



Ms Mendoe Ntswahlana
Chief Procurement Officer
Office of the Chief Procurement Officer
Email: CPO@treasury.gov.za
Cc: Lineo.Mohlabi@Treasury.gov.za

22 January 2023

Dear Ms Ntswahlana

RE: THE STATUS OF THE BLACKLISTING OF COMPANIES ASSOCIATED WITH THE PHASE ONE OF THE ROOIWAL WASTEWATER TREATMENT PLANT CONTRACT

1. Introduction

Corruption Watch (CW) is a registered non-profit company duly registered and incorporated in terms of the Companies Act 71 of 2008. It is an independent civil society organisation that works to advance principles of transparency, accountability, ethics, and integrity in an effort to build a society that is just, fair, and free from corruption. It is an accredited chapter of Transparency International.

2. Background: Rooiwal Waste Water Treatment Plant

2.1. It has been reported as follows:

2.1.1. On 05 August 2019, the City of Tshwane (“CoT”) engaged a contractor through a Joint Venture. The Joint Venture comprised of CMS Water Engineering (“CMS”), NJR Projects (“NJR”), and Blackhead Consulting (“Blackhead”). Controversial businessman Edwin Sodi is the director of Blackhead. One of the directors of CMS is the late Mr. R [Rudolf] Schoeman.

2.1.2. The joint venture was to undertake the implementation of phase 1 upgrades and refurbishments at the Rooiwal Wastewater Treatment Works plant.

- 2.1.3. It was agreed that the contract would span a three-year period and that it would be valued at R291.4 million;
- 2.1.4. The Rooiwal Wastewater Treatment Works Phase 1 project was discontinued at 68% completion on 30 July 2022.
- 2.1.5. This decision to discontinue the project was made due to the contractors' poor performance and inability to effectively carry out the assigned tasks. The contract was therefore terminated;
- 2.1.6. Despite the project being discontinued at 68% completion, the full extent of the contract value for phase 1 – being payment in the sum of R291.4 million - was paid to the contractor(s).
- 2.1.7. It has been reported that a City of Tshwane forensic investigation found that the tender had been awarded irregularly;

3. Reports and investigations

- 3.1. On 26 October 2021, the South African Human Rights Commission (“SAHRC”) released a [report](#) into the Sewage Pollution of the City of Tshwane’s Rivers and the Roodeplaat Dam. The SAHRC found that Tshwane’s freshwater sources are being polluted with untreated and partially treated sewage and sludge because the city has not maintained its wastewater treatment works;
- 3.2. In September 2023, the Special Investigating Unit was granted a [proclamation](#) (R138 of 2023) to conduct an investigation into CoT focusing on phase one of the Rooiwal Wastewater Treatment Works;
- 3.3. A Public Protector investigation was conducted into the allegation that there was undue delay and/or failure by the CoT to supply residents of Hammanskraal with clean water that is suitable for human consumption. The Public Protector released the investigation [report](#) on 31 October 2023 (see [media statement](#)) and found that this allegation **is substantiated**;
- 3.4. The findings include that *“On the strength of the evidence placed before the Public Protector it is apparent that residents of Hammanskraal are not receiving clean water*

that is suitable for human consumption due to a partially functional and/or dysfunctional state and condition of Rooiwal WWTW.”

3.5. In 2022, the CoT gave an instruction to serve Edwin Sodi with a notice of intent to blacklist his companies, NJR Projects and Blackhead Consulting.

3.6. The CoT initially failed to follow through with its own decision to issue a notice to blacklist NJR and Blackhead, along with their partner CMS after terminating the Rooiwaal wastewater treatment plant contract.

3.7. In June 2023 - when SowetanLIVE made [inquiries](#) about the steps taken after the Rooiwaal wastewater treatment plant contract was terminated - the CoT learned that the City Manager’s instruction to send a letter regarding blacklisting had not been acted on for eight months.

3.8. On 15 June 2023, Tshwane Mayor Cilliers Brink confirmed the notice of intention to blacklist had been sent to CMS, NJR and Blackhead. The entities had been given 14 days to respond.

4. Restricted supplier register

4.1. We note that as of the writing of this letter in January 2023 (seven months since the notice to blacklist was issued), these companies and their directors do not appear on the [restricted supplier register](#).

5. Clarity requested

5.1. We request clarity on the following:

5.1.1. Please confirm whether a letter from the City of Tshwane requesting that the Joint Venture companies CMS, NJR, and Blackhead and their directors be added to the restricted suppliers register has been received? If so, please confirm on which date the letter was received?

5.1.2. A status update on the where the process to add these companies and their directors to the restricted suppliers register is tracking;

- 5.1.3. If it has been decided not to restrict one or more of these companies and their directors from doing business with the state, please provide the reasons for this decision;
- 5.1.4. When is the process of adding these companies and directors to the restricted suppliers register expected to be completed by?
- 5.1.5. What are the repercussions, in reality, for companies and directors who are added on to the restricted suppliers register?

6. **Conclusion**

6.1. We request that you respond by **Wednesday, 31 January 2024**.

6.2. Please note that in the interests of transparency, we may publish this correspondence and any responses hereto.

Yours faithfully



Karam Singh
Executive Director