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PPE CONTRACT FOR TAXI INDUSTRY DECLARED IRREGULAR AND UNLAWFUL, ECKO GREEN ORDERED TO PAY BACK R1.7 MILLION IN 30 DAYS

The Special Investigating Unit's (SIU) application to review and set aside a personal protective equipment (PPE) contract awarded by the National Department of Transport in April 2020 was successful.

On Wednesday, 25 October 2023, the Special Tribunal reviewed and set aside a PPE contract worth R 8 072 000.00, that was awarded by the transport department to Ecko Green Environmental Consulting (Pty) Ltd to supply the taxi industry with PPE during Covid-19 pandemic.

The Special Tribunal ruled that the procurement process that led to the awarding of the contract to Ecko Green is declared irregular and unlawful. Ecko Green was awarded a PPE contract despite not being on the department's supplier database and its name was given to the department by a senior SANTACO official. The company was ordered to pay the department R1 701 000 plus interest, within 30 days from the date of the order. This amount represents profit derived from the PPE contract.

The SIU welcomes the Special Tribunal judgment. The outcome of the review application is part of the implementation of the SIU's investigation outcomes and consequence management to correct wrongdoing and recover financial losses suffered by the State.

An investigation by the SIU revealed that Ecko Green was not registered on the government's Central Supplier Database (CSD) when it was awarded the contract. Ecko Green edited details of another company on CSD in April 2020 for the purpose of submitting bid documents to the department.

The SIU traced a payment of R220,000 made by Ecko Green from PPE contract to a company linked to the then Chief Executive Officer of SANTACO, Nkululeko Buthelezi. Buthelezi is the one who handed a list of suppliers to the transport department, which included Ecko Green. When questioned about the payment, Ecko Green director Sharon Bhimjee claimed that the funds were for "rendered advisory services" by Buthelezi and were not associated with the Ecko Green contract.

Judge Modiba rejected this explanation and stated: "This coincidence is far-fetched, particularly given that Mr Buthelezi is the one who provided the department with the list of companies to be invited to provide quotations for PPEs. That a company that is on the list of suppliers SANTACO provided to the department is awarded the tender and makes a payment to a company associated with Mr Buthelezi is a rather far-fetched version."

Furthermore, Judge Modiba stated that had Ecko Greens declared its relationship with Buthelezi and disclosed the conflict of interest to the department, Ecko Green would have been excluded from the bidding process. Ecko Green's failure to disclose Bhimjee's business associate's relationship with Buthelezi is grossly irregular, Judge Modiba found.

On another case in the same application to review and set aside a contract between C-Squared Consumer Connectedness Pty Limited and the transport department, the Special Tribunal dismissed the application. The SIU is studying this part of the judgment and will decide on the next step once the study is completed.

The SIU was, in terms of Proclamation R23 of 2020, directed by President Cyril Ramaphosa to investigate allegations of corruption, maladministration, malpractice and payments made by State institutions relating to PPE procurement together with the conduct of State employees.

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 both 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 refers any evidence pointing to criminal conduct it uncovers to the National Prosecuting Authority (NPA) for further action.

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