

Our Reference: Mr Johan Kruger Your Reference: 43/1/2/5/1
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BY E-MAIL

Attention: Mr. Vukani Ndaba

Department:

NATIONAL TREASURY

Republic of South Africa

Private Bag X115

Pretoria

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Dear Mr. Ndaba,

PRIVILEGED AND CONFIDENTIAL

INVESTIGATION INTO 20 SELECTED CONTRACTS (AS PER ANNEXURE C TO THE AGREEMENT BETWEEN NATIONAL TREASURY AND BOWMAN GILFILLAN DATED 10 FEBRUARY 2016) ABOVE R10 MILLION AWARDED BY PRASA FROM 2012 TO DATE – JJ VACUUM

1. Bowmans was mandated by National Treasury to investigate 20 PRASA contracts with a value exceeding R20m from 2012 to date.
2. This is our report pertaining to JJ Vacuum investigation.
3. Please do not hesitate to contact me should you require any further information.

Yours faithfully,

Bowman Gilfillan

per: Johan Kruger

Report
Department of National Treasury
PRASA JJ Vacuum
Account: 106881
Repair of water pumps

December 2016

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FINDINGS AND OPINION

Mandate

1. The Public Protector in her report on the Passenger Rail Agency of South Africa ("PRASA") investigation, directed the Office of the Chief Procurement Officer ("OCPO") to conduct forensic investigations in respect of all PRASA contracts above R10 million from 2012 to date.
2. Bowmans was mandated by National Treasury to investigate 20 PRASA contracts above R10 million, awarded by PRASA between 2012 to date.
3. National Treasury selected the 20 PRASA contracts to be investigated by Bowmans.

Summary of findings and opinion

JJ Vacuum project

4. Included in the 20 contracts investigated by Bowmans, was the JJ Vacuum C ("JJ Vacuum") project.
5. According to Annexure C to the agreement between National Treasury and Bowmans ("LIST OF PRASA CONTRACTS TO BE REVIEWED"), the JJ Vacuum project target value was stated as R300,000,300.
6. Bowmans requested the tender documentation and agreement for this project from PRASA. PRASA was however unable to provide the bid documentation or the agreement for investigation.

Interview with Mr Japie Erasmus (Former Manager of JJ Vacuum)

7. Bowmans interviewed Mr Japie Erasmus ("Mr Erasmus") on 6 December 2016. Mr Erasmus provided the following background and information on JJ Vacuum:
8. JJ Vacuum CC was a registered entity with registration number 2007/001120/23. Mr Erasmus' spouse, Ms Johanna Elizabeth Erasmus, with identity number 700328 0002 087, was the only member of the business.
9. JJ Vacuum was based at 66 Galloway Street, Meyerton.
10. JJ Vacuum's business profile on the website reflected the following information:

"JJ Vacuum CC was established in 2007 by Mr Japie Erasmus.

The company specialises in vacuum pumps among other things such as skip loaders, hook lifts, vacuum trucks waste bins, pump suppliers and gearbox recons.

Services and supply of all equipment, fitment of vacuum equipment onto trucks, repair of HP and UHP water jets, repairs to gearboxes, general maintenance, fabrication and machining.

JJ Vacuum CC is the foremost pump and other related service manufacturer and supplier in Gauteng".

11. During 2011/2012, JJ Vacuum responded to a bid advertised on the PRASA official website. PRASA required a company to assist with replacing of pumps, piping and electrical controls.
12. JJ Vacuum was successful in their bid and was awarded a contract of less than R300, 000.00 (Three Hundred Thousand Rand).
13. According to Mr Erasmus, JJ Vacuum assisted PRASA with the replacement of submersible water pumps, piping and electrical controls at the following Stations:
 - a. Park Station, Johannesburg;
 - b. Scheiding Station, Pretoria;
 - c. Cleveland Station; and
 - d. Denver Station.
14. JJ Vacuum invoiced PRASA for approximately R230,000.00 for the work performed at the four stations. PRASA paid JJ Vacuum several months after the invoices were initially submitted and the work was completed.
15. JJ Vacuum was liquidated on 21 November 2014 in the High Court of South Africa, Gauteng Local Division, Johannesburg, Case number: 2014/33937.

Conclusion

16. We were unable to conduct any further investigations into this contract due to the dearth of information and documentation. It appears anyway that the inclusion of this supplier on the list of investigations was a clerical error in view of the fact that the value of this contract was far less than R10m.