetch the acting Group Head Corporate Security manager, Mr. Kabelo Mantsane who on his arrival on the scene, opened the gate for the marchers to move into the premises as planned at uMjantsi House

3.3 The marchers demanded to see the chairperson of the board while they were singing and chanting slogans that were insulting the chairman.

3.4 T-shirts written "hands off Lucky Montana" at the back of the T-shirts were worn by the marchers. PRASA busses were organized on the instruction of the Group CEO transport back all the strikers, including the COSAS members, MK military veterans and ANCYL members who are not Prasa employees.

4. Cadre Assembly Held on Saturday the 30 May 2015 at Johannesburg Theatre

4.1 On the 30 May 2015 there was a cadre's assembly that was called by MKMVA regional leadership under the chairmanship of Wilson Sebiloane. The assembly was purportedly intended to address military veteran's issues and was chaired by Aupa Tolo

4.2 It turned out that the assembly was a pretext to mobilize the veterans against the chairman of the board, Mr. Popo Molefe and the board of control.

4.3 Present in the meeting was SATAWU leadership, national chairman of MKMVA, Kebby Mphatswe, the Deputy Minister of Defence and Military Veterans and the entire provincial leadership of MK veterans association. After some serious allegations were made against the chairman and the board of PRASA, a resolution was taken that the struggle must continue in a form of picketing until the chairman and the board have been removed.

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4.4 During the session, a member of the South African Polices Services crime intelligence Mr. Smanga Simelane, who is a colonel based at Protea Glen (Soweto) Police station stood up and told the gathering that there is a serious challenge at PRASA where the current chairman and the board of control were seen as the reason for the eminent departure of the Group CEO, Lucky Montana. He further stated that Mr. Montana is the only CEO in South Africa that has employed so many MK members and therefore needed to be supported.

4.5 The discussion turned into a plot to defend the PRASA group CEO by taking down (assassinate) those seen as the stumbling block. It was mentioned that surveillance was done on the chairman and his security was found wanting. Mr. Smanga Simelane received support and encouragement from Mr. Kelby Mphatswe.

4.6 After the meeting adjourned, there was a closed session where matters unrelated to Prasa were discussed.

4.7 Lucas Monama, who is also a captain at Crime Intelligence Officer at Protea Glen Police station reiterated what was said by Smanga Simelane earlier that they have been monitoring the security arrangements of the chairman of the board and are satisfied that he is vulnerable and can be easily taken out.

5. Allegations against the Chairman Mr. Popo Molefe

5.1 That the chairman is corrupt

5.2 He is a former apartheid informant.

5.3 He is a criminal.

5.4 He raped his 10 (ten) year old daughter.

5.5 That he is incompetent hence his failure during his tenure as a premier in North West. That he must be removed by the ruling party.

6. Allegations against the board of control

6.1 The board is comprised of criminals and must all be disbanded.

7. Allegations against board member Ms Mahlare

7.1 she was specifically mentioned as being a criminal and that she also belongs in jail just like Julius Malema.

CONFIDENTIAL

8. Findings

8.1 During discussions between the information gathering team and the various information suppliers, it came out that Satawu was approached by the GCEO for support to oust the board and its chairman.

8.2 That the group central to the plot to remove the board and its board of control is the the GCEO, Gauteng Satawu provincial leadership, the security departments' acting Head Group Corporate, Mr. Kabelo Mantsane, Mr. Wilson Sebiloane and the task team. The provincial manager Ms Tembela Kulu and the acting provincial security manager, Mr. Ronnie Khumalo wittingly or unwittingly assisted with the organization of the protest/ march against the chairman.

8.3 Lucky Montana created a faction that was intended to protect him in the event that he had to account to the powers that be and this as a result led to divisions in the workplace, leading to low morale and negatively effecting productivity on Prasa employees.

8.4 As it is well documented that Satawu do not have funds for an operation of this magnitude, it therefore strongly suggests that possibly the GCEO funded the operations with his private or prasa funds. The following expenditure was incurred for the operation:

- Air tickets for KZN flights for three and accommodation.
- Air tickets for Western Cape flight and accommodation for Mr. Mantsane and accommodation.
- Transport expenditure for the task team while arranging for the protest.
- Printing of thousands of fliers for the event.
- The truck and the sound system that was utilized on the day of the march.
- Manufacturing and printing of the T-shirts for the event.
- Printing of the placards
- Refreshments provided for the marchers.
- Cost for five Prasa buses were utilized to ferry back all the marchers.
- Air tickets and accommodation for Eastern Cape flight for the Satawu Gauteng leadership that addressed union shop stewards at East London on Saturday the 23 May 2015.

9. Comments

9.1 Initially, the impression was that the campaign against the board of Prasa was a matter that was hashed by provincial leadership of Gauteng province but the inclusion or involvement of Mr. Raymond Magweshu (a national office bearer)

CONFIDENTIAL

indicates or suggests that the national leadership could be aware of the involvement of the union in Prasa internal squabbles and deliberately ignored the evidence.

9.2 there is suspicion that due to the fact that management was behind the strike/march, those who were on strike on the 28 May 2015 are going to be paid in full for their participation in the march. This means that the march against Prasa was sponsored by prasa. We recommend that the salary of all those who were on strike be monitored to establish if they are paid.

10. Recommendations

10.1 That an independent investigation be conducted to unequivocally establish who was responsible for funding the sabotage against prasa operations.

- The extent of the involvement of the security departments in covert operations to destabilize the organization.
- The role played by the Gauteng Satawu leadership to allegedly protect the Group Chief Executive Officer from accounting to the board.

10.2 That the Group Chief Executive Officer of Prasa Mr Lucky Montana and Kabelo Mantsane be suspended pending the outcome of the independent investigation to the security breach that occurred at Prasa House on the 28 May 2015

10.3 Thorough investigation and possible criminal charges be laid against the individuals or persons identified to have conspired to the assassination of the chairman of the board.

10.4 A process be established that will identify individuals (in the security department) involved in the campaign against the board and be shifted to other departments and or divisions where the threat will be minimal.

10.5 Disciplinary charges be lodged against all members who have brought Prasa into disrepute.

10.6 Some of the managers aligned to GCEO, participated in the march against the Prasa code of conduct for managers.(eg The security manager for Prasa Cres Gauteng Mr. Mazibuko).

10.7 That management(the board) need to urgently look at possibilities of allowing National Transport Movement to participate in labour politics in Prasa in order to counter threats that could be brought about by possible collusion between the Group Chief Executive Officer and Satawu should Mr. Montana and Kabelo Mantsane be suspended or dismissed.

CONFIDENTIAL

"RA15"
1640

IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG LOCAL DIVISION, JOHANNESBURG

CASE NO: 2015/42219

In the matter between:

THE PASSENGER RAIL AGENCY OF SOUTH AFRICA Applicant

and

SWIFAMBO RAIL LEASING (PTY) LTD Respondent

CONFIRMATORY AFFIDAVIT

I, the undersigned,

PHILEMON MAKGATLELA MAMABOLO

do hereby make oath and say:

1 I am an adult male Assistant Manager (Special Operations) and employed as such by the applicant, with its offices at Umjantshi House 30 Wolmarans Street, Braamfontein, Johannesburg.

2 The facts contained in this affidavit are within my own knowledge and are, to the best of my belief, both true and correct.

3 I have read from the founding affidavit and replying affidavit in the above application deposed to by **POPO SIMON MOLEFE** ("Molefe").

1641

4 I confirm that the allegations that Molefe makes in his founding affidavit and replying affidavit are true and correct insofar as they relate to me.

DEPONENT

I CERTIFY that the deponent has acknowledged that he knows and understands the contents of this affidavit which was signed and sworn to, before me, at **JOHANNESBURG** on this the 25th day of **AUGUST 2016**, the Regulations contained in Government Notice No. R.1258 dated 21 July 1972 (as amended) and Government Notice No. R.1648 dated 19 August 1977 (as amended) having been complied with.

COMMISSIONER OF OATHS

NAME:

DESIGNATION:

ADDRESS:

JENNA MORITZ
Practising Attorney RSA
Commissioner of Oaths (ex officio)
63A 5th Street,
Houghton Johannesburg

"RAH"
1642

TOKISO

IN THE PRE-DISMISSAL ARBITRATION HELD AT TOKISO

TOKISO 4548

PRASA — Employer

and

OTHUSITSE MOGOLELWA — Employee

AWARD PRE DISMISSAL ARBITRATION

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1. This is a pre-dismissal arbitration. The Employee was charged with gross misconduct. The controversy arises after the employee deleted information from a laptop used by the erstwhile CEO while an investigation was pending at PRASA. The Employee admitted that he deleted the information at the request of the erstwhile CEO.

2. In this award, I intend first to summarise what took place on the different dates that the matter was set down and also in the process to summarise the evidence of the witnesses.

9, 10 and 23 FEBRUARY 2016

3. I stood down the matter on the first day as no one appeared for the Employee.

97

TOKISO

93. Similarly, in **Lottering & others v Stellenbosch Municipality** [2010] 12 BLLR 1306 (LC), the Court held:

> "[30]To sum up, there is a distinction between notification to terminate and the date of termination, which is determined by the notice period stipulated in or inferred from the contract of employment. Put another way termination on notice turns an indefinite contract into a fixed term, the final date of which is determined by contract if the notice is deficient. A deficient notice does not vitiate the act of termination although it may constitute a breach, which may entitle an employer or Employee to either cancel the agreement summarily or hold the employer to the contract, which in its terminal state amounts to no more than requiring the Employee to work notice or paying the Employee in lieu of notice if the employer does not want the Employee to work out the notice."

94. Thus, this award is capable of being rendered as the resignation has not yet taken effect.

GUILT

95. The Employee is manifestly guilty of the charge against him. I accept the uncontracted evidence of both employer witnesses. His own admissions contained his affidavit are damning.

96. He deleted the information without authority, in a clandestine manner and in a situation where there was a cloud hanging over the organisation which required investigation. He made sure that his employer would not be in a position to recover it. He sabotaged the information. He ensured that it was irrecoverable.

97

TOKISO

97. He was protecting the ex CEO. He had no right to take instructions from him. He bypassed his superior and kept his employer in the dark. He lied about saving the information. He had no right to save information on his personal laptop in any event.

98. I accept all the evidence of his superior as summarised above.

99. His uncooperative conduct, delaying tactics during the proceedings and his last minute tender of resignation fortify my findings and are demonstrative of his guilt.

100. His misconduct was deliberate.

SANCTION

101. I am satisfied that dismissal is the appropriate sanction. The Employee's actions are egregious and his conduct has destroyed the relationship of trust. His personal circumstances, clean record and length of service cannot assist in mitigating such serious misconduct.

RULING

102. I accordingly find as follows:

102.1. The Employee is guilty of the charges

TOKISO

102.2. The Employee is dismissed with immediate effect.

FA BODA SC

9 April 2016

Loans Payments

Date	Payee	Amount
2014/05/06	Similex (PTY) Ltd	9 400 000.00
2014/01/20	Similex (PTY) Ltd	14 500 000.00
2014/01/10	Similex (PTY) Ltd	14 100 000.00
	Similex (PTY) Ltd	90 000.00
	Similex (PTY) Ltd	2 050 000.00
2013/04/11	Nkosi Sabelo Incorporated	14 300 000.00
2013/04/22	Nkosi Sabelo Incorporated	14 200 000.00
2013/05/22	Knowles Hussain Lindsay Inc Trust Account(Nkosi Sabelo inc)	10 400 000.00
		79 040 000.00
	handling fee (10%)	7 904 000.00
		86 944 000.00

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SS6-PSM-284

1647

"RAIG"

Tuesday 01 September 2015 at 1:01:14 PM South Africa Standard Time

Subject: New Wave Global Agreement
Date: Thursday 21 March 2013 at 11:41:33 AM South Africa Standard Time
From: George Sabelo
To: Auswell Mashaba

Dear Sir

The above Matter refers as well as to my earlier email.

Please find herewith a copy of the revised draft agreement as per our last discussion.

Kindly provide me with your comments herein.

I await your urgent response hereto as clients wants to have the agreements signed today.

Yours Faithfully.

NKOSI SABELO INCORPORATED

George Sabelo
DIRECTOR

Nkosi Sabelo Inc.
No. 4 Brian Street Block G, Coachmans Crossing Office Park, Lyme Park, Bryanston, 2021
T +27 11 514 5961 F +27 86 266 9489 E info@nsattorneys.co.za
www.nsattorneys.co.za

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91

Consulting Engineers (Pty) Ltd

20 May 2013

Mr. Dheena Pather
Account Executive
Business Banking,
Standard Bank
Private Bag X1017
Sunninghill
2157

Dear Mr. Pather

LETTER OF AUTHORITY – (PAYMENT TO A CREDITOR)

Kindly facilitate the following payment from Swifambo Rail Holdings, account number: 202538117 to the following account;

1. BANK : NEDBANK

BRANCH NAME : Northern Gauteng
BRANCH CODE : 146-905
ACCOUNT NO. : 1469018578
ACCOUNT NAME : Knowles Husain Lindsay Inc Trust Account
AMOUNT : R10 400 000.00
REFERENCE : Nkosi Sabelo Incorporated

The total amount for the above three payments is **R10 400 000.00**

Please, feel free to contact me for any further clarifications.

Thank you in advance,

Sincerely

Mr. Auswell Mashaba
Executive Chairman
A-M Consulting Engineers (Pty) Ltd
Tel: 011 315 1569
Cell: 082 457 7075
Email: amashaba@amce.co.za

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94

SIMILEX

www.angospencergroup.com
directors : maria cruz gomes | domingos Gomes

From: SIMILEX (PTY) Limited

Date: 01th January 2014

INVOICE Nr:002/sml/2014

To:A-M-Consulting Engineers (Pty) Ltd
Block G, Central Park 400 16th Rd
Midrand 1685
Johannesburg - South Africa

CLient	Description	Company	rate	Total
A-M-Consulting Enginners (PTY) ltd	Service Rendered: IRPTN planning Development &Implementation	Similex (PTY) Ltd	30% of the total amount	R$ 14.100.000,00
		Bank details: FNB Bank, B. code:254-605, Acc: 62415888538 Swift code: FIRNZAJJ		
				Total Amount: R$ 14.100.000,00

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SS6-PSM-287

1650

RA19

SIMILEX

www.angospencergroup.com
directors : maria cruz gomes domingos Gomes

From: SIMILEX (PTY) Limited

Date: 05th January 2014

INVOICE Nr:003/sml/2014

To:A-M-Consulting Engineers (Pty) Ltd
Block G, Central Park 400 16th Rd
Midrand 1685
Johannesburg - South Africa

CLient	Description	Company	rate	Total
A-M-Consulting Enginners (PTY) ltd	Service Rendered: IRPTN planning Development &Implementation	Similex (PTY) Ltd	35% of the total amount	R$ 16.450.000,00
		Bank details: FNB Bank, B. code:254-605, Acc: 62415888538 Swift code: FIRNZAJJ		
				Total Amount: R$ 16.450.000,00

company registration number: 2013/017141/07
hone: +27 10 500 1410 | Fax : +27 11 500 8305 | e-Mail: info@angospencergroup.co.za

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SS6-PSM-288
1651

"RAZO"

Consulting Engineers (Pty) Ltd

Mr. Dheena Pather
Account Executive
Business Banking,
Standard Bank
Private Bag X1017
Sunninghill
2157

Date: 10 January 2014

Subject: Payment Authorisation – (Payment to a Creditor)

Dear Mr. Dheena Pather

Kindly facilitate the following payment from the A-M Consulting Engineers Market Link account number: 144133678, to the following account.

1. BANK	: First National Bank
BRANCH CODE	*: 254 605*
ACCOUNT NO.	*: 624 158 88538*
ACCOUNT NAME	*: Similax Pty (Ltd)*
AMOUNT	*: R14 100 000.00*

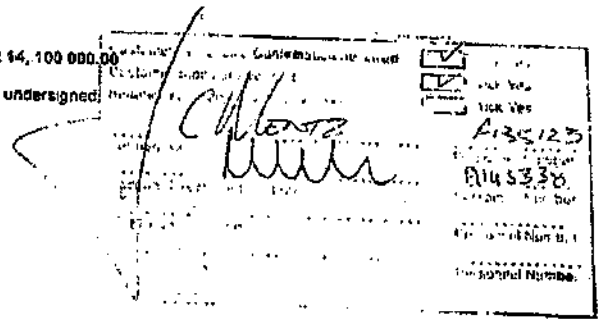
The total amount for the above payment is R 14, 100 000.00

Should clarity be required, kindly contact the undersigned.

Yours Sincerely,

Mr. Auswell Mashaba
Executive Chairman
A-M Consulting Engineers (Pty) Ltd
Tel: 011 315 1569
Cell: 082 457 7075
Email: amashaba@amce.co.za

Confirmation Received
Tick Yes
Tick Yes
A135123
A145338
Personnel Number



A-M Consulting Engineers (Proprietary) Limited Registration Number 2007/027046/07 VAT No: 4770219410
P.O Box 6567, Midrand, 1685 | Block G, 1st Floor, Central Park, 430 16th Road Midrand, 1685
T: +27 (11) 312 1569/70 | F: +27 (11) 312 1571 | www.amce.co.za
Directors: A Mashaba & K Mashaba

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SS6-PSM-289

1652

"RAZI"

A-M Consulting Engineers (Pty) Ltd

Mr. Dheena Pather
Account Executive
Business Banking,
Standard Bank
Private Bag X1017
Sunninghill
2157

Date: 17 January 2014

Subject: Payment Authorisation – (Payment to a Creditor)

Dear Mr. Dheena Pather

Kindly facilitate the following payment from the A-M Consulting Engineers Market Link account number. 144133679, to the following account;

1. BANK	**: First National Bank**
BRANCH CODE	*: 254 605*
ACCOUNT NO.	*: 624 158 88538*
ACCOUNT NAME	*: Similex Pty (Ltd)*
AMOUNT	*: R14 500 000.00*

The total amount for the above payment is R 14, 500 000.00

Should clarity be required, kindly contact the undersigned.

Yours Sincerely,

s/v D.

Mr. Auswell Mashaba
Executive Chairman
A-M Consulting Engineers (Pty) Ltd
Tel: 011 315 1569
Cell: 082 457 7075
Email: amashaba@amce.co.za

Confirmed with
Mr. Mashaba
17/1/2013.
confirmed acc no. at
Fnb. MM
Ndisiwe 20/1/2013

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SS6-PSM-290

1683

"RA22"

ABSA

Internet Banking: Notice of Payment

6 May 2014

Dear Auswell

Subject: Notice of Payment: Similex PTY LTD

Please be advised that A. MASHABA made a payment to your account as indicated below.You can contact A. MASHABA at 0824577075.

Transaction number:	802A58BDBC-1
Payment date:	2014-05-06
Payment made by:	A. MASHABA
Payment made to:	Similex PTY LTD
Beneficiary bank name:	FIRSTRAND
Beneficiary account number:	62415888538
Bank branch code:	254605
For the amount of:	R 9 400 000.00
Immediate interbank payment:	N
Reference on beneficiary statement:	AMCE

View your account to confirm that you have received this payment as the following apply to Internet Banking payments into non-ABSA bank accounts.

- Payments made on weekdays before 15:30 will be credited to the receiving bank account by midnight of the same day.
- Payments made on weekdays after 15:30 will be credited by midnight the following day.
- Payments made on a Saturday, Sunday or Public holiday will be credited to the account by midnight of the 1st following weekday.

If you need more information or assistance, please call us on 08600 08600 or +2711 276 7900 (International calls).

Yours sincerely

General Manager: Digital Channels

This document is intended for use by the addressee and is privileged and confidential. If the transmission has been misdirected to you, please contact us immediately. Thank you.

Member of / Lid van
BARCLAYS
Absa Bank Limited Reg No 1986/004794/06 Authorised Financial Services Provider and Registered Credit Provider Reg No NCRCP7 Company Information: www.absa.co.za
Absa Bank Beperk Reg-no 1986/004794/06 Gemagtigde Finansiëledienstewerskaffer en Geregistreerde Kredietverskaffer Reg No NCRCP7 Maatskappy-inligting: www.absa.co.za
Scanned by CamScanner

RAZZ

Tuesday 01 September 2015 at 12:11:04 PM South Africa Standard Time 1654

Subject: Re: invoice
Date: Monday 26 May 2014 at 6:03:14 PM South Africa Standard Time
From: Auswell Mashaba
To: Maria Gomes
CC: Auswell Mashaba

Dear Maria

Kindly provide the VAT registration number for the three payments made as per your previous undertaking

Regards

Sent from my iPad

On 09 Jan 2014, at 13:41, Maria Gomes <mariagomes867@hotmail.com> wrote:

> Dear Mashaba,
> please find the last invoice and please give me a call,
>
> with kind regards
>
> M.G

Subject: Re: invoice
From: amashaba1@me.com
Date: Thu, 9 Jan 2014 00:16:08 +0200
To: mariagomes867@hotmail.com

Dear Ms Gomes

Thanks for the invoice, I would like to request that you effect the following changes as required on Tax invoices by SARS

1- Include on the invoice your valid VAT registration number.
2- The amount claimed should show VAT at 14%
3- The currency should be in rands (Rands) only, and not R$

Hope you find the above comments in order

With regards

Sent from my iPad
Mr A Mashaba
EC: AMCE
+27 82 457 7075
amashaba1@me.com

On 08 Jan 2014, at 21:02, Maria Gomes <mariagomes867@hotmail.com> wrote:

> Dear Mr A.Mashaba,
>
> could you please after receiving these invoices advise us the next steps.
>
> Thanks

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SS6-PSM-292

1655

RA24

Company Report

windeed
information is our business

Date requested	2016/06/28 15:45
Reference	RS/PRASA
Information source	Companies and Intellectual Property Commission

Searchinsure

This report is compiled exclusively from the very latest data directly supplied to WinDeed by the Companies and Intellectual Property Commission (CIPC).

COMPANY SUMMARY

Name	A-M CONSULTING ENGINEERS
Status	IN BUSINESS
Registration number	2007/027846/07
Registration date	2007/09/28

DIRECTOR AND OTHER SUMMARY

ACTIVE

Name	ID Number	Type	Status
MASHABA, AUSWELL	6403175730084	DIRECTOR	ACTIVE
SEBONE, MOLOKO FLOYD	7405125344089	DIRECTOR	ACTIVE
LANDGREBE SECRETARIAL SERVICES, -	-	SECRETARY (COMPANIES AND CCS)	ACTIVE

INACTIVE

Name	ID Number	Type	Status
NJOMBO, MASHABA	9409290192081	DIRECTOR	RESIGNED

AUDITOR SUMMARY

W K H LANDGREBE (C A) S A AND CO

COMPANY INFORMATION

Enterprise name	A-M CONSULTING ENGINEERS	**Status**	IN BUSINESS
Registration number	2007/027846/07	**Enterprise type**	PRIVATE COMPANY
Tax number	9449681155	**Business start date**	2007/09/28
Short name	-	**Registration date**	2007/09/28
Translated name	-	**Financial year end**	2
Old reg. number	-	**Fin effective date**	2007/09/28
Conv. company No	B2005052793	**CK date received**	-
Region	GAUTENG	**CK date**	-
Country	-	**Date of type**	2007/09/28
Country of origin	-		
Issued shares	-		
Issued capital	-		

Authorized shares	-
Authorized capital	-
Industry code	88
Industry	OTHER BUSINESS ACTIVITIES
Principal business	CONSULTING AND CIVIL ENGINEERING AND RELATED ACTIVITIES
Registered address	SUITE 7 DENAVO HOUSE, COR 15 YORK AND KING STREET, KENSINGTON B, RANDBURG, 2194
Postal address	P O BOX 3665, RANDBURG, 2125

DIRECTORS AND OTHER (3)

MASHABA, AUSWELL

Initials	A	**Status**	ACTIVE
ID/Passport number	6403175730084	**Type**	DIRECTOR
Date of birth	1964/03/17	**Appointment date**	2007/09/28
Profession	-	**Resignation date**	-
Country of residence	SOUTH AFRICA	**Member size (%)**	0.00
Residential address	12 WALTON DRIVE, CARLSWALD LIFESTYLE ESTATE, MIDRAND, GAUTENG, 1685	**Member contribution (R)**	0.00
Postal address	P O BOX 8587, MIDRAND, GAUTENG, 1685		

SEBONE, MOLOKO FLOYD

Initials	M	**Status**	ACTIVE
ID/Passport number	7405125344089	**Type**	DIRECTOR
Date of birth	1974/05/12	**Appointment date**	2015/06/19
Profession	-	**Resignation date**	-
Country of residence	SOUTH AFRICA	**Member size (%)**	0.00
Residential address	377 LORETTA STREET, THE MEADOWS ESTATE, SILVER LAKES PRETORIA, GAUTENG, 0081	**Member contribution (R)**	0.00
Postal address	P O BOX 8587, MIDRAND, MIDRAND, GAUTENG, 1685		

NJOMBO, MASHABA

Initials	M	**Status**	RESIGNED
ID/Passport number	9409290192081	**Type**	DIRECTOR
Date of birth	1994/09/29	**Appointment date**	2013/03/01
Profession	BUSINESSWOMAN	**Resignation date**	2013/03/01
Country of residence	SOUTH AFRICA	**Member size (%)**	0.00
Residential address	10 ALSATIN ROAD, GLEN AUSTIN, MIDRAND, 1685	**Member contribution (R)**	0.00
Postal address	10 ALSATIN ROAD, GLEN AUSTIN, MIDRAND, 1685		

Company Report

windeed
information is our business

Date requested	2016/06/30 11:19
Reference	RS/PRASA
Information source	Companies and Intellectual Property Commission

Searchinsure

This report is compiled exclusively from the very latest data directly supplied to WinDeed by the Companies and Intellectual Property Commission (CIPC).

COMPANY SUMMARY

Name	SIMILEX
Status	ANNUAL RETURN DEREGISTRATION PROCESS
Registration number	2013/017141/07
Registration date	2013/02/05

DIRECTOR AND OTHER SUMMARY

ACTIVE

Name	ID Number	Type	Status
GOMES, DOMINGOS FRANCISCO ANTONIO	N1072531	DIRECTOR	ACTIVE
GOMES, MARIA CAETANO DA CRUZ	N1133560	DIRECTOR	ACTIVE

INACTIVE

Name	ID Number	Type	Status
GOUWS, CHRISTIAN	5908285147087	DIRECTOR	RESIGNED

AUDITOR SUMMARY

VAN WYK AUDITORS

J VAN WYK

COMPANY INFORMATION

Enterprise name	SIMILEX	**Status**	ANNUAL RETURN DEREGISTRATION PROCESS
Registration number	2013/017141/07	**Enterprise type**	PRIVATE COMPANY
Tax number	-	**Business start date**	2013/02/05
Short name	-	**Registration date**	2013/02/05
Translated name	-	**Financial year end**	2
Old reg. number	-	**Fin effective date**	2013/02/05
Conv. company No	-	**CK date received**	-
Region	GAUTENG	**CK date**	-
Country	-	**Date of type**	2013/02/05
Country of origin	-		
Issued shares	-		
Issued capital	0.00		
Authorized shares	-		

Printed: 2016/06/30 11:20

Authorized capital	0.00
Industry code	-
Industry	-
Principal business	-
Registered address	COTTON FIELDS 46, 106 EAST AVENUE, ATHOLL, SANDTON, 2196
Postal address	COTTON FIELDS 46, 106 EAST AVENUE, ATHOLL, SANDTON, 2196

DIRECTORS AND OTHER (3)

GOMES, DOMINGOS FRANCISCO ANTONIO

Initials	-	**Status**	ACTIVE
ID/Passport number	N1072531	**Type**	DIRECTOR
Date of birth	1956/07/03	**Appointment date**	2013/05/30
Profession	DIRECTOR	**Resignation date**	-
Country of residence	UNKNOWN	**Member size (%)**	0.00
Residential address	COTTON FIELDS 46, 106 EAST AVENUE, ATHOLL, SANDTON, 2196	**Member contribution (R)**	0.00
Postal address	COTTON FIELDS 46, 106 EAST AVENUE ATHOLL, 2196		

GOMES, MARIA CAETANO DA CRUZ

Initials	-	**Status**	ACTIVE
ID/Passport number	N1133560	**Type**	DIRECTOR
Date of birth	1966/07/17	**Appointment date**	2013/05/30
Profession	DIRECTOR	**Resignation date**	-
Country of residence	UNKNOWN	**Member size (%)**	0.00
Residential address	COTTON FIELDS 46, 106 EAST AVENUE, ATHOLL, SANDTON, 2196	**Member contribution (R)**	0.00
Postal address	COTTON FIELDS 46, 106 EAST AVENUE ATHOLL, 2196		

GOUWS, CHRISTIAN

Initials	C	**Status**	RESIGNED
ID/Passport number	5908285147087	**Type**	DIRECTOR
Date of birth	1959/08/28	**Appointment date**	2013/02/05
Profession	ATTORNEY	**Resignation date**	2013/02/05
Country of residence	SOUTH AFRICA	**Member size (%)**	0.00
Residential address	329 ANCHELLA STREET, FAERIE GLEN, 0043	**Member contribution (R)**	0.00
Postal address	P O BOX 35465, MENLO PARK, 0102		

SECRETARY COMPANIES AND CCS (NONE)

COMPANY SECRETARY NATURAL PERSONS (NONE)

BOTH DIRECTOR / OFFICERS (NONE)

ALTERNATIVE DIRECTORS (NONE)

OFFICERS (NONE)

LOCAL MANAGERS (NONE)

TRUSTS (NONE)

AUDITORS (2)

VAN WYK AUDITORS

Profession code	THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS	**Status**	CURRENT
Profession number	955833	**Profession**	AUDITOR
Reg. entry date	-	**Start date**	-
Expiry date	-	**End date**	-
Reference number	-	**CM31 completed**	-
Fine letter	-	**CM31 received**	-
Physical address	COTTON FIELDS 46, 106 EAST AVENUE, SANDTON, 2196		
Postal address	P O BOX 35166, MENLO PARK, 0102		

J VAN WYK

Profession code	THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS	**Status**	CURRENT
Profession number	955833	**Profession**	DESIGNATED AUDITOR (NATURAL PERSON)
Reg. entry date	-	**Start date**	-
Expiry date	-	**End date**	-
Reference number	-	**CM31 completed**	-
Fine letter	-	**CM31 received**	-
Physical address	-		
Postal address	P O BOX 35156, MENLO PARK, 0102		

CAPITAL INFORMATION

Type	No of Shares	Parri Value	Capital Amount (R)	Capital Premium
AUTHORIZED ORDINARY	4 000	0	1.00	0

HISTORY

Effective Date	Change Type
2014/09/25	AUDITOR/ACC OFFICER CHANGE (CHANGE RECORDNAME : = VAN WYK AUDITORSSTATUS : = CURRENT)
2014/09/25	AUDITOR/ACC OFFICER CHANGE (CHANGE RECORDNAME : = J VAN WYKSTATUS : = CURRENT)
2013/06/10	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (UNLOCK PASSWORDUNLOCKED BYGBI39PASSWORD SUCCESSFULLY SENT TO JHB@PTY-ONLINE.CO.ZA)
2013/06/06	POSTAL ADDRESS CHANGE (P O BOX 35465MENLO PARK0081)
2013/06/06	REGISTERED ADDRESS CHANGE (323 LYNNWOOD ROADMENLO PARK0081)

2013/05/30	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (AUTHORISING DIRECTOR DETAILSDIRECTOR FULL FORENAMES=CHRISTIANSURNAME=GOUWSID NUMBER=5908285147087CUSTOMER DETAILS DIRECTOR FULL FORENAMES=DESIREE CLODINESURNAME=SAMUELSID NUMBER=7703010879080)
2013/05/30	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (FULL FORENAMES=MARIA CAETANO DA CRUZSURNAME=GOMESAPPOINTMENTDATE=30/05/2013STATUS=A)
2013/05/30	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (FULL FORENAMES=DOMINGOS FRANCISCO ANTONIOSURNAME=GOMESAPPOINTMENTDATE=30/05/2013STATUS=A)
2013/02/11	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (AUTHORISING DIRECTOR DETAILSDIRECTOR FULL FORENAMES=CHRISTIANSURNAME=GOUWSID NUMBER=5908285147087CUSTOMER DETAILS DIRECTOR FULL FORENAMES=DESIREE CLODINESURNAME=SAMUELSID NUMBER=7703010879080)
2013/02/05	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (FULL FORENAMES=CHRISTIANSURNAME=GOUWSAPPOINTMENTDATE=05/02/2013STATUS=C)

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SIYAYA Rail Solutions

vossloh Locomotives

Windhoff Bahn- und Anlagentechnik GmbH

EXPRESSION OF INTEREST (EOI): HO/RS/(ES)/006/07/2009: FOR THE LEASE OF ELECTRIC , DIESEL- ELECTRIC, AND/ OR DIESEL LOCOMOTIVES (SHUNTING AND MAIN LINE LOCOMOTIVES)

SIYAYA RAIL SOLUTIONS: A SUBSIDIARY OF SIYAYA GROUP (SGROUP) IN ASSOCIATION

VOSSLOH LOCOMOTIVES & WINDHOFF GmbH

Offers to

PASSENGER RAIL AGENCY OF SOUTH AFRICA (PRASA)

prasa

PASSENGER RAIL AGENCY OF SOUTH AFRICA

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ATTACHMENTS

SIYAYA RAIL SOLUTIONS

- Registration Docs
- Tax Clearance Certificate,
- Copy of Cancelled Cheque,
- Letter from Auditors – Tax Clearance and BBEEE
- **MOU's – Vossloh and Windhoff**
- Profile
- DB International Profile

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VOSSLOH

- Company Profile and Capacity
- Engineering Profile
- Locomotives References
- Quality Management System

WINDHOFF

- Company Profile
- Rail Vehicles Profile
- References

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1 EXECUTIVE SUMMARY

The South African Rail Commuter Corporation (SARCC) which has now changed its name to Passenger Rail Agency of South Africa (PRASA) comprising of its two rail operational divisions namely Metrorail and ShosholozaMeyl, the bus company and Intersite its Property Management Services issued request for EOI for the desire to lease locomotives for the haulage of passenger trains on various national routes operated by the Prasa divisions in the various regions and shunting of Metrorail rolling stock repair depots.

Prasa is therefore inviting suitable qualified companies to participate in a competitive bidding process by expressing their interest to carry out the work including demonstrating capacity covering technical, commercial, and financial and compliance to BBEEE.

We are pleased to submit Expression of Interest as Siyaya Rail Solutions with its strategic partners.

To this effect, Siyaya Rail Infratsruture and Technology Solutions T/A as **Siyaya Rail Solutions** is a South African company finally registerd in 2009 from the consolidation and ringfencing of its services based. This had been based into establihsment of the Siyaya Main Group established to hold shares and bei the coroporate identifty of the divisions. Siyaya Rail Solutions focuses on provisioing, development of rail technologies and solutions from rail vehicles, componets, systems and rail planning systems etc.

The S Group is therefore made out of the following companies:

- Siyaya DB Engineers – Railway Consulting and Engineering;
- Siyaya Rail Solutions – Railway Technology and Solutions provider;
- Siyaya Learning Training and Development – Focusing on Railway Engineering Training and Development such as train and bus driver training concepts etc;
- Siyaya Recycling;
- Siyaya Energy;
- Siyaya Investments.

To this end, S Group have partnership with various stratergic international recognised partners that compliments and provides for niche solutions. Siyaya Initially signed agreemement with DB International for the Consulting and Engineering Service. This was followed by agreements for the Train, crew planning solutions, measurement systesm etc.

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For the purpose of this EOI, Siyaya Rail Solutions has entered into stratergic partnership with two international recognized companies Vossloh Espania and Windhoff Gmbh to provide turnkey solutions to Prasa for the leasing of shunting and main line locomotives.

We have carefully studied the scope of work and requirements for the initial qualification of capacity, expertise and appropriate solutions and satisfied our proposed solutions will meet and be above board to Prasa. We do highlight the fact that the detailed submission of of appropriate locomotives will be submitted during the second phase of the project which will enable us to clarify various variables which are not significant but relevent for our solutions packaging.

In conclusion, our solutions will include various options and choices of locomotives that will be available for Prasa to consider as well as to package additional or remove options which might not be relevent or critical at this stage which will further have direct impact positively to the final pricing of the locomotives and maitanance facaility to Prasa still achieving highest standards of and quality technical locomotives which is European compliant.

We have submitted various documentation ranging from:

- Types of locomotives from Vossloh main line locomotive and high powered shunting locomotives with minimal 1300 hp;
- Shunting locos from Windhoff representing Horse Power range required by Prasa;
- Capacity to support and maintain the locomotives and implementation of proper and required maintanance program;
- Reference projects of locomotives build over the last 30 years;
- Quality managment, ISO standards etc

We have attached our detail profiles, company references demonstrating our capacity.

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2 UNDERSTANDING OF YOUR REQUIREMENTS

Passenger Rail Agency of South Africa (PRASA) comprising of its two rail operational divisions namely Metrorail and ShosholozaMeyl, the bus company and Intersite its Property Management Services issued request for EOI for the desire to lease locomotives for the haulage of passenger trains on various national routes operated in the various regions and shunting of Metrorail rolling stock repair depots.

Prasa is therefore inviting suitable qualified companies to participate in a competitive bidding process by expressing their interest to carry out the work including demonstrating capacity covering technical, commercial, and financial and compliance to BBEEE.

We understand that Prasa leases locomotives for shunting operations in the depots and mainline passenger train haulage and has a shortfall on these operational requirements. The identified shortfall is as follows:

Main Line Locomotives

- **3kv DC Locomotives : 7**
- **25kv AC locomotives : 11**
- **Diesel – Electric locomotive: 23**
- **Hybrid 3kv DC-25 AC Locomotive 33**

Shunting Locomotives

- Diesel/ Electric Shunting Locomotives

We confirm requirement to price according to the following options;

Option 1

To provide locomotives on a 5 year, renewable lease. Nominal costs associate with the items below to include:

- Full maintenance program
- Full overhaul program if applicable
- Insurance (exc passenger related liability)
- Dry rate (exc diesel and lubrication)

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- Board and lodge for any maintenance technical crews
- Monthly and annual lease costs to include the costs for the full maintenance program or full overhaul program

Option 2

To provide locomotives on a 15 year lease. Nominal costs associate with the items below to include:

- Full maintenance program;
- Full overhaul program if applicable;
- Insurance; (exc passenger related liability)
- Dry rate (exc diesel and lubrication) ;
- Board and lodge for any maintenance technical crews
- Monthly and annual lease costs to include the costs for the full maintenance program or full overhaul program

We note that Prasa will provide own drivers for the locomotives. We further noted all the general vehicle performance parameters covering - power rating, specifications for loco's, environmental operational conditions, signaling and telecommunications interfaces; Traction power supply couplers and track specifications.

We advice and confirm that our solutions comply with the above requirements and confident that Prasa will be intrigued by our offer, pricing, technology we propose which is highly efficient. Our Team special circumstances is the ability to deliver within reasonable period of time, in-house engineers to adjust and align to final required specifications, and capacity to produce on required track and other electrical requirements.

We therefore confident that our solutions proposed will meet the requirements of Prasa.

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3 EOI REQUIREMENTS

Administrative Requirements	**Comply (Yes/No)**	**Qualify, Describe / Explain**	**Cost Implications**
Company Registrations Docs: - Certified copy of share certificates - Certified copy of CM29/CM9 - Valid Tax Clearence Certificate – Newly Registered Company and SARS on Strike - Cancelled Cheque or Bank Confirmation - Letter from Auditor BEE and Shareholding Confirmation - Completed Supplier Forms	Yes	Attached	N/a
Memorundum of Agreements (MOU) - Vossloh Espania - Windhoff Gmbh - DB International	Yes	Attached	N/a
Certified copy of Financial Statements	N/A	Attached	N/a
Business Requirements	**Comply (Yes/No)**	**Qualify, Describe**	**Cost Implications**
Statement of Work Successfully Completed	Yes	Attached	
Record of Experience / Proof of Expertise	Yes	Attached	See Att.
Our Companies Portfolios			
Types of Locomotives on Offer			
Full functional Office In Gauteng - Midrand	Yes		
Types of Locomotives Required	**Comply (Yes/No)**	**Qualify, Describe**	**Cost Implications**
- **3kv DC Locomotives : 7** - **25kv ac locomotives : 11** - **Diesel – Electric locomotive: 23** - **Hybrid 3kv DC-25 ac Locomotive 33**	Yes	See References	N/a

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General Vehicle Perfomance Parametres **Power Rating,Line Speeds and Hours of Use** - 2000hp-2500hp Main Locomotive - Required Line speed 90km/hr - Over 72 hrs in use - 100% Availability and mean distance between failures of not less than 100 km/hr	Yes	See References	N/a
750hp-1000hp for Shunting Loco	Yes	See References	N/a
- 800 m/t, unbraked on level gradient - Maxi shunt speed: 60km/hr - Maximum line speed : 60 km / hr - Ability to drive from eother side of shunt loco – option - Operational Hrs per day : 6-18 hrs - 100% Availability and mean distance between failures of not less than 100 km/hr			
Diesel-Electric Locomotives	Yes	See References	N/a
Environemntal Conditions	Yes	See References	N/a
Signallying adn Telecommunications Interface	Yes	See References	N/a
Traction Power Supply	Yes	See References	N/a
Noise Levels	Yes	See References	N/a
Additional Mechanical Data - Couplers – standard AAR Approved Coupling - Coupler height above rail top - Vehicle Loading Gauge	Yes	See References	N/a
Track	Yes	See References	N/a
Maintanance Depot / Program	Yes	See References	N/a

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4 Company and Contact Information

4.1 Contact details

Our Consortium	Contact Person
Siyaya Rail Solutions (JHB) 71 Cortday Cresecnd Randjiesfontein Estate Midrand Johannesburg South Africa	Makhensa Mabunda Chief Executive mob:+27 72 237 3883 Tel: +27 11 314 1046 Fax: +27 11 314 3409 Mob fax: +27866105843 makhensa@sgroupco.co.za www.sgroupco.co.za
Vossloh Espania S.A. Pol.Ind Del Mediterranean Mixxera No 6 46550 Valencia Spain	Jose Daniel Mesa Senior Sales Vice President Tel. +34 96 141 50 21 Fax: +34 96 141 50 07 Jdaniel.mesa@ve.vossloh.com www.vossloh.com
Windhoff Gmbh Hoverstrett No 10 48431 Rheine Germany	Wolfgang Klein- Kattofer Senior Sales Director Tel. +49 5971 58 364 Fax: +49 5971 58 324 kk@windhoff.de www.windhoff.de

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5 Who Are We

SIYAYA
Rail Solutions

Siyaya has extensive capacity within the railway consulting and has gained and broadened its scope through its international exposure and various partnerships structured to provide integrated railway solutions. Today, S Group has been estsblished to provide corporate identity to its subsidiaries as :

- Siyaya DB Engineers – Railway Consulting and Engineering;
- Siyaya Rail Solutions – Railway Technology and Solutions provider;
- Siyaya Learning Training and Development – Focusing on Railway Engineering Training and Development such as train and bus driver training concepts etc;
- Siyaya Recycling;
- Siyaya Energy;
- Siyaya Investments.

Siyaya has secured partnerships with various international companies. The first most strategic partnership is with **DB International GmbH**

DB Mobility Networks Logistics

DB International GmbH (formerly DE-Consult GmbH, a subsidiary of German Railway Company, Deutsche Bahn AG), An International Railway Engineering and Consulting Co. providing Siyaya with strong international railway engineering and consulting expertise and capacity.DBI brings along its various sister companies from DB group such as DB Systel, DB Netz (Network), DB Schenker, DB Passenger services – Regio, DB Learning and Development. Etc of which represents structured divisions within DB group to provide service to in-house group as well as outside companies. DB International is the officially international arm of DB Group which provides railway engineering and consulting services supported by its sister companies when necessary. For the purpose of this project DB International will provide

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expertize for the mianatenance depot design or refurbishment stratergy to service the locomotives on offer.

vossloh
Locomotives

Vossloh Locomotives had been in business for over 45 years and has had a very good working collaboration with GM/EMD over the years. It has been part of Alstrom Group few years back and officially became part of the Vossloh Group in 2007. Vossloh has developed various competive locomotives and other rail technologies but specilists in Locomotive design and manufacturer. Ultramodern Vossloh diesel locomotives have for years now been leading the way throughout Europe. The undisputed European market leader is setting new standards in terms of cost efficiency, flexibility, and environmental impact. When it comes to servicing and maintenance as well as attractive financing arrangements Vossloh once again supplies custom-tailored solutions. Additionally Vossloh Locomotives offers comprehensive services in the range of diesel traction in Kiel as well as in the service centre Moers.

Comprehensive services for locomotives

- Selling and leasing of new and used Vossloh standard locomotives (formerly MaK)
- Customer services for locomotives made by Vossloh and other manufacturers
- On-site service provision (from set-up and scheduled maintenance work right up to general servicing)
- Vossloh Locomotives System Maintenance (demand-orientated and varyingly extensive concepts from maintenance packages right up to full service)
- Well-stocked spare parts warehouse
- Repair shop for diesel locomotives

The centrepiece of our service centre is the state-of-the-art repair shop where all kinds of maintenance work can be performed on frames, bogies and superstructures for all types of diesel locomotives.

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Repair, maintenance and full-service activities

- General inspections, brake revisions and elimination of damage due to accidents
- Repair of bogies, brake components, cooling systems, hydrostatic auxiliary drives, wheelsets and wheelset gear sets as well as diesel engines and hydraulic drives
- Modernisation of the locomotive control and/or pneumatic system
- Outfitting with radio control, shunting couplers, DB trackside equipment
- Modernisation and retrofitting with new engines
- Blasting and paint work

Windhoff
Bahn- und Anlagentechnik GmbH

Since 1889, Windhoff has been active in the field of design and engineering of machines and plants. For decades, Windhoff has been concentrating on particular products for special segments of market. Production and sale today comprise a variety of technologiecally exacting products of the following ranges: railway vehicles, railway workshop equipment and handling systems.

We prepare technical feasibility studies, develop and design mechanical and electric components and develop our own software. Assembly of the various components, internal acceptance and preliminary initial operation are effected at our facilities. From the customer's initial inquiry all the way to the after-sales-service - service from a single source for the benefit of our customers world-wide. Amongst others the product range from **Railway Vehicles,Railway Technologies (Depot Equipment, etc) and Plant Technologies.**

Windhoff has signed MOU with Siyaya Rail Solutions to procide rail vehicles and technnologies.Winhoff will provide options for required shunting locomotives as specified in the EOI. Windhoff will also play critical role in the upgrade of exisiting maintanance facility or new facility depending on the agreement with the Client.

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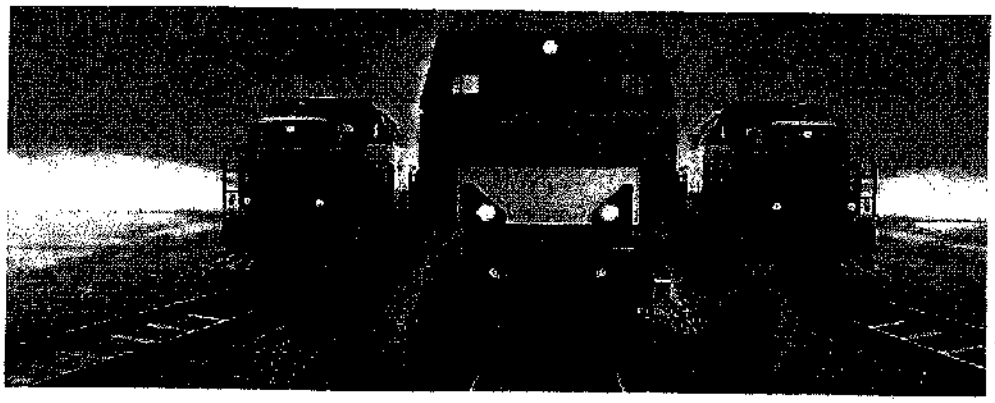
6 Solution Overview in a Nutshell

Siyaya Rail Solution will be the main service provider to Prasa supported by Vossloh and Windhoff on the design, manufacturer and supply of locomotives in response to the request.Siyaya will acquire and or lease locomotives from the two partners to support Prasa as well as arranging and coordinating finance required. The insurance structure will fully be finalized upon conclusion of final specifications as our locomotives would have various options and only after confirmation then the final rate will be arranged benefiting Prasa.

Firstly, the following will represent various options available for Prasa to consider as our proposal

Main Locomotives Offer



Ultramodern Vossloh diesel locomotives have for years now been leading the way throughout Europe. The undisputed European market leader is setting new standards in terms of cost efficiency, flexibility, and environmental impact. When it comes to servicing and maintenance as well as attractive financing arrangements Vossloh once again supplies custom-tailored solutions. Additionally Vossloh Locomotives offers comprehensive services in the range of diesel traction in Kiel as well as in the service centre Moers.

Services

Vossloh Moers location has been responsible for providing a full spectrum of services for maintenance, repair and modernisation of locomotives for 30 years. Our workshop — conveniently situated in between the Ruhr District and the Rhine region — know how to impress customers with reliable and high-quality services. By combining comprehensive

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know-how with modern technology, we make sure your locomotive is in good hands.

Comprehensive services for locomotives

- Selling and leasing of new and used Vossloh standard locomotives (formerly MaK)
- Customer services for locomotives made by Vossloh and other manufacturers
- On-site service provision (from set-up and scheduled maintenance work right up to general servicing)
- Vossloh Locomotives System Maintenance (demand-orientated and varyingly extensive concepts from maintenance packages right up to full service)
- Well-stocked spare parts warehouse

Repair shop for diesel locomotives

the centrepiece of our service centre is the state-of-the-art repair shop where all kinds of maintenance work can be performed on frames, bogies and superstructures for all types of diesellocomotives.

Repair, maintenance and full-service activities

- General inspections, brake revisions and elimination of damage due to accidents
- Repair of bogies, brake components, cooling systems, hydrostatic auxiliary drives, wheelsets and wheelset gear sets as well as diesel engines and hydraulic drives
- Modernisation of the locomotive control and/or pneumatic system
- Outfitting with radio control, shunting couplers, DB trackside equipment
- Modernisation and retrofitting with new engines
- Blasting and paint work

Modernisation

Locomotive repair, inspection and modernization

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Engineering

Our products, diesel locomotives and components for railway vehicles are developed by highly experienced qualified engineers.

- Design and development up to production-readiness
- Efficiency and flexibility in design and development
- Entire design process completed using CAD
- Best design solutions by means of optimisation with FEM
- Networking of design and manufacturing using CAD
- Good matching of electrical and mechanical interfaces by means of in-house development "under the same roof"
- Individually tailored problem-solving to match customer requirements

Our Locomotives on Offer:



As indicated in our Vosiloh presentation and project references. There are various options available on the production plant covering all electric, diesel-electric and diesel locomotives.amongst others the following will be adjusted to fit Prasa requirements:

- The PL42AC initially manufactured for American railways
- The Euro 4000 and Euro 3000.

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Shunting Locomotive Offer: Above 1300 HP Shunting Locomotive



Vossloh will provide shunting loco above 1300 Horse Power and more information available on the reference lists.

Windhoff: Below 1000 HP Shunting Locomotive

Windhoff has designed and developed various shunting locos for different industries from 2 way road rail to rail shunting locomotives. They will cover all shunting locomotives from 100-1000 Horse Power. Windhoff has more than sufficient capacity to full the required horse power of 750-1000. All specifications and options will be finalized and upon conclusion and agreement with Prasa, a special locomotive will be aligned and manufactured according to Prasa requirements within the targeted delivery period.

Various combinations will be structured in consideration of the minimum speciation set and price accordingly.i.e. we will endeavour to provide what's required not necessary what's available in the market.

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7 Project Plan

Detailed Discussion with the client will determine the speed of finalizing final design or locomotives and shunting locomotives specifications and options. As indicate earlier, we have off the shelf solutions that already are capable to do required services however due to our approach; we intend to do the following;

- Finalize and confirm specifications- incl gauge alignment, tracking motors etc
- Advice our client on various options available per our available locomotive in our production line
- Finalize optimum specifications at right pricing
- Finalize designs and start producing in the plant.
- Training plan for Drivers

In terms of our capacity, we are looking at **8 to 16 months delivery** period from date of contract signing.

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8. Our Financial Offer.

8.1 Our Locomotive Pricing Range

As indicated earlier, most of our locomotives ranges have been designed to comply with European UIC standards. Some of the options for the Euro standards might not be relevant for South Africa, Prasa and hence the price impact might be very significant.

We propose that our Price Range will be between **R30 – R39m** depending on the final options. This price will form basis for annual lease costs

We will further consider refurbishment of existing locomotives; provide concept based on the old locomotives for consideration with Prasa using our technology to fast track availability of locomotives. In accordance to concept, the pricing might range between **R 3.5- R10m** once-off.

8.2 Vossloh Shunting Locomotive

As indicated earlier, most of our shunting locomotives range have been designed and developed to comply with European UIC standards. Some of the options for the Euro standards might not be relevant for South Africa or Prasa hence the price impact might be very significant.

Our proposed Price Range will be between R20 – R24m per shunting locomotive. And based on the 11 required, the price could be adjusted to R22m per loco.this will form basis for the lease amount.

8.3 Windhoff Shunting Locomotive

As indicated earlier, most of our shunting locomotives range have been designed and developed to comply with European UIC standards. Some of the options for the Euro standards might not be relevant for South Africa, Rasa hence the price impact might be very significant.

Our proposed Price Range will be between R5 – R15m per shunting locomotive. An optimization process will be done during secondary phase to completely understand requirements and exact specifications for our final offer.

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9. Commercial conditions

Price for a single unit and options is as written in '8 Financial Offer'.

VALIDITY	Delivery time	PAYMENT	WARRANTY
6-8 months	12- 14 Months	As per to be signed SLA	2-3 years

9.1 Assumptions for Options

Option 1 – 5 year Lease agreement

- For the first five years limited maintenance work will be required except for basic service
- Maintenance depot site establishment as well as teams engagement;
- In consideration base prices, lease costs for the five years , we estimate about R65 000.00 lease costs per month for the locomotives;
- For the shunting locomotives estimating between R21-R30 000 per month

Option 2 15 year Lease agreement

- For the first five years limited maintenance work will be required except for basic service
- Maintenance depot site establishment as well as teams engagement;
- In consideration base prices, lease costs for the five years , we estimate about R450 00.00 lease costs per month for the locomotives;
- For the shunting locomotives estimating between R 19000 – R26000 per month

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9.2 Summary of all deliverables

Siyaya Rail Solutions and Partners offer to deliver:

- Shunting Locomotives
- Locomotives for Main Line services
- User manual and Training documentation in English
- Administration guide in English
- Train the Trainer – Driver Training;
- Fully Functional Maintenance Depot and Teams
- Structured Insurance Package jointly with Client
- Structured Lease monthly rate of both locomotive

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Company Report

windeed
information is our business

Date requested	2016/07/12 09:32
Reference	RS/PRASA
Information source	Companies and Intellectual Property Commission

This report is compiled exclusively from the very latest data directly supplied to WinDeed by the Companies and Intellectual Property Commission (CIPC).

COMPANY SUMMARY

Name	SIYAYA RAIL INFRASTRUCTURE SOLUTIONS AND TECHNOLOGY
Status	IN BUSINESS
Registration number	2009/012646/07
Registration date	2009/06/30

DIRECTOR AND OTHER SUMMARY

ACTIVE

Name	ID Number	Type	Status
HLOMANE, HANGALAKANI GERSON	6905215379086	DIRECTOR	ACTIVE
MABUNDA, MAKHENSA SOLLY RISIMATI	7705205326082	DIRECTOR	ACTIVE

INACTIVE

Name	ID Number	Type	Status
MABUNDA, MIKATEKO ROSEMARY	7905150366083	DIRECTOR	RESIGNED
MABUNDA, TIRHANI EZEKIEL	6311115834082	DIRECTOR	RESIGNED
PHAWENI, PRINCE HENRY	5901316712087	DIRECTOR	RESIGNED

AUDITOR SUMMARY

VAN WYK ACCOUNTANTS
VAN WYK ACCOUNTANTS
LSG INTEGRATED

COMPANY INFORMATION

Enterprise name	SIYAYA RAIL INFRASTRUCTURE SOLUTIONS AND TECHNOLOGY	**Status**	IN BUSINESS
Registration number	2009/012646/07	**Enterprise type**	PRIVATE COMPANY
Tax number	9515516160	**Business start date**	2009/06/30
Short name	-	**Registration date**	2009/06/30
Translated name	-	**Financial year end**	2
Old reg. number	-	**Fin effective date**	2009/06/30
Conv. company No	-	**CK date received**	-
Region	GAUTENG	**CK date**	-
Country	UNKNOWN	**Date of type**	2009/06/30

SS6-PSM-321

1684

"RAZ8"

Company Report

windeed
information is our business

Date requested	2016/07/12 09:11
Reference	RS/PRASA
Information source	Companies and Intellectual Property Commission



This report is compiled exclusively from the very latest data directly supplied to WinDeed by the Companies and Intellectual Property Commission (CIPC).

COMPANY SUMMARY

Name	S GROUP INVESTMENTS
Status	IN BUSINESS
Registration number	2010/008168/07
Registration date	2010/04/26

DIRECTOR AND OTHER SUMMARY

ACTIVE

Name	ID Number	Type	Status
MABUNDA, MAKHENSA SOLLY RISIMATI	7705205326082	DIRECTOR	ACTIVE

INACTIVE

Name	ID Number	Type	Status
OELOFSE, JOHANNES MARTHINUS	7802125003089	DIRECTOR	RESIGNED

AUDITOR SUMMARY

VAN WYK AUDITORS

GREGORY BUTT & MARX

COMPANY INFORMATION

Enterprise name	S GROUP INVESTMENTS	**Status**	IN BUSINESS
Registration number	2010/008168/07	**Enterprise type**	PRIVATE COMPANY
Tax number	9976075151	**Business start date**	2010/04/26
Short name	-	**Registration date**	2010/04/26
Translated name	-	**Financial year end**	2
Old reg. number	-	**Fin effective date**	2010/04/26
Conv. company No	-	**CK date received**	-
Region	GAUTENG	**CK date**	-
Country	-	**Date of type**	2010/04/26
Country of origin	-		
Issued shares	-		
Issued capital	100.00		
Authorized shares	-		
Authorized capital	1 000.00		

Company Report

windeed
information is our business

Date requested	2016/03/16 11:37
Reference	RS/PRASA
Information source	Companies and Intellectual Property Commission

This report is compiled exclusively from the very latest data directly supplied to WinDeed by the Companies and Intellectual Property Commission (CIPC).

COMPANY SUMMARY

Name	SIYAYA CONSULTING ENGINEERS
Status	IN BUSINESS
Registration number	2006/004006/07
Registration date	2006/02/10

DIRECTOR AND OTHER SUMMARY

ACTIVE

Name	ID Number	Type	Status
MABUNDA, MIKATEKO ROSEMARY	7905180366083	COMPANY SECRETARY (NATURAL PERSON)	ACTIVE
MABUNDA, MAKHENSA SOLLY RISIMATI	7705205326082	DIRECTOR	ACTIVE

INACTIVE

Name	ID Number	Type	Status
NATASEN, VIVIEN	7203225202087	COMPANY SECRETARY (NATURAL PERSON)	RESIGNED
BVUMA, SOLANI VICTORIA	6102100927084	DIRECTOR	RESIGNED
MABUNDA, VHELAPHI HUDSON	7102195323081	DIRECTOR	RESIGNED
MASHELE, MAKHOSINI THANIEL	7405195333087	DIRECTOR	RESIGNED
NATASEN, VIVIEN	7203225202087	DIRECTOR	RESIGNED
PHAWENI, PRINCE HENRY	5901315712087	DIRECTOR	RESIGNED

AUDITOR SUMMARY

VAN WYK AUDITORS
MALHERBE LOURENS
PRO TAX MANAGEMENT
STEPHAN DE KOCK & ASS

COMPANY INFORMATION

Enterprise name	SIYAYA CONSULTING ENGINEERS	**Status**	IN BUSINESS
Registration number	2006/004006/07	**Enterprise type**	PRIVATE COMPANY
Tax number	9431814152	**Business start date**	2006/02/10
Short name	-	**Registration date**	2006/02/10
Translated name	-	**Financial year end**	2
Old reg. number	-	**Fin effective date**	2006/02/10

SS6-PSM-323
1686
"RA30"

From: Maria Gomes <mariagomes867@hotmail.com>
Sent: 17 December 2013 12:25
To: Lucky Montana (PRASA CORP)
Subject: RE: Summary notes

Dear Cde Happy,

I am sorry to come back to you only today but yesterday dinner finish too late.

But otherwise how are you feeling now, hope much better...

However, it was a good help for the part of our conversation related to railways issue.

Now today I will have a meeting with Vice President of the bank to go to some more details of how and what we would like to go forward the meeting will be in sandton at 4pm in our office so if you feel you can come and participate will be most than well come.

Otherwise I will see you later because our man is completely desperate so please ....

With kind regards

SG

> From: tmontana@prasa.com
> To: Mariagomes867@hotmail.com
> Subject: Fwd: Summary notes
> Date: Mon, 16 Dec 2013 19:43:08 +0000
>
>
>>
>>Dear Cde Sonia
> >
>>As discussed, please note as follows:
>
>>Moloto Rail Corridor: this project is about the introduction of a multi modal transport system to serve as a catalyst for economic development in the western region of Mpumalanga, Limpopo and Gauteng. It also involves the three municipalities which include Ekangala, Sekhukhune and Tshwane Metropolitan. The rail line is approximately 113 km with estimated cost of R12bn (cost to be revised once the review is complete). The project is currently undergoing an options analysis phase with the project review expected to be completed by March 2014.
>>
>>Johannesburg - Durban High Speed Rail: this project is about introducing a high speed train service between Johannesburg and Durban. The project is currently being conceptualized with the detailed feasibility study expected to be undertaken in the 2013/14 financial year. Detailed options analysis will be undertaken to assess the viability of a separate passenger rail service or a combination of freight and passenger rail services.
> >
>>Park Station: this is the largest railway station in South Africa situated in Johannesburg with over 200 000 commuters connecting through the station daily. It is however anticipated that the commuter numbers will reach 260 000 by 2020. It is planned that a full decking of the station will be undertaken in order to create more space for commercial use. In the medium term, PRASA will invest approximately R1bn as part of Phase 1 of the project which mainly focus on creating additional commercial space on the lower part of the station.
> >
>>Pretoria Station: similar to Park Station in terms of the planned works. The project is currently being conceptualized for future development. Approximately 130 0000 commuters connect through the station daily.
>>
>>Hope this will be of assistance to you and the team from DBA.

>
>
>>Regards
>
>>LM
>
>
>
>
>>
>>
>>
>>
>>Sent from my iPad
> This message and associated files are intended only for the use of the individual of entity to which it is addressed.
> It may contain information that is confidential, subject to copyright or constitutes a trade secret. If you are not
> the intended recipient, any dissemination, copying or distribution thereof is strictly prohibited. If you have received
> this message in error, please notify us immediately by replaying to the message and deleting it from your computer.

IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG LOCAL DIVISION, JOHANNESBURG

CASE NO: 2015/42219

In the matter between:

THE PASSENGER RAIL AGENCY OF SOUTH AFRICA Applicant

and

SWIFAMBO RAIL LEASING (PTY) LTD Respondent

CONFIRMATORY AFFIDAVIT

I, the undersigned,

MASHILA MTLALA

do hereby make oath and say:

1 I am an adult female business woman, and a director on the board of directors of the applicant, with its offices at PRASA House, 1040 Burnett Street, Hatfield, Pretoria.

2 The facts contained in this affidavit are within my own knowledge and are, to the best of my belief, both true and correct.

3 I have read from the replying affidavit in the above application deposed to by **POPO SIMON MOLEFE** ("Molefe").

4 I confirm that the allegations that Molefe makes in his replying affidavit are true and correct insofar as they relate to me.

DEPONENT

I CERTIFY that the deponent has acknowledged that she knows and understands the contents of this affidavit which was signed and sworn to, before me, at **JOHANNESBURG** on this the 25th day of **AUGUST 2016**, the Regulations contained in Government Notice No. R.1258 dated 21 July 1972 (as amended) and Government Notice No. R.1648 dated 19 August 1977 (as amended) having been complied with.

COMMISSIONER OF OATHS

NAME:

DESIGNATION:

ADDRESS:

1994

Ad paras 8.53 to 8.54:

61. The contents of these paragraphs are denied.

62. In particular, I deny that the interests of justice favour an extension of the time period within which PRASA was required to launch this application.

63. Even if there are allegations of widespread irregular and/or corrupt conduct concerning the procurement processes of a public entity such as PRASA (wherein no evidence whatsoever is put up implicating Swifambo in such conduct), such general allegations do not justify the launching of this application so many years after the contract was awarded to Swifambo. There are other fora wherein PRASA can investigate and address corrupt practices within its organisation without adversely affecting Swifambo as an innocent tenderer who has already performed substantially in terms of the contract awarded to it. This is dealt with fully in Swifambo's answering affidavit.

Ad para 9.5:

64. I deny that Mr Mabunda told me that he was friends with Mr Montana. The remainder of the contents of this paragraph are admitted.

Ad para 9.6:

65. I admit that a meeting took place between me and Mr Molefe at the Maslow Hotel in Sandton on 31 August 2015.

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Ad para 9.7:

66. I deny the insinuation that I had no experience.

67. Swifambo's experience is set out at paragraph 127.2 of its answering affidavit. I, in particular, had 3 years' experience in the rail industry at the time. As mentioned above, Swifambo's goal was to become a wholly owned leading black industrialist company in the rail sector. My understanding was that PRASA also had similar intentions of creating black industrialists.

Ad para 9.8:

68. The contents of this paragraph are denied.

69. Mr Mamabolo, Mrs Matlala and I met with Mr Molefe on 31 August 2015 at the Maslow Hotel in Sandton with the view of amicably ironing out differences which had arisen between Swifambo and PRASA emanating from the contract.

Ad paras 9.9 to 9.12:

70. The allegations in these paragraphs are denied.

71. At the meeting on 31 August 2015, Mr Molefe asked me whether I supported the ANC financially. I did not think there was anything untoward about his line of questioning, as I held Mr Molefe in high regard and understood him to be a loyal, respected senior member of the ANC. To my mind, the discussion in respect of the ANC had no relevance to the issues between PRASA and

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Swifambo. I simply considered the discussion as one between an ANC leader and an ANC member. I could not, in the circumstances, reasonably conclude that Mr Molefe's questions related to Swifambo and still maintain that it was not connected to the purpose of the meeting at all. I reasonably assumed that Mr Molefe was enquiring as to my personal contributions toward the ANC. Mr Molefe certainly neither clarified nor even implied that he requested this information in respect of Swifambo, in which instance, I would have answered that, to my knowledge, no donations had been made by Swifambo to the ANC.

72. Concerning my contributions (which are wholly irrelevant to this matter): I was contacted by Mr Sabelo, a member of the ANC who professed to be a fundraiser for the ANC. He introduced me to Ms Gomes, who he informed me was also a fundraiser for the ANC. I made the payments set out in annexures RA15, RA17, RA20, RA21 and RA22. None of those payments were made by Swifambo, but were rather made by me and/or by AM Consulting Engineering (Pty) Ltd ("AMCE") – a company that has absolutely no connection or involvement in this matter. Further, one such payment was made from the bank account of Swifambo Rail Holdings (Pty) Ltd, which is a separate company from Swifambo. Upon objective analysis of the documents, no link can be drawn between the payments made and Swifambo – this is simply because, factually, there is none that exists.

73. I gave the annexures to Mr Mamabolo to show that I supported the ANC, as requested during the meeting by Mr Molefe. I note that none of the annexures are addressed to Swifambo and no clarification in respect of

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whether Swifambo (as opposed to myself or any other entity listed on the invoices) had made any payments to the ANC was requested.

74. In any event, by the time that the aforementioned payments had been made, the contract had already been awarded to Swifambo.

75. There is thus no link between the payments made by me in my personal capacity and/or by unrelated companies, on the one hand, and Swifambo (particularly in relation to the award of the contract), on the other.

76. One can reasonably infer that the inclusion of the aforementioned allegations, again only in reply, is indicative of an attempt by PRASA to use irrelevant information in order impermissibly to cast aspersions on Swifambo.

77. My understanding of events is corroborated by Mr Molefe's election to exclude these allegations from his founding affidavit. I am deeply disappointed that Mr Molefe could take this innocent discussion between two ANC members – which clearly has no bearing on this matter – and twist it for some sinister purpose.

78. I honestly believe that if Mr Molefe dealt with this matter on an arm's length basis, a commercial solution could easily have been found in a manner that would permit PRASA's technical issues to be addressed, and costly and protracted litigation avoided. The public would now have state of the art locomotives.

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Ad para 9.13:

79. The contents of this paragraph are admitted, save to deny that I provided Mr Mamabolo with the documents listed in paragraphs 9.13.2 and 9.13.9, namely those included in annexures RA16 and RA23.

Ad para 9.14:

80. The contents of this paragraph are denied and are, in any event, irrelevant.

81. Even if the contents of this paragraph were accurate, which is denied, a *bona fide*, arm's length, contract was concluded, in terms of which Swifambo duly performed. If there was any internal mismanagement of Swifambo (which is not within my knowledge or the knowledge of any Swifambo personnel), I submit that such mismanagement is a matter between Swifambo's board and/or its shareholders.

82. These allegations are accordingly wholly irrelevant and have nothing to do with Swifambo.

Ad para 9.15.2:

83. The contents of this paragraph are noted.

84. Van Wyk Auditors have advised me that:

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84.1. They have been practicing for 24 years and have more than 2000 clients.

84.2. Since the company was appointed as auditors for Similex (Pty) Ltd, they have been involved in very little work with them. Van Wyk Auditors have resigned as the auditors for Similex due to the fact that Similex neglected to settle outstanding accounts.

84.3. They are unable to effect their resignation as auditors at CIPC as the status of Similex is reflected as "in deregistration". I attach as annexures "**AM1**" and "**AM2**" documentation supporting these allegations.

Ad para 9.15.5:

85. The contents of this paragraph are admitted.

86. I am advised that the present application will turn on the evidence that has properly been placed before the court. At the hearing of this matter, it will be submitted that the conspiracy theories raised by PRASA against Swifambo should be disregarded.

Ad para 10:

87. I deny that Swifambo is a shelf company acquired for the sole purpose of obtaining the tender, and deny any suggestion of a fronting relationship between Swifambo and Vossloh. I deny that Swifambo misrepresented its experience and relationship with Vossloh throughout the bid.

SUBMISSION MADE BY DR POPO MOLEFE, THE CHAIRMAN OF THE BOARD OF TRANSNET TO THE STATE CAPTURE COMMISSION OF INQUIRY

I, the undersigned,

POPO SIMON MOLEFE

do hereby declare under oath and state that:

1.

1.1 I am the Chairman of the Board of Transnet SOC Limited ("Transnet"). This statement is submitted in terms of Rule 3.3.6 of the Rules of the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State ("the Commission").

1.2 On 26 October 2020, I received a notice in terms of Rule 3.3 ("the Notice") from the Secretary of the Commission advising me *inter alia* that I had been implicated in a statement submitted to the Commission by Mr Lucky Tshepo Montana ("Mr Montana").

1.3 I am also advised that the Commission intends to present the evidence of Mr Montana and as a result, I am being given the opportunity to respond to Mr Montana's statement insofar as it implicates me.

1.4 I have since read Mr Montana's statement and have satisfied myself that he has made futile attempts to implicate me in wrongdoing and corruption at PRASA during my tenure as the Chairman of its Board. This statement is accordingly submitted in response to these allegations.

MM

1.5 Mr Montana's statement is riddled with unsubstantiated, false and vexatious allegations which ordinarily would not have merited my response.

1.6 Given the dubious nature of Mr Montana's statement and in view of the fact that the allegations were ventilated before this Commission, whose work I have much respect for, I shall tersely respond to the substantiated allegations by refuting or denying same.

1.7 Mr Montana's statement makes reference to 225 annexures, which have not been availed to me, making it difficult for me to respond substantively.

1.8 To the extent that Mr Montana seeks to contradict the version contained in my main statement submitted to the Commission on 12 February 2020, I stand by all the averments I have made in my statement.

1.9 This response must therefore be read together with my main statement.

1.10 Where I make submissions of a legal nature in this affidavit, I do so on the advice received in preparation of this affidavit.

1.11 Before I respond *ad seriatim* to the allegations levelled against me by Mr Montana, I will in broad terms contextualize my response under the following topical themes deduced from Mr Montana's statement:

1.11.1 Corruption

1.11.1.1 The Popo Molefe Foundation

1.11.1.2 Book Sponsorship

1.11.1.3 Business Meetings at Lereko

1.11.1.4 SA Fence and Gate

1.11.2 Irregular Appointment of Werksmans Attorneys

MM

1.11.3 Relationship with Ms Dipuo Peters

1.11.4 Failure to Consider Findings of The Probity Report

2. CORRUPTION

2.1 Mr Montana has in his evidence made a desperate attempt to portray me as a corrupt individual who used his position as Chairman of the Board of PRASA to pursue personal business opportunities for self-enrichment.

2.2 In his vein attempt to achieve that purpose, he amongst others, seeks to taint the image and objectives of the Popo Molefe Foundation ("the Foundation").

2.3 To contextualise my response, I succinctly set out the objectives pursued by the Foundation which are, amongst others, aimed at using education as a conduit to foster development, growth and invest in the lives of young South Africans.

The Popo Molefe Foundation

2.4 The Foundation is a Trust created for charitable purposes. Its resources are solely and exclusively applied in the furtherance of its objectives which are to:

2.4.1 fund tertiary education for disadvantaged youth by providing scholarships, bursaries and/or awards for the furtherance of their studies;

2.4.2 generate, acquire and preserve funds to financially support the Beneficiaries;

2.4.3 rehabilitate and develop the skills of incarcerated youth;

2.4.4 identify, fund and support talented youth with a potential in sport; and

MM

2.4.5 generally, focus on the plight of the disadvantaged youth in need and in particular the needs of the Beneficiaries.

2.5 In addition, the Trust is independently audited, operates within the confines of the South African laws and advances its stated objectives.

2.6 It is controlled by a Board of Trustees who are professionals who understand the legal nature of a Trust and the purpose for which Trust funds are to be expended. In amplification and at the risk of stating the obvious, the trustees owe a fiduciary duty to the beneficiaries.

2.7 Trustees and their families are excluded from benefiting from the Foundation.

2.8 In fact, the bank account of the Foundation and all other accounts pertaining to the Foundation are regulated, at all times, by at least three of its Trustees who are signatories to the bank account.

2.9 No single Trustee is at liberty to withdraw funds at whim for his or her own personal benefit or any other person not defined in the objects of the Foundation save for the benefit of the Foundation.

2.10 Against the foregoing, Mr Montana's makes allegations which insinuate that the Trust was used as a conduit for money laundering and kickbacks for my wife and me. His mention of boutique clothing store without supporting evidence lends no credence to his lies.

2.11 It boggles my mind when Mr Montana goes miles out of his to attack an instrument created to benefit destitute South Africans. One wonders what benefit he hopes to derive from trying to discredit such an act of philanthropy.

2.12 I submit that these allegations display a lack of knowledge and appreciation of the legal nature and workings of Trusts, particularly the objectives of the Foundation which I have spelt out earlier in this Affidavit.

BM

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Book Sponsorship

2.13 It is common practice for companies to sponsor good causes through their corporate social investments ("CSI") programme.

2.14 Over the years, in my personal capacity I have on numerous occasions been approached to sponsor charitable causes which I did, to the extent that I could afford.

2.15 As a public figure of long standing, I have often been asked if I could point those in need of sponsorship for good causes to individuals or companies which were likely to support such good causes. I did so with a clear conscience.

2.16 It was in this context that Ms Khanyisa Malabi asked me to personally sponsor her recipe book, which I did in my personal capacity.

2.17 Furthermore, she inquired as to whether PRASA would be able to sponsor the launch of her recipe book.

2.18 It is against this backdrop that I subsequently asked Mr Montana whether the CSI policy of PRASA would allow for the sponsorship of the recipe book to which he responded in the affirmative.

2.19 This was a patently worthwhile and an innocent initiative by a woman who was determined to be defined by her intellect, creativity and assertiveness in defiance of the patriarchal arrogance that traditionally sought to define the kitchen as the station in life for women.

2.20 In modern times, such an act should be viewed and applauded as a positive drive towards empowerment of women and a recognition of their assertiveness.

2.21 It should be noted that I do not mention Khanyisile Kweyama who was incorrectly referred to in Mr Montana's statement as the woman whom sponsorship for the book was sought.

MM

3. BUSINESS MEETINGS AT LEREKO

3.1 I am the Chairman of Lereko Investments (Pty) Ltd, a black-led investment company formed in 2004, whose is my principal place of business Sandhurst Johannesburg.

3.2 At the time referred to by Mr Montana, I was also one of the principals of the Lereko Metier Capital Growth Fund (Private Equity Fund) Manager. As the name suggests, Lereko Metier was a joint venture between Lereko and Metier.

3.3 The Fund Manager had invested in numerous companies on behalf of high net worth individuals and asset management companies who believed in and trusted Lereko Metier to manage their funds.

3.4 In the private equity business domestic and global asset management companies require a thorough due diligence prior to committing funds to a managing company whose responsibility is to invest the funds prudently. Had I been as corrupt as Mr Montana alleges, the entire Fund Manager would not have been able to take off with me as part of it. Put bluntly, I would have been caught out.

3.5 How ridiculous that I now must react to meetings that I held in my business premises. I held and continue to hold countless business meetings at Lereko in the normal course of my doing business.

3.6 Purely for purposes of convenience and particularly given its location I had asked Mr Montana to meet with me at offices of the Lereko Investments for purposes of him keeping me up to date with the happenings in PRASA as I was a non-executive Director.

3.7 There was nothing untoward in requesting that Mr Montana should meet with me at Lereko where we held discussions as it was convenient to do so.

3.8 Mr Montana fails to mention the specific project that Scaw Metals was bidding for or targeting, the allegation as with several other allegations in his

statement is unsubstantiated. I deny the allegation. Such sweeping statements are not helpful to the Commission.

4. SA FENCE AND GATE

4.1 Mr Montana further implicates me in a matter involving South African Fence and Gate, a service provider of PRASA. He alleges that PRASA did not oppose the matter and as such judgement was entered against PRASA.

4.2 Mr Montana makes the allegation that the SA Fence and Gate sponsored the Golf Day hosted by the Popo Molefe Foundation. Indeed, the SA Fence and Gate purchased directly from the supplier golf shirts used by the golfers on one of the two days of the event. The company did not donate any funds to the Foundation.

4.3 There was no relationship between the participation in the golf event by the SA Fence and Gate and any contract or litigation that they had with PRASA at the time or subsequently. The relationship between the SA Fence and Gate and PRASA predates my appointment on the Board of PRASA.

4.4 I must reiterate as Chairman of PRASA, I held a non-executive position. In layman's terms, I did not take part in the day to day operations of PRASA. I had no knowledge that PRASA had a litigious claim that it did not defend, especially one instituted by SA Fence and Gate.

4.5 Having read Mr Montana's statement and learned of the matter, I made inquiries with colleagues at PRASA who provided me with the court order, which I attach hereto marked **"A"**. I gleaned from the order that PRASA in fact have defended the matter.

4.6 However, it appears that a portion of the claim was admitted and was settled. It is this portion of the claim that is alleged to be undefended. The balance of the claim is a subject of an ongoing arbitration dispute between PRASA and SA Fence and Gate wherein PRASA has instituted a counterclaim as may be seen from the Heads of Argument. I attach hereto is a copy marked "C".

4.7 I suspect that Mr Montana knew of these facts and deliberately misled the Commission as a part of his grand agenda to discredit my evidence.

5. IRREGULAR APPOINTMENT OF WERKSMANS

5.1 Mr Montana alleges that the appointment of Werksmans was irregular. He goes on to allege some grand conspiracy against him which is aimed at protecting Minister Pravin Gordhan and the role that I played as Minister Gordhan's lackey.

5.2 In a vain attempt to support this allegation, Mr Montana places reliance on the Auditor General's findings. In addition, he attacks the Commission, which when editing his affidavit, he alleges removed certain averments that fell outside of the Terms of Reference of the Commission.

5.3 Mr Montana's ramblings are emblematic of the stuff which only geniuses can understand beyond the obvious fact that they are false and deliberate.

5.4 I find no co-relation between my time at PRASA and the alleged actions of Minister Gordhan. At the time of my appointment as the Chairman of PRASA, I had not held a meeting nor conversation with Minister Pravin Gordhan about PRASA or Mr Montana of whom I knew either nothing or very little. Neither did I do so after my appointment as Chairman.

5.5 The Minister in charge was Ms Dipuo Peters. The allegations are outrageous and with no merit. If anything, they are a manifestation of one whose perception of self-importance is puffed up to ridiculous heights.

5.6 I reject the allegation that I am Minister Gordhan's lackey.

5.7 At the time of my appointment as Chairman of PRASA, Werksmans were on the panel of attorneys of PRASA as I was advised. Needless to say, that they had been with PRASA when Mr Montana was Group CEO. The irregularities during the tenure of Mr Montana highlighted by the Auditor General in his report made it necessary for the Board in discharging its fiduciary duties to initiate an investigation.

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5.8 In order to do so, the Audit and Risk Management Committee of the Board requested the legal compliance unit of PRASA to provide them with names of suitably qualified firms to assist in its investigations. The Werksmans Attorneys emerged as the preferred legal firm with the necessary capacity and experience to lead the sensitive investigations that PRASA was about initiate. The selection was from the existing panel of professionals from which in terms of the National Treasury guidelines on deviations from generally applicable procurement rule. The appointment was considered urgent and of an emergency nature.

5.9 I must state further that it was a standing practice by PRASA to select a service provider from the panel. At the time of the constitution of the panel service providers give the rates that they charge for different categories/ grades of their personnel. This means that when work is allocated there is no requirement for a further quote.

6. RELATIONSHIP WITH MINISTER DIPUO PETERS

6.1 Mr Montana's statement attempts to paint my relationship with Minister Peters as corrupt and one which was predicated on tarnishing his name and bringing to end his tenure at PRASA.

6.2 These allegations are not only baseless, symptomatic of heightened uncertainty and paranoid about his position and without merit but rather represent a figment of Mr Montana's active imagination. This notwithstanding, I briefly set out hereafter the nature of my relationship with Ms Dipuo Peters, particularly our common goal of rooting out corruption at PRASA and the trenches that we shared in pursuit of freedom and democracy in our country.

6.3 When she appointed me to the position of the Board of Control (BOC) of PRASA on 1 August 2014, my relationship with her had spanned over three decades.

6.4 When I was the General Secretary of the United Democratic Front (UDF) and a Member of the National Executive of the ANC (1983-1991 & 1991-2007) respectively, she was on the NECs of the South African National

Student Congress (SANSCO), South African Youth Congress (SAYCO) and later the Youth League of the ANC and later the NEC of the ANC.

6.5 Together, we had a selfless commitment and passion to liberate and serve South Africans. The advent of a Democratic South Africa presented us with the rare opportunity to strive for the betterment of the lives of millions of South Africans who hitherto, experienced only a raw deal from successive regimes of Colonialism and Apartheid.

6.6 We were steeled in the crucible of struggle and were comrades in arms who shared trenches and were at all material times ready to pay the supreme prize for the attainment of the noble goal of freedom.

6.7 Our paths later converged on or about 2007 when she replaced Ms Phumzile Mlambo Ngcuka as Minister of Mineral Resources and Energy.

6.8 At the time, I was serving my second term as the Chairman of the Board of Directors of the Petroleum and Gas Corporation of South Africa (PetroSA), the State-Owned Company which reported to her.

6.9 The two of us represented an incorruptible duo committed to one thing and one thing only, the execution of our respective mandates.

6.10 I met several times with Ministers Peters to talk about how to improve the services of PRASA to its commuters and to improve governance in the company.

6.11 In this regard, the following meetings, amongst others, come to mind:

6.11.1 a meeting held at the Ministers residence together with Mr Montana to discuss the state of PRASA. The Minister was advised that Mr Montana and PRASA had agreed to part ways and was thereafter briefed on the process of recruiting a new Group Chief Executive Officer for PRASA;

6.11.2 another meeting was held with the Minister at her residence to discuss the findings of the Auditor General and that the PRASA Board had made a decision to conduct investigations where necessary;

MM

6.11.3 in addition, a meeting was held with the Board and the Minister at which she directed the Board to institute forensic investigations on critical governance irregularities contained in the Auditor General's Report.

6.12 The aforementioned meetings demonstrate that contrary to Mr Montana's allegations that my meetings with the Minister hinged on tainting his name our relationship was a professional one. I struggle to fathom (as Mr Montana alleges) what would have out of the blue made him such an important focal point such that several of us whom he accuses would neglect their primary responsibilities only to concentrate on having him removed from his (pre-ordained) position of Group Chief Executive Officer of PRASA.

7. Having dealt with his statement in themes, I now wish to address the allegations *ad seriatim* as raised in the relevant paragraphs of his statement.

8. **AD PARAGRAPH 48, 257, 260, 1664, 1667 AND 1749:**

Irregular appointment of Werksmans

8.1 The allegations contained in these paragraphs are denied.

9. **AD PARAGRAPH 259:**

Dr Popo Molefe's nomination to the Prasa Board

9.1 The allegations contained in this paragraph are unsubstantiated, frivolous and vexatious. The allegations are disputed in their entirety.

9.2 The Board members of PRASA are appointed and dismissed by the Minister of Transport, who derives his/her powers from Section 24 of the Legal Succession to the South African Transport Services Act 1989.

9.3 The appointment is preceded by the approval by the.

9.4 It is preposterous for Mr Montana to insinuate that the Cabinet conspired to "parachute" me into PRASA.

10. **AD PARAGRAPH 313 AND 337**

The alleged Capture of PRASA and PRASA's failure to deliver in terms of Legal Succession Act

10.1 The unsubstantiated allegations contained in these paragraphs are refuted in their entirety.

10.2 PRASA was dysfunctional under the tutelage of Mr Montana and prior to my nomination as Chairperson of the erstwhile Board.

10.3 It was during my tenure as Chairperson of the Board that the Board was tasked with changing the efficiency and quality of the delivery of passenger services.

10.4 Mr Montana's allegations that I formed part of a powerful network which captured PRASA and was responsible for the huge crisis faced by PRASA are incomprehensible and unsubstantiated.

10.5 My work and that of my BOC to clean up, rebuild and reposition PRASA is one of public record and has been confirmed by Judgements of the High Court the most recent of which is one on Siyangena which the latter is appealing.

11. **AD PARAGRAPH 938, 941, 946 AND 951**

Probity Report

11.1 The allegations contained in these paragraphs are denied. I stand by the submissions I made in my main statement.

11.2 In amplification, at a special Board on 23 December 2015, the Board learned that Mr Montana had misled it (like he is doing to this Commission) about the existence of the Probity Report. When the Board established that such report did not existence, it expressed its extreme dissatisfaction. Its only then that

MM

the Board resolved to commission that an external service provider to conduct a probity evaluation of the procurement event in question.

11.3 I have already referred this Commission to the Report we submitted by the Board to Minister Peters of 24 July 2015. Accordingly, I draw the Commission to its contents, unfortunately, the paragraphs in the Report are not numbered thus I am unable to properly cross reference.

11.4 Morning, a cursory reading of the Probity Report received from Internal Auditors reveals that all the reports referenced by Mr Montana were considered and referenced prior to arriving at specific conclusions and/or findings.

11.5 On the other hand, Mr Montana is so bold as to reference and not annex them to his statement. One is left to respond blindly to his allegations. I cannot over emphasis the prejudice that I am exposed to.

12. **AD PARAGRAPH 1086**

Changed view with respect to the locomotive specifications

12.1 The allegations contained in this paragraph are frivolous and refuted. I did not change my position with respect to the quality of the new AFRO4000 locomotives at whim.

12.2 In January 2015, when PRASA received the new batch of locomotives I made a statement to the effect that the locomotives were reliable and designed to PRASA's specifications. In doing so I relied on the information I was given by Mr Montana.

12.3 The statement was made prior to the investigations into the procurement of the locomotives.

12.4 The investigations subsequently revealed, amongst others, that the procurement process followed was irregular. Furthermore, it found that the locomotives were not designed according to the specifications.

MM

12.5 Mr Montana's averment that It was his departure that subsequently changed my stance with respect to the quality of the locomotives is therefore baseless and without merit.

13. **AD PARAGRAPH 1363**

14. *Allegation that I was concerned that the PIC and NEF would go after me*

14.1 These allegations contained in this paragraph are baseless, vexatious and frivolous and do not merit my response.

15. **AD PARAGRAPH 1364:**

Meetings at Lereko and lobbying of Score Metal and Southern Place Group

15.1 These allegations contained in this paragraph are denied. I have responded in detail to these allegations under the topical themes at the beginning of this statement.

15.2 These allegations as with several other allegations in his statement are unsubstantiated and do not merit a further response.

16. **AD PARAGRAPH 1368**

Request for R30 million from Mr Montana

16.1 Mr Montana should not look so deep into the empty barrel for mud. During all his media and public relations antics in the last five years Mr Montana could not remember that I asked him for R30 million which he was not generous enough or was too poor to spare.

17. **AD PARAGRAPH 1396 - 1399 AND 1450, 1467-1468**

Conspiracy with the Public Protector

17.1 The allegations contained therein are false and are denied.

17.2 Before I respond to Mr Montana's allegations, I wish to remind Mr Montana that the Public Protector is a chapter nine institute and a key pillar of our democracy. Mr Montana's statements are reckless, irresponsible, and contemptuous.

17.3 His statement to the Commission is characterized by such allegations including his distasteful rant about the Judiciary and this very Commission. Left unchecked, Mr Montana's utterances are a threat to the checks and balances provided by the Constitution and make a mockery of the important work that is being done by this Commission. It is people like him who undermine the Rule of Law and the Supremacy of the Constitution.

17.4 PRASA is an Organ of State required to cooperate with the Public Protector and as the Chairman of the PRASA Board I was enjoined to assist the Public Protector. The duty to assist the Public Protector was heightened when as the Board we learned that officials were not cooperating with the Public Protector. I will amplify on this point in paragraphs that follow.

17.5 Against the foregoing, I deny that I held secret meetings with the Public Protector. On the contrary, Mr Montana as the Group Chief Executive was fully aware of the meetings held with the Public Protector and was invited to meetings.

17.6 The meetings were held at the request of the Public Protector who had found it difficult to get information from PRASA, with this being a main causal factor behind the delay in finalising her investigation.

17.7 As soon as the Public Protector published her report "*Derailed*", the PRASA Board began the task of implementing its remedial actions.

17.8 Mr Montana's claim that the Public Protector's report was used to stop him from returning to PRASA and that the report was *"half-baked"* are without merit and a further symptom of his puffed-up ego.

MM

17.9 The above allegation is laughable considering that the Board initially extended an invite to him to stay longer at PRASA. I am now left to wonder what he would say had he accepted the offer of the Board.

17.10 Concluding this point, I stand by the averments made in my main statement.

17.11 I have outlined my relationship with Minister Peters. All averments by Mr Montana to the effect that our relationship was used to influence Public Protector and her investigations with the sole objective of tarnishing his image are without merit and denied in their entirety.

18. **AD PARAGRAPH 1417 AND 1419**

SA Fence and Gate sponsorship

18.1 The allegations contained in these paragraphs are denied.

18.2 SA Fence and Gate donated t-shirts to be used by golfers who were playing on the occasion of the golf day.

18.3 No monies were paid to the Popo Molefe Foundation. I have detailed the objectives and nature of the Foundation and will accordingly not repeat them.

18.4 I stand by my earlier submissions.

19. **AD PARAGRAPH 1434:**

20. *Motion to end LM contract*

20.1 The allegations in this paragraph are refuted. I stand by the averments made in my main statement.

MM

21. **AD PARAGRAGRAPH 1440 - 1441**

22. *Meetings held at the official residence of the President*

22.1 I stand by the averments made in my main statement and will not address Mr Montana's attempts to discredit me.

22.2 Of relevance is the purpose for which this meeting was held and particularly that Mr Montana, who was neither a government official nor a PRASA official was in attendance and was briefed of the subject matter prior to the meeting being held.

22.3 Mr Montana has failed to inform this Commission as to what his interest in PRASA was after he had released by the BOC. Neither has he taken the Commission into confidence about the interest of the former President (Mr Zuma) and Mr Minister Jeff Radebe in the matter that involved him as an outsider to both Government and PRASA, nor has he explained why those present at the meeting had to be subjected to approximately eight (8) hours of conversation about him.

23. **AD PARAGRAPH 1449**

Treated the President with disrespect

23.1 The allegations contained in this paragraph do not merit a response, in fact they serve no purpose to the work of the Commission insofar as it relates to State Capture.

24. **AD PARAGRAPH 1558**

The ANC Received R30million

24.1 I stand by the averments made in my main statement.

25. **AD PARAGRAPH 1594**

Used Mr Montana's leave of absence to institute investigations

25.1 This allegation is denied. There is nothing of substance in this allegation but an expression of air of self-importance by Mr Montana.

25.2 I stand by the averments made in my main statement.

26. **AD PARAGRAPH 1621**

Appointment of Bill Potgieter and Ernst Swanepoel

26.1 The allegations contained in this paragraph are admitted insofar as they relate to the appointment of Mr Bill Potgiter or Ernst Swanepoel and must be understood in the context that follows:

26.1.1 PRASA had over the years and during Mr Montana's tenure lost a good portion of its engineering capital and institutional memory;

26.1.2 Mr Potgieter and Mr Swanepoel possessed vast knowledge and experience which was required by the Board of PRASA in order for it to acquaint itself with the operations of PRASA;

26.1.3 The need for this institutional knowledge was further accentuated by the fact that PRASA was undertaking the ambitious programme of rolling stock and rail network infrastructure modernisation;

26.1.4 I met with several former PRASA engineers and technicians who had either been forced to resign or had found it difficult to work under Mr Montana; and

26.1.5 I also established that engineers and technicians who were in the employ of PRASA had become redundant as they were being subordinated to inexperienced employees who were non-engineers.

26.2 It is against this backdrop that I met with not only Mr Billy Potgieter and Ernst Swanepoel but also with, amongst others, Mr Zakes Malepe, Ingwa Sichwala former PRASA engineers and Mr Kevin Moonsamy and, Fannie who was a knowledgeable technician and a patriot who had been forced to resign from PRASA, the company that he loved dearly.

26.3 Contrary to Mr Montana's averments, the Board did not employ Messrs Potgieter and Swanepoel as advisors. However, these engineers imparted valuable wisdom and information which assisted investigators in relation to the Swifambo and Siyangena contracts.

26.4 I was surprised to learn that as far back as the days of the South African Rail Commuter Corporation (SARCC)Mr Ernst Swanepoel and others had developed a modern ticketing system which PRASA ignored but was later adopted perhaps in a modified manner by what is currently known as Gautrain.

26.5 Instead, PRASA contracted Siyangena, a company of a former Siemens employee, Mr Mario Ferreira with his partners to implement Integrated Security Management Solutions (ISAMS) at several train stations in the run up to African Confederation Cup and the Federation of International Football Association (FIFA) 2010 World Cup both of which were hosted by the Republic of South Africa.

26.6 The ISAMS was to include the ticketing system, access control with speed gates, surveillance cameras and monitors at the railway stations. It is estimated that escalations the contract would ultimately cost approximately the amount R6 Billion (Six Billion Rand Only). The contract was recently found by the High Court to be irregular and unlawful and, it was set aside. I understand that Siyangena is appealing the judgement.

27. **AD PARAGRAPH 1654**

Protection of Senior Managers

27.1 The averments made in this paragraph are denied. During my tenure as Chairman of PRASA I was never made aware of any allegation that Senior Managers were awarding bursaries to their own relatives and/ or children.

28. **AD PARAGRAPH 1660**

Undermining the Auditor General

28.1 The allegations contained in these paragraphs are denied.

28.2 I considered a few more records including the management's response to the Auditor General on the issue of the appointment of Werksmans. I learnt that PRASA did not provide any documents which left the Auditor General with no official response thus his finding of irregularity.

28.3 Like the office of the Public Protector, I hold the Auditor General in high esteem as it is a corner stone of our democracy. The work of this office is important in holding public officials to appoint.

28.4 I lament that I was no longer at PRASA when management refused alternatively failed to provide the Auditor General with documents relating to the procurement of Werksmans. I would have taken it upon myself to ensure greater cooperation from PRASA officials.

29. **AD PARAGRAPH 1815**

Engagement with the Hawks

29.1 My dealings with the hawks are a matter of public record and they related to the need for them to discharge their constitutional mandate as an organ of state

29.2 This much is contained in my statement and I stand by it. Suffice to say that the Hawks are capable of speaking for themselves. They do not need the help of Mr Montana.

30. **AD PARAGRAPH 1831**

Looting of PRASA

30.1 This allegation contained in this paragraph is unsubstantiated, denied and does not merit my response.

31. **AD PARAGRAPH 1874, 1882 and 1910**

Decline in PRASA performance

31.1 The allegations contained in these paragraphs are denied.

31.2 The irony is that when we took over as the Board, we found a PRASA that was failing to meet its performance targets and yet Mr Montana accuses the Board which I served of causing a decline performance targets.

31.3 On 28 May 2015, the Board received a Management Report for the purposes of approving draft Annual Financial Statements and Performance Information. I attach a copy marked "D".

31.4 At paragraph 2 of the executive summary, management states:

"For the Financial Year (2014/15) under review, PRASA has been able to deliver on twenty six or 57% pf its targets this year, with eighteen or 39% of targets fully met or exceeded, eight targets or 17 partially completed. Twenty or 44% of targets were not met. ..."

[emphasis added]

31.5 These numbers paint a gloomy picture and a picture of an ailing PRASA. The reality is that PRASA was not meeting its performance targets when we

took the reigns at the helm of PRASA. Despite what was being said about the overall performance of PRASA, management were not meeting performance targets. This much is evident from the above summary.

31.6 Notably, these failures were recorded by management that was led by Mr Montana.

31.7 The performance problem was compounded by the fact that for a long time after departure of Mr Montana PRASA did not have a Group CEO. I believe to date the post is still vacant. Without the GCEO the company could not appoint an executive team because such a team has to be appointed by the GCEO in consultation with Board of Control.

32. **AD PARAGRAPH 1925**

Committed acts of Financial Misconduct

32.1 The allegations contained in these paragraphs are unsubstantiated and false. They do not merit my response.

33. **AD PARAGRAPH 1929 – 1937**

Companies paid money to Foundation and got their scope of works increased

33.1 The allegations contained in these paragraphs are denied. I have addressed in detail the nature and objectives of the Popo Molefe Foundation in this statement.

34. **AD PARAGRAPH 1948**

Acted in conflict with public entity entrusted to protect

34.1 The allegations contained in these paragraphs are unsubstantiated and are denied.

34.2 The Swifambo and Siyangena judgements show that we prevented horrendous corruption and mass looting at PRASA. The Mandumus Application to compel the Directorate of Priority Crimes Investigations to act on our criminal complaint is also telling.

34.3 These patriotic acts bare testament to the fact that we acted in the best interest of PRASA and protected it from mismanagement that prevailed prior to our appointment.

35. **AD PARAGRAPH 1952**

LM laid charges of fraud under case no CAS 1034/7/2015

35.1 I know nothing of these allegations. There is nothing to respond to.

36. **AD PARAGRAPH 1963 – 1966**

Board Remuneration for additional meetings

36.1 The allegations contained herein are admitted. However, it is important that proper context be provided. Otherwise, the Commission will draw conclusions based on half-truths.

36.2 It's true that there were payments for work over and above quarterly meetings, and that was based on a decision taken by the Human Capital and Remuneration Committee.

36.3 The Human Capital and Remuneration Committee in making the decision had relied on a policy that had been developed during the tenure of Mr Montana. However, failure to monitor the implementation of the BOC decision of the time resulted in the shareholder not signing the policy.

36.4 Whilst the fact that the policy had not been signed by the shareholder the rest of the employees of the company were consistently paid salaries based on the same policy.

36.5 Since its assumption of office, the BOC and its Sub Committees worked more hours and days than they would have done in a normal functioning company. Directors were not remunerated for the many meetings that they held. For a long time, they were absolutely selfless in serving the company.

36.6 When the payment became the subject of dispute and it became clear that the policy had not been signed, I immediately paid the money back and encouraged the other directors to do the same without derogating from the engagement that was to take place with the Minister.

37. **AD PARAGRAPH 1971 and 1972**

Use of PRASA vehicle

37.1 This allegation is false I stand by the averments made in my main statement.

38. **AD PARAGRAPH 1975**

Appointment of VIP Protection Services

38.1 The allegations contained therein are admitted. I stand by my main statement.

38.2 In amplification, my life was threatened by those associated with corruption at PRASA. They conspired with the head of security of PRASA and certain elements in SATAWU to end my life.

38.3 I could therefore not rely for protection on the man in PRASA who was part of a conspiracy to end my life. It is sad that decent South Africans who seek to protect the resources of the country should be forced to seek protection against their colleagues and fellow comrades.

39. **AD PARAGRAPH 1979**

Appointment of Forefront

39.1 The allegations contained therein are admitted.

39.2 When PRASA was under sustained, public attacks from Mr Montana and his allies it became necessary for the Board to appoint, on a short-term basis, a PR company to assist it in managing communication. Those who were employed by the company for corporate communication were unwilling to do the work or were simply dragging their feet.

39.3 It was in this context that a company called Forefront was appointed.

40. **AD PARAGRAPH 2008 AND 2018**

Giving Judge Francis a bag of money

40.1 This allegation of Mr Montana is embarrassing in the extreme and is rejected with absolute contempt.

40.2 Mr Montana is treating J Francis with disdain. The statement is defamatory and manifests extreme ignorance by Mr Montana on how the courts operate.

41. **AD PARAGRAPH 2139**

Blackmail of Mr Mthimkhulu

41.1 This allegation is false and spurious and unsubstantiated does not merit a response.

41.2 Suffice to say that Mr Mtimkulu, the fake engineer, and fake Doctor of Philosophy, confessed to me following a meeting in which we had interrogated his so-called qualifications. He apologized profusely for misleading the company about his credentials.

42. In conclusion, Mr Montana submitted a statement containing 2218 paragraphs contained in 447 pages. The allegations contained in his long and frivolous statement are unsubstantiated with supporting documents. He has invested vast amounts of energy trying to undermine the work done by Werksmans by relying on the Auditor General's finding of irregularity. Even if the finding stands, the findings by Werksmans were tested and confirmed in courts as the judgments I referred to in my main statement read with this statement.

43. The allegations in his statement of conspiracy to oust him amounts to nothing more than smokes and mirrors with the sole purpose of deflecting the serious allegations he has to answers.

DATED AND SIGNED AT SANDTON **ON THIS** 16TH **DAY OF DECEMBER 2020.**

DEPONENT

I CONFIRM that the deponent has acknowledged that he knows and understands the contents of this affidavit, that the contents thereof are true and correct, that he has no objection to taking this oath, and regards the oath to be binding on his conscience.

MMkhwanazi 16/12/2020
COMMISSIONER OF OATHS

FULL NAMES: Maria Mpumelelo Mkhwanazi

CAPACITY: Group finance Manager

AREA: Sandton

Maria Mpumelelo Mkhwanazi
Membership Number: 20006311
Commissioner of Oaths CA (SA) (RSA)
5 Commerce Square, 39 Rivonia Road
Sandhurst, 2196

Signature: MMkhwanazi 16/12/2020

SUPPLEMENTARY SUBMISSION MADE BY DR POPO MOLEFE, THE CHAIRMAN OF THE BOARD OF TRANSNET TO THE STATE CAPTURE COMMISSION OF INQUIRY

I, the undersigned,

POPO SIMON MOLEFE

do hereby declare under oath and state that:

1. I am the Chairman of the Board of Transnet SOC Limited ("Transnet"). On 23 February 2021, I submitted a statement in terms of Rule 3.3.6 of the Rules of the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State ("the Commission").

2. Following my submission, I received notice from the Commission advising me that I was required to appear before it to give further evidence on the appointment of Werksmans Attorneys to the PRASA legal panel.

3. I appeared before the Commission on 23 February 2021 and after having given my evidence I was directed to file a supplementary affidavit wherein I address the following issues:

    3.1 the reasons for the delay in the appointment of the PRASA Group Chief Executive Officer; and

    3.2 how PRASA's irregular expenditure significantly increased during my tenure as chairman of PRASA and the extent, if any, to which my Board contributed to the increase.

L.M

4. This submission therefore addresses the specific issues which appear in paragraph 3 above and elements of the evidence of Ms Dipuo Peters wherein she implicated me and to the extent to which I consider necessary to respond to.

Delay in the appointment of PRASA GCEO

5. I was appointed as Chairman of the board of PRASA on 1 August 2014. At the time, Mr Lucky Tshepo Montana ("Mr Montana") was the Group Chief Executive of PRASA whose fixed-term contract was coming to an end on 31 March 2016.

6. I have already testified that the PRASA board was initially keen to retain Mr Montana for a longer period. This was communicated to him when he advised me of his intention to leave the entity at the end of his contract period.

7. However, on 15 March 2015 and unexpectedly, Mr Montana tendered his resignation. Attached hereto is a copy marked "PSM1".

8. As it may be gleaned from his letter of resignation, Mr Montana requested to be released from his contract with effect from 1 December 2015.Despite the contract providing for a three-month notice period, Mr Montana gave board six months with effect from 1 June 2015. The Board accepted Mr Montana early resignation.

9. It is apposite at this stage to mention that Mr Montana tendered his assistance to help the Board find his successor. The Board accepted his offer.

10. Accordingly, Mr Montana was requested by the Board to set in motion the process of finding next GCEO.

11. The process of recruitment of the GCEO included, amongst others, the following steps:

    11.1 Identifying a suitable recruitment agency;

    11.2 providing the brief to the agency;

L.M

11.3 create the opportunity for the recruitment company to interview directors and various executives in the company in order to understand both the mandate of the organisation, its culture and demands of the position to be advertised;

11.4 agreeing on the specifications informed by the interview indicated at para 11.3;

11.5 agreeing on the content of the advert;

11.6 screening of the applications to determine compliance with the specifications of the advert and the shortlisting of candidates which merit being interviewed;

11.7 the appointment of an interviewing panel which would conduct the interviews; and

11.8 the actual interviewing process and the production of the shortlist of appointable candidates.

12. It was envisaged that the aforegoing process would be directed by the outgoing GCEO and overseen by the Governance and Performance Committee accountable to the Board.

13. On 8 May 2015, Mr Montana reported that following a special Governance and Performance Committee meeting, he met with the Chief Procurement Officer and confirmed that there were five (5) companies that are in the PRASA database that can be briefed as recruitment agents.

14. Consequently, on 19 June 2015 the Governance and Performance Committee resolved that the profile of the five (5) recruitment agencies would be shared with myself by no later than 3 July 2015. I attach excerpts from the minutes of Governance and Performance Committee meeting of 19 June 2015 marked **"PSM2".**

15. I did not receive the profiles as resolved, as such I enquired from the then Acting Group Executive: HCM, Ms N Kondowe. It is then that was I was informed that Mr

L.M

Montana did not authorise her to forward the profiles to me and that she awaited such approval. I refer the Commission to the minutes of the Board meeting held on 15 July 2015 attached marked **"PSM3".**

16. Evidently, Mr Montana was intent on stalling the process of appointing the GCEO. Little did we know that Mr Montana did not intend to leave as indicated in his letter of July 2015 that should the Minister and the Board require him to, he would be willing serve PRASA again.

    16.1 This fact is further confirmed by the long meeting of 20 August 2015 with then President Zuma, Ministers Dipuo Peters, Jeff Radebe and myself to which Montana in PRASA was invited to give a long speech about the extent to which he was an asset to PRASA and the Rail industry.

    16.2 To accentuate further my assertion, then President Zuma kept saying during the meeting that Mr Montana's experience and knowledge should not be lost to the rail industry.

17. The effect of the delay caused by Mr Montana was that the recruitment company, We Find Talent ("WFT"), was only appointed during October 2015.

18. We learned from WFT that the process of finding a suitable candidate takes a period of eight (8) to twelve (12) weeks. The latter was captured in a detailed proposed project timeline. I attach a copy of the confirmation of assignment letter from WFT marked **"PSM4".**

19. The advert for the appointment of the CEO was placed on three newspaper publications, namely:

    19.1 Sunday Times;

    19.2 City Press; and

    19.3 Mail and Guardian.

L.M

20. The closing date for receiving applications was on 16 November 2015. At the end of the advertisement period, PRASA had received 142 applications, 31 of which were headhunted.

21. Only 11 candidates were interviewed shortlisting. Three names in the order of their priority were recommended to the Board as required by the Cabinet guidelines, namely:

    21.1 Ms Laurrite Modipane;

    21.2 Ms Ettie Da Silva; and

    21.3 Mr Dan Marokane.

22. I attach a copy of the report received from WFT marked **"PSM5"**. The report and the recommendations contained therein were accepted by the Board on 26 February 2016 as confirmed in the letter of WTF to the Chairman of the Board marked **"PSM6"**.

23. Having received the presentation, the Board did not waste time in submitting to the Minister the three names recommended by the Panel. It was necessary to act expeditiously in order to avoid any leakage.

24. Contrary to the averment by the Minister that she was given lots of files which she could not go through, the fact is that the Minister was given one bound report of 33 pages.

25. During May 2016, the Board followed up with the Minister who at the time had not made any appointment despite the Board's recommendation. I attach a copy of my letter to the Minister of 2 May 2016 marked **'PSM7'.**

26. Concluding on the topic of the appointment of the GCEO, I wish to state that the Board moved swiftly to appoint the GCEO. Despite the Board's best attempts, the Minister failed to appoint the most suitable candidate.

27. I have bled this topic dry and now turn to the next topic.

L.M

Irregular Expenditure

28. During my last appearance at the Commission, the Chairperson sought to establish from me how irregular expenditure at PRASA ballooned from a hundred million to about twenty-four billion. In the next few paragraphs, I give a full explanation of my understanding of how the irregular expenditure skyrocketed at PRASA.

29. Before I get into the factual account of what transpired, I deem it necessary to give an abbreviated explanation of how the Auditor General of South Africa conducts an audit of a state-owned entity such as PRASA.

30. AG takes a sample of the contracts and audits those. The findings from the sample are then recorded into his report. As it is then required to do, the Board investigates this finding and what follows is consequence management in the form of recoveries, disciplinary action and where appropriate criminal investigations.

31. For the financial year 2014/15, AG recorded an amount of R550 Million in irregular expenditure. It must be noted that of the audited financial year My Board had only be in office for seven (7) months.

32. During August 2015, the Public Protector issued its report on PRASA titled derailed. The report contained remedial actions that the Board and National Treasury had to comply with. In response the Board produced an implementation plan in order to satisfy the directives of the Public Protector. I attach the implementation plan marked **"PSM7".**

33. I have already testified that Werksman's was appointed by PRASA to conduct forensic investigations related to both AG and the PP's findings.

34. Werksmans investigated 141 contracts above the R10 Million threshold. National Treasury investigated 229 contracts above the R10 Million threshold. At a result of these investigations, for the financial year 2015/16 AG recorded a significant increase in irregular expenditure in the total amount of R13, 9 billion. The amount is computed as follows:

    34.1 R4,1 billion in the year under review; and

L.M

34.2 R9, 8 billion relates to previous years.

35. On 18 October 2016, I wrote to the erstwhile Minister Ms Dipuo Peters and gave her a detailed progress report on the investigations. In the report all the contracts which gave rise to the irregular expenditure are discussed. Accordingly, I attach hereto a copy of the cover letter to the Minister and the report marked **"PSM8"** and **"PSM9"** respectively.

36. In the main, the report unpacks the following contracts:

36.1 the Swifambo contract;

36.2 ad-hoc confinements; and

36.3 general overhaul program.

Swifambo contract

37. For the sake of completeness, I must mention that Swifambo and PRASA entered into a contract on 25 March 2013 following a tender process. You will recall that I only became a board member of PRASA on 1 August 2014. Needless to say that my Board had no role to play in the Swifambo locomotives.

38. The contractual relationship arising out of the procurement of the locomotives continued to be lawfully binding to PRASA under the Board that I led.

39. The consequence of this contract was that PRASA by law had to continue paying until such a time the contracts were set aside by a court of law which occurred after I left office.

40. To the extent that payments continued to be made as indicated in the afore-going paragraphs, the irregular expenditure continued to balloon beyond the control of the board.

L.M

Ad-hoc confinements

41. 80 entities were appointed through confinement. The invoices for the 80 confinement suppliers were quantified in excess of R1, 1 billion. In terms of the register of contracts the total value of these contracts was in excess of R1, 5 billion.

General Overhaul Program

42. The general overhaul program panel was appointed around 2006. At the time, the invoice value of the suppliers in the general overhaul program amounts to over R8 billion. This amount excludes the spend value between 2006 and 2011. In other words, it accounted for the period 2012 until the date of the investigations.

CONCLUSION

43. From the summary above, it is evident that:

    43.1 an irregular expenditure of R13, 9 Million was reported for the period 2015/16;

    43.2 the irregular expenditure was reported to the AG by the Board through the Werkmans investigations;

    43.3 to this extent the BOC under my leadership should be credited for its boldness in confronting and exposing corruption to the extent that the AG was able to report the malfeasance which hitherto had not been reported; and

    43.4 the irregular expenditure spans over a period of years commencing in 2012 as directed by the Public Protector. In a sense this irregular expenditure is a legacy issue.

DATED AND SIGNED AT Sandton **ON THIS** 16TH **DAY OF MARCH 2021.**

DEPONENT

I CONFIRM that the deponent has acknowledged that he knows and understands the contents of this affidavit, that the contents thereof are true and correct, that he has no objection to taking this oath, and regards the oath to be binding on his conscience.

COMMISSIONER OF OATHS

FULL NAMES:

CAPACITY:

AREA:

LEHLOGONOLO MAKGALWA
COMMISSIONER OF OATHS
PRACTICING ATTORNEY
114 WEST STREET
SANDTON

1 "PSM 1" PSM 4

prasa

Dr Popo Molefe
Chairman
Board of PRASA
1040 Burnett Street
HATFIELD
0181

Dear Dr Molefe

EARLY TERMINATION OF CONTRACT: GROUP CEO

I am writing to inform the Chairman and the Board of PRASA of my decision not to consider and/or request any renewal and/or extension of my Contract of Employment as Group Chief Executive Officer of PRASA. The contract comes to an end on 31 March 2016. I hereby request to be released from the contract with effect from 1 December 2015.

I have decided, for personal reasons, to leave the position of Group Chief Executive Officer and will start serving my Notice Period from 1 June 2015. The contract provides for at least a three (3) month notice period but I do recognize the importance for the Board to have sufficient time to find a suitable replacement and to manage the transition within PRASA. I will serve a six (6) month notice period.

I would like to take this opportunity to thank sincerely the Board of PRASA, the Minister of Transport and Cabinet for the honour to serve our beloved country, South Africa. I also wish to extend my deepest appreciation to the entire Executive Management team, SATAWU and UNTU, all employees of PRASA and the many stakeholders for the huge opportunity given to me, the invaluable experience, the unwavering support and encouragement in the almost 10 year period I have served the company.

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I leave PRASA mindful of the massive challenges that still lie ahead but equally convinced that we have put passenger rail on a new foundation that will benefit the country for the next 50 years. The modernization initiatives currently underway have reached a critical mature phase and are starting to bear fruit. I am confident that PRASA will rise to meet the real challenges of our time and will continue to discharge its legal, transport and socio-economic mandate more effectively. The drive to modernize the rail fleet, infrastructure and operations is vitally important for the future of our transport system in our country. Preparing employees to operate and maintain a modern railway system is critical to the success of the modernization programme. The strategy to unlock the value of the property and non-strategic assets will sustain current and future operations of PRASA. These are issue of strategic significance and will require leadership at Board and Management level.

I have no doubt that PRASA will manage these and make all of us - the people of South Africa proud with its new business offering of quality passenger services of the future.

Kind regards

TSHEPO LUCKY MONTANA
GROUP CHIEF EXECUTIVE OFFICER
DATE: 15 MARCH 2015

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PASSENGER RAIL AGENCY OF SOUTH AFRICA

MINUTES OF THE MEETING OF THE SPECIAL

GOVERNANCE AND PERFORMANCE COMMITTEE HELD ON 19 JUNE 2015 AT THE 3RD FLOOR BOARDROOM, PRASA HOUSE, 1040 BURNETT STREET, HATFIELD AT 17H00

PRESENT

Dr. P. Molefe	Chairman & Non - Executive Director
Ms. Z. Manase	Non – Executive Director
Ms. M. Matlala	Non – Executive Director
Ms. N. Mxenge	Non – Executive Director
Mr. W. Steenkamp	Non – Executive Director
Mr.T.L. Montana	Group Chief Executive Officer (GCEO)

IN ATTENDANCE

Mr. L. Zide	Company Secretary

INVITED

Mr. S. Maluleke	Employee Relations Manager
Mr. K. Mantsane	Acting Head: Corporate Security

ITEM	DISCUSSION	ACTION
1.	**OPENING, WELCOME**	
1.1	The Chairman welcomed all present, and declared the meeting open at 17h30.	
2.	**APOLOGIES**	
2.1	There were no apologies	
3.	**DECLARATION OF INTERESTS AND CIRCULATION OF ATTENDANCE REGISTER**	
3.1	The declaration of interests form relating to the business of the meeting was signed by the members present, and there were no interests declared.	
4.	**ADOPTION OF THE AGENDA**	
4.1	The agenda was adopted without any amendments.	

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5.	**MINUTES OF THE MEETING HELD ON 27 MAY 2015**	
5.1	The minutes of the meeting held on the 27th May 2015 were approved as a true reflection of the discussions that took place at the said meeting subject to the following corrections and/or amendments being made: • Page 4, paragraph 8.3.2, amend the sentence to read "The PWC report will be discussed with Management and corrective adjustments will be made thereafter".	
6	**MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 27 MAY 2015.**	
6.1	**Recruitment companies on PRASA data base, to assist Governance in the recruitment process of a Group CEO.** The Group CEO reported that following the Special Governance meeting held on 8th May 2015, he has met with the Chief Procurement Officer and confirmed that there were five (5) companies that are in the PRASA data base that can be briefed. The 5 companies are comprised of 3 Black women owned companies ~~are companies~~. The 5 Companies profiles will be shared with the Chairman within two weeks (being 3 July 2015). The issue of the recruitment process will be factored when the Governance Committee briefs the respective 5 companies.	
6.2	**SHEQ ROADSHOWS FOR GAUTENG**	
	The Chairperson of the SHEQ Committee proposed the date of 23 and 24 July 2015 for the Gauteng region, and that Management to confirm the date and arrange the logistics accordingly.	
6.3	**AUDIT AND RISK COMMITTEE BUDGET WORKSHOP**	
	The Chairperson of the Audit and Risk Committee proposed that the Budget workshop be held on the 2nd July 2015 and consideration be made for the 3rd of July 2015 for the Risk Assessment.	
6.4	**DRAFT ANNUAL FINANCIAL STATEMENTS**	
	The Group CEO reported that following approval by the Board of the draft Annual Financial Statements they were submitted to the Auditor-General's Office.	
6.5	**ENERGY COST PROJECT**	
	The Group CEO reported that a technical team has been appointed to assist the Group CFO to finalise this report, and that the report on the Energy cost project will be ready by end of June 2015.	
6.6	**REMUNERATION OF DIRECTORS**	
	The Group CEO reported that a Company has been appointed and has started the benchmark	

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	exercise work of the Remuneration of Directors and will complete its report on 26th June 2015.	
6.7	**SUMMARY DISMISSAL OF AN EXECUTIVE AND A GENERAL MANAGER**	
	The Chairperson of the HC and Rem Committee reported that she had engaged with the Chairman of the Board regarding the summary dismissal of an Executive and a General Manager and the suspension of the other Executive. The HC and Rem Committee Chairperson reported that following the guidance of the Chairman and engagement with the Group CEO both the summary dismissal of the Group Executive: Legal and Risk and Compliance and that of the General Manager: Legal were reversed, and that all Employees are now placed on suspension, and the HC and Rem Committee will receive progress report on the disciplinary process at its next Committee meeting. —— 27	X
7	**MR CROMET MOLEPO'S LITIGATION**	
	The Chairman of the Board reported that he had received an application from Mr Molepo's attorneys wherein Mr. Molepo has applied to court on an urgent basis seeking the court's assistance to order and find PRASA and the Chairman of the Board to be in contempt of re-instatement. The Group CEO gave background on Mr Molepo's matter and the Governance and Performance Committee following the report given by the Group CEO resolved that: • The Group CEO submit to the Chairman of the Board the record of the various judgements that have been made by the courts on Mr Molepo's matter. • The Group CEO submit to the Chairman a chronological account of the events that led to PRASA being issued with the current Application Scheduled to be heard on 23rd June 2015. ~~10.07~~ • The Chairman is authorised and mandated on behalf of the PRASA Board to solicit an independent legal opinion from a Senior Counsel through briefing lawyers on the matter of Mr Molepo and the Board's representation in the proceeding brought by Mr Molepo.	X X
8	**REPORT ON SATAWU MARCH 28 MAY 2015**	
81	**REPORT OF THE EMPLOYEE RELATIONS MANAGER –MR S MALULEKE** The Employee Relations Manager, Mr Sello Maluleke gave background to the events that took place on the day of the March and was specifically requested by the Governance committee to outline what led to a dispute (if any) that warranted a march and/or strike by SATAWU. The Governance committee was advised that issues that led to a strike by SATAWU were • The concession benefits that were previously given by SAA and Transnet that were; cancelled when employees were moved to Total Guaranteed Pay (TGP).	X

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	• Medical Aid that is not adequate to cover plus 6000 workers which will require about R140 million per annum. • Various issues that are dealt with by bargaining units that are still in progress including but not limited to changing of shifts, unilateral retrenchment, employee indebitness, overtime. The Governance committee noted the report of the Employee Relations Manager and the critical issues that have been raised in the various bargaining units. The Governance committee resolved that: ➢ All the HC issues be referred to the HC and Rem committee ➢ The HC and Rem committee disaggregate the issues and those that will have cost implications be worked out and various options be considered to address the issues raised. ➢ The HCM department through the Acting Group Executive: HCM working with the Group CEO submit a detailed report to the HC and Rem committee scheduled to meet on the 9th July 2015. ➢ The HCM report should also cover the issue of the certificate that was granted in February 2015 whether it was still enforceable and aligned to the issues raised in the demands submitted on the 28 May 2015.	X X
8.2	**SATAWU MARCH REPORT- ACTING HEAD: CORPORTAE SEBSIDARY**	
	The Acting Head: Corporate Security Mr Kabelo Mantsane presented a report on the security arrangement that were in place on the date of the March 28 May 2015. The Governance committee noted the report of the Acting Head: Corporate Security and registered its displeasure in the manner the report was prepared and the gaps that were glaring and therefore not sustaining. The Governance committee resolved that: ➢ The report be referred to SHEQ committee. ➢ The SHEQ committee appoint an independent entity to investigate all the issues pertaining to the SATAWU march held on 28 May 2015. The Group CEO registered his objection in the SHEQ committee being mandated to launch an independent investigation of the SATAWU march.	
9	**NOMINATION AND APPOINTMENT OF CHAIRPERSONS OF SUBSIDARY BOARDS.**	
	The Governance committee mandated the Chairman of the Board to finalise the appointment of the Chairpersons of the respective Subsidiary Boards.	
10	**FINAL SUBMISSION TO PUBLIC PROTECTOR**	
	The Group CEO submitted that the final report to Public Protector is for noting by the Board.	
	The Governance committee noted the Group CEO's pronouncements, however submitted that the final submission to the Public Protector was read without context as the provisional report to which this final submission is made was not circulated to the Board.	

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11	**LETTER TO THE MINISTER**	
	The Chairman reported that The Minister has written to the Board a letter dated 02 June 2015. The Chairman was mandated by the Governance committee to drive the process of responding to the letter of the Minister.	K
12	**ARTICLE ON THE FINANCIAL MAIL DATED 18 JUNE 2015 AND THE CITY PRESS ARTICLE DATED 14 JUNE 2015.**	
	The Governance committee deliberated the contents of the article of the FM and concluded that the attack on the Board was unwarranted and is in any event similar to the issues that were raised by the Group CEO in his Management report –May 2015 "PRASA in Turmoil". The Chairman of the Governance committee asked the Group CEO whether PRASA paid for the FM article? and whether the issues raised in the 6 page article were accurately reflected as being articulated by the Group CEO? The Group CEO submitted that PRASA did not pay for the article and that the contents of the article were an accurate reflection of the interview he had with the journalist who wrote the article, Ms Nicky Smith. The Governance committee resolved that: ➢ An independent legal opinion be sought by the Chairman on the actions that the Board can take in the circumstances. The Governance committee also deliberated on the article that appeared on the City Press of the 14 June 2015 relating to Group CEO, and asked the Group CEO on whether was there any issue that the Group CEO wished to discuss in respect of the said article? The Group CEO submitted that he has taken legal action on the article which he considers a smear campaign. He indicated that he has also submitted a complaint with the press ombudsman. He finally submitted that the legal action will be pursued against the newspaper and the journalist who wrote the article.	*
13.	**CLOSURE**	
6.1	There being no further business to discuss, the Chairman closed the meeting at 20h40.	

DR. P.S MOLEFE

CHAIRMAN

DATE

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PASSENGER RAIL AGENCY OF SOUTH AFRICA

MINUTES OF THE SPECIAL BOARD MEETING HELD ON WEDNESDAY 15 JULY 2015, AT 10H00, AT THE INTERSITE OFFICES, 1ST FLOOR EAST WING BOUNDARY PLACE, 18 RIVONIA ROAD, ILLOVO, GAUTENG

Present:	**Dr. P.S. Molefe**	**Chairman**
	Ms. C. Roskruge Cele	**Member**
	Ms. N. Kheswa	**Member**
	Ms. Z. Manase	**Member**
	Ms. M. Matlala	**Member**
	Ms. N. Mxenege	**Member**
	Mr. W Steenkamp	**Member**
	Mr. C. Manyungwana	**Member**
	Mr. T.B. Phitsane	**Member**
	Mr. T.L. Montana	**Ex-Officio Member**
In attendance:	**Mr. L. Zide**	**Company Secretary**
Apologies:	**Mr. L McMillan**	**Member**
	Mr. X. George	**Member**
Invited:	**(For presentation on the Afro 4000)**	
	Mr. M. Mofi	**CEO: PRASA Rail**
	Mr. L. Rathaba	**Senior Engineer: Infrastructure**
	Mr. E. Phakathi	**Acting Executive: HC (PRASA Rail)**
	Mr. T. Mahlobokgwane	**Manager: Rolling Stock Maintenance**

ITEM	DISCUSSION	ACTION
1.	OPENING, WELCOME AND	
1.1	The Chairman welcomed all present and declared the meeting open at 10h15.	
2.	APOLOGIES	
2.1	The apologies of received from Mr X George, Mr L McMillan were noted.	
3.	DECLARATION OF INTERESTS AND CIRCULATION OF ATTENDANCE REGISTER	
3.1	The attendance register and declaration of interests form were circulated.	

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5.	PUROSE OF THE MEETING	
5.1	The Chairman outlined that the purpose of the meeting was to receive a detailed report on the Afro 4000 Locomotive that have generated negative publicity for PRASA and its reputation and brought about credibility of Government into disrepute. The Chairman furthermore stated that the negative media reports on PRASA warranted that the Board as the Accounting Authority be informed so that the Stakeholder can be adequately and accurately briefed on the developments within PRASA as reported by the media.	
5.	QOURUM	
5.1	The Company Secretary confirmed the presence of a quorum. The Board accepting the urgency to deliberate and make decisions in the best interests of the Company waived any legal requirements on compliance with any stipulated time frames for issuing a notice for the Board meeting.	
6.	ADOPTION OF AGENDA	
6.1	The Chairperson of the Audit and Risk Committee proposed the amendments of the Agenda no. 10-feedbac/brief on a meeting held with the office of the Auditor-General on 2014/15 audit.	
	The agenda was adopted as amended.	
7.	PRESENTATION ON THE AFRO 4000 LOCOMOTIVE (COMPLIANCE TO LOAL STANDARD).	
	The CEO of PRASA Rail, Mr M Mofi, submitted the apology of Dr D Mtimkulu and introduced the team presenting on the AFRP 4000 Locomotives.	
	The presentation was circulated to the Board, and Mr L Rathaba took the Board through the presentation and highlighted the following; • Key factors that informed the acquisition of the Afro 4000 Diesel and Hybrid locomotive. • End User benefits. • Silent features of the contract being the purchase delivery of the new locomotive (20 Diesel and 50 Hybrid) contract signed at a value of R3.5 Billion. The contract has a 24 month warranty or 300 000 km (which ever comes first) • Afro 4000 specification finalised by the specification and design review team comprising of PRASA Rail Engineering, PRASA Rail Operations, PRASA Technical, Swifambo with its main subcontractor Vossloh Espana.	

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- Afro 4000 delivery schedule, summarised as follows;

PERIOD	ARRIVED IN SA	HANDOVER TO PRASA
Q3 2014/2015	1	0
Q4 2014/2015	8	0
Q1 2015/2016	4	11
Q2 2015/2016	7	7
TOTAL	20	20

- Progress on testing and commissioning was at final stages (95%) for 11 locomotive.

- Electrical Safety Instruction of 2012 (BBF3690) jointly agreed document between TFR/PRASA. The AFRO 4000 compliance with the Electrical Safety Instruction 2012 provided the 3KV is maintained to standard.

The Presentation concluded by highlighting that;

- The AFRO 4000 is a modified version of Euro 4000 to suit local conditions including height reduction to meet TFR/PRASA Electrical Safety Instruction, BBF 3690, 2012.

- Testing ad commission has been running for 6 months under normal operating conditions.

- Ongoing discussion between PRASA and Transnet on standard regarding 3KV network before the locomotive can be operated in the 3KV sections of the Transnet network.

The Board having received and deliberated on the locomotives presentation noted that there was a process agreed upon between PRASA and Transnet to deal with material issues of compliance that have been identified and some negatively reported on in the media as non-compliance with the locomotives. Management was requested to submit a detailed report on the outcome and decisions agreed upon by PRASA and Transnet on compliance with approved standard on locomotives height.

8	MEDIA REPORTS ON PRASA
8.1	**Dr D Mthimkulu's academic qualifications and registration with ECSA and the conduct of PRASA Spokesperson Mr. Moffet Mofokeng (media/external communication strategy)**

The CEO of PRASA Rail Mr Mofi submitted that following media allegations on Dr Mthimkulu's academic qualification a formal inquiry has been instituted by PRASA Rail. Dr Mthimkulu has been requested to submit copies of his academic qualification by close of business 16 July 2015. The employment file of Dr Mthimkulu does not have records and/or copies of his qualification except a copy of his CV stating his academic qualification as BSC in Mechanical Engineering (Wits University) Masters in Mechanical Engineering (No University) and Doctorate in Mechanical Engineering

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	(No University). The Board congratulated management on the initiative and decision to institute a formal inquiry on the academic qualifications of Dr Mthimkulu and requested management to present the outcomes of the inquiry by Friday 17 July 2015.	
8.2	**Media/external communication strategy**	
	The Board raised concern on the poor display of the PRASA Spokesperson, Mr Mofokeng in engaging the media in particular on Dr Mthimkulu debacle. The Board questioned management on the existence of an external communication strategy and reputation management approach? The board recommended that at the next Board meeting management present PRASA's communication strategy (both internal and external). The Board directed management that in the event that the communication was not in place there be consideration to engage services of a reputable firm to assist in communication and reputation management. The Board referred to the HC and Rem committee to validate the PRAA Selection and Recruitment Policy, and the attendant processes. The Board expressed its shock and disappoint that PRASA has no proper filing system and/or document management system and a robust compliance in ensuring that employment files and records not only keep CV's of employees but must ensure that academic qualifications certificates are properly filed and recorded in all employee files.	
9	PUBLIC PROTECTOR-INFORMATION/INTERVENTION REQUESTED FROM BOARD.	
9.1	The Chairman gave background to the intervention requested from the Board by the Public Protector, and highlighted that; • The Public Protector has concluded her investigator into the allegation of irregularities relating to Tender Procurement, Human Resources Recruitment, conflict of interest and Maladministration at PRASA. • The Public Protector has however received documents that require authentication as well a other documents and information outstanding that relate to the investigation and deemed it prudent to request the assistance if the Board, in ensuring that PRASA submits the outstanding information for the Public Protector to issue her final report. • The Board on 2 July 2015, held a Special meeting and resolved to assist the Public Protector as requested by directing that PRASA through the Group CEO repond in detail and submit on Monday 6 July 2015, all outstanding information requested by the Office of the Public Protector. • The Group CEO upon submitting the outstanding information to the Public Protector, ad confirming that Section 7(9) Notices of the Public Protector Act, issued to 15 Officials of PRASA through the Group CEO's office were received and responded to by those officials.	

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	• The Group CEO to forward the Board confirmation that the outstanding information requested has been submitted on 6 July 2015. The Group CEO reported that he has submitted a file to the Public Protector's office containing all outstanding information requested. The Group CEO assured the Board at all material times he has co-operated with the office of the Public Protector. The Group CEO also confirmed that Section 7(9) Notices were all issued to the 13 PRASA Officials. The Group CEO submitted that through the Company Secretary will make available to the Board the file he submitted to the Public Protector Office.	
10	**CONTRACT OF THE GROUP CEO**	
	The Chairman of the Board reported that Governance committee at its meeting held on 19 June 2015 had resolved that the Chairman be forwarded profiles of recruitment process. The profiles were to be forwarded to the Chairman on 23 June 2015. The Chairman stated upon following up with the Company Secretary , was advised that the Acting Group Executive: HCM, Ms N Kondowe was not authorised by the Group CEO to forward th profiles to the Chairman and tha she will await the approval of the Group CEO. The Board discussed whether it would be in the best interest of PRASA for the Group CEO to serve out his notice period. The Board discussed this matter having regard to various statements made by the Group CEO expressing has lack of confidence in the Board and suggesting that the Board did not have PRASA's best interest at heart. The Board following its deliberation on this matter unanimously resolved that: 1. It was in best interest of PRASA for the Group CEO with immediate effect not to be required to serve out he remainder of his notice period, and to be paid out in lieu of his notice. 2. The Group CEO will receive full payment of his remuneration up to 1 December 2015, and such payment will be made within 7 Days of his last day of work (the last day of work being 15 July 2015). 3. The Board having one due regard to stability of the security portfolio, uplifted the suspension of Mr Jama Matakata General Manager: Corporate Security, and for Mr Matakata to report to duty on 16 July 2015, and lead the security portfolio, and that all issues retaining to the disciplinary process undertaken will be dealt with and finalised by the Acting Group Chief Executive Officer. 4. The Board appointed Mr Nkhosinathi Khena (Chief Operating Officer and Acting CEO of Autopax) as acting Group Chief Executive Officer effective 16 July 2015, until such time as a permanent appointment of Group CEO is appointed or until such time as the Board of PRASA may, in its discretion determine. The Board furthermore resolved that the Acting Group Chief Executive Officer's appointment will be subjected to all the terms and	

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	conditions of employment applicable to the position of the Group CEO, including such policies as may be determined from time to time by PRASA. 5. A letter be written to the Minister informing her of the decision and resolution. 6. The Board will issue a statement on its decision to release the Group CEO from serving his notice with immediate effect (Internal and External).	
11	FEEDBACK BY CHAIRPERSON OF AUDIT AND RISK COMMITTEE ON MEETING HELD WITH THE OFFICE OF THE AUDITOR-GENEERAL	
	The Chairperson of the Audit and Risk committee gave feedback on the Preliminary report by the AG that would be concluded by end of July. The Chairperson reported that PRASA has a finding of irregular expenditure that is approximately R700 million. The PFMA requires that Accounting Authority to investigate irregular expenditure upon it being brought to its attention.	
12	CLOSURE	
15	There being no further business to discuss, the Chairman thanked all present and declared the meeting closed	

DR P.S. MOLEFE
CHAIRMAN

DATE

" PSM 4 "

Confirmation of Assignment

We Find Talent ⊙ 012-362-5733 ⊙
www.wefindtalent.co.za

PRASA

(Passenger Rail Agency of South Africa)

Submitted by:
TABEA KABINDE (MAGODIELO)
Managing Director
Onistep (Pty) Limited t/a WeFindTalent
327 Lynnwood Road, Brooklyn
Pretoria, 0181, Gauteng
Telephone: 012-362-5733
Facsimile: 086-606 9317
Email: tabea@wefindtalent.co.za

Attention: Dr Popo Molefe
Chairperson of the PRASA Board

Confirmation of Assignment

Thank you for appointing WFT to this Executive Search assignment for Chief Executive Officer. WFT attaches tremendous value to this opportunity. WFT is committed to bringing the highest quality Executive Search methodologies to this Search.

This Confirmation of Assignment document will form the basis for working together on this assignment.

Executive Search Template

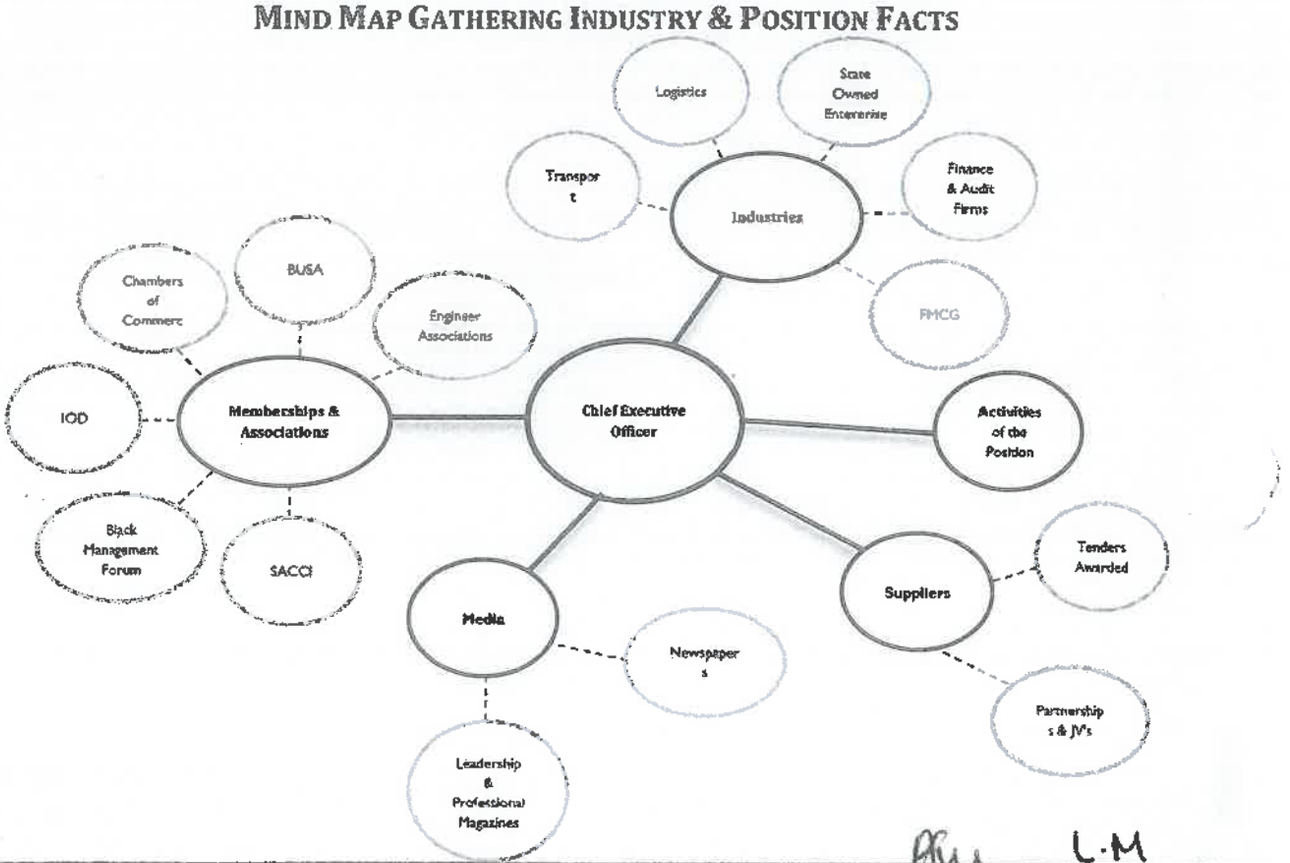
To get to the Executive Search Template, WFT has embarked on a process of internal and external environmental scan which also includes interviews. Out of this, the template will be adopted and will drive the Search Process. For more detail, please see the Progress Report.

The Search Canvass

A search strategy will be designed with appropriate time lines and designated team members (including team leaders, researchers and lead consultants) to access all options resulting in a long list of suitably qualified candidates. The Search Canvass includes the key words, search locations, and flexibility of technical background. The rows are then divided into Fields, Institutions, Companies and People and the columns are divided into Field, Specialised Field, Leaders in the Field, Suppliers in the Field, Events in the Field, Media/Publications and Other Activities or Ideas.

Mapping Research Strategy

Mind Map Gathering Industry & Position Facts



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REMUNERATION

WFT will throughout the process track the earning packages of potential candidates and benchmark it against the current market. We will be able to give detailed feedback on the ideal package required to attract the right candidates.

WFT FEE AND STRUCTURE OF PAYMENTS

As a retained executive search firm, WFT conducts executive search assignments under the following terms and conditions:

- Consistent with the executive search profession, our fees are non-contingent and are twenty-five percent (25%) of the first year base salary.
- Integrated in our fee structure is a Success Fee, which limits your risk and rewards the efforts of WFT upon the successful completion of the search effort.
- Fee payments will be invoice in thirds, 1/3 of fee paid on initiation of the search, 1/3 paid on delivery of the shortlist and the final 1/3 upon placement of the candidate (Success Fee).
- The Success Fee is defined as the commission earned for the difference between the first two (2) payments and twenty-five percent (25%) of the actual base compensation. This final payment is due on the official start date of the executive at PRASA. All invoices will be submitted in South African Rand and will be paid in South African Rand.
- All bills are due and payable upon presentation and the payment of fees and expenses are not contingent upon the placement of a candidate with your organisation, except when final performance payments apply.
- You are free to discontinue an assignment at any time by informing WFT to that effect. You would, however, remain responsible for the sums set forth in the billings presented prior to our receipt of your notice of discontinuance, as well as for any final expenses as of the date of notification.

GUARANTEE

Executive Search is a management consulting activity that may or may not result in the hiring of an executive. Therefore, it is misleading to guarantee that a position will be filled as the inevitable conclusion of an executive search consulting assignment. At the same time, it is appropriate that WFT does commit to introduce to its client a minimum of three to five qualified candidates for consideration on each assignment. We will conduct initial reference checks, verify academic credentials and to the best of our ability, confirm all factual statements regarding the candidate's history and record of accomplishments.

In addition, it is appropriate for PRASA to understand the firm's policy about unusual situations. For example:

- If a candidate leaves their new position as a result of involuntary termination within a period of 12 months, WFT will restart and execute a replacement search, charging applicable out-of-pocket expenses only.
- We work to completion on each search, unless mid-course changes are judged to be so significant that, in reality, a brand new search has been initiated. Billing and expense adjustments may be justified at that time.

We observe the laws in force relating to employment in each of the countries and jurisdictions in which we work. WFT refers quality candidates without regard to race, colour, religion, sex, sexual preference, age, national origin, or disability, unless specified by PRASA for Employment Equity reasons.

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TIME LINES

Search assignments tend to take between 8 and 12 weeks. However, the December holidays and the interfacing between the Minister and the Board will have an impact on the timelines, and in our proposal of the project plan, we have tried to factor this is as best we can. The Project Plan has also been revised to accommodate the delay in reaching all the Key Role Players that have to be interviewed in preparation for the search process. The timelines of our project plan is as per the chart below:

Activities	Start	End	Days	
Understanding the Environment				
Engaging Key Role Players	Thursday 29 October 2015	Thursday 5 November 2015	2	
Analysis of environment, mandate & policies	Thursday 5 November 2015	Monday 9 November 2015	3	
Report (Scoping of Role)	Friday 6 November 2015	Friday 6 November 2015	1	
Industry Mapping & Advertising				
Crafting a skills and qualifications profile	Monday 9 November 2015	Tuesday 10 November 2015	2	
Draft Advertisement	Completed	Completed	1	
Place Advertisement in the Printed Media	Completed	Completed	1	
Building talent pipeline and engaging with professionals	Tuesday 27 October 2015	Wednesday 11 November 2015		*Ongoing*
Report (Talent Pipeline)	Friday 6 November 2015	Friday 6 November 2015	1	
Screening, selection & presentation of long list				
Ad response	Monday 2 November 2015	Monday 16 November 2015	11	
Report (Progress)	Friday 13 November 2015	Friday 13 November 2015	1	
Report (Present Long List)	Friday 20 November 2015	Friday 20 November 2015	1	
WFT Interview process & presentation of short list				
Face to Face Interviews	Monday 23 November 2015	Wednesday 2 December 2015	8	
Report (Progress)	Friday 4 December 2015	Friday 4 December 2015	1	
Report (Present Short List)	Friday 11 December 2015	Friday 11 December 2015	1	
Background Screening & Assessment Centre				
Background Screening	Monday 14 December 2015	Wednesday 6 January 2015	8	
Assessment Centre	Monday 14 December 2015	Wednesday 6 January 2015	8	
Presentation of Results to the Board & Panel Interviews				
Presentation to the Board	Friday 8 January 2016	Friday 8 January 2016	1	
Panel Interviews	Friday 15 January 2016	Friday 15 January 2016	1	

SS6-PSM-384

Should you require any more information or wish to discuss any aspect of this report please do not hesitate to contact me.

I look forward to the start of what I am sure will be a mutually productive relationship with PRASA and the WFT.

Yours Sincerely

Tabea Kabinde (Magodielo)
Managing Director

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"PSM 5"

We Find Talent

PRASA

(Passenger Rail Agency of South Africa)

Submitted by:
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Dr. Popo Molefe
Chairperson of the Board

PROGRESS REPORT

BACKGROUND

PRASA's primary responsibility is to deliver commuter rail services in the metropolitan areas of South Africa, long-distance (inter-city) rail and bus services within, to and from the borders of the Republic of South Africa. The CEO of PRASA needs to make sure that this mandate is delivered on. The role is critical in ensuring that the mandate is achieved as the mandate is directly linked to National Development Agenda.

We Find Talent recognises the importance of this role and has taken on this assignment with great enthusiasm and commitment.
Below is a detailed report of the process followed to date as well as the shortlist for recommended candidates for the panel interview.

WE FIND TALENT'S PROGRESS ON THE RECRUITMENT PROCESS

PHASE 1 - RESEARCH PROCESS

WFT commenced the Research Process on the 29th October 2015 to understand the internal and external environment within which PRASA is working, as well as to understand the legislative frameworks governing these.

Thirteen Key Role Players were interviewed and we present our findings below.

PROGRESS THUS FAR

WFT started with the process of engaging some of the internal role players on the 13th October 2015. Through research and interviewing the role players, WFT developed a better understanding of the role and the requirements. Also in this process, we attempted to get a rich understanding of the culture of the organisation, the challenges and some of the key drivers of the role.

The following individuals have been interviewed thus far:

- Mr Nathi Khena – Acting Group CEO – 13 October 2015
- Dr Popo Molefe – Chairperson of the Board – 27 October 2015
- Mr Bhekani Khumalo – Acting Group HCM – 27 October 2015
- Ms Pearl Munthali – Group Executive: Business Development - 27 October 2015
- Mr/Ms Rasheeque Zaman – Chief Audit Executive – 3 November 2015

- Mr Tiro Holele – Group Executive Office of the Group CEO – 4 November 2015
- Mr Lindikaya Zindane – Group Company Secretary – 4 November 2015
- Mr Sipho Sithole – Group Strategy Officer – 4 November 2015
- Mr/Ms Mashila Matlala – Board Member – 4 November 2015
- Ms Martha Ngoye – Group Executive – 05 November 2015
- Mr Piet Gombert – Chief Executive Officer: Intersite - 05 November 2015
- Mr Bongani Kupe - Chief Executive Officer: Autopax – 05 November 2015
- Mr Mosenngwa Mofi - Chief Executive Officer: Rail – 05 November 2015

Once the interviews were completed, a detailed brief about the role was prepared and presented to the client. Out of this process, an Executive Search Template was crafted. The Executive Search Template forms the basis of our research brief and is central to all WFT's processes. Our screening and evaluation of prospective candidates are strongly influenced by its contents as was our brief to prospective candidates. It also constitutes the framework against which candidates were measured and ranked for this presentation of the shortlist to the board.

At the same time, an advert was crafted for the advertisement of the position in Print Media. The following Newspapers circulated the advert:

- Sunday Times – 01 November 2015
- City Press – 01 November 2015
- Mail and Guardian – 30 October 2015

The closing date for responses to the advertisement was the 16th November 2015

FEEDBACK BASED ON INTERVIEWS

The incumbent will direct the executive team and ensure effective functioning whilst meeting strategic objectives; will report to the Chairman of the PRASA Board, the Board as well as the Minister of Transport. He/she, together with the Board will develop a strategic plan to advance the PRASA's Mission, Vision and Objectives, as well as execute its mandatory role as prescribed by legislation. He/she will oversee the company operations to ensure service delivery, efficiency, quality and prudent application of resources and adherence to accepted corporate governance principles and best business practices.

CURRENT CULTURE OF PRASA

- There was consensus in the feedback received from the vast majority of the candidates interviewed that PRASA does not have a unified culture. It seems that the merging of the various entities has never moulded a particular/unified culture – people still continue with what they knew were the cultures of the various entities that they came from.
- There is no work ethic or professionalism in the organization. Up to now, people are rewarded more for loyalty than for performance. With this comes an ethos of no service delivery.
- There is a strong sense of entitlement. Nothing is seen as a privilege, rather as a right.
- The current culture of PRASA was also called a desperate one, a chaotic culture, a culture of fear, fear of making decisions and a politicized culture.

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- It seems that the environment is dominated by African males in their forties and it was also mentioned by various candidates that it is a difficult environment for a strong woman to function in.
- It seems that it is important to be part of a group or alliance. No alliance is an indication of being ostracised. This mentality holds the organisation back because management is finding it difficult to break out of moulds and to make tough decisions that need to be made.
- PRASA also lacks a culture of continuous learning. The result of this is that management is stagnant and new ideas are not being brought in to revitalise and invigorate the way things are done there.
- The organisation lacks systems and if they exist, are not applied. As a result, it is driven by people's preferences.

WHAT SHOULD THE CULTURE RATHER LOOK LIKE?

There is consensus that the following culture needs to be inculcated and driven:

- A unified culture, which breaks down the diversified cultures of the different entities within the Group. There is a need for a strong Change Management drive, that will define the desired culture and work towards building a shared culture. The incumbent needs to be someone that can redefine the culture and drive the transformation thereof.
- Customer centricity needs to be the primary ethos for the organisation. The CEO needs to point the team to where they need to go, and help define how they will get there.
- The environment should be professionalised to such an extent that people would choose PRASA. The mandate of PRASA is so important and the opportunities so vast that it can almost not afford to act like a state department.
- Boundaries and guidelines need to be developed and cascaded down to all levels of the organisation. This will give certainty and create an opportunity to define consequence and performance management. The discussions with the key role players suggest that we need a CEO that will ensure that this happens.

UNDERSTANDING OF THE ROLE & PROFILE

KEY DRIVERS FOR THE ROLE

- The CEO must have knowledge about trends, practices, and policies affecting the transport industry. The CEO must have solid financial acumen, such that they understand the key local and international pressures associated with a good credit rating as well as the leverage points in the Income Statement and the Balance Sheet as well as the critical aspects of ensuring short-term cash flow and long-term profitability.
- An appreciation of the role of Public Transport to the economy as well as the positioning of PRASA within the continent. The incumbent must also understand and be *au fait* with the National Development Plan.
- He/she will also need to create a compelling and inspired sense of purpose for the Executive Team. It is extremely important that the CEO also be able to galvanise the PRASA staff around this Vision.

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- The CEO needs to understand that the customer is king and needs to focus on delivery to the customer. All systems therefore, need to be aligned to meeting the customer need.
- Strategic thinking, planning and creating partnerships for the future development of Public Transport in SA - The incoming CEO should be able to effectively see ahead clearly and anticipate consequences and trends accurately. He/she must have broad knowledge and perspective which he/she can translate into a plan based on key strategies that will provide long lasting progress for the stakeholders.
- The CEO be a transformational leader. He/she must understand that the organisation is wounded and to a large extent dysfunctional. He/she must be a change agent and create a culture of professionalism.
- The CEO needs to build an effective executive team. Though there are pockets of excellence within the organisation, there are also areas where there is a lack of expertise and excellence. The CEO needs to build a formidable team, which he/she will lead to achieve the objectives of government in the NDP around transport and transport infrastructure.
- The successful candidate will need to have the boldness to respond without having the total picture and able to adapt to dynamic environments with ease. He /she should be able to respond with speed and be able to take and manage appropriate risks and use them to the organization's advantage. Thus flexibility and mitigating risk must be a strength for them.
- The successful candidate will have a clear understanding of the South African Public Transport users' needs, preferences, interests and decision-making criteria. Furthermore, this CEO needs to understand the needs of all stakeholders and their concerns.

PERSONALITY JOB PROFILE

The results of the Job Profile under consideration suggest that the competencies required by the jobholder, should include the ability to:

- Encourage others to communicate effectively and efficiently at a level that is understood by all, thus developing a culture of participation, commitment and involvement.
- Create a network of contacts across various disciplines that will provide advice on what resources are available both within or outside the organisation.
- Provide optimum levels of leadership and, if required, encouragement, training and support in order to help others to achieve their results and meet their budgets.
- Create a positive and innovative atmosphere which encourages people to commit themselves to the task at hand and, where necessary, go beyond the call of duty in order to achieve their key objectives.
- Be resolute in focusing on results and, if these are threatened, be prepared to resolve problems or conflicts, dealing with people, despite their feelings or the situation.
- Get oneself and others committed to the timeous commencement and achievement of tasks, and overcome any problems. Assist those who are not natural self-starters or who are inexperienced.
- Gather facts and figures, monitor one's own performance and that of others, and achieve goals in a timely and precise manner.
- Evaluate situations and calculate risks whilst justifying and defending quality standards.
- Adhering to rules and regulations advocating compliance.

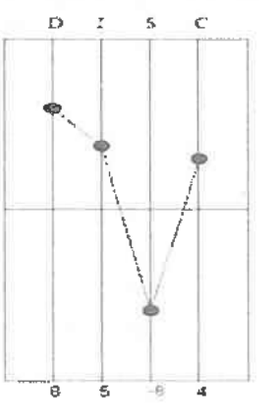
- Be alert to changing situations, show flexibility in approach, adaptability in difficult circumstances and continuously strive to achieve meaningful results.

The Job Profile suggests that the job requirement is for a person who enjoys working with and through people. The incumbent should have the drive to achieve results through a logical and systematic approach. The job environment requires actively influencing and motivating a variety of people in changing situations. The person fulfilling the role should have strong influencing skills, as selling a product or a concept must be accomplished by gaining willing acceptance. The job could include specialist/technical skills and the incumbent should enjoy challenging situations and have the ability to work within the broad parameters of the organisation. The ideal person for this position will be positive, participative, self-confident, friendly, self-starting, competitive, inquisitive, imaginative, factual, consistent and somewhat conventional and self-disciplined. Activity, mobility, flexibility, variety and pace are also likely to be important aspects within the function.

A full analysis and points to review should be taken into consideration when comparing a person's profile with a Job Profile. All the candidate's biographical data should also be taken into account when considering the overall assessment.

The following statements are applicable to the Job Profile which has been established for the position of Group CEO Profile.

Upon the Board's agreement with the majority of these statements, the Job profile was created for this position which is a reliable and relevant representation of the actual job requirements.



Influence (High I)

- The effective use of self-confidence and persuasion are important characteristics of the position.
- Good verbal communication is one of the prime requirements for satisfactory performance in this position.
- Success in achieving goals and objectives will depend on this incumbent's motivational and leadership skills.
- The ability to form open and trusting relationships with both internal and external stakeholders will play an important role in the execution of this position.

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Dominance (High D)

- The incumbent will be required to stand up to firm challenges from others, often in a competitive environment.
- The incumbent's authority will need to be demonstrated by adopting a dynamic and self-assured stance.
- Timely decision making, often under complex and demanding circumstances, will be expected of the incumbent.
- The incumbent will be called upon to cope with risk and time pressures.
- The incumbent fulfilling this role will need to be proactive and a creative problem solver.

Compliance (High C)

- A thorough, disciplined and detailed style is necessary for the successful execution of the particular job.
- The logical and detailed analysis of data and processes may often be a component of this job.
- This position will accommodate an incumbent who is conservative and conventional by nature.
- In order to operate comfortably within this role will require the incumbent to have a sense of perfectionism whilst complying with clearly defined rules and policies.
- The successful incumbent should have a cautious and detailed approach towards task completion.

Steadiness (Low S)

- A placid, relaxed and easy-going activity level will seldom be tolerated in this active role.
- Patience, leniency and stability are characteristics that may have to be sacrificed in order to succeed in this position.
- The ability to demonstrate flexibility in approach and an eagerness to complete assignments on time are important factors for success in this position.
- An energetic and active style is likely to be compatible with the more dynamic and fast paced demands of this particular job.
- Above average mobility, self-awareness and flexibility are some of the characteristics that will be sought after for this particular job.

This profile was used as a benchmark for the role, candidates with a close match to this would be most suited for the role.

Below is a list of candidates that responded to the advert.

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ADVERT RESPONSE CANDIDATES

	Date	Name	Surname	Gender	EE	Citizenship	Age	Area of Residence	Qualifications	Last 3 Positions (Employers)
1	30-Oct-15	Maxwell	Ramagaga	Male	African	South African	48	Midrand (Gauteng)	MBL (2001); LLB (3rd Year)	General Manager Corporate Finance (PRASA); Chief Director Restructuring & Institution Reform (Department of Transport); Director Assets Management (National Treasurity)
2	30-Oct-15	Esau	Mudau	Male	African	South African	47	Cresta (Gauteng)	Masters (Psychology), PhD (Counseling Psychology)	Executive Director (Centre for Social Services and Counseling); Executive Director (Esau Mudau Books Supplies); Executive Director (Esau Mudau Property Development)
3	01-Nov-15	William	Barrett	Male	Unknown	South African	33	Paarl (Western Cape)	Bcom Law	Regional Manager (Warwick Wealth); Area Manager (Old Mutual); Risk Specialist (Old Mutual)
4	01-Nov-15	Bayanda	Nyengule	Male	African	South African	52	Mthatha (Eastern Cape)	MBA(Pending), BBA Honours, Bcom	Chief Executive Officer (Nelson Mandela Museum); Managing Director (Aweselwa Consulting); Strategic Head (ORTD Municipality)
5	01-Nov-15	Kgatlaki	Ngoasheng	Male	African	South African	Unknown	Pretoria (Gauteng)	MBA, LDP, Bcom Hons, Bcom	Special Task Team Member (Department of Public Works); Data Quality Assessor (Khulisa management Services); Council Member (Gerson Lehrman Group) - All consulting consecutively. Executive Director and Policy Specialist (BUSA)
6	01-Nov-15	Thabo	Matjila	Male	African	South African	38	Kempton Park (Gauteng)	MBA (Dissertation - Research) not complete, Bcom	Chief Operating Officer (Value Vision Consulting), Project Management Officer (Mzumbe-Ekhaya Consulting), Chief Operating Officer (Mamotha Group)
7	01-Nov-15	Duke	Dwane	Male	African	South African	Unknown	Unknown	Masters (Applied Mathematics), B Degree Hons - Mathematics	Business Analyst (Izazi Solutions), Business Analyst (First National Bank), Project Manager / Business Analyst (IEMAS Financial Services)
8	01-Nov-15	Mabila	Mathebula	Male	African	South African	Unknown	Aeroton (Gauteng)	MBA, PhD (Current), BA Honours	Senior Researcher (Railway Safety Regulator), Managing Member (Mabila Mathebula Management Services), Operational Safety Manager (Transnet Rail Freight)
9	02-Nov-15	Nirkash	Jithoo	Male	Indian	South African	Unknown	Durban (Kwa-Zulu Natal)	MBA, BSc	Chief Operating Officer (Space Advisory Company), Head of Total Quality and Engineering (SAMSAC Africa Holdings), Project Manager (Global Capital Projects)
10	02-Nov-15	Crescencia	Shereni	Female	African	Zimbabwean	28	Kensington (Gauteng)	Mcomm Econs (Current), BSc Hons	Chief Operating Officer (ISN Distributors), Teaching Assistant (UNISA), Executive Operations Manager (Analytical Business Executives)

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11	02-Nov-15	Adonia	Mushwana	Male	African	South African	41	Unknown	BA, Master of Entrepreneurship (Pending)	Assistant Director (Department of Science & Technology); Business Advisor (Greater Tzaneen Economic Development Agency), Regional Facilitator (SEDA)
12	02-Nov-15	Zakhele	Thwala	Male	African	South African	56	Kempton Park (Gauteng)	MBA, PhD (Current), BA Honours	Deputy Director General: Civil Aviation (National Department of Transport); Executive Manager: Occurrence Investigations (South African Civil Aviation Authority); Executive CLO Ekurhuleni Metro (MEC Transport Gautrans)
13	02-Nov-15	Proshni	Naidoo	Female	Indian	South African	31	Pietermaritzburg (Kwa-Zulu Natal)	BA, Bcom (Hons)	Procurement Officer (Vuza Fleet Management Servcies); Procurement Specialist (Mondi); Business Process Analyst (Anglo American)
14	02-Nov-15	Stewart	Lumka	Male	African	South African	61	Benoni (Gauteng)	MBA	Head: Department of Finance (Gauteng Provincial Government), Acting Head: Department of Roads and Transport (Gauteng Provincial Government), Acting Head: Department of Infrastructure Development (Gauteng Provincial Government)
15	02-Nov-15	Moffat	Qithi	Male	African	South African	50	Midrand (Gauteng)	MBA HR (Incomplete), Bcom, Masters in Education	Chief Executive Officer (Boxing South Africa), Chief Operations Officer (Walter Sisulu University), Business Operations manager (National Heritage Council)
16	02-Nov-15	Sibulelo	Ncamani	Male	African	South African	41	Midrand (Gauteng)	MSc, MBL (Current), BSc Hons	External Examiner (UNISA), Programme Manager (Gijima), Director (Tshintsha Business Solutions)
17	02-Nov-15	Joseph	Sekoati	Male	African	South African	55	Orange Farm (Gauteng)	MBA, BA Hons	Corporate Services Officer (Mine Health & Safety Council), HR Business Partner (Kimberly-Clark of SA), Managing Director & Senior Consultant (Absolute Human Resources)
18	02-Nov-15	Raymond	Shoke	Male	African	South African	45	Unknown	BLL	Operations Manager (Hlulani Trading & Investments), Team Leader Ticket Sales (SAA); Team Leader Voyager Call Centre (SAA)
19	02-Nov-15	Edmund	Chawira	Male	African	Zimbabwean	54	Harare, Zimbabwe	BSc, PhD, MBA	Managing Consultant (ETC Associates); Chief Executive (SMM Holdings T/A TAP Ltd); Managing Director (SMM Holding T/A HASTT)
20	02-Nov-15	Mluleki	Majavu	Male	African	South African	34	Cape Town (Western Cape)	Masters in Business Systems, BTech, Bcom, Mtech, PhD (Current)	Project Manager **(PRASA Rail)**, Security Officer (Group 4 Securicor)
21	02-Nov-15	Viwe	Xozwa	Male	African	South African	35	Port Elizabeth (Eastern Cape)	MBA (Current), BA	Managing Director (Inzuzu IT Consulting), Infrastructure Manager (Inzuzu IT Consulting), Project Manager (Inzuzu IT Consulting)

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22	02-Nov-15	Tapiwa	Ameer	Male	African	Zimbabwean	Unknown	Harare, Zimbabwe	BSc	Group Chief Executive (Art Corporation); Managing Director (Batteries and Forestry Division); Group Chief Operating Officer: Executive Director (Art Corporation)
23	02-Nov-15	Zingisile	Ntsaluba	Unknown	Unknown	South African	53	The Reeds (Gauteng)	Bcom, Bcomt, MBA	(Sizwe Ntsaluba Gobodo); (Pikitup); (National Department of Public Works)
24	02-Nov-15	Thomo	Moraka	Male	African	South African	53	Lonehill (Gauteng)	BSc, BA Hons	CEO/Owner (Phoenix Security); CEO (BES Africa Engineering); ALT Director (DRA MINING)
25	02-Nov-15	Ronelle	Kgohloane	Male	African	South African	39	Pretoria (Gauteng)	Diploma	Warehouse Supervisor (Paarl Media Gauteng); Senior Yard Officer (Builders Warehouse); Stock Controller (Nissan SA)
26	02-Nov-15	Zamuxolo	Layini	Male	African	South African	47	Montana (Gauteng)	BA;BA (Hons); HDE	Currently Unemployed; Lecturer (FET College); Senior Immigration Officer (Department of Home Affairs)
27	02-Nov-15	Ayanda	Wakaba	Male	African	South African	44	Pretoria (Gauteng)	MBA; Bcomm; Bcompt (Hons)	Chief Operating Officer (Independent Development Trust); Chief Executive Officer (Ntinga OR Tambo Develoment Agency); Chief Executive Officer (Eastern Cape Municipal Support Services)
28	02-Nov-15	Mkhuseli	Lungile	Male	African	South African	54	Port Elizabeth (Eastern Cape)	Bcom, Bcom (Hons), Btech	Business Development Manager (Eastcape Training Centre); National Marketing Manager (Good Year SA); Executive Director (Khanya Centre for Business Development Training)
29	02-Nov-15	Melusi	Makhoba	Male	African	South African	27	Roodepoort (Gauteng)	MA (Current), Btech	Customer Service Centre Supervisor (E-Toll); Tutor (Durban University of Technology); Marketing and Events Coordinator (Sports Tec International Sports Development Agency)
30	02-Nov-15	Sid	Mpofu	Male	African	South African	Unknown	Ermelo (Mpumalanga)	MBA, BA Hons	Director: Corporate Services (Bushbuckridge Water); Director: Executive Education (Wits Business School); General Manager (Pikitup);
31	02-Nov-15	Benson	Mseleku	Male	African	South African	43	Waterfall (Kwa-Zulu Natal)	BSc	Managing Director (Thulanda Consultants); Operations Director (Intershore Africa); Executive Manager Industrial Projects Division (Igoda Projects)
32	02-Nov-15	Caesar	Mtetwa	Male	African	South African	43	Lonehill (Gauteng)	BSc, Bcom	General Manager Rail Network (Transent Freight Rail); General Manager Operations (ABSA); Operations Excellence Director (Unilever SA)
33	03-Nov-15	Sol	Motsepe	Male	African	South African	53	Centurion (Gauteng)	PhD; MBA	Senior Executive (South African Poultry Association); Chief Director (Department Cooperative Governance); Head: Marketing Communications (Royal Bafokeng Administration)
34	03-Nov-15	Neelan	Naidoo	Male	Indian	South African	Unknown	Unknown	Certification	Senior Business Analyst-Trained Leadership in CEO Capacity (IBM SA); IT Specialist (IBM SA); Senior Systems Leader (Business Connexion)

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35	03-Nov-15	Pragason	Moodley	Male	Indian	South African	42	Stanger (Kwa-Zulu Natal)	MBA, BSc, Ndip	Assistant Farm Manager (Ramsamy Sugar Estate); General Manager (Ramsamy Sugar Estate); Project Manager (Dukuza OHT Electrical)
36	03-Nov-15	Ken	Mathu	Male	African	South African	55	Sandton (Gauteng)	PhD (Business); MBA	Senior Lecturer (Gordon Institute of Business Science); Senior Lecturer (Vaal University of Technology); Managing Director (Ameva Solutions)
37	03-Nov-15	Titus	Mashaba	Male	African	South African	54	Saulsville (Gauteng)	MBA	Assistant HR Manager (Tshwane Municipality); Huma Resource Clerk (Makro); HR Relations Manager (Makro)
38	03-Nov-15	Ntomozuko	Lupuwana	Female	African	South African	38	La Montagne (Gauteng)	Ndip	Launch Quality System Engineer (Ford Motor Company); Production Supervisor (Ford Motor Company); Quality & Environmental Technician (Ford Motor Company)
39	03-Nov-15	Haresh	Haricharun	Male	Indian	South African	47	Sandton (Gauteng)	BSc, BSc (Hons), MSc	Private Tutor (Self Employed); Nandi Energy Holdings (Freelance Energy Consultant); Head Retail - Corporate Contractor (First National Bank)
40	03-Nov-15	Sello	Mashabela	Male	African	South African	35	Pretoria (Gauteng)	Btech, Ndip	HR Manager (Dilokong); HR Manager (Fraser Alexander); Employee Relations Manager (Marula Platinum)
41	03-Nov-15	Andrew	Thole	Male	African	South African	43	Eldorado Park (Gauteng)	Diploma	Senior Pastor & CEO (Church of Nazarene); COO (Thembekile Constructions); Chef (South African Navy)
42	03-Nov-15	Sipho	Risiba	Male	African	South African	39	Roodepoort (Gauteng)	B.Juris; LLB, LLM, MBA (Current)	COO (Film & Publication Board); Head:Legal & Regulatory Affairs (Film & Publication Board); Corporate Attorney (Legal Aid South Africa)
43	03-Nov-15	Siphiwe	Thobela	Male	African	South African	43	Kokstad (Kwa-Zulu Natal)	Bcom, PhD(Completion 2019)	Municipal Manager (Mbizana Local Municipality); Manager (Ingquza Hill Local Municipality); Manager (Umzimvubu Local Municipality)
44	03-Nov-15	Gabriel	Banda	Male	African	South African	50	Vanderbijlpark (Gauteng)	BA, MBA	Chief Financial Officer (Setsoto Local Municipality); Chief Executive Officer (Maemo Business Processes Consulting); Acting Chief Financial Officer (North West Province)
45	04-Nov-15	Mosala	Mokhatshane	Male	African	South African	42	Unknown	MBA; Bcom	Senior Accounts Manager (Industrial Development Corporation); Business Banking Credit (Standard Bank); Business Banking West (Nedbank Corporate)
46	04-Nov-15	Leroy	Nsibande	Male	African	South African	43	Lonehill (Gauteng)	MSc, Mphil	Founder & Executive Chairman (LPG Holdings); Head: Regional Transport & Logistics (Cargill South Africa); Group Manager & Head of Logistics (Arcelormittal South Africa)
47	04-Nov-15	Mandisa	Dlomo	Male	African	South African	Unknown	Unknown	MBA, BSc	Construction Manager (Eskom); Project Design Engineer (Eskom); Assistant Engineer (Eskom)

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48	04-Nov-15	Jack	Radebe	Male	African	South African	Unknown	Unknown	MBA, BSc	Founder & CEO (Nnoi Consulting Equity & Consulting Management); Acting Chief Operations Officer (HPCSA); Founder & CEO (Nnoi Consulting Equity & Consulting Management)
49	04-Nov-15	Greg	Segoneco	Male	African	South African	Unknown	Bruma (Gauteng)	Bcom, MBA	Chief Executive (TGS & Associates); Managing Director (Johannesburg Water); Managing Director (Apron Services)
50	04-Nov-15	Andile	Mahlalutye	Male	African	South African	43	Bedfordview (Gauteng)	MBL, BSc, Masters Financial Management	Head of Department:Enterprise Programme Management Office (Ekurhuleni Metropolitan Municipality); Acting Group Chief Financial Officer (Ekurhuleni Metropolitan Municipality); Managing Member (Ulwazi Lunzulu Consult)
51	04-Nov-15	Khathutshelo	Ramukumba	Male	African	South African	36	South Downs (Gauteng)	Bcom, MBA (Current Studies)	Chief Executive Officer (NYDA); Chief Financial Officer (NYDA); Group Internal Audit Manager (Rand Water)
52	04-Nov-15	Velile	Mqhum	Male	African	Unknown	Unknown	Lyttleton (Gauteng)	Bcom	Chief Financial Officer (Mpumalanga Economic Growth Agency); Chief Executive Officer (Polokwane Housing Association); Financial Advisor (National Electricity Regulator)
53	04-Nov-15	Heyno	Smith	Male	White	South African	54	Midrand (Gauteng)	Beng, Management Development Programme	Vice President (Advanced Refractories (Europe) Vesuviua Plc); Managing Director (Vesuvius South Africa); Vice President Operations (ThyssenKrupp CSA)
54	04-Nov-15	Kabelo	Letsoalo	Male	African	South African	43	Rustenburg (North West)	MBA (Dissertation - Research) not complete)	Project Manager (Wits); Hospital Chief Executive Officer (Moses Kotane Hospital); Hospital Chief Executive Officer (Koster/Swartruggens Hospital Complex)
55	04-Nov-15	Saziso	Vikilahle	Male	African	South African	38	Amanzimtoti (Kwa-Zulu Natal)	Btech, Ndip	Construction Project Coordinator (Rural Development and Land Reform); Quantity Surveying Trainee (Alfred Ndzo District Municipality)
56	04-Nov-15	Malose	Mongwe	Male	African	Unknown	Unknown	Pierre van Ryneveld (Gauteng)	B.Eng; MBA	General Manager (RAF)
57	04-Nov-15	Jabulane	Mnguni	Male	African	South African	38	Embalenhle (Mpumalanga)	Bcom; MBA	Financial Accountant (Air Liquide); Management Accountant (Sasol Nitro); Finance (Petrosa)
58	04-Nov-15	Makhari	Ndanduleni	Female	African	South African	49	Kosmosdal (Gauteng)	Bcom; Bcom (Hons)	Chief Financial Officer (Gauteng Gambling Board); Acting Chief Executive Officer (Gauteng Gambling Board); Chief Financial Officer (City of Tshwane Metropolitan Municipality)
59	04-Nov-15	Thami	Mbele	Male	African	South African	Unknown	Johannesburg (Gauteng)	MBL, MEM, Bcom, Ndip	Managing Director (Tata Africa Holdings Ltd); Regional CEO SA (General Electric); GM and Director (Land Systems OMC)

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60	04-Nov-15	Nosizwe	Dlengezele	Female	African	South African	Unknown	Bryanston (Gauteng) & Germany	BA (Psychology), BA (Hons)	Senior Manager-Energy Storage (Hitachi Chemical Europe); Senior Manager-Strategy&Marketing Sub-Sahara Africa (Hitachi Europe-JHB Office); Consulting Director (Enele)
61	05-Nov-15	Phillip	Mathebula	Male	African	South African	40	Rembrandt Park (Gauteng)	MBA (Current); Bcom	Executive Chairman (Mat Group of Companies); Director Finance 9Chancellor House Holdings); Deputy Director (Mpumalanga Provincial Treasury)
62	05-Nov-15	Isaac	Mukwevho	Male	African	South African	34	Johannesburg (Gauteng)	Diploma (PC Technician)	IT Consultant (Khudu Technologies); IT Supervisor (Eurocopter Southern Africa); Senior Customer . Engineer (CEB Maintenance Africa)
63	05-Nov-15	Thomas	Mphela	Male	African	South African	53	Pretoria (Gauteng)	B.Com	Acting Chief Financial Officer (Electricity Distribution Industry Holdings); Senior Manager (Electricity Distribution Industry); Financial Accountant (Daimler Chrysler Finance)
64	05-Nov-15	Benjamin	Theron	Male	Coloured	South African	52	Moreleta Park (Gauteng)	MBA	Chief Operating Officer (Etoll); Chief Executive & Managing Consultant (Brentlana Solutions); Executive Account Manager (ADC)
65	05-Nov-15	Garret	Koboe	Male	African	South African	47	Soshanguve (Gauteng)	Diploma	Manager:Admin & Projects (Garmag Management & Projects); Deputy Director (Department of Justice & Constitutional Development); Assistant Director (National Department of Justice and Constitutional Development)
66	05-Nov-15	Kendy	Phohleli	Unknown	Unknown	Unknown	Unknown	Unknown	Diploma	Executive Africa Hub Strategy (SAA); General Manager Commercial (SAA); Senior Aviation Consultant (Not specified)
67	05-Nov-15	Sean	Rasebotsa	Unknown	Unknown	Unknown	Unknown	Unknown		***Curriculum Vitae Requested***
68	05-Nov-15	Buntu	Siwisa	Male	African	South African	39	Pretoria (Gauteng)	BA, BA (Hons), MA, Dphil (Politics)	Research & Consultancy (Self Employed); Senior Researcher (ACCORD); Manager: Knowledge Production Department (ACCORD)
69	05-Nov-15	Pertunia	Nkuna	Female	African	South African	Unknown	Vorna Valley (Gauteng)	Btech	Registrar & CEO (The SA Dental Technicians Council); Deputy Registrar & CEO (The SA Dental Technicians Council); Senior Admin Coordinator (Ditson Museums of South Africa(
70	05-Nov-15	Nkosinathi	Khena	Male	African	South African	54	Unknown	MBL, LLB, Bcom	Group Chief Operating Officer **(Prasa)**; Seconded to Chief Executive Officer **(Autopax)**; Chief Executive Officer (NSFAS)
71	05-Nov-15	Madoda	Mxakwe	Male	African	South African	Unknown	Kyalami (Gauteng)	MA, BA (Hons)	Managing Director (Nestle Southern African Region); Managing Executive (Nestle Nigeria); Deputy Vice President Corporate Affairs (Nestle Switzerland)
72	05-Nov-15	Bareng	Mogorosi	Male	African	South African	Unknown	Unknown	PhD (Multiple PhD's)	Founder/Owner (BaGeMo Angels Group)

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73	06-Nov-15	Glenville	Hughes	Male	Coloured	South African	38	Johannesburg (Gauteng)	Higher Diploma	Chief Executive Officer (Turner Hughes & Associates); Acting Corporate Services Executive (South African Resource Heritage Resource Management); Chief Executive Officer (Turner Hughes & Associates)
74	06-Nov-15	Mojaki	Mosia	Male	African	South African	44	Unknown	PhD, MA, BA	Executive Director (University of Kwa-Zulu Natal); Director : Human Resources (BMW Group South Africa); HR Executive (Adcock Ingram Healthcare)
75	06-Nov-15	Prakshna	Somai	Female	Indian	South African	35	Midrand (Gauteng)	MBA, BSc	Managing Director (Gordon Carbon Solutions); Programme Manager (Comverge International); (EON Consulting)
76	06-Nov-15	Mosewu	Mogotlhe	Male	African	South African	49	Unknown	B.Juris; LLB	Director (MP Mogotlhe Attorneys); Head of Department (Department of Agriculture Conservation and Environment); Secretariat (Office of the Premier)
77	06-Nov-15	Muziwakhe	Radebe	Unknown	African	South African	41	Unknown	MCommPM, Advance Diploma	Project Manager (AIDC); Lecturer (TUT); Lecturer (UNISA)
78	06-Nov-15	Caivin	Mkhabela	Male	African	South African	44	Richards Bay (KwaZulu Natal)	MBL, MDP, BSc Eng	Maintenance Manager (BHP Billiton Aluminium SA); Engineering Manager (BHP Billiton Bayside Aluminium); Group Engineering Manager (Coca Cola SABCO)
79	06-Nov-15	Bruce	Vlok	Male	White	South African	62	Waterford Estate (Gauteng)	MBA, BA Law	Strategist Consultant (Clear Strategy Consulting Group); Chief Opertaing Officer (GHH Mining Machines); Managing Director (Parker-Hannifin Corporation)
80	07-Nov-15	Moses	Gasela	Male	African	South African	40	Kimberley (Northern Cape)	B Com (Hons), MBL, CTA, PhD-Business Admin (Current)	Chief Financial Officer (Office of the Premier); Director of Finance (Department of Justice & Constitutional Development); Deputy Director of Finance (Provinical Treasury)
81	07-Nov-15	Brian	Mokgatetswa	Male	African	South African	28	Saulsville (Gauteng)	Mtech, Btech, Nat Dip	COO (TCT Civil & Construction); General Manager (Kotu Bakery); Operations and Small Projects Manager (TCT Civil & Construction)
82	07-Nov-15	Katlego	Mokgatle	Male	African	South African	26	Hammanskraal (Gauteng)	Diploma	Sales & Marketing (Amayeza Abuntu)
83	08-Nov-15	Nox	Mafu	Female	African	South African	Unknown	Ormonde (Gauteng)	Mphil, MA(Education), BSocSc (Hons), BSocSc	Programme Coordinator (Rosebank College); Lecturer (Rosebank College); Facilitator (Nelson Mandela Metropolitan University)
84	08-Nov-15	Thamsanqa	Lukhuleni	Female	African	South African	48	Dullstroom (Mpumalanga)	Bcom, Ndip	Finance Manager (Ehlanzeni District Office); Chief Executive Officer (Tonga Hospital); Deputy Manager-Clinical Support Service (Bela-Bela Hospital)

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85	08-Nov-15	Quintus	Williamson	Male	White	South African	43	Brackenfell (Western Cape)	MBA, B.Econ, BB& A (Hons)	Interim Managing Director (Atlantic Oil); Property Portfolio Manager (Khayelitsha Community Trust); Chief Opertaions Officer (Khayelitsha Community Trust)
86	09-Nov-15	Mbonlseni	Dlamini	Male	African	South African	53	Unknown	MSc, MBA, BSc, BSc (Hons)	Chief Executive Officer (Magalies Water); General Manager Operations (Umgeni Water); General Manager Operations (Magalies Water)
87	09-Nov-15	Stephen	Ngobeni	Male	African	South African	45	Eversdale (Western Cape)	Bjuris, Intl Exec Development Programme, MBA (Current-Awaiting Results)	Executive Manager Facilities **(PRASA Cres)**; Senior Manager Risk **(PRASA Metrorail)**; Regional Manager **(PRASA Metrorail)**
88	09-Nov-15	Joshua	Habisa	Male	African	South African	38	Ngwelezana Township (KwaZulu Natal)	MBA, Diploma, Btech	Plant & Equipment Manager (Transnet); Engineering Technician (Transnet Rail Engineering); Plant & Equipment Training Manager (Transnet)
89	09-Nov-15	Mxolisi	Matshamba	Male	African	South African	50	Centurion (Gauteng)	MBA, Bcom	DDG&Special Advisor (DTI); Head Commercialisation & Strategic Business Development (CSIR); Executive Director (Amathuli Consulting - Consult to CSIR)
90	10-Nov-15	Godfrey	Monwa	Male	African	South African	36	Kempton Park (Gauteng)	MSc, Professional Management Programme, Btech, ND Mechanical Engineering	Regional General Manager Africa (Russell Mineral Equipment Africa & South Africa); Regional Contracts Manager (Atlas Copco South Africa); Branch Manager (Prowalco)
91	10-Nov-15	Themba	Mthethwa	Male	African	South African	52	Sandton (Gauteng)	MBA, LLB, B.Proc	Chief Ombud (Community Schemes); Chief Executive Officer (Public Protector); Deputy Chief Executive Officer (South African Local Government Association)
92	10-Nov-15	William	Tsatsi	Male	African	South African	51	Vanderbijlpark (Gauteng)	BSc, MDP, GDP (Engineering), MSc	Managing Member (Seotlong Storage Technologies); Managing Director (Rubnic); Senior Scientist (Sasol Technology)
93	10-Nov-15	Vuyo	Mlokothi	Male	African	South African	49	Unknown	BA, MPA, PhD (Philosophy)	Executive:Corporate Services (SITA); Group Executive Director (City of Johannesburg); Municipal Manager-CEO (Amatole District Municipality)
94	10-Nov-15	Mawethu	Vilana	Male	African	South African	46	Glenda North (Gauteng)	Bcom Hons Equivalent	Acting Director General; Deputy Director General; Deputy Director General
95	10-Nov-15	Howard	Ptaatjes	Male	Coloured	South African	52	Johannesburg (Gauteng)	Bcomt, Bcomm Hons	Group Executive:Operations & Trading Performance (Independent Media); CEO/Founder (StratPlanet); Chief Executive Officer (Primedia Comutanet)
96	11-Nov-15	Ernest	Sedingwe	Male	African	South African	Unknown	Krugersdorp (Gauteng)	BA, MBA	Manager:New Member Acquisitions (PPS Insurance); Managing Director (Sello Sedingwe Optometrist); Seasonal Resident Optometrist (Leratong Hospital)

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97	11-Nov-15	Vusi	Twala	Male	African	South African	52	Sandton (Gauteng)	MBA, BSc, Masters in Development Finance	Managing Director (Tunnel Engineering); Chief Executive Officer (Cueincident Surveillance Technologies); Managing Director (Kagiso Securities Limited)
98	11-Nov-15	Edmund	Nxumalo	Male	African	South African	45	Centurion (Gauteng)	MBA, MPA, BA Hons, B.Ed, Bpaedonomiae	COO (Private Sector Security Provident Fund); COO (Mining Qualifications Authority); Senior Manager (SACAA)
99	11-Nov-15	Lennox	Tshwete	Male	African	South African	53	Centurion (Gauteng)	MBA, MedSci, Bped	Chief Operations Officer (Bongani Rainmaker); Group Executive:Business Development (Morvest Business Group); Executive Chariman (Eratis Technologies)
100	11-Nov-15	Morutse	Ntsoane	Male	African	South African	41	Pretoria (Gauteng)	Bproc, LLb, MBA	Municipal Manager (Thabazimbi Local Municipality); Director (Ntsoane Incorporated Attorneys); Municipal Manager (Thamazimbi Local Municipality)
101	11-Nov-15	Hale	Tsehlana	Male	African	Unknown	Unknown	Kraaifontein (Western Cape)	M.Dip	Lecturer (University of Stellenbosch); Academic Development Consultant (UWC Writing Centre); Lecturer in English (UWC)
102	12-Nov-15	Obert	Chakarisa	Male	African	South African	44	Johannesburg (Gauteng)	MBA, Masters:Aviation Safety	Chief Executive Officer (South African Institute of Architechts; Managing Director (OBC Aviation Consultants); General Manager:Aircraft Safety (South African Civil Aviation Authority)
103	12-Nov-15	Joe	Mushwana	Male	African	South African	58	Letaba (Limpopo)	Mphil, MBA, BA	Chief Executive Officer (Litsamaiso Rea Vaya); Chief Operations Officer (SA Road Link); Chief Executive Officer (Great North Transport)
104	12-Nov-15	Ivan	Sundarparsad	Male	Indian	South African	46	Gauteng	MBA, Diploma	Managing Member (iSun Holdings); Business Unit Manager (Barlow World Power); Diplomat (Souther African Customs Union)
105	12-Nov-15	Joseph	Lebooa	Male	African	South African	Unknown	Unknown	Beng, Beng (Hons)	Director (Kay's Prompt Sales); Councilor (ICASA); Executive Councilor (ICASA)
106	12-Nov-15	Sivuyile	Bukula	Male	African	Unknown	35	Port Elizabeth (Eastern Cape)	BA (Current), Ndip	Web Developer (Bran Systems); Owner (Internet Café); Analyst Information Manager (Western Cape Education Department)
107	12-Nov-15	Godfrey	Maluleke	Male	African	South African	44	Clayville (Gauteng)	BA, Masters	Lecturer (Limpopo Department of Education)
108	12-Nov-15	Themba	Dlamini	Male	African	South African	54	Irene (Gauteng)	Dipl, Master of Arts, Bachelor of Arts	Managing Director (Black Management Forum); Chief Executive Officer (ICASA); Deputy Director (Corporate Services and Governance Department of Science and Technology)
109	12-Nov-15	Tshepo	Kgobe	Male	African	South African	40	Midrand (Gauteng)	BSc, Post Grad Dipl BM, MBA (Current)	Senior Executive Manager (Gautrain Management Agency); Executive Director (Hatch Africa); Project Manager (Hatch Africa)

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110	13-Nov-15	Jacqui	Jooste	Female	White	South African	Unknown	Bryanston (Gauteng)	Management Advancement Diploma	COO&Deputy Country Manager (Coface Group South Africa), Acting Ceo (Coface Group South Africa), Operations Director (Coface Group South Africa)
111	13-Nov-15	Ettie	da Silva	Female	White	South African	48	Unknown	Bproc, MBA, CIBM (Admitted Attorney	Executive: Office of the CEO (Afrocentric Investment Corp), Chief Executive Officer (bonitas Marketing), Executive Director: Legal Governance< risk and Compliance (medscheme Holdings)
112	13-Nov-15	Mdu	Nzimande	Male	African	South African	Unknown	Faerie Glen (Gauteng)	BSc, MSC, MBA	Director: Engineering Services (City Power JHB), Senior Manager: Technical Support (Cennergi) VP:High Voltage Power Products (ABB SA)
113	13-Nov-15	Ayanda	Vilakazi	Male	African	South African	39	Durbanville (Western Cape)	Doctrate,, EDP, MBA, PDBM, Bcom(Hons), Bcom	Group Head: Marketing , Brand & Communication (Coega Development Corporation), Group Marketing and Brand Manager (Metropolitan Holdings), International Client Services (FIFA-MATCH Events Services)
114	13-Nov-15	Harry	Mashele	Male	African	South African	56	Centurion (Gauteng)	MBA, BSc(Hons)	Director:Transport Operations (Department of Public Enterprises) Managing Director (4Africa Groupp Holdings), Partner (InfraDev/Phatani Consulting)
115	13-Nov-15	Ben	Bezuidenhout	Male	White	South African	43	Unknown	Certification	Chief Executive Officer (BB Interactive Consulting Production), Specialist Interactive Devices (Mustek), General Management Sales, marketing and Financial Management (Mattaniah Computer Solutions)
116	14-Nov-15	Nhlanhla Piet	Sebola	Male	African	South African	36	Centurion (Gauteng)	Dip, Btech, Bcom(Hons), Masters	Group Executive :Strategic Asset Development (PRASA), Head:Enterprise Programme Management Office (PRASA), General Manager: Asset Management (PRASA)
117	14-Nov-15	Salani	Sithole	Male	African	South African	Unknown	Unknown	BSc, EDP	Managing Director (Royal HaskoningDHV), Director: Business Unit (Royal HaskoningDHV) Group Manager: Business Development and Marketing (Royal HaskoningDHV)
118	14-Nov-15	Lungile	Dhlamini	Male	African	South African	54	Mulbarton (Gauteng)	BSc	Managing Director (Johannesburg Water), Executive Director (City of Cape Town Metro), Managing Director (BuiltAfrica Energy)
119	14-Nov-15	Phillip	Dexter	Male	Coloured	South African	52	Cape Town (Western Cape)	Doctrate, Masters, BA	Chief Advisor to the Chief Whip of ANC (ANC Caucus), Director (Urafields), MP (Parliament of RSA)
120	14-Nov-15	Samuel	Lehanya	Male	African	South African	47	Mount Fletcher (eastern Cape)	MBA, PGD (labour law), PGD (Public Management), NQF 6 (labour law)	Manager:Labour Relations (Ntabankulu Local Municcpality), Assistant Director : Information Management (DOH) Executive Director (Transkei, Chamber of Commerce)

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121	15-Nov-15	Malebye	Nchaupe	Male	African	South African	52	Unknown	AEP, MDP, BA(Hons) BA	Director (Malebye Business Enterprises), COO (Deprtment of Public Works), DDG :Operations (Department of Public Works)
122	15-Nov-15	Ntsikana	Tuntuiwana	Unknown	African	South African	61	Newlands (KwaZulu Natal)	AEP, BSc, Diploma,	Course Facilitator(Maurice Webb Race Relations), Management Consultant (Enhanced Training Services), Chief Operating Officer (Thinta- Thinta)
123	15-Nov-15	Thoba	Majoka	Male	African	South African	52	Faerie Glen (Gauteng)	MBA, BSc	General Manager:Strategy & Marketing (Transnet), General Manager Wagons (Transnet), National Business Manager Wagons (Transnet)
124	15-Nov-15	Marinda	Bouwer	Female	White	South African	Unknown	Unknown	MBA,MPD,	Deputy Director Operations (Aurum Institute) CEO Hospital Manager (Phalaborwa Private Hospital), General Manager: Operations (Wits Reporductive health)
125	15-Nov-15	Edwin	Lekota	Male	African	South African	60	Soweto (Gauteng)	Doctrate (Current) MSc, BSc	Director (Mahlathi Quantity Surveyo=ing Firm), CEO (SACAP), Shareholder and Executive Chairperson (Lekga Investment)
126	16-Nov-15	Nsizwa	Molepo	Male	African	South African	60	Midrand (Gauteng)	PHD, EPP, GDE, Bcomm	CEO (Intersite Property management), GM: Corporate Real Estate Service (ABSA), Managing Executive: Africa Business and MD/CEO (Grintek Technologies & Energy Limited (Nigerian))
127	16-Nov-15	Enos	Ngutshane	Male	African	South African	59	Bassonia (Gauteng)	Masters, Diploma, EDP	Executive Manager: Operational Safety (PRASA), GM: Intergrated Management System (PRASA), Executive Manager Contract Management (SARCC)
128	16-Nov-15	Ernest	Gow	male	White	South African	45	Unknown	MBA, BBA (Hons), Beng	Chief Engineer (PRASA), Senior Engineer (Transnet), Engineer (Metrorail)
129	16-Nov-15	Themba	Jack	Male	African	South African	40	Parklands (Western Cape)	PostGrad diploma, BA	Acting Senior Manager: Business Performance (PrasaRail Western Cape), Senior Manager:HR (PrasaRail Western Cape), Chief Executive Officer and Senior Consultant (Research and Performance Solutions)
130	16-Nov-15	Edwin	Mphahlele	Male	African	South African	45	Unknown	LLB, Bproc, Graduate Diploma	Acting Company Secretary of Housing (City of Tshwane), Director (Milk SA), Director Business Development (NTK Limpopo Agric Limited)
131	16-Nov-15	Matome	Mashao	Male	African	South African	39	Durban (Kwa-Zulu Natal)	LLB, Bluris	Group Executive: Business Finance and Investments (Ithala Development Finance Corporation Limited), Group Executive Strategy (Ithala Development Finance Corporation Limited),Grou Company Secretary (Ithala Development Finance Corporation Limited),

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132	16-Nov-15	Udesh	Naicker	Male	Indian	South African	Unknown	Unknown	MBA, CASA,	Head of Department: Funds (FSB), Partner (traction Advisory), CFO(BankservAfrica)
133	16-Nov-15	Sylvester	Bolokang	Male	African	South African	Unknown	Unknown	Meng, Btech	Principal Engineer (Transnet), Qulaity Engineer (ArcelorMittal), Senior Technologist (CSIR)
134	16-Nov-15	Sipho	Zikode	Male	African	South African	52	Midrand (Gauteng)	MBA, PG Diploma, Bcom, Diploma	DDG (DTI), Acting CEO(SEDA), DDG (DTI),
135	16-Nov-15	Ayanda	Dakela	Unknown	African	South African	Unknown	Unknown	Btech , National Diploma	Head of Business Development (CSIR). Strategic Project Manager (GE Healthcare South Africa), Director engineering and Technical Support (Department of Health)
136	16-Nov-15	Mpumi	Mpofu	Female	African	South African	49	Parkwood, (Gauteng)	BA (Hons) PG Diploma (Town Planning)	DG (Depratment of Defence), DG (Department of Transport), DG (Department of Housing)
137	16-Nov-15	Collin	Macheke	Male	African	South African	Unknown	Fourways (Gauteng)	Bcom (hons), Bcom	Management Consultant (Self-employed), Executive Manager (Sasria), Head Worksite Marketing and Distribution (Momentum)
138	16-Nov-15	Jim	Matsho	Male	African	South African	40	Richards Bay (KwaZulu Natal)	Mcomm, MBL, Mcomm, Bcomm(Hons), Bcom	CEO (Duduzani Consulting) CEO (Mondi Forestry), Project Manager (Mondi Forestry)
139	16-Nov-15	Mike	Veysie	Male	White	South African	Unknown	Johannesburg (Gauteng)	MBA, Diploma marketing, PG Diploma Marketing, Diploma Export Management, Chartered Marketing	Managing Director (Vetra Global), Managing Director (Halewood International SA) Managing Director (Bulmer South Africa)
140	16-Nov-15	Himesh	Kuverjee	Male	Indian	South African	Unknown	Unknown	PG Diploma, Diploma	Team Leader Sales (FNB), Business Development Manager (Le Persephone Salon), Revenue Specialist (ABSA)
141	16-Nov-15	Sipho	Ngwenya	Male	African	South African	Unknown	Broadacres (Gauteng)	Masters (Finance), Masters (management), BSc (Hons), Bachelors in agricultural Economics	CEO (GGDA), Acting CEO (Gauteng Gambing Board), Acting CEO (Gauteng Economic Development Agency)
142	16-Nov-15	Viwe	Mienzana	Male	African	South African	Unknown	Midrand (Gauteng)	Bcom (Hon) HR,BA	General Manager Business (KLT South Africa Automotive and Turbular Products), CEO (Shosholozameyl -PRASA), COO (Metrorail)

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PHASE 2- SEARCH CANDIDATES

WFT started the process of name gathering based on the Mapping Process and name gathered on the 09th November.

The following is a list of candidates that were approached for the role and the responses we got from them.

	Name	Surname	Result
1	Michael	Kgobe	Candidate not interested in the position
2	Busi	Mhanga	Forwarded for Panel Interviews
3	Bismark	Tyobeka	Candidate did not seem interested
4	Sisa	Mtwa	Candidate fell out of process during interview phase
5	Tryphosa	Ramano	Candidate did not seem interested -- did not return calls
6	Ketso	Gordhan	Candidate did not seem interested – did not return calls
7	Febe	Potgieter	Has no experience heading up an organisation at that level
8	Lisa	Seftel	Seemed reluctant to participant without receiving a call from the Chairman
9	Jane	Barret	Not enough relevant experience
10	Audrey	Mokhobo	Unable to reach candidate
11	Thediso	Matona	Candidate did not seem interested – did not return calls
12	Dan	Marokane	Forwarded for Panel Interview
13	Simphiwe	Khondlo	Candidate withdrew from the process
14	John	Olifant	Candidate did not seem interested --- did not return calls
15	Nku	Nyembezi-Heita	Unable to reach candidate
16	Phuti	Mahanyele	Candidate has started a new business and cannot avail herself to the process
17	Nosizwe	Nokwe	Declined to participate
18	Venette	Klein	Withdrew from the process
19	Sandile	Hlophe	Not interested in the position
20	Mpoti	Ralephata	Not interested in the positon
21	Christine	Ramon	Not interested in the position
22	Lauriette	Modipane	Forwarded for Panel interviews
23	Zakes	Malepe	Forwarded for Panel Interviews
24	Pakamile	Pongwana	Not ready to make the move
25	Poppy	Khoza	Candidate did not seem interested
26	Martha	Ngoye	Forwarded for Panel Interviews
27	Francois	Groepe	Candidate is not interested in the position
28	Tanya	Abrahamse	unable to reach candidate
29	Ursula	Ntsubane	Candidate did not seem interested
30	Elize	Stroebel	Candidate is not interested in the position

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PHASE 3 – TELEPHONIC INTERVIEWS

Telephonic Interviews were conducted with all the candidates that met the minimum requirements of the role as per the advert. The structure of the questions can be clustered into three basic forms of investigations.

1. Investigating for a basic understand of the PRASA environment and Mandate
2. Checking the candidate's suitability in terms of experience and;
3. Identifying compatibility in terms of some of the competencies needed for the role.

Interviews took between 1 – 1.5 hours. All candidates were taken through the same questions.

There was a combination of normal interview questions and Competency Based Questions in order to achieve this. The questions were scored out of 20. The scoring system, minimises the risk of subjectivity in the ranking of candidates and enables the process to be taken through a moderation process.

Out of this process, 45 candidates were advanced to the next phase. Below is the list of candidates taken through the Telephonic Interviews, and the results of the process.

	Source	Name	Surname	Interviewed By	Total	Percentage	Results
1	H H	Martha	Ngoye	Tabea	N/A	N/A	*Advance to next phase -did not got through telephonic screening process*
2	Ad R	Nkosinathi (Nathi)	Khena	Tabea	17.00	85%	*Advance to next phase*
3	Ad R	Viwe	Mlenzana	Hlohlo	16.00	80%	*Advance to next phase*
4	H H	Dan	Marokane	Tabea	16.00	80%	*Advance to next phase*
5	Ad R	Mpumi	Mpofu	Hlohlo	16.00	80%	*Advance to next phase - was withdrawn from face to face interviews*
6	Ad R	Madoda	Mxakwe	Tabea	15.50	78%	*Advance to next phase*
7	Ad R	Zakhele	Thwala	Sanet	15.00	75%	*Advance to next phase - was withdrawn from face to face interviews*
8	Ad R	Lennox	Tshwete	Hlohlo	15.00	75%	*Advance to next phase*
9	H H	Lauriette	Modipane	Hlohlo	15.00	75%	*Advance to next phase*
10	H H	Sipho	Khumalo	Tabea	14.50	73%	*Advance to next phase*
11	Ad R	Stewart	Lumka	Sanet	14.00	70%	*Advance to next phase - was withdrawn from face to face interviews*
12	Ad R	Mxolisi	Matshamba	Hlohlo	14.00	70%	*Advance to next phase*
13	Ad R	Themba	Mthethwa	Hlohlo	14.00	70%	*Advance to next phase*
14	Ad R	Vuyo	Mlokothi	Hlohlo	14.00	70%	*Advance to next phase*
15	Ad R	Nsizwa	Molepo	Hlohlo	14.00	70%	*Advance to next phase*
16	Ad R	Heyno	Smith	Hlohlo	13.00	65%	*Advance to next phase*
17	Ad R	Ettie	da Silva	Hlohlo	13.00	65%	*Advance to next phase*
18	Ad R	Nhlanhla Piet	Sebola	Hlohlo	13.00	65%	*Advance to next phase*
19	H H	Busi	Mhanga	Hlohlo	13.00	65%	*Advance to next phase*
20	Ad R	Mawethu	Vilana	Tabea	13.00	65%	*Advance to next phase*
21	H H	Simphiwe	Khondlo	Hlohlo	13.00	65%	*Advance to next phase - has withdrawn from process*
22	Ad R	Thami	Mbele	Tabea	12.50	63%	*Regret*

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23	Ad R	Edwin	Lekota	Hlohlo	12.50	63%	*Advance to next phase*
24	Ad R	Makhari	Ndanduleni	Tabea	12.00	60%	*Regret*
25	Ad R	Themba	Dlamini	Tabea	12.00	60%	*Regret*
26	Ad R	Edmund	Chawira	Hlohlo	12.00	60%	*Regret*
27	Ad R	Bayanda	Nyengule	Sanet	11.00	55%	*Regret*
28	Ad R	Howard	Plaatjes	Hlohlo	11.00	55%	*Regret*
29	Ad R	Thoba	Majoka	Hlohlo	11.00	55%	*Regret*
30	Ad R	Sipho	Ngwenya	Hlohlo	11.00	55%	*Regret*
31	Ad R	Moffat	Qithi	Tabea	10.50	53%	*Regret*
32	Ad R	Ayanda	Wakaba	Hlohlo	10.00	50%	*Regret*
33	H H	Venete	Klein	Tabea	9.50	48%	Regret
34	Ad R	Leroy	Nsibande	Hlohlo	9.00	45%	*Regret*
35	Ad R	Jack	Radebe	Sanet	9.00	45%	*Regret*
36	Ad R	Mboniseni	Dlamini	Tabea	9.00	45%	*Regret*
37	H H	Sisa	Mtwa	Hlohlo	9.00	45%	*Regret*
38	H H	Nyami	Mandindi	Hlohlo	9.00	45%	Regret
39	Ad R	Greg	Segoneco	Tabea	8.50	43%	*Regret*
40	Ad R	Edmund	Nxumalo	Tabea	8.00	40%	*Regret*
41	Ad R	Joe	Mushwana	Tabea	7.50	38%	*Regret*
42	Ad R	Andile	Mahlalutye	Tabea	7.00	35%	*Regret*
43	Ad R	Phillip	Mathebula	Tabea	7.00	35%	*Regret*
44	Ad R	Vusi	Twala	Hlohlo	7.00	35%	*Regret*
45	Ad R	Mike	Veysie	Hlohlo	7.00	35%	*Regret*

PHASE 4 – FACE TO FACE INTERVIEWS

The phase two of the interview was primarily Behaviour Based interviewing. The following attributes and competencies where tested:

- Strategy and concept
- Relating and Networking
- Delivering results and Customer Expectations
- Deciding and Initiating Action
- Analysing
- Adhering to Principles and Values
- Achieving Personal Work, Goals and Objectives
- Leading and Supervising

WFT determined beforehand a list that provided positive indicators, which an interviewer should look for during an interview as evidence for the assessed competency and a second list that provided negative indicators, which an assessor could look for during an interview as evidence against the assessed competency. For example, for a question such as **"Describe a time when you had to deal with pressure"**, the positive and negative indicators may be as follows:

Positive indicators	Negative indicators
• Demonstrates a positive approach towards the problem • Considers the wider need of the situation • Recognises his own limitations • Is able to compromise • Is willing to seek help when necessary • Uses effective strategies to deal with pressure/stress	• Perceives challenges as problems • Attempts unsuccessfully to deal with the situation alone • Used inappropriate strategies to deal with pressure/stress

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Marks are then allocated depending on the extent to which the candidate's answer matches those negative and positive indicators. Here is an example of a marking schedule for the table above:

0	No evidence	No evidence reported
1	Poor	Little evidence of positive indicators Mostly negative indicators, many decisive
2	Areas for concern	Limited number of positive indicators Many negative indicators, one or more decisive
3	Satisfactory	Satisfactory display of positive indicators Some negative indicators but none decisive
4	Good to excellent	Strong display of positive indicators

In instances where the candidate did not answer a question adequately the interviewer would probe further to ascertain the level of competence. Typically, the classical response of Behavior Based Interviewing would have to have the following elements:

- Situation
- Task
- Action taken
- Result of action taken

Interviewers probed to ensure that the responses complied with the above, and made notes of each interview. The notes are a true reflection of what the candidate said and not an interpretation or opinion of what was said.

Interviews took place from the 7 December 2015 to the 12th January 2016. Interviewers scored each candidate according to the criteria. The results were taken through a moderation process to ensure that scores were consistent across interviews and interviewers This was done by the Quality Control Manager.

Below is the list of candidates taken through the Face to Face Interviews, and the results of the process.

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	Name	Surname	Interview Date	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Total	Percentage	Result
1	Nsizwa	Molepo	18 December 2015	4.00	3.00	4.00	3.50	4.00	4.00	3.50	4.50	30.50	76%	Regret
2	Busi	Mhaga	14 December 2015	2.50	5.00	4.50	3.00	3.50	4.00	4.00	4.00	30.50	76%	Advance to Next Phase
3	Dan	Marokane	06 January 2016	2.50	4.50	4.50	5.00	3.50	4.00	4.00	2.50	30.50	76%	Advance to Next Phase
4	Madoda	Mxakwe	07 December 2015	2.00	4.00	3.50	4.50	4.00	5.00	4.00	3.00	30.00	75%	Advance to Next Phase
5	Viwe	Mlenzana	07 December 2015	4.50	4.50	5.00	3.50	4.00	3.00	3.00	2.00	29.50	74%	Advance to Next Phase
6	Mxolisi	Matshamba	09 December 2015	3.50	3.00	3.00	4.50	5.00	4.00	3.00	3.00	29.00	73%	Advance to Next Phase
7	Ettie	da Silva	09 December 2015	2.50	3.00	5.00	4.00	3.00	4.00	3.50	4.00	29.00	73%	Advance to Next Phase
8	Themba	Mthethwa	17 December 2015	2.50	4.00	5.00	3.00	3.00	3.00	3.50	4.00	28.00	70%	Advance to Next Phase
9	Nhlanhla Piet	Sebola	14 December 2015	3.50	4.00	3.50	4.00	3.50	3.00	3.00	3.50	28.00	70%	Advance to Next Phase
10	Nkosinathi (Nathi)	Khena	07 December 2015	3.00	3.50	4.00	4.00	4.50	2.50	3.50	2.00	27.00	68%	Advance to Next Phase
11	Zakes	Malepe	23 December 2015	3.00	3.50	2.00	3.50	4.50	4.00	2.50	4.00	27.00	68%	Advance to Next Phase
12	Sipho	Khumalo	08 December 2015	5.00	4.00	2.00	3.00	2.00	3.50	3.00	4.00	26.50	66%	Advance to Next Phase
13	Heyno	Smith	11 December 2015	1.00	3.50	4.50	3.00	4.00	4.00	1.50	3.50	25.00	63%	Regret
14	Lennox	Tshwete	08 December 2015	3.50	3.00	4.50	2.50	1.50	4.00	3.00	2.00	24.00	60%	Regret
15	Vuyo	Mlokothi	08 December 2015	2.00	2.50	3.00	2.50	4.50	3.50	2.50	3.00	23.50	59%	Regret
16	Edwin	Lekota	14 December 2015	2.50	1.50	3.00	1.50	3.00	2.50	2.50	4.00	20.50	51%	Regret
17	Lauriette	Modipane	11 January 2016	4.00	2.00	3.00	3.00	4.00	3.50	4.00	3.00	26.50	66%	Advance to Next Phase
18	Martha	Ngoye	11 January 2016	4.00	4.00	2.50	4.00	3.50	4.00	4.00	4.00	30.00	75%	Advance to Next Phase

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PHASE 5 – ASSESSMENT CENTRE

Generally, psychometric assessment are used in a recruitment process to provide employers with a reliable method of selecting the most suitable job applicant for a position. With these assessment, attributes such as cognitive abilities, personality, interests and integrity can be measured and certain assumptions made about the individuals' match to a position.

Sec 8 of the Employment Equity Act as amended in 2014, stipulates that: "Psychological testing and other similar assessments of an employee are prohibited unless the test or assessment being used has been certified by the Health Professional Council of South Africa". All assessments used in this process are compliant to this requirement.

As part of this process, two sessions of assessments were done. In the first session of assessments, the following tools were used:

- **Personal Profile Analysis (PPA)**
  - A validated, positive, non-critical, behavioural analysis of a person
  - Emphasising his/her strengths and capabilities in the work environment.
- **Emotional Intelligence**
  - Trait Emotional Intelligence Questionnaire (TEIQue)
  - The TEIQue measures emotional competence in the workplace.
  - It indicates how well an individual is aware of and can manage his/her emotions and those of others.
- **Cognitive Ability**
  - Cognitive Profile Process (CPP) The CPP is an advanced computerised assessment technique designed to measure thinking processes and styles and to link these to everyday cognitive functioning.
  - Current Capability
  - Potential Capability
  - Preferred Problem Solving Styles
  - Learning Potential
  - Cognitive Styles
  - Level of Complexity Handled

The benchmarks for the three above assessments were set as follows:

Benchmarks
PPA

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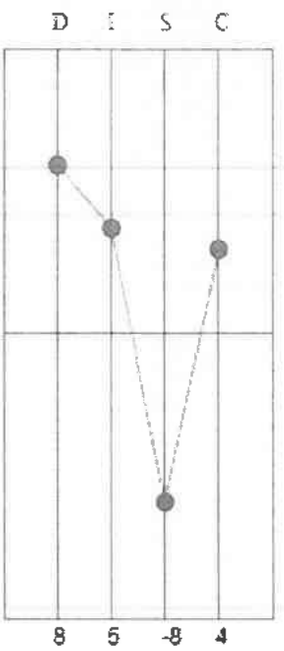


The Job Profile implies that the role requires a person who has drive, assertiveness and the ability to communicate with others in a logical manner. The incumbent should be prepared to meet opposition and resistance to ideas, and pressurise others when deadlines have to be met. The environment is likely to be one which is full of variety and change, but the person fulfilling the role should be prepared to work within the broad parameters of the organisation. A friendly approach and the ability to influence and persuade others are important to the function. The person should be a self-starter, competitive, imaginative, enthusiastic, self-confident, inspiring, logical, systematic and precise.

EMOTIONAL INTELLIGENCE

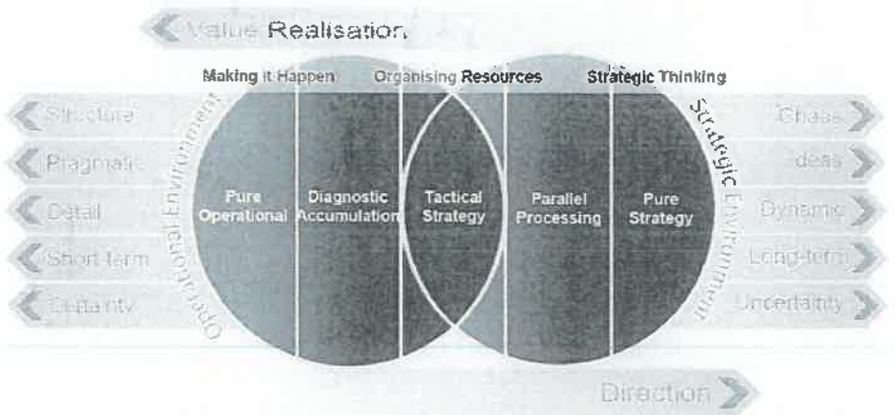
The Trait Emotional Intelligence Questionnaire measures ones understanding of oneself and of other people, and the ability to use this knowledge to achieve goals. Emotional intelligence involves interacting effectively with other people to get a job done or to achieve the kind of life one wants. It is important in work areas as varied as leadership and management, team and project work and all types of customer relationships. It also affects ones family and social life.

The CEO benchmark was drawn up to suit not only the requirements of the job but also took into account the specific environmental characteristics of Prasa. The ideal CEO candidate will be someone who has the self-esteem and assertiveness to bring their point across. They are also required to read others and influence their target audience. Paramount to the success of the candidate would be their ability to regulate their own emotions, control their impulses and manage their stress. The ideal candidate will also need to be quite optimistic in the driving for results in a somewhat antagonistic environment.

FACTOR 1: WELL-BEING									
Happiness				V	V	V	V		
Optimism				V	V	V	V		
Self-esteem						V	V	V	V
FACTOR 2: SELF-CONTROL									
Emotional regulation					V	V	V	V	
Impulse control						V	V	V	V
Stress Management						V	V	V	V
FACTOR 3: EMOTIONALITY									
Empathy		V	V	V	V				
Emotion perception					V	V	V	V	
Emotion expression				V	V	V	V		
Relationships			V	V	V	V			
FACTOR 4: SOCIABILITY									
Emotion management					V	V	V	V	
Assertiveness					V	V	V	V	
Social Awareness				V	V	V	V		
ADAPTABILITY					V	V	V	V	
SELF-MOTIVATION					V	V	V	V	

COGNITIVE PROCESS PROFILE

The CPP is an advanced computerised assessment technique designed to measure thinking processes and styles and to link these to everyday cognitive functioning. It gives an indication of the individual's thinking and learning strengths and development areas, their preferred cognitive styles and an indication of their potential to improve cognitive functioning. It is linked to the levels work and indicates the current functioning as well as potential future functioning.



PURE OPERATIONS	DIAGNOSTIC ACCUMULATION	TACTICAL STRATEGY	PARALLEL PROCESSING	PURE STRATEGIC
Practical, clearly-structured operating tasks, step by step, linear approach, focus on tasks, rules, policies, work with tangibles and definite, explore issues practically and seek short-term feedback	Whole operating systems, interaction between tangible intra-system components, plan, structure, measure, control and pull information together, making connections, work with fuzzy information, focus on big picture	Whole operating systems, interaction between tangible intra-system components, plan, structure, measure, control and pull information together, making connections, work with fuzzy information, focus on big picture	Work with relatively complex systems, focus on both broad strategy as well as operational implications, abstract and intangible issues - come up with creative, integrated solutions, broad strategy, long term viability	Aware of emerging patterns, long term industry viability and the impact of the industry on the social and physical environment, consciously decide on a most appropriate level of analysis, identify vaguely emerging opportunities, clarify fuzzy information

Below is the list of candidates taken through the Assessments, and the results of the process.

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Please note that for each of the tools, there is a benchmark that is based on what is the most appropriate profile for this role.

Candidate	Behavioural Match	Emotional Intelligence Match	Cognitive Match	Total
Lauriette Modipane	71.77%	51.49%	93.18%	76.39%
Ettie da Silva	54.07%	58.42%	86.36%	71.52%
Busi Mhaga	45.68%	51.49%	79.55%	64.36%
Sipho Khumalo	53.53%	66.34%	57.21%	59.21%
Dan Marokane	34.11%	56.44%	70.85%	59.18%
Zakes Malepe	47.22%	74.26%	41.40%	52.42%
Vhwe Mlenzana	48.44%	69.31%	41.40%	51.18%
Martha Ngoye	25.82%	79.21%	41.40%	49.63%
Mxolisi Matshamba	36.44%	57.43%	41.40%	45.22%
Themba Mthethwa	18.61%	58.42%	39.23%	40.86%
Nkosinathi Khena	38.32%	60.40%	27.77%	39.67%
Piet Sebola	39.61%	51.49%	18.77%	32.75%

AFTER THE PANEL INTERVIEWS, A DECISION WAS TAKEN TO SUBJECT THE TOP 6 CANDIDATES THROUGH FURTHER ASSESSMENTS AND THIS RESULTED IN A SECOND SESSION OF ASSESSMENTS. THE BENCHMARKS FOR THESE WERE AS FOLLOWS:

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FIFTEEN FACTOR QUESTIONNAIRE (15FQ+)

The Fifteen Factor Questionnaire Plus (15FQ+) is an assessment of personality and individual differences. The 15FQ+ is based on one of the most researched and respected models of personality, identifying behaviour preferences across Cattell's 16 personality constructs (Cattell, 1946) and the big five personality traits (McCrae and Costa, 1987). These provide insight into how people typically think, feel and interact in ways that may be productive or counter-productive for an organisation.

Distant/ Aloof			V	V	V						Empathic
Low Intellectance							V	V	V		High Intellectance
Affected by feelings							V	V	V	V	Emotionally Stable
Accommodating							V	V	V		Dominant
Serious					V	V	V				Enthusiastic
Expedient						V	V	V			Conscientious
Retired							V	V	V	V	Socially-bold
Hard Headed			V	V	V						Tender-minded
Trusting						V	V	V			Suspicious
Concrete				V	V	V	V				Abstract
Direct		V	V	V							Restrained
Self-Assured		V	V	V							Apprehensive
Conventional			V	V	V	V					Radical
Group-oriented						V	V	V			Self-Sufficient
Informal						V	V	V			Self-disciplined
Composed				V	V	V					Tense-driven

The ideal candidate should be viewed as mature individual who is confident in a variety of social settings. They will be required to be self-assured in their decision making with the ability to bring across their point in a direct manner. The ideal incumbent should be self-sufficient in their daily activities and self-disciplined to completing tasks.

GIOTTO

Integrity can be described as the values, attitudes, actions and thoughts which an individual holds as well as the behaviours an individual displays in line with these values.

The Giotto integrity test addresses the two main categories of workplace integrity and dishonesty:

- **Property deviance** (theft, fraud, pilferage, corruption, embezzlement)
- **Performance deviance** (negligence, carelessness, absenteeism, intimidation, mismanagement).

The ideal candidate will be expected to have a low risk score; displaying business ethics and integrity when in their daily activities.

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Below is the list of candidates taken through the Assessments, and the results of the process.

Candidate	Behavioural Match	Emotional Intelligence Match	Cognitive Match	Personality Match	Integrity Match	Total
Lauriette Modipane	71.77%	51.49%	93.18%	62.50%	73.68%	75.72%
Ettie da Silva	54.07%	58.42%	86.36%	66.70%	63.15%	71.53%
Dan Marokane	34.11%	56.44%	70.85%	75%	47.36%	62.32%
Sipho Khumalo	53.53%	66.34%	57.21%	66.70%	42.10%	57.84%
Martha Ngoye	25.82%	79.21%	41.40%	66.70%	68.42%	54.63%
Nkosinathi Khena	38.32%	60.40%	27.77%	62.50%	84.20%	49.13%

Reference Checks

The purpose of Reference Checks is to get direct information from a previous employer about the candidates' job performance, work ethic, and attendance at work, attitude and other criteria that are important to a company when making a decision on whom to offer the job to.

Two references were contacted per candidate and these are attached to the Cvs of each candidate further on in the report.

Qualifications' Checks

The purpose of qualification checks is to ensure that candidates not only possess the necessary experience, but that they have the necessary qualifications as well.

All qualifications of candidates panelled were verified and found to be authentic.

Criminal and Credit Checks

WFT has implemented the AFISwitch fingerprint system (the gateway to the SAPS AFIS) and we have certified and trained staff that can use the system. All our candidates were screened for Criminal and Credit Records.

All candidates were screened for criminal and credit records and no negative activity was detected. One candidates that is presented in the top 6 candidates has a criminal record which is disputed. The candidate has been asked to get a Police Clearance

Preparation for Panel Interviews

Panel Interviews were conducted on the ?. Thorough preparations with the candidates was be done, to ensure that candidates are ready for the interviews. Maps will be sent and where applicable and possible, relevant information to enhance their knowledge of PRASA was made available to them.

The following Panellists were present at the Panel Interviews:

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Panellist	Background and role in the Panel
Nonduduzo Kheswa	PRASA Board Member and Chairperson of the HR Committee. Nonduduzo was also the Chairperson of the Panel. She was briefed on the process prior to the interviews and participated in the finalisation of the questions.
Mashila Matlala	PRASA Board Member
Phitsane	
Z Manase	
Steenkamp	
JD	

Ms Tabea Kabinde of WFT was the scribe for the Panel Interviews. Her role scribe was:

- Manage the interviewing Scheduler
- Communicating with Candidates about times and confirming that they are on the way
- Document the proceedings of the Panel
- Ensuring that all interviews are recorded
- Collate scoring sheets of each panellist and match them per candidate such that all records of scoring are kept
- Assisting with the scoring of the different steps of the selection process
- Using scoring sheet and all other relevant documents to prepare a panel report which will be presented to the rest of the Board and the Minister

The outcome of the Panel Interviews was as follows:

Passenger Rail Agency of South Afri

Phase 1 to Pane

Nr	Sections	Face to Face Interviews										References			
	Weight	5%										5%			
		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Score	%	Ref: 1	Ref: 2	Score	%
1	Lauriette Modipane	4,00	2,00	3,00	3,00	4,00	3,00	5,00	4,00	28,00	70%	4,50	4,00	8,50	85%
2	Ettie da Silva	2,50	3,00	5,00	4,00	3,00	4,00	3,50	4,00	29,00	73%	4,00	4,00	8,00	80%
3	Dan Marokane	2,50	4,50	4,50	5,00	3,50	4,00	4,00	2,50	30,50	76%	4,50	3,50	8,00	80%
4	Martha Ngoye	4,00	4,00	2,50	4,00	3,50	4,00	4,00	4,00	30,00	75%	3,00	3,50	6,50	65%
5	Sipho Khumalo	5,00	4,00	2,00	3,00	2,00	3,50	3,00	4,00	26,50	66%	3,50	4,50	8,00	80%
6	Busi Mhanga	2,50	5,00	4,50	3,00	3,50	4,00	4,00	4,00	30,50	76%	4,00	4,50	8,50	85%
7	Nkosinathi Nkena	3,00	3,50	4,00	4,00	4,50	2,50	3,50	2,00	27,00	68%	3,00	3,00	6,00	60%
8	Zakes Malepe	3,00	3,50	2,00	3,50	4,50	4,00	2,50	4,00	27,00	68%	3,00	4,00	7,00	70%

L.M

9	Piet Sebola	3,50	4,00	3,50	4,00	3,50	3,00	3,00	3,50	28,00	70%	4,00	4,00	8,00	80%
10	Themba Mthetwa	2,50	4,00	5,00	3,00	3,00	3,00	3,50	4,00	28,00	70%	3,00	4,50	7,50	75%
11	Viwe Mlenzana	4,50	4,50	5,00	3,50	4,00	3,00	3,00	2,00	29,50	74%			0,00	0%

RECOMMENDATION

The top three candidates are recommended for the position of Group CEO of PRASA. These are as follows in order of preference:

Laurrite Modipane

Ettie Da Silva

Dan Marokane

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"PSM 6"

We Find Talent

13 May 2016

Dear Sir,

Re: Invoice for the Headhunting Process for Group CEO PRASA

The above matter refers.

WeFindTalent was requested to do a Headhunting Process for the above role at the beginning of October 2015 and we began in earnest to fulfil our mandate. Our detailed process is outlined in our Final Report. On 9 and 11 February we held Panel Interviews with 12 candidates. At the end of that process, the Panellists who were mainly Board Members and a Representative from the Department of Transport, identified and recommended of the most suitable candidate for the role. We made our final presentation to the Board, on 26 February 2016. A unanimous decision was taken to appoint the candidate that was recommended by the Interviewing Panel into the role.

We believe that this is where our mandate ended and what was left was for an offer for the candidate. For reasons beyond our control, this has not happened.

We would like to appeal to you to make payment for work done even though the candidate has not started. Our process was concluded close to 3 months ago and it seems that there are no guarantees that the offer will be extended.

WefindTalent is a small black and woman owned business and we cannot afford to do work and complete assignments successfully and not be remunerated for the work done. The President in his State of the Nation address makes reference to government's role in ensuring sustainability of small businesses such as ours. We believe that this principle should be honoured in the light of work done and the quality thereof.

We still look forward to getting the opportunity to extend an offer to this candidate and we commit to ensuring that we assist this candidate in the transition from her previous job to this new venture.

We look for to your positive response.

Kind regards

Tabea Kabinde

Managing Director

327 Lynnwood Road, Brooklyn, 0181, Pretoria

Web: www.wefindtalent.co.za | Email: info@wefindtalent.co.za | Tel: +27(012) 362 5733 | Fax: +27(086) 718 3566

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"PSM 7"

Office of Dr. Popo Molefe
Chairman of the Board

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Braamfontein, 2017
T: +27 12 748 7000

Ms. Dipuo Peters, MP
Minister of Transport
National Department of Transport
159 Forum Building
Corner Bosman and Struben Streets
Pretoria

Honourable Minister

APPOINTMENT OF THE PRASA GROUP CHIEF EXECUTIVE OFFICER (GCEO)

The Minister will recall that following the decision by the then GCEO, Mr. T.L. Montana to terminate early his contract of employment, the Board accepted his resignation and issued a media statement on the 2nd April 2015, that it will immediately commence with the process of finding a suitable replacement to fill the vacant position of GCEO. It was the intention of the Board to undertake the process of the recruitment of the GCEO in a professional and expeditious manner. Prior to and including the process of recruitment the Honourable Minister was kept abreast on the progress, including the interest that the advert elicited, the shortlisting as it happened and the appointment of the panelist for the interviews. 2015.

To ensure that the process was professional, objective and transparent, the Board procured the services of an experienced and professional talent search and recruitment company. Following the process of interviews, the Board unanimously approved the report and the recommendations of the panel that was mandated to conduct interviews for the position of PRASA GCEO. The report including the decision of the Board on the appointment of the GCEO was submitted to the Honourable Minister.

The Board met on 30th May 2016, and amongst others deliberated on the appointment of the GCEO for PRASA. It noted with concern that two months had since lapsed following its submission of its decision on the appointment of the GCEO to the Honourable Minister. The Board furthermore, noted that the delay in the appointment of the GCEO of PRASA continued to create harm to an organization that has experienced serious instability in the

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Directors: Dr P Molefe (Chairman), N Khena (Acting Group CEO), C Cole, X George, NS Khesuse, ZP Manese, C Manyungwana, MJ Mallala, L McMillan, WS Steenkamp, T Pritsane

Company Secretary: L Zide

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recent past, and further created uncertainty for its future. The Directors of the Board of control of PRASA reflected on the Board charter which sets out the roles, duties and fiduciary responsibilities of the Board as well as salient corporate governance principles as outlined in both the Companies Act and the Public Finance Management Act. In this regard, the Board submits that the continued delay in the appointment of the GCEO might be found to have perpetuated the non-compliance, not only with the letter but also the spirit of the relevant governance codes as referred to herein. The Board draws to the attention of the Honourable Minister that the public debates around the appointment of the PRASA GCEO, bore a risk of this matter getting out of the control of the Board and will inevitably bring instability, uncertainty and harm to the company. It is the view of the Board that it must be seen to be in charge of the Company. The inordinate delay in the appointment of the GCEO sends the opposite message to management, staff and the stakeholders of the company.

It is regrettable that the delay in the appointment of the GCEO has attracted a parliamentary question by a political party asking the Board on the progress made since its last report in parliament, at which the Board reported that it had commenced with the recruitment process and that the announcement of the appointment was imminent. Similarly, management and staff had an expectation that the Board understanding the challenges of leadership at the Executive level would expedite the appointment. The delay has been a demoralizing factor due regard been given to the concerted effort by the Board to focus every employee on performance in line with the core mandate of the business.

The Board wishes to request the Honourable Minister to act rapidly to ensure conclusion of the appointment process of the GCEO and looks forward to the announcement of the PRASA GCEO.

Yours sincerely.

DR. POPO MOLEFE
CHAIRMAN
DATE: 2016/05/02

L.M

Office of Dr. Popo Molefe
Chairman

"PSM 8"

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The Honourable Minister of Transport
Ms Dipuo Peters

Pretoria

Dear Minister

REPORTS SUBMITTED TO THE PUBLIC PROTECTOR IN RESPECT OF THE IMPLEMENTATION OF THE REMEDIAL ACTION RECOMMENDED BY THE PUBLIC PROTECTOR IN HER REPORT NO 3 OF 2015/16 ENTITLED *"DERAILED"*

Find herewith the following documents:

1. The Implementation Plans by the Chairman and the Acting Group CEO that were submitted to the office of the Public Protector.

2. A letter sent on 10 March 2016 to Ms Serapelo Nkosi, the Manager: Remedial Actions and Compliance in the office of the Public Protector.

3. The October 2016 report on the highlights of the Forensic Investigations and annexures thereto.

4. The October 2016 report on the Implementation of the Public Protector's remedial steps.

I wish to advise the Minister that I had attempted to meet with the previous Public Protector to take her through the work that was done by the Forensic Investigations team before the

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Directors Dr P Molefe (Chairman), C Letsoalo (Acting Group CEO)
C Cele, X George, NS Kheswa, ZP Manase,
C Manyungwana, MJ Mattala, L McMillan,
TB Phitsane, WS Steenkamp

Company Secretary:
L. Zide

prasa
PASSENGER RAIL AGENCY OF SOUTH AFRICA

end of her term of office. I take it that the process of preparing to hand over to the new Public Protector and to finalise some of the work that she had started made it difficult to arrange this meeting. This would have been a follow-up to a meeting that I, together with Mr William Steenkamp, the then Acting Group CEO, Mr Nathi Khena and some PRASA officials held with the then Public Protector and officials in her office.

Yours faithfully,

Dr Popo Molefe
Chairman of the Board of Control
Passenger Rail Agency of South Africa

18 October 2016

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"PSM 9"

REPORT ON THE HIGHLIGHTS OF THE FORENSIC INVESTIGATION CONDUCTED BY WERKSMANS ATTORNEYS

PREPARED FOR THE MINISTER OF TRANSPORT

October 2016

1 FORENSIC AUDIT

Terminology used for this report:

"Procat" refers to the database created by the IT Investigation team using the extraction from the PRASA SAP system for the period March 2010 to January 2016.

1.1 The forensic audit team is constituted by Horwath Forensics SA (Pty) Ltd and Ngubane & Co.

1.2 The forensic audit focused on multiple aspects of the investigation, mainly on litigation support, assessment of appointment of suppliers (SCM), testing of exceptions identified from the data analytics, and testing of underlying transactions of suppliers deemed high risk. This can be summarised as follows:

1.3 Litigation support

1.3.1 Swifambo – supporting both the civil and criminal processes.

1.3.2 Siyangena – supporting the civil processes. Still awaiting appointment from the Directorate of Priority Crimes (DCPI) to analyse the flow of funds for the criminal process.

1.4 Assessment of appointment of suppliers (SCM) which uncovered the identification of the:

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1.4.1 Unlawful ad-hoc confinement process, including 80 suppliers and constituting over R1 billion in spend[1] and R1.5 billion in contract value. Further these confinements did not go through the CTPC, as required per PRASA policy.

1.4.2 The irregular extensions pertaining to the General Overhaul (GO) program, including only 7 suppliers which did not go through a re-tender process, but constituted over R8 billion in spend.

1.5 Irregularities uncovered in the appointment of multiple other entities including, but not limited to, Gemini Moon Trading 7 (Pty) Ltd t/a XL Nexus Travel; Africapacity Electroweb (Pty) Ltd; Valucorp 408 cc t/a Sudesh Dayanand Forensic Consultants constituting over R300 million in spend in respect of these three entities only.

1.6 Testing of exceptions identified from the data analytics including confirming duplicate payments in excess of R10 million, testing exceptions identified in the employee payroll data (over 800 exceptions identified), and testing multiple relationship exceptions between PRASA employees and suppliers.

1.7 Testing of underlying transactions of suppliers deemed high risk is a testing process focused on testing the performance of suppliers within the ad-hoc confinement process with an objective to establish if PRASA received goods and services of value, if the goods and services were properly priced and if the goods and services were provided in terms of an underlying contract.

1.8 Due to the large amount of confinement suppliers we selected a sample of suppliers deemed higher risk and used this test sample as a basis to formulate views.

[1] Approximate amount per PROCAT

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1.9 This testing is an extensive and delicate process in terms of unravelling a significant amount of documentation, which is not easily accessible at PRASA due to administrative failings, and is currently ongoing.

2 Swifambo – financial loss to the fiscus totalling R962.5 million (excluding the price of the locomotives)

2.1 The forensic audit team was comprehensively involved in the investigation into the Swifambo contract, and our findings contributed significantly in the current ongoing civil process.

2.2 Further, Horwath Forensics was appointed by the DPCI to assist in the criminal process by performing a flow of analysis.

2.3 **Summary of forensic findings** – the main forensic audit findings during the course of the investigation with respect to Swifambo are summarised below (The findings must be read in context with Mr. Molefe's founding and replying affidavits, to which the forensic audit contributed with regard to the financial aspects and analysis):

2.3.1 **First payment of R460 million from PRASA to Swifambo was improperly paid to the incorrect bank account** – the Swifambo contract was entered into between PRASA and Swifambo Rail Leasing (Pty) Ltd, with business registration number 2010/007968/07. The contract states that the payments from PRASA to Swifambo must be made to a Standard Bank account number 022682570 Sandton branch. However, per the tax invoice number SRH001-001 for R460,526,315.79, the invoice was in the name of Swifambo Holdings (Pty) Ltd showing a registration number 2011/109702/07. The payment details reflected on this invoice showed a Standard Bank account number 202538117 Midrand branch (001155) in the name of Swifambo Rail Holdings (Pty) Ltd.

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2.3.2 **The Swifambo contract was priced incorrectly by R327 million using a higher Rand/Euro exchange rate** – the Rand/Euro exchange rate at which the locomotives were contracted is calculated at R11.47 (i.e. R3.5 billion net of VAT divided by EUR267.6 million). This rate substantially exceeds the Rand/Euro exchange rate of R10.40 as stated in the contract, implying that the contract was incorrectly priced. The contract should have been priced at an exchange rate of R10.40 which for 70 locomotives equates to R3.2 billion (including VAT). However, the contract was priced using an exchange rate of R11.47 which equated to R3.5 billion (including VAT), which is R327,298,832 higher than the recalculated R3.2 billion pricing of the Contract.

2.3.3 **PRASA incurred a currency fluctuation cost of R430 million on the day Mr. Montana signed the Swifambo contract** – On the day that PRASA signed the Swifambo contract (i.e. 25 March 2013) the Rand/Euro exchange rate was R12.01 per the South African Reserve Bank (SARB). Per the contract PRASA was liable for the difference between the SARB rate of R12.01 and R10.40 i.e. R1.61 devaluation in the Rand. Therefore, based on the Euro value of the contract the day PRASA signed the contract (before any payments had been made to Swifambo) PRASA were liable for a currency fluctuation of R430,840,830. This is calculated as the EURO contract price of EUR267.6 million multiplied by the currency fluctuation of R1.61.

2.3.4 **The increase of R1.5 billion in the contract value (per the unsigned Third Addendum) and subsequently requested on this contract was excessive and inflated** – from an analysis of the Swifambo answering affidavit payments made by PRASA to Swifambo, confirms that the financial commitment of the contract with Swifambo has increased as a result of the Rand devaluation. However, the answering affidavit suggested, that as a result of foreign exchange weakness the contract value should be approximately R4 billion, subject to hedging by PRASA. It is therefore unclear as to the

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specific reasons why the third addendum proposed increasing the budget to approximately R5 billion.

2.3.5 **The contract with Swifambo was intended to be completed by 2016 however it was extended to 2019** – we noted that per the 2013 group financial statements for Vossloh AG, Vossloh intended to deliver the final units by the end of 2016. However, the delivery schedule detailed that delivery was delayed to be completed by January 2019. It is unclear as to the cause of the delay in the delivery from the end of 2016 to January 2019. It needs to be investigated if that was as a result of Swifambo not paying Vossloh (on a timely basis). This needs to be considered against the significant amount that has already been paid by PRASA to Swifambo on the contract (R2.5 billion). The delay in the completion of the Contract also results in wasteful expenditure as a result of the currency fluctuations and the weakening of the Rand.

2.3.6 **PRASA did not adhere to the Milestone Schedule and overpayments totalling R491 million was quantified** – it appears that PRASA did not adhere to the Milestone Schedule, specifically five payments of the total of ten payments made by PRASA were not in accordance with the Milestone Schedule. In addition, there is clear indication that PRASA overpaid an amount of approximately of R491 million in terms of the amounts they were obligated to pay in terms of the Milestone Schedule.

2.3.7 **Findings from the testing of the supporting documentation for payments to Swifambo shows that the payments were not supported by appropriate supporting documentation and were made on the authorisation and instruction of Mtimkulu** – based on our assessment of the documentation received to date, it is apparent that the payments by PRASA are not supported and substantiated by appropriate supporting documentation. The supporting documentation that does exist is erratic and incomplete. Further, duplicate Swifambo

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invoices exist, however, these invoices show different descriptions of deliverables provided. In summary, it appears that PRASA have made the payments to Swifambo without performing proper reconciliations to performance on the contract by Swifambo, and the payments to Swifambo were made on the authority and instruction of Mtimkulu, the erstwhile PRASA Rail Chief Engineer. There appears to be a consistent trend of the Swifambo invoices being approved by Mtimkulu without the appropriate supporting documentation substantiating the deliverables by Swifambo.

2.3.8 **Retention of R451 million by Swifambo per the amounts received by them from PRASA** –Swifambo confirmed that they received R2.65 billion (or R2.32 billion excluding VAT) from PRASA – which agrees to PRASA's payment records. Swifambo further confirmed that they have on paid R1.87 billion to Vossloh. Vossloh in turn confirmed that they have received EUR133 million from Swifambo (this aligns to the Rand value paid by Swifambo). Therefore, Swifambo have retained approximately R451 million (ignoring VAT) from the funds that they have received from PRASA.

2.3.9 **Swifambo claims that they are in financial distress as they remain liable to Vossloh for R462 million** – with reference to 'remains liable', PRASA has paid Swifambo R2.6 billion, net of VAT being R2.3 billion. Of this amount R1.8 billion has been paid by Swifambo to Vossloh, again, the 'surplus' retained by Swifambo is R451 million. It is PRASA's argument that there is no evidence that Swifambo performed work of any substance on the contract. Barring some acceptable administration costs, for example, rent, salaries , office expenses, there is no reason why Swifambo was not in a position to pay the significant majority of the retained amounts to Vossloh to cover the outstanding trade creditors amounts of R462 million. Rather if Swifambo is not in possession of these retained amounts (which they seemingly claim) then it has expended these amounts elsewhere for non-business (illicit) purposes.

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2.3.10 **Payments to Swifambo against budget – one payment to Swifambo totalling R444 million exceeded PRASA Rail budget and was paid by PRASA Corporate despite objections raised by PRASA Rail** – it appears that the budget that incorporated the Swifambo project was the Medium Term Expenditure Frameworks (MTEF). There appears to be a lack of clarity regarding the MTEFs within the various finance teams within PRASA, specifically with regard to the interpretation as to how the MTEF should be applied resulting in different interpretations within PRASA. The Swifambo project was initially assigned to PRASA Technical and then shifted to PRASA Rail. The exact reasons for this are unclear, and not comprehensively documented within PRASA. Except for one payment, all payments to Swifambo appear to have been made in accordance with the MTEF (depending on the interpretation), and accordingly, within budget. The payment of R444,565,613.96, paid on 12 January 2015 relating to two invoices (SRL007-004 and SRL012-004), exceeded the MTEF budget. This payment was supposed to have been paid by PRASA Rail, who objected to making the payment due to insufficient budget. However, the payment was subsequently made by PRASA Corporate. It is apparent that internal controls were circumvented and this payment was pushed through. There is insufficient documentation detailing the events and authorisations approving this payment. Further, we have calculated that these two invoices were overpaid by PRASA by R160 million.

2.4 **With respect to the Swifambo criminal investigation:**

2.4.1 Horwath Forensics has been tasked with determining the utilisation of funds paid by PRASA to Swifambo to the amount of R 2,650,207,950.

2.4.2 We are currently performing a comprehensive flow of funds analysis to illustrate how the aforementioned funds were utilised by Swifambo, specifically, to confirm the allegations that unlawful payments were

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made to entities that are unrelated to the tender for the purchase of locomotives by PRASA.

2.4.3 The flow of funds analysis will address the allegations that significant payments were made to persons and entities that have played no part in the procurement of locomotives on behalf of PRASA, but have nonetheless benefitted from the proceeds of this transaction.

2.4.4 To date, the DPCI has furnished us with bank statements for approximately **130** entities and/or individuals, which contain thousands of transactions.

2.4.5 The analysis has shown a **complex** web of flows of millions of Rands of funds from Swifambo to unrelated individuals and entities.

2.4.6 Further, the preliminary findings have confirmed several of the allegations made by various parties involved, including:

2.4.6.1 Significant payments were made to beneficiaries that played no part in the supply of locomotives to PRASA;

2.4.6.2 Payments made by Swifambo to entities linked to employees of PRASA.

2.4.6.3 Destroys representations made by Swifambo as to their relationship with Vossloh and also as to how the receipts from PRASA were disbursed.

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3 Summary of issues identified in relation to the Ad-hoc confinements at PRASA Rail

(The following must be read in conjunction with Werksmans opinion to PRASA regarding the unlawful confinement process, a copy of which is annexed for ease of reference)

3.1 **In summary:**

3.1.1 The process of confinements was **abused** to allow the irregular (and unlawful) appointment of a large amount of unaccredited and unqualified suppliers to provide goods and services to PRASA.

3.1.2 The motivation for the confinements was to use BEE suppliers, but evidence shows that many of these suppliers simply **subcontracted** the services provided to PRASA and in doing so also failed to comply with the provisions of their respective contracts in relation to subcontracting.

3.1.3 The lack of monitoring of the spend (to these suppliers) has raised significant questions as to the goods and services actually provided by these suppliers, and the lack of supporting documentation at PRASA makes it difficult to objectively test if the suppliers provided value to PRASA, charged the appropriate pricing and if the work done was provided within the scope of the contracts.

3.1.4 The lack of proper processes and controls in place in PRASA, specifically weaknesses surrounding the three-way matching of invoices, **allowed these suppliers to be paid in irregular circumstances**.

3.1.5 When it was discovered that invoices exceeded contract values for specific suppliers, a seemingly **flawed** condonation process ratified

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the payments to the suppliers in excess of the contract values without proper investigation being performed before payment was made.

3.2 **Appointment issues**

3.2.1 On the surface, according to the motivations detailed in the underlying confinement memos, the documented purpose of these supplier appointments was to supplement capacity to address rolling stock and infrastructure repairs and related maintenance issues using **BEE** entities as these types of entities had historically been unable to compete in this 'space'.

3.2.2 **The appointed BEE suppliers (80 entities) were not appointed through a transparent and competitive process** – the views of PRASA employees questioned are that the suppliers were appointed at the discretion of Mtimkulu, with the tacit approval of senior executives including Rail SCM (Bopape), Rail CEO (Mofi), CPO (Mbatha) and the GCEO (Montana). The modus operandi appears to have been to create the process and to appoint suppliers linked to the parties involved in the appointment process. This is evidenced from the following relationships within the confinement suppliers identified during the course of the investigation:

3.2.2.1 It is alleged that Siyaya, another entity which benefitted substantially from the coffers of PRASA, were involved in the structuring of the confinements. It is the **view of various** PRASA personnel that **Siyaya were going to manage the training and accreditation process. We have not obtained any evidence** explaining how they were appointed to render this service and poses the risk that they may not have been objective in this process, particularly since Siyaya is an entity of interest linked to other investigations.

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3.2.2.2 Bopape having an indirect interest in Mabule Rail and suspected links to DSA Rail.

3.2.2.3 Mtimkulu being linked to the directors of Azon Rail, NMC, Spacerail and Rail-x.

3.2.2.4 We identified further links between former PRASA employees and other confinement entities.

3.2.3 Further, the appointed suppliers **were not accredited** (we identified **1 out of 80** suppliers that was properly accredited) and often lacked the necessary experience. It is evident that no plans were put in place to ensure that they would be able to render services at the required level of competence.

3.2.4 In addition, the ad-hoc confinements **did not go through the CTPC** which is a significant departure from PRASA internal policy, specifically as confinements are, by nature, deviations from standard procurement process i.e. emergency appointments / the appointment of a single 'professional' supplier.

3.3 **Contract and supporting documentation issues**

3.3.1 It is apparent that initially there were no contracts in place for the ad-hoc suppliers. The view of PRASA employees questioned was that because the suppliers would be providing services on an ad-hoc basis, it would not be possible to accurately predict the expenditure that would be required and thus reduce this into a contract. As such, these suppliers were seemingly initially paid through sundry payments.

3.3.2 Sundry payments are payments to non-trade creditors for example bursary payments. Therefore, it is apparent that the utilisation of the sundry payment process to pay ad-hoc suppliers was abused.

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3.3.3 However, it followed that the GCFO (Manyatsi) upon discovering this process (circa mid-2014) subsequently issued an instruction that every supplier must have a contract before they can be paid. This was to enable budgetary control over the spend in relation to these suppliers (and to avoid using sundry payments). Following this instruction, contracts were then drafted for the suppliers, but these contracts evidently have the following issues:

3.3.3.1 The contracts **had to be backdated**, thus bringing into question their legal validity.

3.3.3.2 There was no transparent and considered basis for the contract amounts or periods – again, it is the view of employees questioned that these contracts were determined at Mtimkulu's discretion.

3.3.3.3 There are issues surrounding the GCEO exceeding the delegation of authority as the sum total of the contracts (and spend) through the ad-hoc confinement exceeded R1 billion, which is above the approval threshold of the GCEO. Board approval was **NOT** obtained in this regard.

3.3.3.4 It is apparent that there was no/limited budgetary control of spend against contract values. The contract values were seemingly disregarded and were only 'on paper', as it is apparent that the operational staff did not measure work assigned to the suppliers against the contract values. This resulted in some payments to suppliers exceeding contract values.

3.3.3.5 This was seemingly 'cured' through the use of condonations ratifying the payments to the suppliers in which it was discovered that payments exceeded contract values. The very employees who were party to the process of condonation were also

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instrumental in the initiation of the confinement process. Condonations pose a significant risk in this regard.

3.3.3.6 Upon initial review of the contracts, the contracts appear to be a standard template used for all contracting suppliers. The scope of work per the contracts (typically Annexure B of the contracts) is the same for all suppliers, despite the suppliers having been appointed to perform specific work per the various confinement memos. This seemingly has allowed the ad-hoc suppliers to perform work outside the scope of the services detailed through the memoranda.

3.3.3.7 Further, the scope of services per the contracts seems to have been structured in a very broad manner, making it all encompassing, and difficult to confirm if the suppliers were performing work outside their scope. There is evidence of ad-hoc suppliers performing work outside of the nature of repairs and maintenance. For example, NMC was paid over R600,000 to provide design drawings for casing of aircon units.

3.3.3.8 We are trying to establish who drafted the contracts. Further, it appears there was/is no protocol in PRASA regarding the drafting of contracts outside of the PRASA Legal department. In discussions with PRASA legal they are not always aware of the commercial contracts PRASA enters into, and the use of legal consultants (for example, Brenda Malongete for Swifambo) is illustrative of this weakness.

3.3.4 Of the 80 confinement suppliers we have quantified invoice values **in excess of R1.1 billion**. The register of contracts maintained by PRASA indicates these suppliers having contracts **in excess of R1.5 billion**, however, it is unclear if all these contracts pertain to the ad-hoc confinement.

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3.4 **Performance under the contracts and related audit issues**

3.4.1 We understand that while the "three quotation" system was the basis envisaged for the allocation of work amongst the ad-hoc suppliers, **this did not always** apply as per PRASA employees questioned:

3.4.1.1 Certain "projects" were assigned directly to specific suppliers; and

3.4.1.2 Rail Engineering head office distributed certain types of work at their own discretion.

3.4.2 As such, there are instances where it is not possible to determine how a particular supplier was appointed to do certain work, how the work was priced or whether what was delivered was at all needed and if so, whether what was required was actually what was delivered ('needs assessment').

3.4.3 The payment process is ostensibly structured such that the onus of confirming receipt of value lies with the project managers alone. As such, the signature of the relevant project managers on the supplier invoice would be sufficient for the finance department to authorise payment without a manual three way matching of the documents underpinning the invoice being performed (invoice, purchase order, delivery note, timesheets etc.). This is a departure from apparent PRASA policy (as understood from the GCFO). In other words, payments were made to ad-hoc suppliers without the supporting documentation to the invoices being scrutinised, including, and significantly, the underlying contracts.

3.4.4 Further, we have identified that some suppliers were awarded additional contracts outside the scope of the ad-hoc program, necessitating the separation of these contracts from the ad-hoc testing for separate consideration. Due to the incomplete and disorganised nature of contract maintenance it is difficult to ascertain the exact

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contract position for suppliers, and it requires extensive investigation to unravel the position.

3.4.5 The invoice descriptions per SAP are mostly vague and do not provide the details of the work performed. In addition, SAP does not provide for contract references on capturing invoices, allowing for matching of invoices against contracts. Further, upon inspection, supplier invoices do not readily provide sufficient detail as the goods and services provided to PRASA. This is further compounded by the fact that underlying supporting documentation is at times not provided to Finance or not readily available at PRASA. For example upon request of certain supporting documentation for NMC, PRASA had to request this from the supplier as this documentation could not be located at PRASA, despite the supplier having been paid.

3.4.6 We have found during our testing that the general document retention practices of PRASA do not allow for efficient retrieval of documentation by PRASA.

3.4.7 It is evident that work was subcontracted by the ad-hoc suppliers. The area of subcontracting is proving difficult to distinguish upon initial testing. Sometimes subcontracting was done openly sometimes not. In such instances it may not be possible to distinguish between subcontracted work and non-subcontracted work. The permission to subcontract is, per the contracts, only allowed with the written approval of PRASA, the evidence of which does not appear to exist within PRASA.

3.4.8 The sub-contracting appears to be the result of the appointed suppliers not having sufficient skills and resources to perform the work awarded themselves. This suspicion is aggravated by the regular existence of 'international partners' associated with the majority of the suppliers tested to date. This may be evidence of fronting and potentially amount to fruitless and wasteful expenditure.

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3.5 Operational Considerations

3.5.1 It would appear from employees questioned and the documentation at hand that PRASA has become highly dependent on the ad-hoc suppliers in its daily operations.

3.5.2 Executive interventions surrounding the confinements have resulted in the scaling down of the work given to these ad-hoc suppliers. The consequence of this is that, due to resource deficiencies within PRASA, it has now compelled staff to resort to the General Overhaul (GO) contractors, who are already behind with their main allocated work (general overhaul).

3.5.3 It would seem urgent strategic decisions need to be made, involving all the relevant parties (from depot level to executives of all relevant departments), to address this issue.

3.6 Summary of testing being performed on confinement suppliers

3.6.1 Based on the unlawful and irregular nature of the ad-hoc confinements, an investigation commenced into the underlying transactions underpinning the ad-hoc suppliers with an objective in assessing whether PRASA received value from these suppliers.

3.6.2 In order to ascertain if the suppliers provided value to PRASA in terms of their contracts, we selected a sample of six (6) of the *higher risk* confinement suppliers out of a sample of 80 confinement suppliers (i.e. 7.5%) listed per the ad-hoc confinements to test to supporting documentation with a view to establishing what services/goods were provided, if value was received and if provided in terms of the contracts. The six suppliers selected for testing all had done significant business with PRASA, with the total invoice value for the six suppliers amounting to approximately **R286 million**.

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3.6.3 Based on the outcome of this testing, the findings will be presented to PRASA for analysis and discussion, and further instruction to extend the testing will be obtained if deemed appropriate.

3.6.4 The six suppliers selected for testing are as follows:

3.6.4.1 **Nandisa Milisa Consulting Services** (or NMC) – NMC's sole director, Nandisa Gschwari is reflected as Mtimkulu's girlfriend and known associate. She accompanied him to court during the case against him and offered her address as the address at which Mtimkulu would be staying whilst on bail. Invoice value per PROCAT is approximately **R33 million**.

3.6.4.2 **Mabule Rail and Infrastructure (Pty) Ltd** – linked to Maishe Bopape, through Taboo Trading, former SCM manager at Rail. Bopape resigned during course of investigation and labour proceedings. Invoice value per PROCAT is approximately **R31 million.**

3.6.4.3 **Azon Rail (Pty) Ltd** – Azon Rail's director is Babalwa Dludlu. She is associated with Daniel Mtimkulu. Tino Gabryk of PRASA stated that Babalwa informed him about alleged corruption whereby suppliers have to pay PRASA to receive payment of their invoices. Invoice value per PROCAT is approximately **R12 million.**

3.6.4.4 **Bakara Engineering** – investigation team received condonation for payment to Bakara for invoice value exceeding contract value. The condonation was authored by Bopape and on the face of it appears irregular. Invoice value per PROCAT is approximately **R59.3 million.**

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3.6.4.5 **Mizana Trading** – Linked to Vossloh in relation to the air conditioning units paid for by PRASA. Former PRASA employee connected to the supplier, namely Princess Sangweni. Investigation team received condonation for payment to Mizana for invoices exceeding contract value. The condonation was authored by Bopape and on the face of it appears irregular. Invoice value per PROCAT is approximately **R54.7 million**.

3.6.4.6 **Isphikilele Senyoni Manufacturing** – the investigation team received condonation for payment to Isphikilele for invoices exceeding contract value. The condonation was authored by Bopape and on the face of it appears irregular. Invoice value per PROCAT is approximately **R96.2 million**. We identified further irregularities with regards to the supply of V-Rail Software to PRASA by Isphikilele, as there is no documentation to explain the process of awarding this supply to Isphikilele.

3.6.5 This testing is currently ongoing. We anticipated from the outset of performing 100% coverage i.e. testing every transaction for the six suppliers selected, and to then use this sample testing as a knowledge base for performing further procedures. However, based on the difficulties experienced in locating and assessing the information required (as described above), we have refocused our samples to selecting the smaller sample sizes (random sample size) of the higher value transactions. Based on the results of the testing of the smaller sample sizes, we will assess the most constructive way to expand future testing.

4 General Overhaul Program ("GO Program")

4.1 The GO panel of suppliers was appointed around 2006 through a tender process and the appointment has been extended without a subsequent tender process – this is considered to be irregular.

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4.2 Per PROCAT, the invoice value of the suppliers in the GO Program amounts to **over R8 billion**. This excludes the spend value between 2006 and 2011 i.e. the beginning date of the PROCAT period.

4.3 Goldex did not form part of the original tender process and we have not been able to obtain documentation explaining their appointment. Per PROCAT, the invoice value attributable to Goldex amounts to **R2.2 million**.

4.4 We uncovered the General Overhaul Program ("GO Program") during our follow up investigations stemming from the duplicate invoice testing. Specifically, when we requested the SCM documentation pertaining to the appointment of Wictra, we discovered the GO Program.

4.5 Per PRASA employees questioned, we understand the GO Program to be an ongoing maintenance program that involves the overhaul of locomotives and coaches on a rolling basis.

4.6 There is a **complete lack of documentation** at PRASA regarding the appointment of the panel of suppliers, and the extension of the contracts.

4.7 We have requested, but have not yet been provided with, the bid/tender documentation in order to evaluate the procurement process followed in selecting the GO Program suppliers.

4.8 We have requested, but have not been provided with, the relevant board (and sub-committee) minutes in relation to the contract extensions for these suppliers/contracts.

4.9 Currently, PRASA Technical is responsible for capital maintenance – under Arthur Treurnich (Metro Rail) and Tholo Dikobe (Shosholoza Meyl). PRASA Rail is responsible for the ad hoc spend required under this program.

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4.10 We have observed instances where suppliers have been allocated work contrary to the recommendations of the engineering staff, who recommend allocations based on performance and capacity.

4.11 The suppliers selected to constitute the panel may have been irregularly appointed in light of alleged relationships between certain senior PRASA personnel and (identified) persons of interest who are/were shareholders in the suppliers.

4.12 Due to the significant value paid to the suppliers and the volume of underlying transactions we anticipate a very detailed and lengthy process of testing the underlying documentation in order to assess the value of goods and services provided by the panel of suppliers to PRASA. **Due to the magnitude in the spend of approximately R8 billion this necessitates a properly coordinated analysis and operational implementation of the findings by the investigation team in conjunction with PRASA Legal.**

5 Summary of findings for specific suppliers

5.1 **Africapacity** – we have identified significant irregularities pertaining to the appointment of this supplier.

5.1.1 In summary, there was no procurement process directly appointing Africapacity. Africapacity were subcontractors under Stellenbosch University. We have not been able to obtain the agreement for Africapacity's initial appointment as subcontractor. Bongani Nyathi ("Nyathi", Systems Specialist) and Shadreck Dube ("Dube", former Project Manager) signed the invoices. We were unable to verify whether the price of services provided was in terms of any agreement as there was no such agreement available. There is also no instruction for Africapacity to perform the work provided and we cannot locate any internal request for this work.

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5.1.2 PROCAT invoice value in the amount of **R6.3 million**.

5.2 **Valucorp 408cc T/A Sudesh Dayanand Forensic Consulting ("SDFC")** – we have identified significant irregularities pertaining to the appointment of this supplier.

5.2.1 In summary, Siyaya Energy was awarded a contract to supply and deliver bulk fuel services to the entire PRASA, which in and of itself merits further investigation. The contract provides for the investigation and prevention of fuel fraud at Autopax. Valucorp in turn provided forensic services to Siyaya in the performance area of fuel auditing and the prevention and deletion of fuel fraud. Valucorp was then subsequently appointed directly as a service provider to PRASA through a confinement process.

5.2.2 The procurement documentation for the appointment of Siyaya seemingly makes no mention of the requirement to provide forensic and investigative services. Siyaya was, therefore, awarded additional work which was not considered in the evaluation of the bids, which is considered to be unfairly prejudicial to the other bidders.

5.2.3 The additional scope of work (forensic services) is also materially different from the main mandate of the tender (fuel supply) and should have followed a separate procurement process.

5.2.4 Further, mandating Siyaya to conduct fuel audits on the new system would present a conflict of interest due to Siyaya being the operator of the e-fuel system. SDFC has invoiced PRASA R37 928 792 thus far.

5.2.5 PROCAT invoice value in the amount of **R37.9 million**. These amounts invoiced appear to be excessive for the nature of the services rendered.

5.3 **Gemini Moon Trading 7 (Pty) Ltd t/a XL Nexus Travel** – we were instructed to test the SCM documentation pertaining to tender HO/SCM/309/02/2010 pertaining to "Rendering of Travel Management Services for PRASA, its Divisions and Subsidiaries" for **R12.6 million**. In summary, a joint venture between Kgomomorareng Travel and Gemini Moon Trading 7 (Pty) Ltd trading as KMM/Nexus was awarded the tender. Our findings show that as per inspection of the tender received register for bids received (register ref: 015/2010), the Nexus/KMM joint venture did not submit a bid and so should not have been considered for the tender. Further, numerous documents were not part of the tender file provided by Corporate SCM for testing.

6 Testing of the exceptions identified from the PROCAT data analytics

6.1 Duplicate payment exceptions:

6.1.1 The objective of our testing was to confirm whether the exceptions identified are legitimate payments or confirmed irregularities, and the nature of the payments.

6.1.2 Scope – from PRASA's bank statements (bank batch downloads) the IT Forensic Team isolated and extracted 284 possible duplicate payments for testing to source documentation, with a total approximate value of R66 million i.e. the potential duplicate amount could be approximately R33 million.

6.1.3 In this regard we confirmed duplicate payments **in excess of R10 million**.

6.1.4 We reported our findings to management of the applicable PRASA divisions, who have acknowledged and accepted our findings. We have been advised that the duplicate amounts are at various stages of recovery.

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6.1.5 During the course of the investigation of the duplicate payments we requested SCM documentation pertaining to two suppliers, namely **Wictra** and **Wave**. As a result of our enquiries we uncovered the Ad-hoc confinements (in which Wave was a supplier) and the GO Program (in which Wictra was a supplier).

6.1.6 We noted irregularities with regards to the appointment of Nondela Gedeza Investments ("Nondela") -

6.1.6.1 We were unable to establish how Nondela were appointed. Having been unable to obtain any procurement documentation, we conducted an investigation into their appointment and could only establish that Nondela were loaded on to the SAP system under the instruction of Sihle Mndaweni, who has since left the employ PRASA.

6.1.6.2 Per discussions with Stephen Ngobeni, erstwhile Executive Manager Facilities PRASA Cres, the instruction for the drafting of the contract for Nondela followed a meeting called by Tiro Holele, Chief Strategic Officer PRASA Group, on behalf of the then GCEO, Lucky Montana.

6.1.6.3 Further, Nondela have been paid R829,350 in excess of the invoices they have submitted to PRASA. In addition, they have raised invoices of approximately R1 million in excess of the contract value of R43,206,000.

6.1.6.4 The PRASA Cres finance team is reconciling the reasons for these discrepancies and the related condonation will be provided to us once reviewed. We will consider the discrepancies identified in light of the reasons given per the condonation.

6.2 **Testing exceptions identified in the employee payroll data**

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6.2.1 Scope – from PRASA's payroll information the IT Forensic Team isolated and extracted 1,298 possible exceptions which required testing to source documentation, as summarised per the table below:

No.	Code		Type	Description	Note	No. of exceptions
1. Employee payroll information exceptions (source: Employee Master File)					NOTE 1	
1	E1.1		Employees	Same Address Same Employee Surname		16
2	E1.2		Employees	Same Address Diff Employee Surname		362
3	E2.1		Employees	Same Telephone Number Same Employee Surname		70
4	E2.2	*	Employees	Same Telephone Number Diff Employee Surname		366
5	E3.1		Employees	Same Account Number Same Employee Surname		34
6	E3.2		Employees	Same Account Number Diff Employee Surname		282
7	E4.0	*	Employees	Employees sharing ID numbers		24
8	E4.1		Employees	Non-Numeric Chars IN ID Number		20
9	E4.3		Employees	First 7 Digits Of ID Number 0000000 or 9999999		7
10	E4.4		Employees	ID Number Length No 13 Chars		5
11	E4.5		Employees	Invalid IDs		6
12	E5.1		Employees	Employees with the same Surname and date of birth		96
13	E6.2	*	Employees	Employees older than 65 years		10
						1,298

** = additional exception reports, over and above exception reports detailed in second prelim report*

6.2.2 We tested over 800 exceptions identified and found no significant adverse findings in relation to specific employees. Based on interviews with Joe Mamabolo (Head of Human Resources at PRASA Cres), the irregularities observed are generally as a result of SAP retaining outdated records of employees i.e. when a record is updated, a new record is created in SAP; however, the old record is retained resulting in duplicate records. This has been apparent in several records that were tested.

6.2.3 It is recommended that PRASA management perform a data clean-up of the SAP payroll system as the testing shows that the data quality falls below the data quality standard expected, resulting in the numerous exceptions.

6.3 **Testing multiple relationship exceptions between PRASA employees and suppliers**

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6.3.1 Scope – the IT Forensic Team isolated and identified 49 exceptions in which current and previous PRASA employees currently have or have had direct or indirect interests in suppliers of PRASA.

6.3.2 Based on a request from PRASA, and in order to manage the scope and cost of the investigation, we provided PRASA internal audit with the balance of the identified exceptions (36 exceptions) in order to assist with the investigation.

6.3.3 We retained 13 exceptions, selected due to the investigation intel, with a view to identifying any irregular contracts (improper tender process, rigging, not at arm's length, fraudulent) or transactions (not at arm's length, fraudulent) within PRASA potentially influenced by PRASA employees/agents (and for personal enrichment).

6.3.4 We reported our detailed findings to PRASA, and based on discussions with the legal investigative team, we are in the process of obtaining additional information pertaining to certain of the identified links to try establish if the active employees concerned were involved in the appointment process of the respective suppliers.

6.3.5 Of highlighted concern are the links between current/former senior PRASA employees and suppliers in the ad-hoc confinements:

6.3.5.1 Maishe Bopape, former Rail SCM head, links to **Mabule Rail** (PROCAT invoice value R31.4 million). Bopape recently resigned from PRASA during the course of labour proceedings, specifically focusing on his undisclosed link to Mabule Rail. Further Bopape was instrumental in the implementation of the ad-hoc confinement process.

6.3.5.2 Nongabisaya Mareko, **current** Corporate SCM Head, links to Mbokodo Rail (PROCAT invoice value R10.9 million).

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6.3.5.3 Princess Sangweni, former Gauteng Provincial Manager, links to **Bakara** (PROCAT invoice value R59 million) and **Mizana** (PROCAT invoice value R54.7 million).

6.3.5.4 L Mothiba, former Intersite Board Member, links to **Tecuvert** (PROCAT invoice value R17.9 million).

6.3.5.5 V Twala, former Autopax Board Member, links to **Tunnel Engineering** (PROCAT invoice value R30.2 million).

6.3.6 Other highlighted findings include:

6.3.6.1 N Buthelezi, former Board member Corporate, identified as having held a direct interest in **Sebenza Forwarding and Shipping** (PROCAT invoice value R52.3 million) during his employment at PRASA. Sebenza Shipping and Forwarding did not disclose their relationship with N Buthelezi upon submission of their bid documentation. N Buthelezi failed to disclose his interest in Sebenza Shipping and Forwarding per his 2011, 2012 and 2013 annual declarations.

7 INVESTIGATIVE ANALYSIS

7.1 On 31 July 2015 the Auditor General of South Africa released its Final Management Report that identified a significant number of irregularities and wasteful expenditure. Irregularities are identified and individuals named as being responsible for such irregularities in terms of the appointment of service providers in contravention of the PRASA Supply Chain Management Policy and Procedure and Public Finance Management legislation.

7.2 On 24 August 2015 the Public Protector, Advocate T N Madonsela, published her report 'Derailed' in respect of "... *37 complaints ... initially lodged by the South African Transport and Allied Workers Union*

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(SATAWU) and later pursued by the National Transport Movement (NTM), alleging maladministration and related improper conduct involving procurement irregularities, conflict of interest, nepotism and human resources mismanagement, including victimization of whistle-blowers, by the Group Chief Executive Officer (Mr Montana)".

7.3 For the period to which the investigation refers **Tshepo Lucky Montana** ID 7004255660081 in his capacity as Group Chief Executive Officer ultimately controlled the day to day management of PRASA. It is evident that Montana established a structure comprising of individuals in key positions that would carry out unlawful and/or irregular instructions. Such key positions included Chief Executive Officers of the various divisions of PRASA and/or senior executives within the Supply Chain Management division(s) as a means to control and/or influence the awarding of tenders. This is echoed by the comments made by the Public Protector in her findings.

7.4 This Investigation Summary sets out the continuing investigation process with regard to, inter alia, the irregular expenditure identified in relation to the contracts awarded by PRASA, and what appears to be (several) generally corrupt relationships which prejudiced PRASA.

7.5 From our investigations the following criminal charges have resulted:

7.5.1 Fraud – statements made by the GCEO and other Executive/s of PRASA to the Board during the processes outlined above may constitute misrepresentations by PRASA executives that caused PRASA a loss [or at the very least a potential loss at this stage]. These misrepresentations appear to be fraudulent and capable of being criminally sanctioned.

7.5.2 Corruption as envisaged in terms of the Prevention of Organised Crime Act 121 of 1998 ("POCA"), as amended.

7.5.3 Transgressions of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 ("PRECCA"), which is the legislature's attempt to combat corruption in South Africa.

7.5.4 Statutory offences – Sections 214 to 216 of the Companies Act 71 of 2008 now render a director (or any person) guilty of a criminal offence if such director or person was knowingly a party to an act or omission by a company calculated to defraud a creditor, employee, or a holder of the company's securities (shareholder), or with another fraudulent purpose. The Sections identify the following transgressions:

7.5.4.1 Falsification of accounting records (s 214 (1) (a));

7.5.4.2 Fraudulently providing false or misleading information (s 214 (1) (b));

7.5.4.3 Knowingly (which is defined as wider than actual knowledge) being a party to an act by the company to defraud a creditor, employee or security holder of the company or any other act by the company with a fraudulent purpose (s 214 (1) (c)).

7.6 The investigative team continues to support the South African Police Services (SAPS) in respect of identifying available witnesses, documents and information.

7.6.1 In November 2015, the SAPS team was led by General Senaba (Charles) Mosipi, from the Head Office of the DPCI. General Mosipi had in turn appointed Colonel Zama Basi to head the Investigation team. Two investigating officers were appointed, one from the DPCI and one from Specialised Commercial Crime Unit in Johannesburg respectively.

7.6.2 A series of comprehensive meetings and working briefings were held with them to consolidate matters, set timelines and finalise the scope

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of the mandate in terms of which the investigative team would assist SAPS.

7.6.3 In February 2016, Major-General Khana, from the National Head Office of the DPCI was however appointed to oversee the investigations in place of General Senaba (Charles) Mosipi. He in turn placed the matter with Serious Economic Offences Unit under Brigadier Makinyane.

7.6.4 Major-General Khana advised that at this stage the Swifambo matter has been lodged as a national priority offence at the Anti-Corruption Task Team ("ACTT"). This should have resulted in most, if not all of the matters being centralized with a specialist team of investigators. However, Colonel Komane from SCCU: Johannesburg has been removed from the investigation and Colonel Rapua Mosito from DPCI appears to be the sole investigating officer on a matter which due to the magnitude and complexity requires a team of dedicated law enforcement officers.

7.6.4.1 Discussions were also held with the Asset Forfeiture Unit ("AFU") who constituted a team comprising senior investigators and advocates (state prosecutors) to assist the ACTT.

7.6.4.2 The AFU are in a position to approach the High Court by way of application(s) in terms of the Prevention of Organized Crime Act, Act 21 of 1998 (as amended) to secure assets and proceeds of crime. However the AFU have indicated that they will not do so until there is a co-ordinated approach from the DPCI and NPA.

7.6.4.3 We continue to assist to identify assets suspected to be the proceeds of illegal activity so that when law enforcement are ready to act, we will be able to provide them with crucial information. In this regard, continuing collaboration between the

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ACTT and the AFU will be key to the progress of these investigations.

7.7 The current matters in which we continue to support and liaise with the authorities are:

7.7.1 Hillbrow CAS 566/07/2015 – this matter relates to the alleged false qualifications of Daniel Mtimkulu. These charges are being redrafted and a new docket will be opened with charges of forgery and uttering.

It would furthermore appear as if Mtimkulu secured property valued at R 2, 5 million with the proceeds of crime.

7.7.2 Brooklyn CAS 278/09/2015 – this matter relates to the tender rigging allegations involving the company Siyangena Technologies (Pty) Ltd;

7.7.3 Hillbrow CAS 405/07/2015 – this matter covers a wide variety of allegations of corruption and / or fraud against a number of persons and entities which include such persons as Tsepho Lucky Montana (Montana) and the majority of which are referred to in the Public Protector's Report; and

7.7.4 Hillbrow CAS 1034/07/2015 – this matter contains allegations that Montana made against PRASA.

7.8 The team assisted PRASA in lodging 120 complaints in respect of matters identified by both the AG and PP in their respective reports in terms of Section 34 of the Prevention and Combating of Corrupt Activities Act 12 of 2004 as amended ("PRECCA") which imposes a duty on persons in a position of authority to report corruption, fraud, theft, forgery and uttering.

7.9 **SWIFAMBO RAIL LEASING (PTY) LTD**

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7.9.1 PRASA have proffered a criminal complaint in respect of the tender process, Supply Chain Management ("SCM") process, and the subsequent award of the tender to Swifambo with our guidance.

7.9.2 Philemon Mamabolo (Mamabolo) in his capacity as Assistant Manager (Special Operations) deposed to an affidavit setting out the suspected criminal conduct under head of Hillbrow Case Number 405/07/2015 at the Commercial Crimes Unit: Johannesburg in terms of Section 34 of PRECCA. This criminal complaint sets out allegation/s of corruption, money laundering, racketeering, fraud and contraventions of the Public Finance Management Act pertaining thereto.

7.9.2.1 Based on Mamabolo's complaint and the provisions of Section 205 of the Criminal Procedure Act 51 of 1977 as amended, SAPS subpoenas were issued to instruct the relevant financial institutions to provide documentation and information relating to the relevant "suspected" bank accounts which will enable the State to follow the flow of funds and identify the true beneficiaries of the proceeds of the tender awarded to Swifambo.

7.9.2.2 The initial subpoenas were issued in September 2015 and an analysis of the flow of funds in terms of the SAPS mandate is being conducted by Horwath Forensics, duly mandated by the DPCI.

7.9.2.3 A meeting was held during August 2015 between representatives of PRASA and the Chairman of Swifambo Leasing, Auswell Mashaba ("Mashaba"). Mashaba stated that Makhensa Solly Risimati Mabunda ("Mabunda") had requested that Mashaba establish several companies for the purpose of securing the locomotives tender. Mashaba went on to state that subsequent to receiving payments from PRASA in respect of the Swifambo tender he was instructed to make payments to entities and/or individuals that had no involvement in the work envisaged by the

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tender and he provided a schedule of some of the amounts he claimed to have paid (amounting to over R 86 million). Mashaba indicated that, as far as he had been advised by Maria Gomes the payments were to "members of the movement" and not creditors of Swifambo.

7.10 VOSSLOH KIEPE A.G. / VOSSLOH SOUTH AFRICA (PTY) LTD – AIR CONDITIONING SUPPLY

7.10.1 PRASA already had a pre-existing direct business relationship with Vossloh with regard to the installation of air-condition systems on Premier Class and Shosholoza coaches.

7.10.2 Two documents presented to PRASA by Siyaya Rail Solutions introduced Vossloh to PRASA as early as 2009. However, on 6 June 2011 a request was submitted to confine the appointment of a service provider for the once-off installation of the rail vehicle air-condition systems on the Premier Class and Shosholoza coaches. A specialised service provider was found in the Vossloh Group of companies.

7.10.3 The urgent appointment was motivated by Dr. Daniel Mtimkulu ("Mtimkulu"), Executive Manager: Engineering Services, and recommended by Mr. Chris Mbatha ("Mbatha"), Chief Procurement Officer: PRASA on 24 June 2011 and approved on 27 June 2011 by the Group Chief Executive Officer of PRASA ("GCEO"), Mr. Tshepo Lucky Montana ("Montana").

7.10.4 This appears to be the genesis of the relationship between PRASA and the Vossloh group, under Mtimkulu's control, with Mbatha and Montana signing off on the necessary "*approvals*".

7.10.5 The initial appointment appears to have been irregular. On 29 June 2012 representatives of the two parties signed the Contract as well as

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the 1st Addendum - Project Specific Terms and Conditions (PSTC). The two persons representing the parties were Peter Pichler, the newly appointed Managing Director of VKA and Montana, the GCEO of PRASA, who both signed the Contract and the said Addendum.

7.10.6 The notice to proceed issued on 19 July 2011 confirmed the appointment of Vossloh as the service provider to supply and install HVAC units in 16 coaches at an approximate value of R3,7 million per coach. The notice further stated that no work could commence before a formal contract was signed. Vossloh acknowledged receipt of the notice on 20 July 2011.

7.10.7 The formal contract was entered into on 29 June 2012 with a total contract value of R 85 853 726.00. The PSTC prescribes a 30 percent down payment to be paid as a "mobilization fee" and was unconditional, not prescribing a conditional compliance or specified time when this payment becomes due. For this reason, PRASA paid Vossloh R 40 785 267.56 on 27 October 2011 without having a signed contract in place.

7.10.8 The Auditor General expressed that this is not in accordance with best practice and that the Public Service Institutions usually require service providers to render the service and then subsequently make payment. It was also mentioned that payments for goods or services made prior to the signing of a contract results in irregular expenditure.

7.10.9 The quoted price, contract value and initial budgetary considerations are at odds with actual invoices paid and the actual Scope of Supply, which appear to have been irregularly extended, varied and increased ostensibly to cater for currency fluctuations in improper circumstances.

7.10.10 Additional suppliers linked to Swifambo are also linked to this contract, such as **Mizana Engineering**, **Siyaya**, the **S group** and others.

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7.10.11 Further investigations are ongoing.

7.11 SIYANGENA TECHNOLOGIES (PTY) LTD

7.11.1 The allegations of the Public Protector in her report that the extension of the tender awarded to Siyangena was improper have been investigated, documents reviewed and meetings held with persons of interest which has led to PRASA reporting such unlawful conduct in terms of Section 34 of PRECCA. This report will be supplemented to the already existing criminal complaint under case number Brooklyn CAS 278/09/2015.

7.11.2 The tender award process and all subsequent transactions are being investigated further, in order to underpin the civil proceedings to set aside and review the tender award/s.

7.11.3 Siyangena is a supplier of PRASA engaged in PRASA's Integrated Security Access Management System ("ISAMS") project to secure and monitor access to rail stations. This initial appointment was at the time of the FIFA World Cup, for the Doornfontein and Nasrec stations and was later (irregularly) extended to other national sites.

7.11.4 Siyangena was then awarded a further contract in respect of a further rollout of the ISAMS project which commenced with an Expression of Interest in approximately June 2013. The tender award appears to have followed an irregular process, which culminated in an award to Siyangena after a tender that appears to have been intentionally crafted to favour one contractor and exclude other contractors.

7.11.5 Indeed, similar modus operandi appear to have been engaged in this process as was utilised in the Swifambo tender.

7.11.6 Siyangena's sole director, one Pragason Subba Reddy ("Reddy") is linked to one Mario Jose Andrade Ferreira ("Ferreira"). Ferreira is

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listed as a previous director of this entity who resigned in 2006, but still styles himself as the CEO.

7.11.7 Siyangena is a subsidiary of TMM Holdings (Pty) Ltd and ESS, entities linked to and/or controlled by Ferreira.

7.11.8 Ferreira has close links to Jan Adriaan van der Walt, an attorney who represents Ferreira in other matters. The affidavits in the High Court application to review and set aside the contracts details the manner in which Van Der Walt, through utilising special purpose companies purchased numerous expensive properties for the benefit of *inter alia* Montana and Luyando Gantsho. These investigations are ongoing.

7.12 SIYAYA AND THE S GROUP OF COMPANIES

7.12.1 Pursuant to a letter dated 26 February 2016 from 'DB International Gmbh' (hereafter referred to as "DBI") represented by Dieter Michell-Aull in his capacity of CEO International Markets and member of the Board of Managing Directors ("Michell-Aull") and Benoit Schmidt in his capacity of Executive Director Europe & Africa ("Schmidt") addressed to the PRASA CEO, Nathi Khena ("Khena") threatening "...liquidation proceedings against Siyaya Consulting Engineers (Pty) Ltd ("Siyaya") due to outstanding unpaid invoices to DBI...", the investigation team conducted background checks in respect of the following individuals and entities: -

7.12.1.1 Siyaya Consulting Engineers (Pty) Ltd;

7.12.1.2 Makhensa Risimati Solly Mabunda ("Mabunda"), previously identified as a close friend of Montana and the beneficiary of lucrative tenders through such relationship;

7.12.1.3 Siyaya Consulting Engineers (Pty) Ltd / Siyaya DB Engineers;

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7.12.1.4 DB Siyaya International (Pty) Ltd;

7.12.1.5 Siyaya Rail Infrastructure Solutions and Technology (Pty) Ltd;

7.12.1.6 Integrated Railway Measurement Systems (Pty) Ltd;

7.12.1.7 Nsovo Holdings (Pty) Ltd; and

7.12.1.8 Nsovo Solutions (Pty) Ltd (amongst others).

7.12.2 DB International has applied for the liquidation of Siyaya, who have in turn opposed same.

7.12.3 These and related entities were allegedly established to be the beneficiaries of lucrative PRASA tenders and to both conceal the involvement of Mabunda and facilitate payments to Montana in return for tender awards.

7.13 ROLE PLAYERS

7.13.1 Several nepotistic relationships have been identified, which may have given rise to fraudulent, corrupt or overly preferential business transactions with PRASA. These relationships are indicative of a business relationship between persons who held positions of power within PRASA and suppliers who have enjoyed lucrative tender awards from PRASA which requires scrutiny:

7.13.1.1 Montana is a close friend (and/or business partner) of Mabunda and such relationship commenced as far back as when they were both affiliated with the Department of Public Enterprises ("DPE").

7.13.1.2 Enquiries into Siyaya and S Group Holding Company (Pty) Limited reveal that Siyaya Infrastructure Solutions and Technology (Pty) Ltd with registration number 2009/012646/07

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("Siyaya") appears to be a subsidiary of S Group involved in railway engineering and technology solutions. In fact, the original payment for the tender documents for Swifambo was made by S-Group in the amount of R2 000 on 29 November 2011.

7.13.1.3 Mabunda also enjoys a business relationship with another director (and self-styled Chief Executive Officer) of Swifambo, Makhosini Thaniel Mashele in another entity described as Nophumile Business Enterprise cc.

7.13.1.4 Mr Auswell Mashaba, the Director of Swifambo has additional business interests which are being analysed.

7.13.1.5 Brenda Malongete, an attorney and erstwhile director of DM-5 Inc. and a consultant engaged by PRASA, who was instrumental in the negotiation and drafting of the Swifambo contracts.

7.13.2 Other relevant individuals to current investigations include:

7.13.2.1 Daniel Mtimkulu;

7.13.2.2 Mtimkulu's known associate, Nandisa Gschwari;

7.13.2.3 Josephat Phungula;

7.13.2.4 Chris Mbatha, the erstwhile CPO and current CIO;

7.13.2.5 Saki Zamxaka, who was residing in Montana's Parkwood property prior to the present large scale renovations;

7.13.2.6 Tumisang Kgaobesele, an alleged recipient of monies for training courses approved by Montana after he had resigned from PRASA's employ;

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7.13.2.7 Bonisa Ngcongca, an alleged recipient of monies approved by Montana whilst in PRASA's employ and who left PRASA shortly thereafter to assume a lecturing post at Fort Hare University;

7.13.2.8 Gert van der Merwe Attorneys Inc., the attorneys representing Siyangena and Protea Coin Security;

7.13.2.9 Manaswe Trip Kgagudi Attorneys;

7.13.2.10 Innocent Gwisai, a property owner linked to Mtimkulu;

7.13.2.11 Babalwa Dludlu, the director of Azon Rail; and

7.13.2.12 Others of relevance.

7.13.3 Gypsum Fertiliser Company (Pty) Ltd, who made a substantial offer of employment to Montana whilst he was in PRASA's employ.

7.13.4 Gypsum appears to be a validly registered company, but has no affiliated landline or facsimile telephone number. Despite listing its directors, the offer of employment lists no registration number or telephone numbers on its letterhead. It however appears that the registration number was nevertheless known to Montana, who curiously lists same in his counter-offer. The address listed for Gypsum appears to be a residential complex.

7.13.5 It seems improbable that a commercial enterprise willing to expend such large sums of money on an annual salary for its proposed Chief Executive Officer (in excess of R4, 500, 000.00 per annum) would not have suitable offices or appropriate telephone numbers. It is therefore likely that this offer is also fraudulent and its purpose must be more fully investigated.

7.13.6 Details of its directors have been verified:

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7.13.6.1 Stanley Bertram Clinton Wayland ("Wayland"), ID 480908 5607 083, was appointed on 11 January 2012. Wayland is recorded as being a director in a number of other entities. Wayland's residential and postal address reflect addresses in Singapore.

7.13.6.2 Wayland is recorded as the Managing Director & Group Consultant at Virtual Investment Group Ltd, which is also situated in Singapore, along with one Chokalingham Moodley ID 540209 5117 084 (also known as "Roy" Moodley).

7.13.6.3 Moodley ID 540209 5117 084 was appointed as a director of Gypsum on 25 May 2012. CIPC records reflect that Moodley holds an interest in a number of other entities. Moodley controls entities which supply PRASA, and another of the entities he controls, Royal Security CC[2] ("Royal Security"), is mentioned in the Public Protector's report as being implicated in transactions which involve alleged irregular expenditure, as well as in the criminal complaint laid by PRASA at Hillbrow under Case Number: 405 / 07 / 2015.

7.13.7 We have consolidated the links between other relevant entities which are being closely scrutinised and analysed from a procurement perspective, including:

7.13.7.1 Hail Way Trading (Pty) Ltd[3] is recorded on the PRASA database as having been a supplier for the period commencing July 2010 to June 2015 during which period PRASA is recorded as having paid this entity numerous payments in excess of R7,7 million.

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[2] **Royal Security CC** was registered at CIPC on 28 July 1987 with registration number **1987/017009/23.**

[3] **Hail Way Trading (Pty) Ltd** was registered at CIPC on 26 August 2011 with registration number 2011/107755/07

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Hail Way together with Goldex Investments / Goldex Engineering is linked to negotiations between Roy Moodley and PRASA.

7.13.7.2 Take Note Trading 368 CC is recorded on PRASA procurement system records as having been paid a total of R18 million such amount having been paid following the submission of invoices, all of which are reflected as being round amounts and multiples of R900, 000.00.

7.13.7.3 Harvdap Investment Solutions (Pty) Ltd[4] ("Harvdap") also submitted a bid for tender number HO/SCM/223/11/2011 and in spite of Harvdap offering a cheaper diesel locomotive, Swifambo were ultimately awarded the contract. Helen Katsouris was appointed as a director on 25 May 2012, together with Roy Moodley. Investigations reveal that Harvdap's registered address is 8 Lavin Road, Bedfordview, which appears to also be a residential address.

7.13.7.4 Based on the allegations set out in the above case, the SAPS team have issued subpoenas for financial information as a means to establish the flow of funds derived from the irregularly awarded tender(s) to Siyangena.

7.14 Other relevant entities, who appear to have been irregularly appointed and / or to have received favourable treatment at the hands of Chris Mbatha, who inter alia approved variations to their contracts favouring the supplier/s in question without appropriate justification include:

7.15 Gemini Moon Trading (Pty) Ltd / Kgomomorareng Travel (Pty) Ltd trading as XL Nexus Travel;

[4] **Harvdap Investment Solutions (Pty) Ltd** was registered at CIPC on 11 August 2011 under registration number 2011/102291/07. The current directors of Harvdap are recorded as being Wayland, Roy Moodley, Helen Katsouris and Ashraf Ally.

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7.16 Valucorp 408 cc trading as Sudesh Dayanand Forensic Consultants;

7.17 Resurgent Risk Managers (Pty) Ltd;

7.18 Africapacity an entity which has common links to other entities of interest that transacted with PRASA by virtue of their director's apparent relationship with Mtimkulu:

7.18.1 Rail-X;

7.18.2 Space Rail; and

7.18.3 Buzwe Capital Investments.

7.19 A criminal case relating to the submission of fraudulent qualifications by Phungula is being prepared inasmuch as he fraudulently misrepresented his qualifications to PRASA's detriment.

7.20 The forensic investigation team assisted in the review of a confinement process to appoint additional suppliers to "... improve after-hours reaction time for infrastructure repairs" (known as the "Infrastructure 2013 program"). This confinement was irregular for reasons which appear in this report; and the involvement of Maishe Bopape (Senior Manager Head Office Rail: Supply Chain Management) who failed to disclose an indirect relationship with a supplier, Mabule Rail and Infrastructure (Pty) Ltd, and did not recuse himself from the process is also set out in this report.

7.20.1 Additional research into Nandisa Milisa Consulting Services (Pty) Ltd whose sole director is reflected as Mtimkulu's girlfriend and known associate, Nandisa Gschwari, has been ongoing given that Nandisa Milisa Consulting Services (Pty) Ltd were included in the BEE suppliers supposedly appointed by PRASA as "confinements" under the program styled "Infrastructure 2013".

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7.20.2 Additional research into Azon Rail (Pty) Ltd ('Azon Rail'), registration number 2013/048205/07, whose sole director is reflected as Mtimkulu's known associate, one Babalwa Dludlu ("Dludlu") has been ongoing given that Azon Rail (Pty) Ltd were also included in the BEE suppliers supposedly appointed by PRASA as "confinements" under the program styled "Infrastructure 2013".

8 IT PROCUREMENT ANALYSIS

8.1 Summary count and status on the locating and extraction of relevant documents and emails using forensic best practices

For the past year we have been tasked to source, extract and an analyse data using forensic best practices from the PRASA network which includes various servers, computers and backup media. From the initial request for access to computers and media, it was clear the this would become a time intensive process. In the case of the email archives as example, we are still in the process of receiving email archives as they become available even though we have requested these archives months ago. This is allegedly due to system and IT staff over utilization.

8.2 Process followed for Email and server backups

After receiving the exchange tape backups, we start the process of unpacking and hashing the files. Typically, there are 6 sets of archives per date requested and this set would include around 60 million emails and attachments. From August last year we have requested 2 backup date sets which amount to 12 sets. We have received the last set on the 16th of August 2016. The processing and filtering this set is already underway and will be uploaded to Skynet within the next week. The same approach applies to other backups requested for the file server for example. On average it takes months for the IT team to handle a request made by us.

8.3 Person of Interest (POI) process

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8.3.1 To date we have imaged more than 100 computers of Persons of interest as defined by the client and the investigation team. This consists of making a formal request and then waiting between a month and two months for the person or persons to make their laptops available. Below are a few examples of the typical timeline for such a request –

8.3.1.1 Tumi Mohube – Computer Requests, 2/17/2016, Received, 3/06/2016

8.3.1.2 Boitumelo Kgosana – Computer Requests, 2/17/2016, 5/30/2016, 5/31/2016 Not received

8.3.1.3 Luyanda Gantsho – Computer Request , 11/19/2015, Received – 02/23/2016

8.3.2 After the forensic image has been done the following steps are taken:

8.3.2.1 The Image is copied to another drive to ensure another exact copy exists off site.

8.3.2.2 The working copy is then used to locate any email archives which is then mounted. Damaged email archives are also fixed manually and reimported for processing.

8.3.2.3 Deleted content is recovered in multiple phases. The first phase is basic filesystem recovery.

8.3.2.4 Each Windows computer typically contains Shadow Volumes. A shadow volume is a replica of the computer state including the data at a previous moment in time. After mounting the Shadow Volume, the mounted volume is basically the same as another computer and is subsequently processed in the same manner as

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another computer image. As each computer has between 7 and 15 shadow volumes, the amount of computer images being analysed is over **1000** and each of these have their own deleted space and deleted files that need to be recovered and fixed.

8.3.2.5 The shadow volume mounting and processing is happening in parallel and does require manual intervention as the forensic tools do not handle this in a manner which is efficient. It is still ongoing and as more data is extracted, it is added to the Skynet preprocessing system for filtering and processing.

8.3.2.6 Basic filtering and duplicate removal is done after which the data is imported in the Skynet. As further leads such as parties or email addresses are identified from the analysis or investigation process, files and documents from the Master pool is added for further analysis.

Description and source of electronic data	Item count
Selective mining and extraction from discovered servers	More than 200 servers.
Forensic imaging and detailed analysis underway on short listed computers and devices	Over 1000 computer images (Including shadow volumes) and other devices.
Email extraction from online servers	More than 150 million emails discovered so far and analysis is underway
Total current file analysis count as currently being analysed extracted from the computers as well as recovered form deleted fragments	Approximately 1.1 billion documents emails and other files under review

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Description and source of electronic data	Item count
Total file and email count which contain potential relevance to the Swifambo and siyangena contracts which are being reviewed	More than 50 million files and emails.
Digitised pages which have been scanned and being searched in conjunction with the electronic files	More than 230 000 pages
Total file and email count currently in Skynet filtered for relevance to the specific contracts under investigation	30 million emails and documents

In total, we are currently extracting, processing, filtering and reviewing **1.2 billion** electronic files and emails.

9 LEGAL ANALYSIS

Please have regard to the section headed Legal Analysis for a status update on all matters presently before the civil courts.

10 SWIFAMBO RAIL LEASING (PTY) LTD – CASE NO: 2015/42219

THE REVIEW APPLICATION

10.1 On 27 November 2015 PRASA launched an application ("the review application") in which it sought *inter alia* that the the decision of PRASA to both award and conclude a contract to Swifambo under tender number HO/SCM/223/11/2011 be reviewed and set aside.

10.2 On 20 January 2016 PRASA delivered its Rule 53 Record ("the Record") as prescribed by the Uniform Rules.

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10.3 On 6 June 2016 and after requesting a lengthy indulgence, Swifambo delivered its Answering affidavit in the review application.

10.4 On 26 August 2016 PRASA delivered its Replying Affidavit in which we have addressed:

10.4.1 each of the grounds on which Swifambo opposes the application in detail;

10.4.2 the negative inference to be drawn from Swifambo's use of Mr Massaro (a newly appointed director) to depose to the answering affidavit as opposed to one of its other directors, all of whom were intimately involved from the time of the tender onwards;

10.4.3 the reasonableness of the time taken to bring the review application bearing in mind Montana's failure to advise the Board or the Minister of the seriousness of the issues;

10.4.4 the contention that Swifambo is innocent by placing evidence before the court to prove that they are far from innocent. Further, we have provided evidence to show that the locomotives are not fit for purpose and neither are the hybrid locomotives.

10.5 Due to the content of the replying affidavit, Swifambo have already indicated that they intend delivering a further affidavit, to which PRASA will presumably need to reply. We shall engage with our opponents to determine the time periods in relation to the filing of further affidavits.

11 THE ACTION PROCEEDINGS

11.1 On 13 June 2016 PRASA instituted a claim against Swifambo in which it seeks payment from Swifambo in the amount of R2 650 208 400.35

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together with interest thereon at the prescribed rate of interest *a tempore morae.*

11.2 Swifambo have delivered their Plea in answer to PRASA's claim and since the pleadings have closed, PRASA will now apply for a trial date and commence discovery proceedings in the normal course in order to progress the matter to trial.

12 SIYANGENA TECHNOLOGIES (PTY) LTD – CASE NO: 7839/2016

THE REVIEW APPLICATION

12.1 On 2 February 2016 PRASA launched an application ("the review application") in which it sought *inter alia* the following relief:

12.1.1 that the decision made by Mr Lucky Tshepo Montana ("Mr Montana") to award a closed tender to Siyangena for the provision of integrated security management access system under tender number SG/GATES/003/2009 on or about 20 February 2011 be declared invalid, reviewed and set aside;

12.1.2 that the JBCC agreement purportedly concluded by Siyangena and Mr Montana purporting to act on behalf of PRASA on 31 March 2011 be declared unlawful, invalid and of no force and effect and is reviewed and set aside;

12.1.3 that the Request for Proposal *("RFP")* under tender number HO/FM-CRES/142/09/2013 issued by PRASA on or about 29 November 2013 and the subsequent award of that tender on or about 6 June 2014 to Siyangena be declared unlawful, invalid, of no force and effect, and are reviewed and set aside.

12.2 On 03 March 2016 Siyangena delivered its notice of intention to oppose.

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12.3 On 29 February 2016 PRASA delivered its Rule 53 Record ("the Record") as prescribed by the Uniform Rules.

12.4 On 12 May 2016 Siyangena delivered its Answering affidavit in the review application, and delivered its supplementary Answering Affidavit on 1 June 2016.

12.5 On 19 August 2016 we delivered the Replying Affidavit in which we have raised certain new facts relating to a property transaction involving Mr Luyanda Gantsho and Siyangena. The details of the transaction are briefly as follows:

12.5.1 During 2011, Mr Gantsho approached a certain Mr Craig Murphy ("Mr Murphy") regarding the purchase of a property in the Point precinct in Durban, Kwa-Zulu Natal. The property, situate at unit C7-10, The Sails, 14 Timeball Boulevard, Point Waterfront Precinct, Durban ("the unit"), was owned at that time by Mr Murphy's family trust being the Stafford Murphy Family Trust. The unit was on the market for the amount of R 2.8 million. The sale further included the sale of all furniture and fittings in the unit for the amount of R 250 000. The total value of the transaction was R3 050 000;

12.5.2 Mr Gantsho visited the unit several times after the initial approach. Furthermore, Mr Gantsho and Mr Murphy negotiated the terms of the sale and purchase of both the unit and the furniture and fittings;

12.5.3 When the negotiations had advanced to a stage where the agreement was to be reduced to writing, Mr Gantsho, for the first time, informed Mr Murphy that he was not in fact the purchaser of the property. Mr Gantsho advised Mr Murphy that a Mr Van der Walt would contact Mr Murphy to provide further details;

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12.5.4 Shortly thereafter Mr Murphy was contacted by Mr Van der Walt who advised that the purchaser was to be an entity called Grand Tower Trade and Invest 04 (Pty) Ltd ("Grand Tower"). Mr Van der Walt is the sole director and shareholder of Grand Tower.

12.5.5 Although the terms and conditions of the sale were negotiated with Mr Gantsho, the terms relating to the payment of the purchase price were negotiated and agreed with Mr Van der Walt in his capacity as a representative of Grand Tower;

12.5.6 Upon finalisation of the negotiations, Mr Murphy and Grand Tower concluded agreements for the sale and purchase of the unit and the furniture and fittings.

12.5.7 In a recorded interview, Mr Gantsho admitted that during 2011 he had various discussions regarding the unit with employees of Siyangena. These employees then told him that Siyangena would purchase the unit and hold it for him until such time that he could afford the purchase price.

12.6 We anticipate that since the above information constitutes new matter in reply, Siyangena will seek leave to file an affidavit in response to the allegations above.

12.7 The investigations also revealed further information regarding the property transactions involving Mr Montana. This information has also been included in the reply. In short:

12.7.1 Although the property situate at 12 Montrose Road, Hurlingham ("the Hurlingham Property") was sold to Mr Montana, we have been able to ascertain that the deposit on the property, amounting to R2 million, was paid by Precise Trade and Invest;

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12.7.2 The property situated at 119 Empire Place, Sandhurst ("the Sandhurst Property") was sold to Precise Trade and Invest. However, despite this, the interest on the deposit paid by Precise Trade was paid to Mr Montana, upon Mr Montana's express instructions (which instructions were not disputed by Van der Walt, in his capacity as the sole director and shareholder of Precise Trade and Invest);

12.7.3 Furthermore, Precise Trade and Invest signed an offer to purchase the Sandhurst Property on 27 November 2014. This offer to purchase superseded a previous offer signed by Mr Montana in October 2014. In light of this, there would be no reason for the continued involvement of Mr Montana in the transaction as he no longer had an interest in the purchase of the property. Despite this, Mr Montana continued to play a pivotal role in the transaction. The investigations further revealed that Mr Montana may have paid the transfer costs in respect of the property.

12.8 As all necessary affidavits have now been filed, we are in the process of paginating and indexing the papers. Once the index has been filed, we will then have a period of 15 days to file the Heads of Argument. Once our Heads have been filed, Siyangena will have a period of 10 days in which to file its Heads. Thereafter we will be able to set the matter down for hearing. This presupposes that Siyangena does not deliver a further set of affidavits, to which PRASA would then need to reply.

THE APPLICATION TO COMPEL COMPLIANCE WITH THE RULE 35(12) NOTICE

12.9 On or about 19 April 2016 Siyangena delivered a notice in terms of Rule 35(12) in which it sought certain documents referred to in the founding affidavit. Due to delays in obtaining the documentation requested from PRASA, we ultimately filed the response to the notice on 15 June 2016. By this time, Siyangena had already launched an application to compel compliance with the notice. The application was initially set down for

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hearing on 6 July 2016. After we provided the documents sought, the application was removed from the roll. However, Siyangena has now re-enrolled the matter as it argues that the documents provided are not sufficient and do not comply with its request. In particular, Siyangena argues that the Chairman's report submitted to the Public Protector in response to her remedial actions set out in Derailed, is insufficient. Siyangena has also demanded that we provide it with proof that the report was indeed submitted to the Public Protector, even though this request was not included in the Rule 35(12) notice.

12.10 In light of this, we have now opposed the application to compel as we are of the view that it is vexatious and malicious. The application has been set down for hearing on Thursday, 8 September 2016.

THE URGENT APPLICATION AND THE ADDENDUM

12.11 On or about 17 May 2016 PRASA issued a notice of suspension to Siyangena in terms of which it instructed Siyangena to vacate all PRASA sites and suspend performance in terms of the contracts concluded between the parties pending the finalisation of the review application. In response to this, Siyangena launched an urgent application in which it sought an order interdicting PRASA from preventing it from performing in terms of the contracts. This application was heard on 27 May 2016 and Siyangena was granted the order it sought. We are still awaiting reasons from the judge for that order.

12.12 Siyangena was also awarded costs. Siyangena's bill of costs will be taxed on 27 September 2016. We have appointed a costs consultant who has opposed the bill.

12.13 In its replying affidavit in the urgent application, Siyangena, for the first time, introduced an addendum to the Phase 2 contract purportedly concluded on 19 September 2014 (signed by Montana and witnessed by Phungula and his PA) in terms of which the maintenance and warrantee

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obligations on equipment installed in phase 1 was extended for a further period of 5 years to July 2019 at a cost of R 794 634 605.60 ("the addendum").

12.14 In terms of the addendum, payments in terms of the addendum were to be made in several instalments (approximately R110 million quarterly in respect of the extension of the "guarantees" and approximately R9.9 million monthly for maintenance). Furthermore, there was to be an upfront lump sum payment of approximately R98 million for the upgrading of the equipment installed under Phase 1 (most of this was the upgrading of equipment from an analogue platform to digital). The first payment, in terms of the addendum, was due on 1 April 2016 and was for the amount of R250 035 065.04 (VAT inclusive).

12.15 We have perused all minutes of the Board from January 2014 to date and we have not been able to locate any signed submissions to the Board, or any approvals by the Board for the conclusion of the addendum. Furthermore, it would appear that the current PRASA management, as well as the project team, were not aware of the existence of the addendum and therefore the additional liability created therein.

12.16 On 3 June 2016 Siyangena then proceeded to issue a letter of demand based on the addendum for the amount R 261 377 779.50. Siyangena further threatened to launch proceedings for the recovery of the aforementioned amount, should PRASA fail to make payment. As at date hereof, no such proceedings have been instituted, but we suspect that they are imminent.

12.17 In addition to the above, on 3 June 2016 Siyangena also directed a letter of demand to PRASA in which it demanded payment of damages in the amount of approximately R25 million flowing from the suspension of works which was the subject of the urgent application. Siyangena has further threatened to demand payment directly from the Board. Despite the threats, no proceedings have yet been instituted on this basis.

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THE PAIA REQUEST

12.18 Siyangena has also made allegations to the effect that an instruction was given to SCM that PRASA will no longer award tenders to Siyangena. We have requested evidence supporting these allegations. Siyangena has however failed to provide us with this evidence. Instead, Siyangena has lodged a request for information in terms of PAIA in which it requested records relating to some 16 tenders apparently awarded by PRASA recently. This request was overbroad and after engaging with Siyangena's attorney, the request relates purely to providing the names of the alleged 16 tenderers. The request was lodged on 19 July 2016. In terms of PAIA, PRASA had a period of 30 days to respond to the request.

12.19 We are currently finalising the draft response to the PAIA request.

13 SIKHUMKANI JOSEPHAT PHUNGULA – CASE NO: 42951/15

THE ACTION PROCEEDINGS

13.1 On 4 December 2015 PRASA instituted a claim against Phungula for payment in the sum of R 4 490 747.82 together with interest thereon at the rate of 9% per annum a tempora morae from date of service of summons to date of payment.

13.2 The Action seeks to recover damages suffered by PRASA as a result of the fraudulent representations made by Phungula relating to his fraudulent qualifications.

13.3 On 26 February 2016 Phungula delivered a notice notifying PRASA of his intention to except to PRASA's claim on various technical grounds.

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13.4 PRASA responded by advising Phungula that his complaint was devoid of merit.

13.5 On 22 August 2016, Phungula's Exception was argued before court and was dismissed for being devoid of merit. Phungula has been ordered to pay PRASA's taxed costs, including the costs of senior and junior counsel.

14 MSHUSHISI DANIEL MTIMKULU – CASE NO: 42056/15

THE ACTION PROCEEDINGS

14.1 On 27 November 2015 PRASA instituted a claim against Mtimkulu for payment in the sum of R19 687 842.88 together with interest thereon at the rate of 9% per annum a tempora morae from date of service of summons to date of payment.

14.2 The Action seeks to recover damages suffered by PRASA as a result of the fraudulent representations made by Mtimkulu relating to his fraudulent qualifications.

14.3 The pleadings in the matter have since closed and both parties have made discovery.

14.4 PRASA will now apply for the allocation of a trial date.

15 MAZWE INVESTMENTS (PTY) LIMITED – CASE NO: 11937/2016

15.1 On 8 April 2016, PRASA issued a summons claiming payment of the amount of R28 978 342.38 from Mazwe Financial Services (Pty) Ltd ("Mazwe").

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15.2 Mazwe served its notice of intention to defend the action proceedings on 26 April 2016.

15.3 PRASA (as a tactical move) applied for summary judgment against Mazwe on 13 May 2016. Pursuant thereto, Mazwe delivered an affidavit setting out the basis of their defence.

15.4 Mazwe is due to file its plea on or before Wednesday, 6 September 2016 whereafter the matter will be progressed in terms of the rules of court to trial.

16 DISCIPLINARY MATTERS WHICH ARE BEING HANDLED BY THE WERKSMANS LABOUR DEPARTMENT

PRASA investigation: Sale of Jobs

16.1 We have concluded our investigation, and have made recommendations to PRASA that employees, who have not yet been disciplined, should be subjected to disciplinary action for their involvement in this matter.

16.2 We have also drafted the charge sheets and suspension letters in relation to these employees, and have already sent them to PRASA in order for them to trigger this process.

Maishe Bopape

16.3 A disciplinary hearing was held in relation to this employee. However, shortly prior to the conclusion of the disciplinary process, the employee resigned. The resignation by the employee disposed of the matter between the parties.

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Khululekile Mchuba

16.4 The matter is a pre-dismissal arbitration in terms of Section 188A of the Labour Relations Act. The matter has been postponed *sine die* so that the relevant person in PRASA can sign the charge sheet.

Fenton Gastin

16.5 The notice of motion and founding affidavit has been settled by Counsel in order to launch a High Court application to set aside the consultancy agreement entered into with Mr Gastin. Once PRASA has provided the quantum of the payments made to Mr Gastin, the application will be launched.

L.M

SOURCE	No. (sorted by value)	Supplier selected	COMPLETED	IN PROGRESS	IDENTIFIED/ INITIAL PHASE	STATUS DETAILS	GUESSTIMATED TIME TO COMPLETE	SECTION 34 ISSUED (PRECCA) **	Invoice value per SAP* (R's)
AGSA	1	Gibela Rail Transport - *closed by legal*	✓			Complete.	N/A - Complete	NO	5,700,599,747.00
Investigation findings	2	TRE (Transnet Rail Engineering)		✓		Forensic audit complete - handed over to investigative team.	6 months	NO	3,755,893,841.29
PP	3	Siyangena Technologies.		✓		In court and receiving necessary assistance from both forensic auditing and investigative team.	9 months	YES	2,926,572,453.60
AGSA	4	Swifambo Rail Leasing Proprietary Limited - JV		✓		In court and receiving necessary assistance from both forensic auditing and investigative team.	9 months	YES	2,650,207,950.35
Investigation findings	5	WICTRA		✓		Forensic audit complete - handed over to investigative team.	6 months	NO	1,935,192,933.85
Investigation findings	6	CTE		✓		Forensic audit complete - handed over to investigative team.	6 months	NO	1,098,155,426.44
PP	7	Siyaya DB Consulting Engineers			✓	Initial investigations undertaken by both forensic auditing and investigative team.	9 months	YES	912,004,795.25
Investigation findings	8	UCW (NOW OPICONSIVIA)		✓		Forensic audit complete - handed over to investigative team.	6 months	NO	617,667,834.57
Investigation findings	9	NALEDI		✓		Forensic audit complete - handed over to investigative team.	6 months	NO	568,599,675.79
Investigation findings	10	Rolling Stock Repair Services		✓		Forensic audit complete - handed over to investigative team.	6 months	NO	403,801,911.63
Investigation findings	11	SA Fence and Gate (Pty) Ltd			✓	Investigations undertaken by both forensic auditing and investigative team.	6 months	NO	319,070,710.24
Investigation findings	12	Gemini Moon Trading 7 (Pty) Ltd t/a XL Nexus Travel		✓		Investigations undertaken by both forensic auditing and investigative team.	3 months	NO	270,130,504.99
PP	13	Royal Security (R 2.5m per month)			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required - thus far a link to Roy Moodley has been established, which necessitates	3 months	YES	261,987,987.56
Investigation findings	14	Enza Construction			✓	Initial investigations undertaken by investigative team - forensic auditing team to assist where required - thus far a link to Siyangena has been established, which necessitates	6 months	NO	171,105,086.32
AGSA	15	Sechaba			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required.	3 months	YES	143,055,193.79
Confinements	16	Molemo			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	118,473,942.69
Investigation findings	17	Black Star Communications			✓	Initial investigations undertaken by both forensic auditing and investigative team.	3 months	NO	110,047,147.06
PP	18	Vimtsire Security Services Company			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required.	3 months	YES	106,341,093.30
Investigation findings	19	R1 Security Services			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required - thus far a link to Roy Moodley has been established, which necessitates	6 months	NO	103,631,075.76
Confinements	20	Isphikilele Senyoni Manufacturing		✓		Investigations currently being undertaken by forensic auditing.	3 months	YES	96,270,129.58
AGSA	21	Intense Protection and Tourist Services CC			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required.	3 months	NO	81,601,395.49
Confinements	22	DCD Dorbyl			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	70,639,391.66

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SOURCE	No. (sorted by value)	Supplier selected	COMPLETED	IN PROGRESS	IDENTIFIED / INITIAL PHASE	STATUS DETAILS	GUESSTIMATED TIME TO COMPLETE	SECTION 34 ISSUED (PRECCA) **	Invoice value per SAP* (R's)
Confinements	23	Active Power (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	68,514,604.99
Confinements	24	David Sekgobela Rail Engineering Services (Pty)			✓	Initial investigations undertaken by both forensic auditing and investigative team - thus far a link to Mabule Rail has been established, which necessitates further investigation.	6 months	YES	68,059,585.64
Confinements	25	Bakara Engineering		✓		Forms part of irregular confinements - intial analysis is underway by forensic auditing.	4 months	YES	59,346,165.02
Confinements	26	Chanlou			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	59,179,903.37
AGSA	27	Baran Projects South Africa (Pty) Ltd (Baran Projects)	✓			Initial investigations undertaken by forensic auditing which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation	N/A - Complete	YES	57,200,000.00
Investigation findings	28	Marble Arch Trading cc			✓	Initial investigations undertaken by forensic auditing - handed over to investigative team.	6 months	NO	55,155,839.43
Confinements	29	Mizana Trading			✓	Initial investigations have been undertaken by investigative team - forensic auditing to commence their analysis.	4 months	YES	54,757,789.83
Investigation findings	30	Sebenza forwarding & Shipping			✓	Investigations undertaken by both forensic auditing and investigative team - direct link to Mr SN Buthelezi, erstwhile Chairman of PRASA.	6 months	YES	52,328,946.81
Investigation findings	31	Nondela Gedeza Investments	✓			Forensic audit complete - handed over to investigative team.	9 months	NO	46,973,276.02
Investigation findings	32	Vossioh South Africa (Pty) Ltd / Vossioh Klepe AG (Air			✓	Initial investigations undertaken by both forensic auditing and investigative team.	9 months	NO	46,077,195.00
Confinements	33	Wave Armature Winders (Pty) ltd			✓	Initial investigations undertaken by forensic auditing team.	6 months	YES	45,560,447.23
Confinements	34	Bhayi Khetya Trading (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	43,156,971.62
Confinements	35	Maziya (Pty) ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	41,896,485.51
Investigation findings	36	Siyahamba Engineering	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	41,270,141.82
Confinements	37	Genlex Agencies (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	39,053,713.38
Investigation findings	38	Valucorp 408 cc t/a Sudesh Dayanand Forensic		✓		Investigations undertaken by both forensic auditing and investigative team.	3 months	NO	37,928,792.00
AGSA	39	Illanga Security Providers (consolidated)			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required.	3 months	YES	37,356,347.40
Confinements	40	Y Rail (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	35,950,763.83
AGSA	41	Chakela Hotels	✓			Complete. Disciplinary action was to be taken against employee by PRASA Rail.	N/A - Complete	NO	35,707,962.94
Confinements	42	Nandisa Milisa Consulting Services		✓		Investigations undertaken by both forensic auditing and investigative team - a link has been established to Daniel Mtimkulu - necessitates further investigation.	3 months	YES	33,018,036.53
Confinements	43	Mabule Rail and Infrastructure (Pty) Ltd		✓		Investigations undertaken by both forensic auditing and investigative team - led to the resignation of Maishe Bopape and requires further investigation.	3 months	YES	31,411,470.42
Confinements	44	Magnalor (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	30,685,302.54

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SOURCE	No. (sorted by value)	Supplier selected	COMPLETED	IN PROGRESS	IDENTIFIED / INITIAL PHASE	STATUS DETAILS	GUESSTIMATED TIME TO COMPLETE	SECTION 34 ISSUED (PRECCA) **	Invoice value per SAP* (R's)
Confinements	45	Langa Lebalele Trading CC			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	30,597,126.98
Confinements	46	Tunnel Engineering			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	30,274,414.83
Investigation findings	47	Andriapha Mbita Thakathi Transport Services	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	29,692,636.27
AGSA	48	Softinity Consulting (Pty) Ltd *closed by legal*	✓			Complete.	N/A - Complete	NO	27,419,978.82
Confinements	49	Dikiza Rail (Pty) ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	25,035,597.77
Investigation findings	50	Sincindi Projects			✓	Initial investigations undertaken by investigative team - forensic auditing team to assist where required - thus far a link to Lucky Montana has been established, which	6 months	YES	24,665,268.49
Confinements	51	Sibanye Trade & Services (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	23,700,093.34
Investigation findings	52	Resurgent Risk Managers (Pty) Ltd		✓		Investigations undertaken by both forensic auditing and investigative team.	3 months	NO	22,669,367.72
Confinements	53	Karabo-Nhlamolo Projects Cooperative Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	22,113,779.00
Confinements	54	Marutleng & Safety Environment			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	19,282,259.00
Investigation findings	55	Take Note Trading			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required - thus far a link to Harvdap Investment Solutions, Gypsum Fertilizer, Wayland,	3 months	NO	18,000,000.00
Confinements	56	Tecuvert			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	17,967,284.16
Confinements	57	Maredi Telecoms			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	15,124,488.84
AGSA	58	Motswako Office Solutions	✓			Initial investigations undertaken by forensic auditing which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation	N/A - Complete	YES	14,057,243.50
AGSA	59	KE Danieis	✓			Initial investigations undertaken by the investigative team which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further	N/A - Complete	YES	14,057,243.50
Confinements	60	MIG Trading			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	12,679,032.77
AGSA	61	Batalala Construction CC	✓			Complete. Disciplinary action taken against employee.	N/A - Complete	NO	12,571,845.66
Investigation findings	62	S R General Trading Cc	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	11,814,037.83
Confinements	63	Azon Rail (Pty) Ltd		✓		Investigations undertaken by both forensic auditing and investigative team.	3 months	YES	11,733,894.18
Investigation findings	64	Ikhayelihle Cleaning Services	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	11,675,306.00
Confinements	65	Mbokodo Rail			✓	Forms part of irregular confinements - an indirect relationship with a PRASA employee has been discovered which necessitates further investigation.	6 months	YES	10,919,604.36

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SOURCE	No. (sorted by value)	Supplier selected	COMPLETED	IN PROGRESS	IDENTIFIED / INITIAL PHASE	STATUS DETAILS	GUESSTIMATED TIME TO COMPLETE	SECTION 34 ISSUED (PRECCA) **	Invoice value per SAP* (R's)
Confinements	66	Hamisa Group (Bloemfontein)			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	9,209,563.14
Confinements	67	Conogan Engineering			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	9,137,614.09
Investigation findings	68	Vunani Capital		✓		Investigations undertaken by both forensic auditing and investigative team.	9 months	YES	8,946,150.00
Investigation findings	69	University Of Johannesburg National Youth	✓			Complete.	N/A - Complete	NO	8,314,058.42
Investigation findings	70	Hail Way Trading			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required - thus far a link to Roy Moodley has been established, which necessitates	6 months	NO	7,706,205.24
AGSA	71	Nambiti Technologies	✓			Initial investigations undertaken by forensic auditing which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation	N/A - Complete	YES	7,603,739.18
PP	72	Ndwandwe Consultants	✓			Initial investigations undertaken by forensic auditing which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation	N/A - Complete	YES	6,868,400.00
Investigation findings	73	Africapacity Electroweb (Pty) Ltd		✓		Investigations undertaken by both forensic auditing and investigative team.	3 months	NO	6,365,727.56
Confinements	74	All Rail Services / ARS Engineering Project (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	6,056,344.26
Confinements	75	In Motion (Swoosh) Rail Services			✓	Forms part of irregular confinements - an indirect relationship with a PRASA employee has been discovered which necessitates further investigation.	6 months	YES	5,938,297.90
Confinements	76	Machine Tool Promotions (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	5,600,536.02
Confinements	77	Tabular Track			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	NO	5,501,692.45
Confinements	78	Isongo Rail TSO (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	5,376,636.18
Investigation findings	79	BVI consulting	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	5,070,205.74
Investigation findings	80	Arlviakom	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	4,921,953.38
Investigation findings	81	Imure suppliers	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	4,921,305.54
Confinements	82	Mode Tech (Pty) ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	3,704,573.41
Investigation findings	83	Phaahlana-Mahlako Investments	✓			Complete.	N/A - Complete	NO	3,602,095.80
Confinements	84	Zwinada Rail Engineering			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	3,189,765.60
Confinements	85	Aqua Transport			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	2,523,134.36
Confinements	86	The Elliox group (Pty) Ltd			✓	Forms part of irregular confinements - an indirect relationship with a PRASA employee has been discovered which necessitates further investigation.	6 months	YES	2,372,182.44
Investigation findings	87	Black Hawk Business Solutions (Pty) Ltd		✓		Investigations undertaken by investigative team - forensic auditing team to assist where required.	3 months	NO	2,352,675.00

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SOURCE	No. (sorted by value)	Supplier selected	COMPLETED	IN PROGRESS	IDENTIFIED / INITIAL PHASE	STATUS DETAILS	GUESSTIMATED TIME TO COMPLETE	SECTION 34 ISSUED (PRECCA) **	Invoice value per SAP* (R's)
Confinements	88	Lungisa Switchgear & Transformers			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	2,242,062.65
Investigation findings	89	GOLDEX		✓		Forensic audit complete - handed over to investigative team.	6 months	YES	2,230,227.45
Investigation findings	90	21st Century Pay Solutions Group	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	2,148,107.50
Confinements	91	Star Choice			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	2,037,435.90
Confinements	92	Scope Engineering			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	1,906,680.29
Confinements	93	Women in Motion			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	1,872,573.70
Confinements	94	Rail Space (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities. Forensic auditing have uncovered a link	6 months	YES	1,787,402.77
Confinements	95	Molamu Mosotho Trading & Projects			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	1,496,591.20
Investigation findings	96	Black Business Council	✓			Complete.	N/A - Complete	NO	1,400,000.00
Confinements	97	MW Beyers (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	1,235,842.03
Confinements	98	Ralsibe Rail Engineering			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	999,965.59
Confinements	99	Ukhozi (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	915,391.40
AGSA	100	Izinkwazi Supplies CC	✓			Initial investigations undertaken by forensic auditing which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation	N/A - Complete	YES	911,693.41
Confinements	101	Jozi Rail (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	902,439.80
Confinements	102	Tantovox (Pty) Ltd T/A Asande Engineering Services			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	868,508.57
Investigation findings	103	Express Tools			✓	Initial investigations undertaken by investigative team - forensic auditing team to assist where required - thus far a link to NMC has been established, which necessitates further	3 months	YES	837,189.52
Investigation findings	104	Carbon Brush Technology			✓	Initial investigations undertaken by investigative team - forensic auditing team to assist where required - thus far a link to NMC has been established, which necessitates further	3 months	NO	819,833.40
Confinements	105	Ginger Ice (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	602,080.00
Confinements	106	Crisp Air (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	380,131.63
Investigation findings	107	Sort Me Out It Solutions	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	226,060.50
Confinements	108	Archway Projects			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	222,560.30
Investigation findings	109	Provantage Media Group			✓	Initial investigations undertaken by investigative team.	6 months	NO	209,760.00

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SOURCE	No. (sorted by value)	Supplier selected	COMPLETED	IN PROGRESS	IDENTIFIED / INITIAL PHASE	STATUS DETAILS	GUESSTIMATED TIME TO COMPLETE	SECTION 34 ISSUED (PRECCA) **	Invoice value per SAP* (R's)
Investigation findings	110	Berrybright Trade And Invest 1222	✓			Forensic audit complete - which culminated in this matter forming part of the Section 34 PRECCA Reports - will necessitate further investigation where necessary.	N/A - Complete	YES	192,750.00
Confinements	111	Hlamalane (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	133,609.36
Confinements	112	Pedal Trading			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	113	Rail X			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities. Forensic auditing have uncovered a link with Africapacity, which will be investigated further.	6 months	YES	No transactions identified on the SAP System
Confinements	114	4 Phase Rails Technik (pty) ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	115	Asithokozele Inkululeko			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	116	BG Locomotives			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	117	Big Eye Investments			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	118	Harrington & Mount (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	119	Idea Sciences			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	120	Imbongi (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	121	KAMO Rail (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities. Forensic auditing have uncovered a link with Mabule Rail, which will be investigated further.	6 months	YES	No transactions identified on the SAP System
Confinements	122	Lashka Railway			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	123	Lawrence Global Manufacturing			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	124	Mlamate Rail (Pty) ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	125	Mzumbe Rail			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System

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SOURCE	No. (sorted by value)	Supplier selected	COMPLETED	IN PROGRESS	IDENTIFIED // INITIAL PHASE	STATUS DETAILS	GUESSTIMATED TIME TO COMPLETE	SECTION 34 ISSUED (PRECCA) **	Invoice value per SAP* (R's)
Confinements	126	Rail 2 Rail			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	127	Ratsoga Logistics			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	128	S & N Project Management			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	129	Setibo Engineering (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	130	SIMS (Pty) Ltd (Stimela Infrastructure Managements Solutions)			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	131	Sinovuyo (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	132	Transport Workers Company			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	133	Vutha Rail			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	134	Wheel Tech			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	135	Wyko Industrial			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	136	Zephnat Trading & Projects (Pty) Ltd			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
Confinements	137	ZMK Consulting			✓	Forms part of irregular confinements - further investigations will be undertaken upon completion of the selected sample of 6 entities.	6 months	YES	No transactions identified on the SAP System
PP	138	Sidas Security Company			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required.	3 months	YES	No transactions identified on the SAP System
PP	139	Umjanji Consortium			✓	Initial investigations undertaken by investigative team - forensic auditing team to assist where required - thus far a link to Provantage has been established, which necessitates further investigation.	6 months	YES	No transactions identified on the SAP System
AGSA	140	Chuma			✓	Investigations undertaken by investigative team - forensic auditing team to assist where required.	3 months	YES	Chuma did not bill directly - Chuma billed as part of a consortium (uncorrected)
Investigation findings	141	Kgomomorareng Travel (Pty) Ltd [KMM]		✓		Investigations undertaken by both forensic auditing and investigative team.	3 months	NO	No transactions identified on the SAP

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SOURCE	No. (sorted by value)	Supplier selected	COMPLETED	IN PROGRESS	IDENTIFIED / INITIAL PHASE	STATUS DETAILS	GUESSTIMATED TIME TO COMPLETE	SECTION 34 ISSUED (PRECCA) **	Invoice value per SAP* (R's)
TOTAL									23,999,552,225.24

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Number	Purchasing	Vendor	Supplying Plant	ValidityPeriodstart	ValidityPeriodend	TargetValue	Investigating Firm	Herwath Review	Herwath Reference
2	4600004564	108789	A Nkambule & Associates	11-1-2012	3-31-2015	34,176,390.68	GOBODO FORENSIC	-	-
4	4600004788	108829	Absakali (PTY) LTD	2-1-2013	3-31-2015	73,957,212.74	TGR INCOPORATION	-	-
5	4600004534	108006	Absakali (Pty) Ltd.	2-1-2013	3-31-2015	20,000,000.00	TGR INCOPORATION	-	-
8	4600003510	107984	Absakali (Pty) Ltd.	10-24-2013	3-31-2015	28,373,990.00	TGR INCOPORATION	-	-
15	4600004565	101547	Absa	4-1-2013	3-31-2018	192,996,578.47	PWC	-	-
13	4600003628	108845	Active Power Projects (PTY) LTD	4-1-2015	4-9-2015	12,815,387.00	BOWMAN GILFILAN	Yes	178
14	4600003624	108845	Active Power Projects (PTY) LTD	11-13-2014	3-31-2015	11,897,955.42	BOWMAN GILFILAN	Yes	178
15	4600003631	108845	Active Power Projects (PTY) LTD	8-13-2015	8-24-2015	12,387,955.42	BOWMAN GILFILAN	Yes	178
7	4600004713	108736	Actom (PTY) ITD	10-1-2012	3-30-2015	24,187,630.35	TGR INCOPORATION	-	-
3	4600003594	108089	ADVANCE DETACHMENT SECURITY FORCE-	12-8-2013	6-30-2015	17,088,218.00	JGL FORENSIC SERVICE	-	-
4	4600004179	108634	Advanced Detachment Security force	4-1-2013	3-31-2015	31,761,302.88	JGL FORENSIC SERVICE	-	-
11	4600000683	100702	AFRI GUARD (PTY)ITD	3-1-2013	3-30-2015	152,098,909.00	STRATEGIC INVESTIGATORS	-	-
14	4600004588	109480	Akacia Radio Holdings (PTY LTD	5-5-2013	5-30-2016	24,418,730.89	PWC	-	-
20	4600008442	108595	Ampcor Khanyisa cc	9-16-2013	11-30-2014	12,980,128.37	PPM ATTORNEYS	-	-
19	4600008395	108595	Ampcor Khanyisa cc:	10-16-2013	12-31-2014	18,908,388.00	PPM ATTORNEYS	-	-
7	4600000488	108588	Archway Projects CC	3-5-2013	4-30-2014	15,545,000.00	SEKELAXABISO	-	-
1	4600008355	101549	ARCUS GIBB	8-1-2015	7-1-2016	28,495,083.00	SEKELAXABISO	-	-
2	4600004927	101549	ARCUS GIBB	8-8-2011	5-30-2019	72,865,148.00	SEKELAXABISO	-	-
3	4600003510	107521	BAMBANA MANAGEMENT SERVICES	10-9-2013	3-30-2015	15,565,775.00	JGL FORENSIC SERVICE	-	-
6	4600006024	110910	Baran Projects South Africa	3-10-2014	8-31-2015	91,000,000.00	PWC	Yes	2
4	4600003947	107189	BARKER STREET OFFICE FURNITURE	8-13-2013	9-30-2014	30,185,760.34	PPM ATTORNEYS	-	-
11	4600004575	107639	Bidcom Software (Pty) Ltd.	10-1-2012	9-30-2013	12,599,036.00	SEKELAXABISO	-	-
12	4600005824	107639	Bidcom Software (Pty) Ltd.	9-1-2012	2-28-2017	12,430,995.00	SEKELAXABISO	-	-
11	4600005870	107768	Black Star Communications	8-1-2014	8-31-2015	45,407,312.81	PWC	-	-
12	4600003496	107768	Black Star Communications	11-14-2012	9-30-2015	75,000,000.00	PWC	-	-
4	4600004511	107720	Blue Flame Advertising	10-1-2012	5-31-2013	20,395,002.88	STRATEGIC INVESTIGATORS	-	-
2	4600005644	108453	Bombardier Africa Alliance	3-25-2013	5-24-2019	135,165,291.80	DELOITTE & TOUCHE	-	-
5	4600000511	109447	Bosherd Construction (Pty) Ltd	10-10-2013	8-15-2015	23,005,034.00	JGL FORENSIC SERVICE	-	-
6	4600000515	109447	Bosherd Construction (Pty) Ltd	10-15-2012	3-31-2014	23,005,034.00	JGL FORENSIC SERVICE	-	-
7	4600003014	108739	Bosherd Construction (PTY) LTD	5-8-2013	4-8-2015	64,072,719.93	JGL FORENSIC SERVICE	-	-
10	4600000572	109393	Cambridge Food (Pty) Ltd	5-22-2014	12-31-2014	17,100,000.00	JGL FORENSIC SERVICE	-	-
9	4600000570	109393	Cambridge Food (Pty) Ltd	5-9-2014	6-30-2014	17,100,000.00	JGL FORENSIC SERVICE	-	-
16	4600000094	102917	CHANGING TIDES 208 (PTY) LTD.	8-1-2015	8-30-2019	162,244,430.00	STRATEGIC INVESTIGATORS	Yes	7
1	4600000552	106760	CHIBWE AFRITECTS SA (PTY) LTD	11-28-2012	12-31-2012	14,891,002.50	PPM ATTORNEYS	-	-
2	4600000551	107014	CHIBWE AFRITECTS SA (PTY) LTD	3-13-2013	12-30-2018	19,396,852.68	PPM ATTORNEYS	-	-
6	4600000616	102245	Chippa Investment Holdings cc	10-8-2014	8-31-2015	20,987,219.88	SEKELAXABISO	-	-
5	4600000319	102165	Chippa Protection Services	5-5-2012	9-30-2019	42,550,364.86	SEKELAXABISO	-	-
20	4600000881	111040	Conogen Trading CC	4-3-2014	3-31-2019	18,716,396.82	BOWMAN GILFILAN	Yes	127
10	4600004777	108718	Crane Registerd Quantity Surveyors	10-25-2012	3-31-2014	11,539,963.45	TGR INCOPORATION	-	-
2	4600004755	104226	CTE Investments	4-1-2014	3-31-2019	305,401,179.41	KPMG	Yes	116
3	4600004758	104226	CTE Investments	4-1-2014	3-31-2019	34,562,111.06	KPMG	Yes	116
4	4600004756	104226	CTE Investments	4-1-2014	3-31-2019	188,260,977.55	KPMG	Yes	116
5	4600004647	104226	CTE Investments	4-1-2013	3-31-2014	198,400,000.00	KPMG	Yes	116
12	4600004480,	101569	Detacentax (Pty) Ltd.	7-1-2013	3-30-2014	14,526,787.85	DELOITTE & TOUCHE	-	-
8	4600000589	105451	David Saigebein & Associates	12-23-2014	12-31-2018	14,898,499.62	BOWMAN GILFILAN	Yes	179
7	4600000802	110908	David Saigebein and Associate	5-1-2014	4-30-2018	90,000,000.00	BOWMAN GILFILAN	Yes	179
18	4600000661	108158	DCD Rolling Stock	4-1-2014	3-31-2019	13,914,157.65	KPMG	-	-
20	4600003908	101833	DCD-Dorbyl	8-1-2012	12-31-2014	14,328,587.60	GOBODO FORENSIC	Yes	128
20	4600000447	107025	DESTINY CUISINE (PTY) LTD	4-16-2013	10-30-2015	10,245,000.00	SEKELAXABISO	-	-
11	4600004756	108736	Development & Engineering	11-1-2012	3-30-2015	83,658,122.00	TGR INCOPORATION	-	-
13	4600000555	108542	DIESEL ELECTRIC SERVICES (PTY) LTD	2-20-2014	4-30-2015	15,094,142.46	JGL FORENSIC SERVICE	-	-
6	4600003601	110870	Dikita Computing CC	8-12-2014	8-31-2015	50,000,000.00	BOWMAN GILFILAN	Yes	170/141
14	4600006980	109971	Dike Van Der Merwe CC	2-13-2014	3-31-2016	10,181,737.81	FUNDUDZI	-	-
5	4600008953	107184	DRYDEN PROJECTS CC	11-22-2012	6-30-2015	11,403,311.35	PPM ATTORNEYS	-	-
6	4600008930	107014	DRYDEN PROJECTS CC	6-15-2015	3-31-2016	18,241,691.38	PPM ATTORNEYS	-	-

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5	4600003548	111630	Eleonti Preconsult GmbH	10-1-2014	10-1-2017	68,681,000.00	NEXUS FORENSIC SERVICES	Yes	12
17	4600000094	100528	Enlightened Security	9-1-2015	9-30-2015	262,696,348.40	STRATEGIC INVESTIGATORS	Yes	37
13	4600004333	111196	Enterprise Technology Solutions	6-1-2014	5-31-2017	15,611,428.00	DELOITTE & TOUCHE	-	-
14	4600000482	108581	ENZA CONSTRUCTION	7-22-2013	9-30-2015	142,666,034.82	GOBODO FORENSIC	-	-
17	4600000601	108581	ENZA CONSTRUCTION	6-12-2014	8-31-2017	78,247,280.00	GOBODO FORENSIC	-	-
15	4600004655	108344	Enza Construction (PTY) LTD	4-1-2013	3-31-2014	15,700,000.00	GOBODO FORENSIC	-	-
16	4600000621	111342	Enza Construction (Pty) Ltd	11-6-2014	11-30-2015	97,845,146.83	GOBODO FORENSIC	-	-
1	4600003985	106494	ETS Emergency Training	9-1-2014	8-31-2017	15,155,046.52	DELOITTE & TOUCHE	-	-
5	4600000617	105330	Fantigua Trade 664 cc	12-4-2013	1-31-2014	18,969,783.09	DELOITTE & TOUCHE	-	-
6	4600000294	105310	Fantigua Trade 664 cc	12-4-2013	1-31-2014	29,502,691.21	DELOITTE & TOUCHE	-	-
13	4600004796	109914	Fastnova Electrics 1 CC	5-1-2013	10-30-2015	95,560,192.80	KPMG	-	-
1	4600003484	110918	Focus Project Management	4-3-2018	4-3-2020	98,785,648.50	NEXUS FORENSIC SERVICES	-	-
18	4600000337	102016	FUTURIS GUARDING SYSTEMS	9-1-2015	9-30-2015	1,857,920,582.00	STRATEGIC INVESTIGATORS	Yes	38
12	4600000692	108850	GABADE BUILDING AND PROJECTS CC	7-23-2015	11-30-2015	13,602,583.78	GOBODO FORENSIC	-	-
15	4600000681	103500	Genius Agencies (Pty) Ltd.	4-1-2014	3-31-2019	52,569,719.97	FUNDUDZI	Yes	123
10	4600005717	110295	Gibela RailTransport Consortium	5-1-2014	31-03-2034	5,699,959,067.00	PWC	Yes	14
3	4600000617	111226	Group Five Construction (Pty) Ltd	10-16-2014	6-19-2017	68,857,680.00	DELOITTE & TOUCHE	-	-
1	4600000549	108442	Growthpoint Properties Limited	1-24-2014	9-33-2014	104,000,000.00	JGL FORENSIC SERVICE	-	-
2	4600000549	109442	Growthpoint Properties Limited	1-24-2014	3-31-2014	121,000,000.00	JGL FORENSIC SERVICE	-	-
11	4600000548	108121	GVK-SIYAZAMA Building ContractCTOR-	1-27-2014	10-30-2015	51,924,700.00	JGL FORENSIC SERVICE	-	-
5	4600005629	108129	Hagas Infosystems	1-1-2013	7-31-2014	10,450,000.00	PWC	-	-
2	4600005007	101876	Half Way Trading (PTY) LTD	4-1-2014	3-31-2019	86,805,825.00	FUNDUDZI	-	-
5	4600000484	105067	Highpans Projects	4-17-2014	9-30-2014	14,281,681.00	STRATEGIC INVESTIGATORS	-	-
12	4600000393	101582	HLANGANANI PROTECTION	9-1-2015	9-30-2015	161,907,399.20	STRATEGIC INVESTIGATORS	-	-
16	4600003602	108455	Huawei Technologies Africa	3-1-2013	3-1-2016	48,507,918.89	PWC	-	-
19	4600004342	108455	Huawei Technologies Africa	3-1-2018	9-27-2018	250,000,000.00	PWC	-	-
12	4600004758	108801	Ilico Consulting	11-1-2012	3-31-2015	97,888,668.74	TGR INCOPORATION	Yes	83
[redacted]									
14	4600004760	101570	Internet Solutions (Pty) Ltd.	9-1-2013	6-30-2018	18,531,478.03	DELOITTE & TOUCHE	-	-
2	4600004317	107732	Inyani Civil Works	10-24-2012	10-31-2015	20,000,000.00	TGR INCOPORATION	-	-
3	4600003583	107732	Inyani Civil Works	10-24-2012	8-31-2013	82,640,138.00	TGR INCOPORATION	-	-
1	4600004767	108925	Inyani Civil Works and Plant Hire	10-24-2012	4-15-2014	55,142,082.20	TGR INCOPORATION	-	-
4	4600005091	109373	Inyatsi Construction SA	9-1-2013	12-30-2015	47,801,882.69	GOBODO FORENSIC	-	-
13	4600000894	112083	JM RETAIL (PTY) LTD	7-31-2015	3-31-2016	14,664,880.80	GOBODO FORENSIC	-	-
11	4600000331	106881	JJ Vacuum cc	7-23-2012	12-18-2012	300,000,000.00	BOWMAN GILFILAN	-	-
19	4600000294	105312	John on Thomas cc	1-21-2013	3-30-2013	15,871,150.52	GOBODO FORENSIC	-	-
18	4600005582	109556	Kame Business Enterprises Va	12-4-2013	6-30-2015	44,927,197.60	JGL FORENSIC SERVICE	Yes	148/182
10	4600003355	106032	KATANGA PROPERTY CARE (PTY) LTD	11-23-2012	12-31-2032	12,292,509.71	GOBODO FORENSIC	Yes	40
13	4600006896	101598	Khuthele Projects	8-25-2015	10-30-2015	27,884,400.00	SEKELAXABISO	-	-
14	4600005828	101598	Khuthele Projects	6-1-2012	5-30-2015	10,403,534.45	SEKELAXABISO	-	-
15	4600004857	101598	Khuthele Projects	11-1-2012	8-30-2015	85,419,456.97	SEKELAXABISO	-	-
7	4600006629	111292	Kingsway Civils (Pty) Ltd	12-1-2014	6-30-2015	10,093,654.07	GOBODO FORENSIC	-	-
9	4600006858	110909	Langa Lebalele Trading	5-1-2014	4-30-2018	50,000,000.00	BOWMAN GILFILAN	Yes	171
15	4600005982	109307	LDM Consulting (PTY) LTD	11-28-2013	8-28-2015	19,146,004.99	KPMG	-	-
14	4600004802	109307	LDM Consulting (PTY) LTD	6-7-2012	8-31-2014	93,015,330.07	KPMG	-	-
2	4600003488	106850	Lebepe Quantity Surveyors	6-4-2013	2014112136	24,772,440.78	STRATEGIC INVESTIGATORS	-	-
9	4600003344	111484	Ledwaba Mazwai Attorneys	6-30-2013	3-30-2016	12,540,000.00	KPMG	-	-
9	4600003230	100841	LEHMANS RAIL SERVIC	9-4-2013	10-30-2013	16,296,978.12	STRATEGIC INVESTIGATORS	-	-
3	4600003465	105311	Leonag General Road Maintenance cc	2-10-2014	4-30-2014	17,483,917.00	NEXUS FORENSIC SERVICES	-	-
4	4600003294	105311	Leonag General Road Maintenance cc	4-22-2014	4-29-2014	10,380,468.54	NEXUS FORENSIC SERVICES	-	-
20	4600005489	109748	Leonat Plant Hire	10-22-2013	8-31-2014	22,298,471.48	SEKELAXABISO	-	-
1	4600004514	108633	Ilanga Security Services	4-1-2013	8-31-2015	20,834,719.80	PWC	-	-
17	4600006820	108821	Lolwe Integrated Rail Solutions	5-31-2014	2-28-2015	24,856,273.10	FUNDUDZI	-	-
18	4600006339	108821	Lolwe Integrated Rail Solutions	2014-08-31	2018-08-30	49,309,203.99	FUNDUDZI	-	-
19	4600006965	108821	Lolwe Integrated Rail Solutions	2-2-2015	6-30-2018	102,544,993.44	FUNDUDZI	-	-
20	4600006676	108821	Lolwe Integrated Rail Solutions	9-4-2013	3-31-2015	113,601,998.64	FUNDUDZI	-	-
15	4600005265	104984	Lufthansa Consulting GmbH	9-30-2013	8-30-2014	15,000,000.00	DELOITTE & TOUCHE	-	-

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14	4600000512	107071	M AND F BUSINESS FURNITURE	10-11-2013	8-31-2014	22,131,689.06	JGL FORENSIC SERVICE	-	-
16	4600000698	111276	Mahuta Rail and Infrastructure	12-22-2014	3-31-2016	50,000,000.00	BOWMAN GILFILAN	Yes	150/166
19	4600000591	110808	Machine Tool Promotions CC	5-1-2014	3-31-2016	19,390,620.73	SEKELAXABISO	Yes	151
7	4600000858	106704	MAHLATSITUMELO COST CONSULTANTS	11-29-2012	12-31-2012	30,878,029.40	PPM ATTORNEYS	-	-
4	4600000450	107299	Marble Arch Trading cc	4-23-2013	10-30-2015	37,942,604.91	DELOITTE & TOUCHE	-	-
12	4600000617	105256	Maredi Telecom	10-16-2014	3-31-2016	15,585,716.57	BOWMAN GILFILAN	Yes	151
8	4600001989	107067	MBITA CONSULTING SERVICES CC	2-4-2013	12-31-2013	57,396,860.38	PPM ATTORNEYS	Yes	92
9	4600000450	106704	MBITA CONSULTING SERVICES CC	4-23-2013	9-30-2015	45,772,027.47	PPM ATTORNEYS	Yes	92
20	4600000247	103001	Mmushaia Investments cc	8-17-2012	9-30-2012	100,000,000.00	STRATEGIC INVESTIGATORS	-	-
10	4600000371	107189	MNUMYA Consulting Engineering	12-7-2012	3-31-2013	30,185,760.34	PPM ATTORNEYS	-	-
13	4600000797	108739	Mofeno Consulting Engineers	11-1-2011	4-1-2015	48,077,875.00	TGR INCOPORATION	Yes	190
11	4600000371	105987	MOSALA INVESTMENT T A MOSALA	2-12-2013	9-13-2014	20,987,251.80	PPM ATTORNEYS	-	-
13	4600000387	106212	MOSALA INVESTMENT T A MOSALA	8-21-2012	12-31-2012	11,796,384.00	PPM ATTORNEYS	-	-
12	4600000386	107021	MOSALA INVESTMENT T/A MOSALA	3-11-2013	12-31-2013	14,329,127.16	PPM ATTORNEYS	-	-
3	4600000344	107047	MOTHEO CONSTRUCTION GROUP (PTY) LTD	10-29-2012	3-38-2015	12,000,000.00	PPM ATTORNEYS	-	-
6	4600003942	111245	Motswako Office Solutions Pty Ltd	9-1-2014	8-31-2017	45,105,104.00	NEXUS FORENSIC SERVICES	Yes	23
9	4600004298	111845	Motswako Office Solutions Pty Ltd	9-1-2014	6-31-2017	29,064,855.15	NEXUS FORENSIC SERVICES	Yes	23
16	4600006868	109731	Mpfumelelo Business Enterprise	6-1-2015	1-31-2016	48,299,608.94	SEKELAXABISO	-	-
17	4600006964	109732	Mpfumelelo Business Enterprise	6-1-2015	1-31-2016	48,294,714.59	SEKELAXABISO	-	-
3	4600000316	107279	Mthuma Security Services	5-1-2012	8-31-2015	13,798,849.56	SEKELAXABISO	-	-
4	4600005717	109721	Mthuma Security Services	4-1-2013	6-31-2015	13,150,789.20	SEKELAXABISO	-	-
19	4600005814	110120	Mthya Dynamics (PTY) LTD	12-2-2013	9-30-2015	14,894,781.20	DELOITTE & TOUCHE	-	-
4	4600004868	102982	Naledi Rail Engineering - RS	4-1-2013	3-31-2014	108,800,000.00	BOWMAN GILFILAN	Yes	120
5	4600005978	102982	Naledi Rail Engineering - RS	4-1-2014	3-31-2019	191,795,353.30	BOWMAN GILFILAN	Yes	120
3	4600000594	100872	NALEDI RAIL ENGINEERING (PTY) LTD.	7-11-2012	1-31-2016	13,573,759.00	BOWMAN GILFILAN	Yes	120
10	4600000609	110604	Nandiza Mikro Consulting Serv	6-1-2014	3-31-2016	52,929,079.86	BOWMAN GILFILAN	Yes	96
4	4600006405	100995	NDWANDWE CONSULTANTS	1-13-2015	3-31-2017	11,614,200.00	PWC	Yes	42
1	4600000451	107972	Nondela Gedaze Investments	4-30-2013	6-30-2013	30,221,000.00	STRATEGIC INVESTIGATORS	Yes	135
3	4600003890	111440	Ntabelo Services	12-3-2014	10-15-2017	10,200,001.03	GOBODO FORENSIC	-	-
7	4600004964	104618	Opkonstvia Investment 256	4-1-2014	3-31-2019	67,000,000.00	KPMG	Yes	123
8	4600004649	104618	Opkonstvia Investment 256	4-1-2013	3-31-2014	298,400,000.00	KPMG	Yes	123
1	4600004712	109806	Obeo 4Phase JV (PTY) LTD	11-1-2013	8-30-2015	121,117,151.80	KPMG	Yes	97
6	4600000508	105781	OTIS (PROPRIETARY) LIMITED	10-7-2013	6-30-2015	11,613,878.21	STRATEGIC INVESTIGATORS	-	-
18	4600005004	111137	Ph u mi Trading CC	9-2-2014	8-8-2015	66,879,306.12	PWC	-	-
8	4600000560	105492	Plasser South Africa	11-20-2014	10-38-2015	26,831,691.38	SEKELAXABISO	-	-
9	4600000533	105440	Plasser South Africa	2-5-2015	10-31-2015	25,788,124.13	SEKELAXABISO	-	-
12	4600004512	107886	PMSA (Pty) Ltd.	10-15-2012	10-31-2016	20,877,200.00	DELOITTE & TOUCHE	-	-
13	4600004388	108001	Premier Saylna Africa	11-1-2012	11-30-2014	22,877,552.84	NEXUS FORENSIC SERVICES	-	-
7	4600005816	100995	Pricewaterhouse Coopers Inc.	6-10-2015	8-31-2015	12,684,284.00	DELOITTE & TOUCHE	-	-
8	4600004757	110198	Prodigy Business Services	4-1-2014	4-30-2015	28,300,000.00	TGR INCOPORATION	-	-
9	4600002666	104364	Prodigy Business Services	3-31-2014	3-31-2018	119,180,740.00	TGR INCOPORATION	-	-
7	4600000090	102712	Protea Coin Assets in Transit	7-13-2012	12-30-2012	156,722,400.00	STRATEGIC INVESTIGATORS	Yes	101
20	4600000387	107189	PSAROS COMMUNICATIONS CC	12-19-2012	8-31-2013	25,252,919.05	JGL FORENSIC SERVICE	-	-
10	4600000362	109076	Reoec Rail	11-30-2012	11-29-2014	10,597,145.00	KPMG	-	-
[redacted]									
9	4600004476	101691	Reutech Solutions (Pty) Ltd.	8-1-2012	10-31-2013	20,616,932.41	GOBODO FORENSIC	-	-
15	4600000573	110920	Risk Release (Pty) Ltd	5-23-2014	6-1-2015	15,245,357.04	JGL FORENSIC SERVICE	-	-
18	4600000035	102115	RI SECURITY SERVICES	9-1-2015	9-30-2015	161,726,768.50	STRATEGIC INVESTIGATORS	-	-
18	4600004856	101653	Rolling Stock Repair Services	4-1-2013	3-31-2014	50,200,000.00	KPMG	Yes	102
17	4600004651	101653	Rolling Stock Repair Services	4-1-2013	4-8-2015	80,200,000.00	KPMG	Yes	102/121
18	4600006287	101533	Rolling Stock Repair Services	4-1-2014	3-31-2019	184,000,874.05	KPMG	Yes	102/121
20	4600000935	102117	Royal Security cc	9-1-2015	9-30-2015	177,683,967.20	STRATEGIC INVESTIGATORS	Yes	44
16	4600000648	111228	S M Projects Management CC	2-8-2015	8-30-2016	22,800,000.00	BOWMAN GILFILAN	Yes	179
[redacted]									
3	4600004512	108680	Scheme Security Services	4-1-2013	8-31-2015	16,687,563.76	PWC	-	-

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16	4600000557	109295	SCHINDLER LIFTS (SA) (PTY) LTD	7-12-2013	5-31-2015	13,388,159.06	JGL FORENSIC SERVICE	-	-
19	4600000581	111559	Scope Engineering PTY LTD	4-1-2014	3-31-2015	20,100,000.00	BOWMAN GILFILLAN	Yes	155/133
2	4600005314	108417	Semele trading Enterprise CC	11-30-2013	11-30-2015	18,568,840.00	PWC	-	-
14	4600000398	108262	SHABANGU ARCHITECTS	1-28-2013	12-31-2013	12,282,909.71	PPM ATTORNEYS	-	-
17	4600000560	110059	Shanela Cleaning Solutions Pt	1-30-2014	2-10-2017	12,282,877.08	JGL FORENSIC SERVICE	Yes	105
7	4600005871	108306	Siemens (Pty) Ltd	10-15-2013	6-1-2018	2,710,500,000.00	PWC	Yes	46
8	4600005836	101639	Siemens Limited	2-8-2012	4-30-2017	600,000,000.00	PWC	Yes	46
18	4600002605	105389	Silver Charm Investments 45 (Pty)	8-29-2014	8-30-2015	14,692,992.47	JGL FORENSIC SERVICE	-	-
15	4600000339	101829	SINCLOBILE SECURITY SERVICES	8-1-2015	9-30-2015	163,068,909.80	STRATEGIC INVESTIGATORS	-	-
15	4600000403	108572	SIYAVUNA TRADING CC	2-18-2013	9-30-2015	45,600,000.00	PPM ATTORNEYS	-	-
16	4600000406	107067	SIYAVUNA TRADING CC	2-19-2013	7-30-2015	20,869,845.59	PPM ATTORNEYS	-	-
17	4600000415	108254	SIYAVUNA TRADING CC	2-27-2013	11-30-2014	11,297,928.90	PPM ATTORNEYS	-	-
10	4600004713	109806	Siyaya Rail Infrastructure Solution	1-8-2014	4-2-2015	69,985,038.00	TGR INCOPORATION	Yes	48
15	4600005673	110519	Siyaya Rail Infrastructure Solution	1-8-2014	8-31-2017	40,000,000.00	TGR INCOPORATION	Yes	48
17	4600005187	105495	Steve Africa IT Group	9-1-2014	8-31-2017	15,155,048.52	DELOITTE & TOUCHE	-	-
7	4600005684	106944	Steve Ntsukuba Gobodo Inc	6-1-2013	8-31-2016	47,338,497.54	NEXUS FORENSIC SERVICES	-	-
8	4600005826	109782	Sobela Engineering (PTY) LTD	7-1-2014	6-30-2024	13,700,000.00	DELOITTE & TOUCHE	-	-
10	4600005493	108127	Softinity Consulting	3-31-2014	7-31-2018	14,400,000.00	DELOITTE & TOUCHE	Yes	28
19	4600004500	108127	Softinity Consulting	8-1-2015	7-31-2018	20,999,040.00	DELOITTE & TOUCHE	Yes	28
11	4600005689	111700	Sonoble IT (Pty) Ltd	7-7-2015	3-31-2019	22,893,972.37	GOBODO FORENSIC	-	-
2	4600004980	111842	Stanutil Steels (PTY) LTD	7-1-2015	10-31-2018	45,206,965.58	BOWMAN GILFILAN	-	-
1	4600005567	111842	Stanutil Steels (PTY) LTD	2-2-2015	6-30-2015	26,377,033.18	BOWMAN GILFILAN	-	-
8	4600000529	110818	Stavrob Investments (Pty) Ltd WIP	12-2-2014	11-30-2015	11,069,864.30	GOBODO FORENSIC	-	-
5	4600000628	109969	Supercare Services Group (Pty) Ltd	11-19-2014	6-30-2017	31,464,540.00	GOBODO FORENSIC	-	-
6	4600000602	109737	Supercare Services Group (Pty) Ltd	6-14-2014	8-31-2017	44,997,389.95	GOBODO FORENSIC	-	-
3	4600000402	108202	SUPERSECTA TRADING 209 CC	7-19-2013	6-30-2014	11,050,544.42	STRATEGIC INVESTIGATORS	-	-
12	4600004777	108868	Superway Construction (PTY) LTD	10-1-2012	5-31-2015	97,816,110.69	KPMG	-	-
18	4600004711	108868	Superway Construction (PTY) LTD	10-1-2012	4-4-2015	97,816,110.69	TGR INCOPORATION	-	-
9	4600004969	108454	Swiftambo Holdings (Pty) Ltd.	4-1-2013	3-31-2018	525,000,000.00	PWC	Yes	30
12	4600005827	101537	Systems Application Products	7-1-2013	12-31-2015	12,382,800.00	NEXUS FORENSIC SERVICES	-	-
10	4600003578	101537	Systems Application Products	9-31-2013	9-33-2013	35,481,384.54	NEXUS FORENSIC SERVICES	-	-
11	4600004296	101537	Systems Application Products	7-1-2013	9-33-2015	31,180,100.00	NEXUS FORENSIC SERVICES	-	-
20	4600004566	111775	Take Note Trading 369 CC	5-5-2015	8-31-2015	18,000,000.00	DELOITTE & TOUCHE	-	-
15	4600006165	108797	Tension Overhead Electrificatio	10-1-2012	11-30-2014	13,475,218.91	NEXUS FORENSIC SERVICES	-	-
17	4600006106	108797	Tension Overhead Electrificatio	6-17-2012	12-13-2014	13,432,588.84	NEXUS FORENSIC SERVICES	-	-
14	4600004872	101849	Tension Overhead Electrification	6-17-2012	12-13-2014	22,880,907.67	NEXUS FORENSIC SERVICES	-	-
16	4600005623	101849	Tension Overhead Electrification	10-1-2012	8-31-2014	12,548,597.20	NEXUS FORENSIC SERVICES	-	-
11	4600003065	109078	Thales South Africa System	7-27-2013	6-30-2019	1,864,771,532.08	DELOITTE & TOUCHE	-	-
3	4600005091	101929	Tra nsnet Ra il Engineering	4-1-2014	3-31-2019	61,854,000.00	FUNDUDZI	-	-
8	4600000291	102984	Transnet Rail.	5-7-2015	12-7-2015	93,998,999,999.00	STRATEGIC INVESTIGATORS	-	-
10	4600004896	101913	Transnet Ra il Engineering	4-1-2014	3-31-2019	104,786,045.98	FUNDUDZI	-	-
8	4600005972	103330	Transnet Ra il Engineering	4-1-2014	3-31-2019	198,156,362.62	FUNDUDZI	-	-
13	4600006984	101923	Transnet Ra il Engineering	4-1-2014	3-31-2019	102,720,000.00	FUNDUDZI	-	-
5	4600000381	107695	Transnet Rail Eng - Wheels	8-1-2012	1-31-2016	11,000,000.00	FUNDUDZI	-	-
11	4600004825	101653	Transnet Rail Engineering	9-19-2013	3-31-2015	75,185,280.00	FUNDUDZI	-	-
12	4600004648	101923	Transnet Rail Engineering	4-1-2013	3-31-2014	281,000,000.00	FUNDUDZI	-	-
16	4600005163	101653	Transnet Rail Engineering	9-19-2013	3-31-2015	75,185,280.00	FUNDUDZI	-	-
4	4600006545	103330	Transnet Rail Engineering	6-1-2014	3-31-2019	12,500,000.00	FUNDUDZI	-	-
6	4600000422	101589	Transnet Rail Engineering	7-11-2012	1-33-2016	37,000,000.00	FUNDUDZI	-	-
7	4600000556	101823	Transnet Rail Engineering	9-1-2012	1-33-2016	50,000,000.00	FUNDUDZI	-	-
1	4600000550	102736	Transnet RailEngineering	7-11-2012	1-33-2016	39,000,000.00	FUNDUDZI	-	-
9	4600006581	111218	Transnet Soc Ltd - Bloemfontein	4-1-2014	3-31-2019	11,400,000.00	FUNDUDZI	-	-
19	4600000547	109775	Trenchless Technologies	1-20-2014	7-31-2015	37,886,446.51	JGL FORENSIC SERVICE	-	-
11	4600003805	102739	Tshiveloso Business Engineering	9-3-2012	8-28-2013	47,425,295.61	KPMG	-	-
10	4600004767	102739	Tshiveloso Business Engineering	9-1-2012	2-28-2014	48,492,080.95	KPMG	-	-
1	4600000672	107894	Tswelokgotso Trading Enterprise	8-19-2015	8-24-2015	10,791,421.88	GOBODO FORENSIC	-	-
16	4600004725	108814	Tyre Corporation	5-2-2013	5-31-2015	21,884,261.00	GOBODO FORENSIC	-	-

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16	4600004280	107466	VHURU TRUCKING & TRANSPORT CC	9-20-2013	12-31-2013	10,326,040.93	PPM ATTORNEYS	-	-
17	4600006918	111196	Umbutho Civil and Electrical CC	11-13-2014	8-31-2015	13,061,932.33	PWC	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
19	4600000035	102125	VIMTSIRE SECURITY SERVICES	8-1-2015	9-30-2015	161,859,666.40	STRATEGIC INVESTIGATORS	Yes	50
18	4600005460	101924	Voestalpine VAE SA (Pty) Ltd.	2-8-2014	2-2-2017	15,689,964.40	SEKELAXABISO	-	-
6	4600004753	110132	Vossloh Klape Gas.m.b.h	6-27-2014	8-31-2014	46,677,195.00	KPMG	Yes	175
14	4600000033	101821	VUSA ISIZWE SECURITY SERVICES	9-1-2015	9-30-2015	164,605,697.20	STRATEGIC INVESTIGATORS	-	-
17	4600006144	102414	WICTRA HOLDI NGS (PTY) LTD.	4-1-2013	3-31-2014	153,200,000.00	TGR INCOPORATION	Yes	117
19	4600006339	102414	WICTRA HOLDI NGS (PTY) LTD.	4-1-2014	3-31-2019	123,264,000.00	TGR INCOPORATION	Yes	117
20	4600004755	102414	WICTRA HOLDINGS (PTY) ITD	4-1-2013	4-9-2015	153,200,000.00	TGR INCOPORATION	Yes	117
18	4600004675	108917	Wictra Holdings (PTY) LTD	4-1-2014	3-31-2019	77,404,480.75	TGR INCOPORATION	Yes	117
9	4600005825	108561	Worldwatch Trading 169	4-1-2013	8-31-2015	12,125,670.68	DELOITTE & TOUCHE	-	-
20	4600005804	108853	XON Systems (PTY) LTD	3-1-2012	3-31-2016	13,516,089.21	PWC	Yes	114
17	4600006839	111832	Y-Rail Trans Trading la	12-22-2014	3-31-2016	52,000,000.00	BOWMAN GILFILAN	Yes	161/199

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REPORT ON RECENT DEVELOPMENTS AT PRASA

1. Introduction

This report covers recent developments within the Passenger Rail Agency of South Africa (PRASA) following the decision of the PRASA Board to terminate the contract of employment of its Group Chief Executive Officer, TL Montana with effect from 15 July 2015.

The decision has plunged PRASA into a phase of unprecedented crisis and is fast eroding public confidence in the entity and the work it is doing for the country. The "big" question is how did PRASA get to this situation and what should be Government's response to the crisis engulfing one of its stable public entities over the past few years.

Government's immediate objective is to restore institutional stability whilst setting the entity on a sustainable path to deliver on its legal mandate and Government's socio-economic objectives. At the centre of this intervention would be Government's own assessment of the situation, the risks involved and whether it is able to restore the much-needed trust between the Minister of Transport, the Board of PRASA and the Group CEO.

This report seeks to present the factual situation, identify underlying causes of instability and the risks these pose to the modernization and railway infrastructure programme that PRASA has embarked upon since 2010.

2. PRASA: Background and Key Achievements

PRASA was established in March 2009 following a Cabinet decision of 1 December 2004 to consolidate passenger rail entities into a single passenger entity reporting to the Minister of Transport. This is part of Government strategy for the turnaround of commuter rail services, improve public transport for the citizens as well as transform the urban form inherited from our apartheid past.

Since its establishment in March 2009 and notwithstanding the huge operational and funding challenges it continue to face, PRASA has recorded significant gains in its short period of existence:

1. Stabilised commuter rail operations by focusing on improving the availability and reliability of infrastructure and the fleet so that Metrorail continues to deliver over 560 million improved passenger trips in the six Metropolitan areas of South Africa;

2. Successfully merged passenger rail entities (SARCC, Metrorail and Shosholoza Meyl), property management subsidiary (Intersite) and bus subsidiary (Autopax) to create a massive public entity, PRASA. This entailed the consolidation of systems, procedures, working conditions and benefits as well as the disparate organisational cultures of the different businesses;

3. Increased the value of assets from R8bn in 2007/08 FY to over R41 billion by 2014/15 FY, with 18 000 employees. This is massive capacity that could contribute to delivering Government's social and economic objectives;

4. Delivered on the country's mandate during the 2010 FIFA World Cup, with rail playing a key role by transporting over 1.4 million spectators to the games and transporting the FIFA Family in its new-generation buses;

5. Over 500 bursaries are awarded annually by PRASA and over a 1000 learnerships are involved at various levels of the organisation;

6. Initiated the Women in Rail (WIR) Programme as an integral part of Economic Transformation in the country;

7. Over R50 billion has been invested since 2008/09 to ensure that passenger rail infrastructure becomes world-class and improved to meet the travel expectations of the population;

8. PRASA started to unlock the value of its property assets and increase its revenue base by implementing its Real Estate Strategy over the past 3 years. The long-term goal is to increase revenues from the exploitation of assets and reduce the subsidy requirements from the national fiscus;

9. Completed the Bridge City Rail Link with a new Underground Station in Bridge City located in the INK area, North of Ethekwini. The investment in this major development was to the tune of R1.3bn.

10. Completed the doubling of rail tracks in Mamelodi and the construction of a new–generation commuter station to the tune of R500 million. This will reduce the travel time for rail commuters in this corridor and facilitate accessibility for the increasing human settlements in the East of Tshwane;

11. Over 300 stations built, refurbished or upgraded by PRASA since 2009;

12. Sustaining the existing rail engineering industry through its Accelerated Rolling Stock Investment Programme since 2006/07. PRASA has committed passenger coaches and locomotives for refurbishment, upgrade and Ad-hoc Repairs to the industry and sustaining companies and over 3000 direct jobs;

13. Re-Signalling of the Commuter Rail Network to the tune of R7billion, with the Gauteng Nerve Centre (GNC) located in Kaalfontein almost complete and being a model for traffic monitoring and management;

14. Acquisition of 70 new, modern locomotives for its long-distance train service, with 13 locomotives already delivered and another 7 expected by end of August 2015.

15. The most significant achievement for PRASA was the successful conclusion of its Rolling Stock Fleet Renewal Programme (RSFRP) where the entity will acquire 600 new, modern trains (3 600 rail vehicles or coaches) over a 10

year period and the Technical Support and Spare Supply Agreement (TSSSA) for the maintenance of the trains over an 18 year period.

16. PRASA, working together with the Department of Transport, the dti and National Treasury, managed the acquisition and procurement ina professional and efficient manner. This is more than a train acquisition programme but is also structured to revitalise the Rail Engineering Sector in South Africa through local manufacturing, achievable local content targets, employment creation and skills development.

It is important to note that the bedrock of PRASA success over the past few years has been the strategic coherence and unity of purpose between the Minister of Transport, the PRASA Board and Executive Management Team. Unfortunately, this seems to have been eroded with the appointment of the new Board in August 2014. Notwithstanding the existing weaknesses and challenges, and there are many, the lack of strategic convergence between the Board and Management seem to be the single most important factor that has contributed to the state of turmoil within PRASA. It is important to identify the key issues and challenges.

3. PRASA In Turmoil

PRASA is today facing a serious internal crisis. The organisation is at "war" with itself. The Executive Management team is divided and has lost focus on the key challenges and tasks of modernization. Most of the energies are focused on battles between the Board and Management, mistrust has taken root at strategic, operational and technical management levels, massive uncertainty among employees and their unions about the company and their own future.

The root cause of the crisis is the daily interference in operations by the Chairman of the Board and key members of the Board, consistent attempts at redirecting Company Strategy and Corporate Structure to suit personal agendas as well as conniving between key Directors and some members of EXCO. There are also serious Corporate Governance breaches with Board meetings being convened in an illegal manner, the Chairman sitting in meetings of the procurement sub-committee of the Board, Directors having meetings with suppliers and these elevated to the Board level and sensitive company information being shared with outside stakeholders and the media. These have caused serious damage and undermined what has been a stable organization.

The good relationship between the Board and Executive Management team has been at the centre of the stability and the many successes that PRASA recorded over the past few years. Today, however, the stability is fast disappearing and the ability of PRASA to deliver on its ambitious R173 billion ambitious modernization programme is at risk.

It is ten (10) months since the appointment of the new Board of PRASA. The record is not good. Key Directors have been extremely disruptive and seem to be engaged in an unlawful investigation against the previous Board and the Group CEO.

The current Board only see faults as a pretext to interfere in the day to day operations of the business. The tensions were heightened in January 2015 when attempts to suspend the Group CEO or forcing him to leave came to the fore.

Following consistent and desperate attempts over a period to suspend the Group CEO, the Group CEO finally wrote to the Board on 15 March 2015 indicating that he will step down at the end of his contract and that he could be released on 1 December 2015, four months before the end of his contract in March 2016. The Board started using the decision as a pretext to take over the running of the business, including imposing conditions that the Group CEO should not appoint Executives nor approve any significant procurement activities within PRASA.

The Group CEO wrote to the Minister and the Chairman in June 2015 indicating that following consultations with different stakeholders, he was available to serve PRASA beyond the end of his contract in March 2016. This seemed to have angered the Minister and Chairman of the Board, resulting in the decision of the Board of 15 July 2015 to terminate his contract in his absence and the acceptance by the Minister of the Board decision the next day without first talking to the Group CEO.

The Special Board meeting where the decision to terminate the contract of the Group CEO was taken (and previous other Board as well) meetings are not properly convened, and no proper notice period observed or supporting documentation presented. There was an attempt to "regularise" the meeting after it has started, which in itself was unlawful and irregular. The majority of Directors and the Group CEO came to the meeting not aware that the Chairman intended to table a motion aimed at terminating the contract of employment which happened after the Group CEO had left the meeting following a family bereavement.

The Group CEO had previously raised his concerns within the structures of the Board. He met the Chairman of the Board on 3 April 2015 in Knysna to discuss his concern. After almost 7 hours of discussion, the Chairman claimed ignorance about issues he was so deeply involved in. It confirmed that he was conniving against the Group CEO. The issues were also raised at the Special Board meeting of 8 April 2015.

The Group CEO also met the Minister of Transport on 7 May 2015 to raise his concerns about Board interference in operations, Directors engaging with PRASA suppliers and Corporate Governance Breaches. This was followed by another long meeting between the Minister of Transport, the Chairman of the Board and the Group CEO on 26 May 2015 where the issue of Board interference and other corporate governance breaches were discussed. However, it was evident that the Minister was not keen to intervene and find a solution to the problem, simply directing the Chairman and Group CEO should find a solution.

The Group CEO raised again the turmoil that was engulfing PRASA in his Management Report of 28 May 2015. The Board agreed to set a special meeting on 1 June 2015 to discuss the matters fully. The resolution of the Board of 1 June 2015 was that a detailed process be undertaken under the auspices of its Governance and Performance Committee and dedicate time to address the governance issues raised by the Group CEO.

However, there was never such a process initiated and the Chairman continued to search for a way to take over PRASA and dismiss the Group CEO.

4. The Root Cause of the Crisis

4.1. Mandate of the Board

The Minister of Transport appointed the new Board in August 2014. However, it immediately became clear that this Board was given a different mandate to previous Boards of PRASA. The tone and mandate was set by the Minister of Transport, Ms Dipuo Peters, MP at the Annual General Meeting (AGM) held in September 2015. The tone set by the Minister focused on PRASA failures and denied the massive achievements of PRASA. This was the context of the appointment of the new Board by the Minister of Transport and effectively "battle orders" issued for the new Board to take charge of PRASA. The letter of the Minister directed on the performance of PRASA to the Chairman of the Board on 08 January 2015 continued on the same trend that started at the Annual General Meeting. This was the official "declaration of war" by the Minister of Transport. There is nothing positive that the Group CEO and his Management team can deliver in the eyes of the Minister of Transport and the current Board.

A careful study of the contents of the Minister's letter suggest that the letter was not about quarterly performance but primarily about some executives that were dismissed from PRASA since 2009 and other issues. The Letter of the Minister became the basis for a consistent onslaught against the Group CEO and certain CEOs/Group Executives within PRASA. It was meant to be the basis of a planned suspension of the Group CEO at the beginning of the year. The Board was constituted specifically to execute this mandate.

In the first meeting of the Board wherein Board Committees were constituted, one of the Directors, unhappy with the Board Committee he was allocated, stated openly and without shame that some of them "have a specific mandate from the Shareholder". The audio recording of the meeting rather than the minutes will prove this beyond doubt.

It is also important to state that Minister Dipuo Peters, MP never supported PRASA during the period leading to Financial Close of the Rolling Stock Flew Renewal Programme (RSFRP). Infact, the Minister, who had been appointed to the position towards the conclusion of the RSFRP, had on two occasions in February and March 2014 in her Cape Town Offices and Umjantshi House, Braamfontein respectively, instructed the then Chairman, Mr Sfiso Buthelezi and the Group CEO to either delay or cancel the RSFRP.

The Chairman and Group CEO resisted this verbal and unlawful instruction and presented evidence from a legal opinion that showed that the cancellation of the transaction would be going against procurement law and that the winning bidder will take PRASA to court, with serious financial consequences for the State and PRASA itself. The Minister was further informed that any delay and/or cancellation will lead to the collapse of Metrorail within three (3) years since a 3rd of its fleet is due for retirement within 3 years. Furthermore, the Minister was also reminded that the signing of commercial terms in October 2014 was witnessed by the President of France and the President of South Africa, and any cancellation could be a major embarrassment for the President and South African Government. PRASA should make the legal opinion available to the Office of the Presidency as a matter of urgency.

4.2. Corporate Governance Breaches

The new PRASA Board, lead by Dr Popo Molefe as Chairman, was appointed with effect from 1 August 2014. Other than the Board Induction process held in August 2014, the Board was expected to have four scheduled meetings for the period November 2014 – July 2015:

The meetings were scheduled as follows:

- The November 2014 Board was to review the Strategic Direction of PRASA moving forward
- The February 2015 Board was to approve the Corporate Plan, Budget, Materiality and Significance Framework, Fraud Prevention Plan and the Delegation of Authority in terms of the requirements of the PFMA.
- The May 2015 Board was to Approval of Draft Annual Financial Statements and their submission to the Auditor-General of South Africa (AGSA) for auditing purposes.
- The July meeting of the Board is primarily aimed at approving the Audited Financial Statements of PRASA.

However, the Board of PRASA has met over12 times in ordinary and special board meetings that are convened at short notice by the Chairman of the Board. This excludes meetings of the various Board Committees, which the Chairman also attends if there are issues he wishes to pursue. The following were ordinary and special meetings recorded since the appointment of the Board of PRASA in August 2015:

- 28 August 2014 – Special Board
- 4 -5 September 2014 – Board Induction
- 10 October – Special Board
- 26 – 28 November 2014 – Board Strategy Session
- 23 December 2014 - Special Board
- 25 – 26 February 2015 – Strategy Session and Ordinary Board
- 28 March 2015 – Special Board
- 8 April 2015 - Special Board
- 28 May 2015 – Board Meeting
- 2 July 2015 - Special Board
- 15 July 2015

These are among a litany of corporate governance breaches that the Group CEO raised consistently but ignored by the Chairman and the Board. The Group CEO had raised his concerns in writing and met with the Chairman on 3 April 2015. These concerns were also raised with the Minister of Transport on 7 May 2015 and subsequently in a meeting with both the Minister of Transport and the Chairman on 27 May 2015. I will highlight some of the concerns raised:

- That the agenda of Board meetings are set without any consultation with the Group CEO.
- That the Directors regularly interfere in PRASA operations. This includes the Chairperson of the Audit and Risk Committee of the Board interfering with Management in the payment of suppliers and appointment of service providers to PRASA. One good example of such interference was the selection of Kwinana and Associates to work with PWC on the PRASA Asset Verification Project. The Chairperson of the Audit and Risk Committee not only irregularly identified Kwinana and Associates as partners to PWC but she got involved in determining the nature of the relationship between the parties. She insisted that the contract must state that Kwinana and Assopciates be paid directly by PRASA and not through PWC as the main contractor for the project.
- Other cases of Board interference in operational matters relates to the management, supervision and discipline of staff and executives within PRASA. The Chairman has become the "shopsteward" of executives who feed him with information and fight whenever they are disciplined. He recently fought for the reinstatement of executives that were suspended for serious cases of misconduct. For example, the Chairman wrote a letter to the attorneys of one of the suspended executives (Mr Cromet Molepo) trying to influence the outcome in his favour against the interests of PRASA. PRASA defended and won the right in court to subject him or any of its employees to a disciplinary process whenever there is misconduct.

- The most appalling is the attempts to re-instate the Group Executive: Legal, Risk and Compliance who demonstatred acts of insurdordination because of his relationship with the Board and who irregularly awarded R58 million to South African Fence and Gate, where the Chairman of the Board became a beneficiary and protected by the Minister of Transport. The Chairman had reinstated all of the suspended executives, halted their disciplinary cases and the one who irregularkly awared R58 million to SA fence and gate is expected to be appointed as the Acting Group CEO of PRASA wef 27 July 2015.
- That Board meetings are convened to take major decisions about the future of the business without consultation with the Group CEO. This under the pretext that these are In-Committee discussions and the Group CEO is never briefed of the contents and outcomes of In-Committee meetings after these had taken place.
- The Chairman and Board members engage directly with different PRASA suppliers, sometimes taking selected members of the Executive team into these meetings. The meeting of the Chairman and some Directors with the CEO of Gibela Rail Consortium is a case in point, engagement with Mazwe Financial Services, SA Fence and Gate as well as Webber Wentzel, the law firm that drafted the PRASA rolling stock contract. Infact, there is now a pattern that the interests of some of the companies are elevated to become agenda items of the Board.
- That the Board, on accepting the decision of the Group CEO to step down at the end of his contract, imposed "Conditions" that would have amounted to a "coup de tat" and them effectively running PRASA. The letter from the Board should be made available to the Office of the Presidency. The Conditions states that the Group CEO should not appoint any executives during this period and that he should not approve any significant tenders within the company. The truth is that the appointment of CEOs and Group CEOs are recommended to the Board by the Group CEO. There was never a period in where the Group CEO had appointed Executives without the approval of the PRASA Board. The PRASA Delegation of Authority also states that fact. The second condition was clearly aimed at allowing Board members to allocate tenders and take over the day to day operations of PRASA.

4.3. Modernization Readiness

4.3.1. Braamfontein Depot Modernization

In recent media statements by the Chairman of PRASA, he alleges that one of the major factors that lead to the Board to the decisions to terminate the contract of the Group CEO, was the irregular contract of R2.4 billion which the Board had to cancel. Infact, the Chairman is being disingenuous and misleading the country. The facts show that he is playing with fire and simply trying to portray the Group CEO as being involved in tender fraud. What are the facts?

Braamfontein Depot is one of the critical depots to be delivered by PRASA in line with the delivery of the first modern trains scheduled for delivery in 2016. It is key to the readiness of PRASA to receive new trains.

PRASA issued a tender to the market on 6 January 2014, which was followed by an optimised tender on 28 February 2014. The tender closed on 5 May 2014, and six (6) bidders submiited their bids. The Board delayed the process by over 6 months and finally cancelled the contract 0n the 8th of April 2015. The reasons are so spurious and infact the Board elevated non-material findings and administrative weaknesses identified by auditors in the procurement process into strategic issues as a justification for the cancellation of the tender. PRASA should provide the report of the auditors, the Memorandum of Advise(Legal Opinion given to the Bid Evaluation Committee) as well as the response to the auditors compiled on behalf of the PRASA Rolling Stock (RSFRP) team of Transaction Advisors compiled by the legal firm, Ledwaba Mazwa. These will prove beyond any doubt that the public statements by the Chairman and the Board are not only aimed at misleading the public but are malicious and defamatory.

There were indeed shortcomings and weaknesses identified by auditors in the procurement process. However, these do not amount to nor constitute tender fraud or corruption. Infact, a review of the procurement documents for the Braamfontein Depot Modernization demonstrates that the bidding process was substantially fair, transparent and competitive in line with the requirements of the Constitution, the PFMA and PPPFA. The Chairman is presenting this to the public as tender fraud on the part of the Group CEO, yet this was recommended to the Board in November 2014 by a Committee of the Board (Finance, Capital Investment and Procurement Committee of the Board) and dealt with in December 2014 - January 2015 during the leave of absence of the Group CEO.

The technical and financial evaluation of the bids show that Nthuthuko Joint Venture comprising of Aveng Grinaker LTA, Keren Kula and Uvuko Civils Maintenance and Construction won the bid and the award should have been made to them in November 2014. However, the Chairman and the Board searched for reasons to cancel and are today confirming tender fraud as the primary reason. The reasons advanced by the Chairman in his public engagement are different to those recorded by the Board in its decision to cancel the contract on 8th April 2015. If there was indeed tender fraud and corruption as alleged by PRASA, then this suggest that the Nthuthuko Joint Venture comprising of companies listed in the JSE are involved in paying bribes to win this tender. This is a matter that the Group CEO, in order to clear his name, will take to court, drawing the Nthuthuko Joint Venture into the fray. The Nthuthuko Joint Venture is likely to institute legal action and PRASA may be forced to pay over R2.4 billion to this winning bidder. This is the result of an irresponsible Board which in its desperation to get rid of the Group CEO, made interventions that are not in the interest of the company, including possible litigation and financial losses as well as compromising the PRASA readiness for the new trains scheduled for delivery from November 2015.

Therefore, the attempt to make the Braamfontein Depot tender as the root cause of the crisis that PRASA finds itself are simply baseless and misleading to the extreme. PRASA will pay the price for the unlawful and irresponsible actions of its Chairman and Board.

3.3.2. Allegation of Attacks on the Board

One of the reasons cited by the Chairman for the decision of the Board to terminate the contract of the Group CEO was that the latter attacked the Board in the media. The facts indicate that negative stories directed at the integrity of the Group CEO were planted in the media by faceless Directors of PRASA, especially the Chairman. The Group CEO had to defend himself against a vicious and orchestrated campaign by the Chairman and certain members of the Board. Most importantly, the Group CEO never said anything to the media that he has never raised with the Board or the Minister.

If indeed the Board had felt that there was misconduct on the part of the Group CEO, they should have put this in writing and given him the opportunity to respond to the charges. The rule of Audi Alteram Partem was ignored. On the one hand, the letter from the Chairman suggests that the Board felt the continued stay of the Group CEO was not in the best interest of the Board yet public utterances suggests that there were issues of misconduct that informed the Board's decision, including so-called attacks on the Board in the media and the "R2.4 billion tender fraud" which the Board had to cancel.

3.3.3.3 Public Protector Report

The Chairman has made other serious and libellous statements against the Group CEO. This includes the lie that the Group CEO was stepping down because he has found guilty of "massive corruption" by the Public Protector. It is impossible for the Public Protector to make any adverse findings against the Group CEO based on the allegations made by the former President of SATAWU, Ephraim Mphahlele. PRASA has presented volumes of evidence to demonstrate that the allegations were not only false and baseless, but also defamatory. We expect nothing less but for the Public Protector to dismiss most if not all the allegations. The Chairman has made himself the spokesperson of the Office of the Public Protector.

4. Contract of Employment of the Group CEO

The Group CEO took a decision in March 2015 to step down when it became evident that the Chairman of the Board and a number of Directors in the PRASA Board were driving an agenda to remove him from Office before the end of his contract. The February meeting of the Board was the last straw for the Group CEO when the Board desperately tried to change the Operating Model of PRASA, how key Roles and Functions were distributed and where key Financial Resources are to be allocated to support business strategy without the prior consultation with and/or notice to the Group CEO. This was an arbitrary act without any sound basis – no proper research and credible information to support its preferred line.

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However, the Group CEO had indicated in writing that If a new contract is offered him beyond the end of his contract, he will be willing to consider such an offer and serve the company. This is critical to consolidating the introduction of f the fleet renewal and infrastructure modernisation programme. However, this can unfortunately not happen under the current Board of Control.

5. Conclusion

The primary question to be answered is whether PRASA can afford to have both a new Board and a new Group CEO at this critical phase of its fleet renewal and modernization programmes. The current Board had demonstrated that it is not focused on the right thing, and therefore unable to act in the best interest of PRASA and the infrastructure programme under the auspices of the Presidential Infrastructure Coordinating Commission (PICC).

Report Compiled by Tshepo Lucky Montana

Date: 27 July 2015