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## **MEDIA STATEMENT**

### **FOR IMMEDIATE RELEASE**

**20 JUNE 2023**

### **SIU GRANTED ORDER TO FREEZE PENSION BENEFITS OF FORMER LEPELLE NORTHERN WATER OFFICIAL LINKED TO GIYANI WATER PROJECT**

The Special Investigating Unit (SIU) has obtained a preservation order to freeze pension benefits of Carel Schmahl, former General Manager Operations at Lepelle Northern Water (LNW), to the value of approximately R10.2 million.

SIU investigation had revealed that Schmahl had allegedly tempered with resolutions of a task team meeting and used cost estimates of another company to motivate for the appointment of LTE Consulting for a project to provide clean water to villages in Giyani, Limpopo Province, as an intervention by the Department Water and Sanitation.

LTE Consulting was appointed to build wastewater and water infrastructure to supply Giyani villages with clean water to the value of R90.9 million. However, the contract ballooned to R2.2 billion in 30 days without following supply chain processes governing public procurement.

On 9 June 2023, the Special Tribunal granted the SIU a preservation order to freeze pension benefits of Schmahl pending the finalisation of a civil action brought by the anti-corruption agency. The order interdicted and restrained Bidvest Umbrella Pension Fund, Bidvest Wealth & Employee Benefits (Pty) Ltd, and Alexander Forbes Financial Services (Pty) Ltd T/A Alexander Forbes Retirement Fund from paying out pension benefits due to Schmahl. Schmahl was dismissed in December 2022 by LNW, acting on a referral from the SIU, for his role in the appointment of LTE Consulting in the Giyani water project.

The SIU was authorised by Proclamation R22 of 2016 to investigate allegations of corruption and maladministration in the affairs of LNW in respect of the Mopani water and wastewater emergency intervention that included Giyani water and wastewater schemes.

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SIU investigations have revealed that Schmahl's conduct was inconsistent with the National Treasury practice note on supply chain management in that he did not perform his duties with integrity and was not fair and impartial. He allegedly used cost estimates of HWA Pty Ltd in support of his motivation for the appointment of LTE Consulting.

Furthermore, SIU investigation revealed that Schmahl allegedly committed gross dishonesty by misrepresenting resolutions of a task team appointed to advise the Department of Water and Sanitation on intervention, and his actions have resulted in financial losses by the State.

The SIU is empowered to institute civil action in the High Court or a Special Tribunal in its name, to correct any wrongdoing uncovered during its investigations caused by acts of corruption, fraud, or maladministration. In line with the Special Investigating Units and Special Tribunals Act 74 of 1996, the SIU refer any evidence pointing to criminal conduct to the National Prosecuting Authority (NPA) for further action.

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