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Our Ref: CM/rs
Your ref: Adv GM Maxakato

4 March 2015

Public Protector South Africa
By email: Georgem@pprotect.org

Dear Sir,

COMPLAINT : S CHETTY / NMBM

The above matter refers.

Kindly find enclosed herewith a comprehensive report in relation to the Motherwell Thusong Centre from our Director: MURP.

Yours faithfully,



MR M MBAMBISA
CITY MANAGER



tel: +27(41) 505 4588 fax: +27 86 586 3982 cell: +27 82 725 0835

Deals with this matter:
Nkosana Dunjana
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PO Box 116, Port Elizabeth, 6000
Republic of South Africa
18 February 2015

The Senior Investigator
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PO Box 424
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Advocate GM Maxakato

MOTHERWELL THUSONG CENTRE – ALLEGED ILLEGAL APPOINTMENT OF AN ARCHITECT AND MISUSE OF FUNDS MEANT FOR PAYMENT OF THE WORK THAT METRO BUILDING AND CIVIL CONTRACTORS PERFORMED.

The complaint letter of MR S Chetty, Metro Building & Civil Contractors cc, has got reference. The letter is attached as **ANNEXURE A, page 1**, for ease of reference.

Attached, please find the following **ANNEXURES** in order to portray the facts of the issue:

- **ANNEXURE B** - The appointment letter of Raj Maharaj Associates as a service provider to design and supervise the construction and establishment of Motherwell Thusong Centre. **Page 4**
- **ANNEXURE C** - Consultant's Project Progress Report showing the Total Project Cost as R 38 527 070 and Estimated Prof Fees as R 7 705 414.00. **Page 7**
- **ANNEXURE D** - Report showing the construction amount as R 35 136 687.84, VAT inclusive. It would be R 30 821 656, VAT exclusive. **Page 8**
- **ANNEXURE E** - Extension of Terms of Reference of Raj Maharaj Architects to include that of an "Implementing Agent for the construction and final completion of the Building, Mechanical and Electrical Work" at a value of R 10 970 719.68, inclusive of VAT. **Page 10**
- **ANNEXURE F** - Appointment letter of Metro Building by Raj Maharaj. **Page 18**
- **ANNEXURE G** - Letter of Raj Maharaj terminating the services of Metro Building. **Page 20**

The following payments were made to the Consultants:

o Lead Consultant – Raj Maharaj	R 5 572 185.97
o Sub Consultant – KWMH QS	R 1 510 298.66
o Sub Consultant – MSBA Engineers	R 1 080 031.68
o Sub Consultant – MGP Consulting	R 98 090.00
o Sub Consultant – Carifro	R 171 400.65

Raj Maharaj was paid R 9 623 438.31, excluding VAT, in total after the successful completion construction of the building works in terms of the extension of his Terms of

Reference. Metro Building was contracted by Raj Maharaj. The actual contract between the two is not known to the municipality. MURP tried to intervene to solve the situation between Raj Maharaj and Metro Building, but Raj Maharaj cautioned MURP not to get involved as Metro Building was contracted by his firm.

Ho Hup construction was paid an amount of R 20 647 047.12, excluding VAT.

The issue of the R 6 000 000 payment was examined by the Municipal Public Accounts Committee in March and April 2012 and the matter was laid to rest.



Nkosana Dunjana
Director MURP