



## MPUMALANGA HEALTH DEPARTMENT SET TO UNRAVEL

The tangled web of nepotism and corruption woven between key current and former employees of the Mpumalanga Health Department and their Nelspruit business associates, families and lovers is set to unravel after a dramatic arrest by the Scorpions.

The arrest on 23 January this year follows a year of media exposés including gross tender manipulation, inflated claims, non-supply of equipment, financial mismanagement and an overall flagrant disregard for the health care needs of Mpumalanga's people.

Business tycoon, Percy Sibozza, Chairman of the regional National Africa Federated Chamber of Commerce (NAFCOC), was arrested at his plush business premises in Nelspruit. He is the brother-in-law of former provincial health department chief, Riema Charles, who was facing internal misconduct charges at the time of going to press.

Sibozza stands charged with three counts of tender fraud and one of contravening the Income Tax Act. Two detailed forensic reports name Sibozza and Charles as responsible for highly questionable or irregular expenditure totalling almost R50 million.



*The Mpumalanga legislature.*

Sibozza has two previous convictions (1987) of cheque fraud and theft committed against the former KaNgwane government and served 3 years in jail.

The forensic reports indicate that Charles routinely tampered with tenders to the benefit of companies linked to Sibozza.

Scorpions spokesman, Makhosini Nkosi, told the *SAMJ* that after spending the weekend in a Pretoria prison, Sibozza appeared briefly in the Pretoria Magistrate's Court on 26 January, when he was granted R40 000 bail. He did not plead and was warned to appear again on 1 March.

Nkosi said half a dozen further arrests were due 'within days' of the *SAMJ* going to press, prompting speculation that these would include prominent senior government and political figures.

The first arrest followed a headline-grabbing litany of official incompetence, dishonesty and unpredictability in the Mpumalanga Health Department and ministry last year.

First, the MEC for Health, Sibongile Manana, courted infamy with her dissident views on HIV/AIDS and major interference with her own AIDS staffers and NGO workers.

The Treatment Action Campaign (TAC) brought a legal action threatening her with contempt of court charges unless she complied with the High Court ruling ordering the incremental roll-out of niverapine.

National Health Minister Dr Manto

Tshabalala-Msimang added to the headlines by saying that if her provincial MEC was jailed for contempt of court, they would have to jail her as well. (Tshabalala-Msimang was cited as a co-respondent in the TAC papers.)

---

***Nkosi confirmed that Sibozza's arrest is linked to a food catering contract, a number of large equipment contracts, a third set of generator contracts and tax evasion totalling nearly R50 million.***

---

Then detailed probes of the Mpumalanga Health Department by Price, Waterhouse Cooper, commissioned by the Mpumalanga government after an exposé by the celebrated *Carte Blanche* television team, revealed fraud and misappropriation of around R50 million.

Nkosi confirmed that Sibozza's arrest is linked to a food catering contract, a number of large equipment contracts, a third set of generator contracts and tax evasion totalling nearly R50 million.

---

***Puzzled hospital administrators across the province found themselves saddled with inappropriate equipment that they had not ordered and without vitally needed equipment they had ordered.***

---

A provincial Auditor General's report showed that a R2.3 million catering contract for Philadelphia Hospital was awarded to Royal Food Services (RFS), a company which formed a joint venture partnership with Sibozza.

The report found that Riema Charles amended a hospital tender evaluation team report to favour RFS, which had no offices in Mpumalanga. RFS entered



a joint venture with Sibozza, using the services of a local company of which he is managing director, Ka Magobeni Holdings. Sibozza duly received a 35% 'profit dividend'.

***Another business partner of Sibozza's is Colin 'Paddy' Coleman, a former director of National Intelligence in Mpumalanga and the husband of the current MEC for health, Busi Coleman.***

It was unclear at the time of going to press whether Sibozza's directorships of seven companies (fraud convicts may not act as company directors) would result in charges.

The AG report also found that R13.7 million of mostly unnecessary medical equipment was purchased on Charles' instructions by an administrative staff member and girlfriend of Mr Tiny Jordaan, a local business partner of Sibozza's.

Jordaan, a lawyer and former acting head of the Mpumalanga Health Department, helped his girlfriend, the project coordinator Ms Rijki Arrenbrecht, choose the equipment from a catalogue after hours. Puzzled



*Nelspruit business tycoon Percy Sibozza.*

hospital administrators across the province found themselves saddled with inappropriate equipment that they had not ordered and without vitally needed equipment they had ordered.

The generator charges against Sibozza involve an allegedly 'padded' R13.7 million claim for the (non) supply of generators to provincial hospitals while the tax count is for allegedly filing zero income claims for the past 4 years.

Another business partner of Sibozza's is Colin 'Paddy' Coleman, a former director of National Intelligence in Mpumalanga and the husband of the current MEC for health, Busi Coleman.

Makhosini denied that the Scorpions' unusual step of moving Sibozza's hearing to Pretoria had anything to do with his powerful influence in political and business circles in his hometown. Cases are normally heard in the magisterial district in which the alleged offence/s occurred.

Makhosini said Pretoria had more regional courts than Nelspruit and would therefore be more able to handle the expected heavy caseload once all the arrests had been made.

Charles' conduct as health department chief at the time the offences and mismanagement was

described in the Price Waterhouse and Cooper report as 'cause for grave concern'.

'It displays a lack of inherent management skills and an inability to manage the department effectively. Her actions reflect little if no respect for regulations and policy. This (report) is a clear indictment on her

leadership abilities and management capacity.'

A forensic report by KPMG recommended possible criminal proceedings against Sibozza, Riena Charles and the province's chief financial officer, Richard Mnisi.

Charles was shifted from her post to become the deputy director in the Premier's office.

***A forensic report by KPMG recommended possible criminal proceedings against Sibozza, Riena Charles and the province's chief financial officer, Richard Mnisi.***

The Price Waterhouse Coopers report found there was also 'gross mismanagement' in the handling of HIV/AIDS funds with R1.1 million from the province's Home Based Care AIDS budget inappropriately spent on building a rural AIDS awareness education centre.

The money went via the Emasisweni 'Institute of Culture and Tradition' run by a local Chief Mnisi. Six workshops, costing R84 000 each, were held in the centre.

The chief's Royal Kraal also charged R30 000 for providing two nights' accommodation in the centre's huts where pupils slept on traditional grass mats. His wife charged R25 000 for catering at each workshop.

The forensic report also recommended disciplinary proceedings against Ms Arrenbrecht.

**Chris Bateman**

