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**MEDIA STATEMENT
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SIU CLOSES CORRUPTION VALUE CHAIN: INVESTIGATES TRANSPORT FRAUD, RECOVERS R14.7 MILLION AND RETURNS FUNDS TO PROVINCES

The Special Investigating Unit (SIU) has successfully recovered and returned R14.7 million to six Provincial Departments of Transport in its efforts to restore accountability and protect public resources. These funds were irregularly diverted from the Nationwide Rolling Stock Fleet (NRSF) project, and their restitution forms part of a broader investigation under Proclamation R37 of 2017. This proclamation empowered the SIU to investigate serious maladministration and corruption within the transportation sector, with a focus on vehicle registration, driver licensing, and the eNaTIS system.

This restitution is part of a comprehensive program designed to enhance the value chain. It includes thorough investigations, cancellation of fake licenses, and referral of cases for disciplinary and criminal action. The SIU's approach shows how accountability works, starting with in-depth investigations that highlight weaknesses in the system.

The SIU investigated the diversion of project funds and identified irregular expenditures totalling R16.7 million. This led to the successful recovery of R14.7 million, which is now being returned to the departments, broken down as follows:

- Gauteng Transport - R4,710,561.37**
- Mpumalanga Transport-R9,549,640.38**
- Eastern Cape Transport -R306,000.00**
- KwaZulu-Natal Transport- R65,500.00**
- Free State Transport- R60,000.00**
- Limpopo Transport- R17,000.00**
- Totalling R14,708,701.75 returned to the respective departments.**

Of the R9.5 million recovered for the Mpumalanga Department of Transport, R6.9 million came from Optimum Coal Mine for outstanding motor licensing fees and penalties in respect of the trucks and smaller vehicles owned by Optimum for the period January 2018 to November 2022

In the investigation's first phase, the SIU uncovered extensive fraud and maladministration within Driving License Testing Centres (DLTCs) and the eNaTIS system. Critical systemic vulnerabilities included the conversion of foreign licenses using unverified documents, arising from a lack of integration between eNaTIS and the Department of Home Affairs, leading to the mass cancellation of licenses.

Additionally, a scheme was revealed in which officials manipulated eNaTIS to unjustly transfer outstanding fees and penalties to deceased individuals or unsuspecting citizens, enabling some vehicle owners, particularly those of heavy motor vehicles, to evade state debts. Systemic flaws in cash management were also identified, including absent daily reconciliations, misreported cash records, and unverified revenue statements, culminating in significant financial losses. Furthermore, corrupt intermediaries, often referred to as "runners" and "agents," took advantage of delays in processing to facilitate fraudulent activities for a fee, while the eNaTIS system itself lacked sufficient safeguards, allowing duplicates, altered weights, and manipulated vehicle statuses.

Following the investigative phase, the SIU activated its enforcement measures to hold offenders accountable. Administrative actions were taken to cancel 190 503 licenses linked to deceased individuals within the eNaTIS system, all of which have been verified as cancelled. Additionally, 73 disciplinary referrals were submitted to the Department of Transport for action against implicated officials, and the SIU made 78 criminal referrals to the National Prosecuting Authority (NPA) for the prosecution of both officials and private individuals involved in corrupt practices.

Beyond punitive measures, the SIU has also recommended substantial reforms to strengthen the systems and prevent future fraud. Key recommendations include linking the eNaTIS system directly to the Department of Home Affairs and the Companies and Intellectual Property Registration Office (CIPRO) database for real-time document verification.

Additionally, amendments to the National Road Traffic Act (NRTA) are suggested to clarify the responsibilities of company proxies and representatives, alongside the implementation of standard operating procedures and stricter financial controls across all DLTCs to mitigate revenue leakage.

Proclamation R37 of 2017 empowers the SIU to investigate serious maladministration and corruption within the transportation sector, focusing specifically on vehicle registration, driver licensing, and the eNaTIS system. The SIU's mandate encompasses a comprehensive value chain

that includes investigation, civil litigation, disciplinary and criminal referrals, systemic recommendations, and asset recovery, while restoring integrity and accountability within the system.

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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