

Hawks set to resume probe of contract collusion

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The embattled construction industry faces even deeper trouble with the threat of criminal and civil charges over the fixing of contracts, particularly those for World Cup stadiums, in one of the worst episodes of private-sector corruption in SA.



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The industry has been taking strain because of the poor economic climate and now faces civil suits as companies claiming they suffered losses as a result of the collusion seek redress.

It has also emerged that the Hawks are set to resume their investigation of criminal charges in the collusive behaviour.

The Hawks announced in 2013 that they would probe criminal charges but this was put on hold while the Competition Commission finalised its investigation of various cases of collusion and anticompetitive behaviour. The commission has since sent its last case to the tribunal for prosecution.

A commission statement last year read: "The commission initiated investigations in the construction sector in 2009 after receiving evidence that collusion was pervasive ". Subsequently, the commission launched the construction fast-track settlement process in February 2011 to expedite the resolution of these cases given their magnitude.

"In 2013, the commission settled with 15 out of 18 firms that participated in and were found liable under the fast-track

settlement. The settlement agreements with the 15 firms were confirmed by the tribunal in July 2013, with a combined total of R1.4bn in administrative penalties levied against these firms."

Commission spokesman Itumaleng Lesofe confirmed they had agreed with the Hawks that the criminal investigation should wait until the commission had finished its own probes. Now that has been done, the space for the Hawks to resume their probe is there.

"Now that we are almost complete we will be back in touch with the Hawks," Lesofe said. Hawks spokesman Hangwani Mulaudzi confirmed this was the case.

Tribunal spokeswoman Chantelle Benjamin confirmed that about 10 entities had applied for, and been granted, certificates of decision which would allow them to take civil action against the collusive companies. This includes the Gauteng provincial government, Coega and Transnet.

It is estimated the collusive behaviour added about R14bn to the cost of constructing the 2010 World Cup stadiums - costs which were carried by the municipalities involved.

Group Five, WBHO, Basil Read and Stefanutti Stocks were not available for comment as construction companies are closed for the December holidays.

Source: Business Day

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