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SEPTEMBER 26, 2018

The Secretariat
The Zondo Commission
By e-mail: inquiries@sastatecapture.org.za

Dear Sir/Madam

RE: PROVINCIAL CAPTURE ALLEGATIONS: FREE STATE PROVINCE

As South Africans we have been following your hearings with keen interest over the past few weeks.

We have also noted that in terms of Proclamation 3 of 2018 which established your Commission, that you are tasked in general “to investigate matters of public and national interest concerning allegations of state capture, corruption and fraud.”

In addition, paragraph 1.9 of the official terms of reference states that the Commission is also requested to investigate “the nature and extent of corruption, if any, in the awarding of contracts and tenders to companies, business entities and organizations by Government Departments, agencies and entities. In particular, whether any member of the National Executive (including the President), public official, functionary of any organ of state influenced the awarding of tenders to benefit themselves, their families or entities in which they hold a personal interest;”

In light hereof we deem it our duty to inform the Commission officially of the following allegations of wrongdoing in the Free State Province as envisaged by the terms of reference. Although these are by all means not all the allegations, they constitute in our opinion the most prominent:

1. The Vrede Dairy Project

The Vrede Dairy Project, which has been at the centre of controversy surrounding state capture in the Free State, was signed in the Office of the former Premier of the Free State Mr Ace Magashule in 2012. This

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project was implemented without following supply chain procedures, without a budget, without a feasibility study, and without the requirement of urgency to by-pass some of these requirements.

The Gupta-linked Estina Company was both a partner and the implementing agent which in itself is irregular, if not criminal. Estina misrepresented themselves by falsely claiming to have the backing of a prominent dairy company in India, namely Paras. Paras have themselves rejected this claim. The Director of Estina, Kamal Vasram, only had IT experience and no experience in dairy whatsoever.

Estina was meant to invest R228 million in the project, and the provincial government a further R342 million. It was highly irregular that Estina should then contractually receive a 49% share in the project for a 40% investment.

The contract was approved by the Office of Premier Ace Magashule. About R250 million was invested in this project. These funds were allegedly deposited directly into Estina's bank account by the provincial government for the purchasing of cattle and the construction of a dairy, processing plant, cow sheds, and other infrastructure.

Since the FDC (Free State Development Corporation) took over the project, it has been found that further investment of about R65 million will be required to complete the project. There are currently also about 500 cattle missing from the project.

The 80 beneficiaries whose names were produced after questions in the legislature by the DA to the MEC for Agriculture have subsequently been completely side-lined in this project. In fact an agricultural project has no reason to exist without beneficiaries, since farming is not a government mandate.

After investigations by both National Treasury and the Public Protector were initiated, the contract with Estina was terminated under MEC Qabathe with no penalty, accountability, or consequences for either the company or officials in government.

A National Treasury report that cost almost eight hundred and seventy thousand rand (R868 447, 33) that recommends disciplinary action against senior officials in government was ignored by the Premier and all MEC's of Agriculture (Zwane, Qabathe, and Khoabane). In fact even

after the national Department of Agriculture withdrew from the project due to maladministration and financial irregularities the Provincial Government continued to appropriate funds to this project.

Atul Gupta is alleged to have purchased a property in Vrede, De Oude Pastorie, using public funds for the use of the project co-ordinator, Chandrama Prasad, who was the former secretary to the Chief Minister of Uttar Province in India, the Gupta's home province. Prasad was implicated in a corruption case in India involving the recruitment of police officials. This property was not transferred to the FDC when Estina withdrew.

The Gupta's and the former MEC for Agriculture in the Free State also the former National Minister of Minerals and Energy, Mosebenzi Zwane, are known to have met at the Estina Vrede property.

The same Chief Minister Shivpal Singh Yadav, was involved in the illegal landing of a private plane at Waterkloof Airforce Base to attend the Gupta wedding at Sun City. Former MEC Zwane covered for Yadav by indicating that he was on an official visit to the Free State. This is the same MEC who oversaw the carefully crafted creation of the Vrede Dairy Project.

At least one directly linked Gupta company, Kinkway Consulting, was involved in the project. The directors of this company (Ashok Narayan and Ronica Govender) are also directors of JIC Mining and Sahara Systems.

Estina's Gauteng offices were housed in the same Grayston Ridge Office Park in Sandton that also houses a number of Gupta businesses, including Mabengela Investments, in which the sons of both President Jacob Zuma and Premier Ace Magashule are involved.

Given the above information, it was no coincidence that Mosebenzi Zwane was appointed as National Minister of Minerals and Energy at a time when the Gupta family were expanding their interests in mining in South Africa.

Further controversy includes a R30 million payment for the Gupta wedding at Sun City that has also recently been exposed.

2. Free State Government Communications Contracts

The Public Protector has indicated that she will be releasing a report this month on controversial Letlaka Communication contracts with the Office of the Premier. In 2010 Premier Magashule began a process of centralising departmental media buying in the Office of the Premier through illegal transversal contracts appointing his office as the implementing agent. The Office of the Premier then contracted Letlaka Media/Communications as a preferred supplier in an open ended contract on an “as and when needed” basis. The owner of Letlaka Media, Mr Tumi Ntsele, is a close political ally of Ace Magashule.

A National Treasury commissioned report found that the contracts between Letlaka Media and the Office of the Premier must be investigated by the SAPS. The report revealed various transgressions and deviations from the legislative framework. At the time, the current MEC for Finance Ms Elzabe Rockman who was the Director-General and the accounting officer for the Office of the Premier, as per the report was also implicated in the dodgy contracts. Instead of any action taken against Ms Elzabe Rockman, she was promoted to MEC for Finance.

The report reveals that Premier Ace Magashule attempted to centralise control over the provincial government’s advertising and printing needs within his office, effectively making him the implementing agent of all provincial departments. According to the National Treasury Report, this was in contravention of Regulation 16A6.5 and 16A6.6 governing transversal contracts. All Free State provincial departments who acceded to the appointment of the Office of the Premier as the implementing agent also effectively transgressed their own Supply Chain Management policies. The report recommends that the contracts between the Office of the Premier and Letlaka Media be cancelled, as well as the cancellation of the appointment of the Office of the Premier as the implementing agent since improper procurement processes were followed.

It was alleged by the former Free State MEC for Sport, Arts and Culture, Mr Dan Kgothule, that Letlaka Media and its owner Mr Tumi Ntsele attempted to bribe him with a 30% share of his company in return for placing advertisements in newspapers owned by Letlaka Media. It is

well known that Letlaka are closely linked (through mutual ownership) to The Weekly Newspaper.

Both the Weekly Newspaper and New Age have for many years received preferential treatment by the Free State Provincial Government in lucrative advertising contracts. In fact testimony at the Zondo Commission confirmed that the New Age had received R79,3 million from the Free State Provincial Government between 2011 and 2018, the most in the country. The bulk of which was paid by the Office of the Premier, R53 million, and the remaining amount from other provincial departments.

A Sowetan exposé indicated that Premier Magashule also awarded a lucrative R140 million website contract to businessman Tumi Ntsele (of Letlaka Communications) to build the most expensive website in the history of South Africa. The MEC for Finance Elsabe Rockman claims that this website cost R40 million which is still a large amount of money.

The channelling of millions of public funds into propaganda projects is bigger than just this website. Former Premier Magashule ran a campaign to buy media influence and enriching his comrades in business at the same time, even spending tens of millions of rands on Hlasela TV. This TV channel was awarded to the same person as the website tender, Mr Ntsele, a politically-connected businessman.

The Premier's Office has also rolled out further propaganda newspapers in the Free State using provincial and municipal funds.

The Free State Times that was very critical of Ace Magashule had all government advertising withheld from it. Businesses were also threatened with freezing of government business if they advertised in that paper. Subsequently the paper experienced financial difficulties and was then bought out by the government sponsored "The Weekly" (Letlaka) and subsequently closed down.

3. Sedgars/Sedtrade Contracts

While South Africa was caught up in the 2010 World Cup frenzy, Free State premier Ace Magashule was allegedly pulling the strings behind a multimillion-rand tender to provide soccer-related regalia. The R9.5-million tender was to supply 30,000 soccer T-shirts and 20,000 blankets. Seven years later a businessman at the centre of the deal has claimed

that his company was used as a front for an entity allegedly close to Magashule. Although the Premier has previously denied any direct role in the awarding of tenders, this case indicates how Magashule allegedly manoeuvres behind the scenes on contracts that end up being handed to his associates.¹

The financially beleaguered Free State Department of Health continues to suffer from acute medicine and staff shortages while medical facilities in the province are in a general state of decay. In the audit outcomes for the 2016/17 financial year, the department recorded irregular expenditure of more than R3,5 billion. The department faces malpractice litigation claims of more than R1,5 billion. The latest allocation of a R76,5 million tender to Sedtrade over 36 months for the delivery of medication from the Provincial Depot to various clinics and hospitals in the province is an example of how tenders are abused at the cost of service delivery. This same tender was previously valued at R36 million and was increased by an extravagant R40,5 million. Although the new specifications included bar coding and scanning equipment, the DA has determined from private sector distributors that this tender should not have exceeded about R44 million, including a substantial profit. This implies that this tender is overpriced by about R32 million.

Sedtrade already holds several lucrative provincial government contracts for the construction and maintenance of roads, housing developments, the supply of promotional materials, and will now supply medicine. It is astounding that a company which used to traditionally trade in clothing retail now enjoy such a diverse tender portfolio. Sedgars/Sedtrade who are clothing suppliers in Vanderbijlpark follow a similar pattern in the Free State as the Guptas nationally who started out with the supply of computers to government departments and schools, and later controlled President Jacob Zuma.

4. E'tsho Contracts

Similar to Sedtrade/Sedgars, a company called E'tsho have enjoyed a tenders relating to construction and recently even as the implementing agent allocated the management of the Vrede Dairy Project and

¹ *Mail and Guardian*, <http://amabhungane.co.za/article/2017-11-28-dodgy-world-cup-deal-comes-back-to-bite-free-state-premier-ace-magashule>

implementing various other agricultural projects. After the withdrawal of the Gupta-linked Estina, E'tsho have managed that project receiving a professional fees of one million rand per month to milk between 100 and 160 cows.

Sub-contractors owed money by E'tsho for their role in building a school indicated that the MEC for Public Works Dora Coetzee informed them that Sedtrade and E'tsho are in fact a consortium.

5. C-Squared

The company C-Squared has for more than a decade received lucrative provincial contracts and has a monopoly over events such as the SOPA and the Macufe Cultural Festival that have cost the provincial government tens of millions of rands.

Notwithstanding the few examples above among many others relating to provincial capture by certain companies, there are also many allegations of corrupt activities that require mentioning. Once again these are not limited to those mentioned below:

1. New Ramkraal Legislature Complex

The Old Ramkraal Prison in Bloemfontein was identified as the proposed site for the development of the new Free State Provincial Legislature Complex in 2009 while Mr Bernard Phitsane was Secretary of the Legislature.

The Free State Provincial Government initiated the project in 2010 and has spent approximately R120 million on demolition works and supposedly securing the site for further development. Seven years later the Ramkraal Prison, a provincial heritage site, is completely dilapidated through wilful neglect, looting and vandalism. The entire Ramkraal property is in disrepair, buildings stand roofless and evidence abound of the theft of electrical wiring and sandstone slabs. Nature has begun reclaiming this neglected site as trees are growing inside roofless buildings, damaging the foundations.

According to a written reply from the MEC for Public Works more than R26 million was spent on the first phase of this project which includes

demolition of some buildings and securing the site with a perimeter fence. The perimeter fence was never erected. The South African Heritage Council declared that the original Ramkraal buildings of cultural and architectural importance and that these must be protected and renovated in line with the applicable legislation. This was also not complied with.

The matter is currently before a Joint Finance and Infrastructure Committee, who await a report from the Departments of Public Works and Provincial Treasury. So far the Provincial Government has been unable to truly account to the joint committee on the R120 million spent.

2. The 23 Irregular roads contracts

The Department of Police, Roads, and Transport signed 23 roads contracts that were not budgeted for in 2009/2010. The former MEC for Police, Roads and Transport, Mr Komphela, indicated that there were some problems with the amounts that were allocated per kilometre of road. He indicated that in some instances R11 million was allocated instead of R5 million per kilometre. This is, however, not applicable to all the contracts regarding the 23 roads. This has never been comprehensively interrogated by the Free State Legislature and has had a devastating effect on the ability of the Provincial Government to carry out maintenance and construction of the provincial roads network. The economic impact of the poor roads network on our local economies is astronomical.

3. R6 million corruption charges against Ace Magashule (1996)

Former Free State Premier, Mosiua Lekota, fired Magashule, the then MEC for Economics and Tourism, after he uncovered abuse of more than R6 million of public money by Magashule for unauthorised overseas trips, staff loans, a loan to the liquor board, pub lunches and compact discs.

Magashule allegedly established two section 21 companies illegally, the Free State Promotion Agency and the Free State Tourism Company

and deposited R5 784 000 into their accounts. Through these two companies the deposited funds were allegedly illegally utilised.²

4. Allegations of soliciting a cut from Bloemfontein land sale deal

Tebogo Koetle of Ya Rona Investments alleged in court documents that the former Free State Provincial Legislature's deputy secretary, Bernard Phitsane, solicited bribes for Ace Magashule, the then Chief Whip, Thabo Manyoni, Mangaung Municipal Manager, and Sibongile Besani, MEC for Police for a controversial sale of land in Bloemfontein.

The transitional Mangaung council in 1999 resolved that the sales price for the 90 ha of prime land situated next to the N1 would be set at R7,000/ha (R630 000), but that the sales price would be revisited if the offer was not taken up within 12 months. Ya Rona didn't take up the offer, but when it learned that the municipality wanted to sell the land to a third party they revisited their decision.

Phitsane allegedly asked for a 10% cut in the development project of the land to be registered in a company belonging to his wife, Lebona La Rona Project Services. At a later meeting Phitsane allegedly informed Koetle that 10% was not enough and that Magashule, Besani and Manyoni would also need a cut.

Koetle stated that the land would be sold to him for R1,26 million and that the municipality would be politically instructed to provide bulk infrastructure. After he refused to allocate the demanded shares, the sales price of the land was set at R43 million. Phitsane was a registered partner of Magashule's closed corporation, Dinaka Trading 5.³

5. R3 million casino bribe scandal

Ace Magashule allegedly solicited a bribe of R 3 million from President Zuma's friend, Vivian Reddy. This followed after the Free State Gambling and Racing Board blocked a deal for the sale of Gold Reef Resorts shares to the value of R1 billion belonging to Bongani Biyela and Partners to Tsogo Sun. It is alleged that when Biyela realised the deal

² *Mail and Guardian*, 8 August 1996

³ *Mail and Guardian*, 18 June 2009

would not go through, he approached Vivian Reddy, a known friend of Zuma and Magashule, to intervene. He then met Reddy who informed him to meet attorney, Kenosi Moroka, a business partner of Magashule in a company called Afropulse 197 and Afrique Networking Solutions. They subsequently met in Kroonstad where Moroka allegedly requested a R2 million facilitation fee to process the deal. Biyela again approached Reddy and they subsequently met Magashule at his office accompanied by Moroka. A figure of R10 million was mentioned to facilitate the deal. It is alleged that Biyele then left the office, but Reddy and Moroka stayed to see Magashule. After some time Moroka and Reddy returned to the car and informed Biyele the price was R10 million, but they had persuaded Magashule to drop the price to R 3 million. They proceeded to Moroka's office where an agreement was drawn up for services rendered to Biyela by Moroka for the amount of R3 million. Biyela evidently refused to pay the bribe.⁴

6. MNK Mangaung Contract

The Mangaung municipality appointed a company, MNK, without following the relevant tender procedures. In fact the transaction was an unsolicited bid.

This company was appointed to collect VAT from the SARS at a 24% commission, even though the municipality does this as a matter of procedure through their own finance department. This contract was later adjusted to 50% commission by officials. The municipality had already paid out over R30 million to MNK as commission on VAT that they were supposed to have collected.

It is alleged that some of this VAT money was claimed fraudulently through double payments from SARS, and the possibility of complicity from within SARS is not excluded. Furthermore, the VAT claimed was paid out in full to MNK, ignoring even the adjustment in the contract.

Mr Sebongile Besani, former ANC secretary in the Free State and a close Magashule ally, became a member of MNK closed corporation shortly after the company began to negotiate for the contract with the municipality.

⁴ *Mail and Guardian, 02 July 2009*

After the ANC expelled a former mayor and speaker of Mangaung municipality, Sibongile Besani was quoted by SAPA in July 2008 as stating that the problems in Mangaung might have more to do with business interests than political matters.

7. Textile Workers Pension Fund Scandal

Magashule was a director of a company called Leading Prospect Trading 42 which received R15 million interest free loan from Canyon Springs Investments 12, who obtained the money from textile workers' pension funds. The loan agreement was signed in May 2007 and the funds were transferred prior to the signing of the contract.

After the transfer, Magashule resigned as director and the company Leading Prospect Trading 42 collapsed and was deregistered. No reasons for the loan was given and no security was offered, and the loan was never repaid.

Canyon Springs 12 issued the loan to Leading Prospect Trading 42 two weeks after it obtained an unsecured loan of R87 million from Trilinear, which obtained the funds from the SA Clothing and Textile Workers Union pension funds it managed. This loan agreement was subsequently signed two years later, and the R87 million loan was itself never repaid.

At the time, the wife of the Deputy Minister for Economic Development, Enoch Godongwana, Thandiwe, was a director of Canyon Springs 12.⁵

8. Leasing Scandal

Magashule approved a contract with a company called SAMBAL Investments for the lease of offices to house the provincial Department of Sports, Arts, Culture and Recreation at Business Partners Business Building in the Bloemfontein CBD. The contract was approved in the Office of the Premier and the Department of Public Works proceeded to facilitate implementation.

Magashule previously served as the MEC for Sports, Arts, Culture and Recreation, and was a registered director of SAMBAL Investments from 10 January to 15 August 2008, as at 2011, the company lists one Director,

⁵ *The Star*, 2 June 2011

Mohlouoa 'Blacky' Seoe. Magashule's son, Tshepiso Magashule, shared an active membership with Seoe in a company called Chitoss Trading.

The lease contract commenced on 01 May 2010, 3 months before the contract was approved. The building was bought by SAMBAL Investments in November 2008 for R18 million. The monthly rental at the time was R230 000 per month, the lease period is 15 years, the Department would end up paying R115 million to sambal by the end of April 2025. The escalation in rent was set at 7.5% annually, at the time higher than CPI, but the contract stipulates that the higher of the two will apply.

SAMBAL leased 3 building to the Free State Provincial Government, the Department already leased the Warden Building from SAMBAL in 2008 for a period of 10 years at R190 000 per month. SAMBAL netting R23 million from this deal.

The Provincial Department of Education leased the Syfrets Building in Bloemfontein at a monthly rental of R350 880 until February 2019. SAMBAL expected to net R40 million.⁶

Currently the Free State Provincial legislature rents its offices from Robs, which belongs to Blacky Seoe for R1,6 million per month. The Auditor-general has already indicated that the correct procurement procedures were not followed in this lease.

9. Abuse of resources to fund late MEC of Health's funeral (2012)

The late MEC for Health, Ms F. Ngombentombi, died in a car accident outside of Bloemfontein early in December 2012. A funeral was arranged for her that has cost the Fezile Dabi District Municipality and the Free State Provincial government R8 719 575.87.

This amount comprises the following:

Fezile Dabi District Municipality: R6 269 539,00

Department of Public Works and Infrastructure: R2 450 036,87

⁶ *Mail and Guardian, 21 October 2011*

An initial question was asked to the Premier of the Free State in the legislature by the DA in June 2013 and the reply indicated that the question should be lodged with the relevant department. The Free State Legislature, in which the late MEC was a member, at the time made provision for an amount of R15 000 to cover funeral costs of members. Members of the legislature are also covered by the Political Office-Bearers Pension Fund for funeral cover of an additional R36 000 (this is underwritten by Alexander Forbes).

The amount of R8 719 575,87 for a funeral at taxpayers' expense for a politician is excessive. Recently the Auditor-General indicated that this incident was not in line with the MFMA and that the transactions could be regarded as money laundering.

10. Unicore Scandal (2013)

The Unicore project was an Operation Hlasela project that cost the Free State Development Corporation (FDC) R10 million. In 2013 Premier Ace Magashule announced that a medical supplies project with Unicore Trading (Pty) Ltd would open in Kroonstad as part of Operation Hlasela. The project would initially have provided 150 jobs which would have been expanded to 300. Since no such facility was established, it is improbable that this loan will ever be repaid.

In a statement in 2010 the Free State Provincial Government indicated that Unicore in Kroonstad would manufacture medical products such as bandages, gauzes, abdominal swabs, hospital linen, uniforms, linen savers, etc. Parys was earmarked for the establishment of a full safety product manufacturing facility that would produce arc flash suits, fall arrest harnesses and belts, chemical suits, etc. Sasolburg was identified as a location for medicals product extrusion plant producing face masks, chest drains, nasal cannulae suction catheters, etc. These projects were meant to serve as "a springboard into Africa" and as suppliers to the Free State and other provincial Departments of Health.

Former MEC for the Department of Tourism and Economic Development, Mxolisi Dukwana, announced the projects in his budget speech in 2011 as a "R35 million investment of a huge high tech medical

supplies manufacturing facility, Unicore, in Kroonstad. This establishment was set to provide 300 jobs once it is fully operational. This project was meant to be a pilot for other manufacturing enterprises to be set up in Parys and Sasolburg, which would ultimately have formed part of the Free State manufacturing triangle.”

A reply to a question from the DA to the former MEC for Economic, Small Business Development, Tourism and Environmental Affairs Mr Sam Mashinini indicated that the Unicore project had ceased and with it probably the R10 million non-interest bearing “soft loan” to that company by the FDC. In terms of the loan the company would also only have paid the first instalment in 2021. He indicated that the depot “was since closed due to the competition against imports pricing challenges”.

11. Ezenzeleni (Warden) Housing Scandal

This particular housing development is mired in controversy.

Questions by the DA in the Legislature indicated that a contract to construct 336 RDP houses was awarded to Allitory and another contract for 96 land restitution houses was awarded to Koena Property Developers at a cost of R10 515 481.87 and R6 687 542.23 respectively.

The houses were built and were then found to be unfit for habitation due to the inferior quality of material used, such as cement. Inspectors decided to order demolition of the houses and the contract for the reconstruction was again awarded to Koena Property Developers for completion at a cost of R15 175 263.90 despite being implicated with the shoddy construction of the original houses.

The DA also made public that MEC Zwane built a ‘private’ home in Warden on municipal land. The controversial mansion was evaluated at R29 000.00 while other houses in the vicinity were valued at between R300 000 and R500 000.

It was discovered that the Phumelela Local Municipality undervalued the house of MEC Zwane to benefit him with lower rates and taxes whenever a deal is signed on the sale of the land.

Community members have alleged that MEC Zwane built his home from materials siphoned off from a RDP development in Ezenzeleni.

12. Magashule's luxury R2,3 million Mercedes Benz

The Free State Government Garage purchased of a R2,3 million luxury Mercedes-Benz S600L (V222) at a cost of R2,3 million including R52,000 in extras such as a panoramic sunroof and entertainment centre for the daily use of Premier Ace Magashule. It was later revealed that the vehicle will be used to transport foreign dignitaries on official visit to the Free State.

This follows three weeks after Premier Magashule delivered six brand new Mercedes-Benzes, at a cost to the public purse of R3,2 million, to Free State Traditional Leaders, in a bid to extend his patronage network.

This R2,3 million could have gone a long way towards alleviating the impact of the drought and water crisis in our hard-hit rural communities.

13. FS R1 billion Housing Scandal

Several contractors and politically aligned individuals have been implicated in a massive R1 billion corruption scandal that has left the Free State with between 11 000 and 14 000 unbuilt or incomplete houses.

Minister Mosebenzi Zwane, who were the then MEC for Human Settlements, Mr Hlaudi Motsoeneng and the wife of Minister Fikile Mbalula, Me Nozuko Mbalula, who are both listed trustees of the Mbuma Trust and MM Development Trust have apparently received millions in provincial funding for the construction of social housing in Virginia without the delivery of even a single unit.

A billion rand in funding would have gone a long way in reversing the Apartheid spatial planning legacy we battle with to this day.

14. Appointment of MEC's facing criminal charges

Magashule brought into his cabinet two MEC's who at the time were facing criminal charges. Dr Benny Maloakane, former MM from Matjhabeng Municipality) and Mathabo Leeto, former Mayor of Matjhabeng. The charges have subsequently been dismissed, but it is expected that the NPA might re-instate them after technicalities have been sorted out.

The current Speaker of the FSL and former MEC for Agriculture responsible for implementing a large part of the corrupt Vrede Dairy Project was similarly infused in irregularities as mayor of Lejweleputswa District Municipality and resigned before a motion of no confidence could be instituted against her. Magashule promoted her to MEC and then Speaker of the Legislature.

The Free State Legislature has proved to be an extension of the Magashule patronage network with a most recent example being the refusal of committee chairs to hold the Vrede dairy politicians accountable. The ANC members requested a vote on this issue and voted against accountability and oversight. This is but one of many such examples of the undermining of the Legislature's constitutional mandate by Magashule appointed cadres.

15. ANC Elective Congress scandal in Maluti-a-Phofung Municipality

It is alleged that Mr Nyembe, the former Municipal Manager of Maluti-a-Phofung irregularly facilitated the loading of 558 individuals onto the municipal payroll system on 15 and 21 December 2017. These individuals received an immediate payment of approximately R7,000.00 each despite not yet having reported for duty.

It is alleged that some of these individuals are from other provinces, specifically the Eastern Cape. The total monthly cost to the municipality is about R3,9 million per month and calculates to about R46,8 million per year. According to reliable information, these individuals were loaded onto the payroll system using previous workers payroll numbers which, if proven to be true, constitutes fraud.

Maluti-a-Phofung has the highest Eskom debt in the country about R3.1 billion for bulk electricity supply while the delivery of basic services have become erratic at best and non-existent at worst. The municipality is bankrupt and to find money to appoint 'ghost workers' in the service of factional party political interests instead of the interests of the people is criminal.

DA councillors in Maluti-a-Phofung have been informed that many of the appointed individuals were voting delegates at the ANC's December Elective Conference. Others were mobilising branches. It is

alleged that only supporters of Nkosasana Dlamini-Zuma (NDZ) were involved in this scheme. It is a known fact that the Maluti-a-Phofung Executive Mayor, Cllr Vusi Tshabalala, is a very loyal supporter of Ace Magashule and the NDZ faction. The ANC in the Free State under Ace Magashule have been very clever in mobilising state resources to serve political ends.

16. Winnie Mandela House at Brandfort

Since 2008, in excess of R14,7 million was allocated to the Winnie Mandela House Museum in Brandfort. Of this amount, only R2,961,977.94 (almost R3 million) can be accounted for, but almost nothing can even be shown for this. The R3 million granted to the Lejweleputswa District Municipality in 2008 towards this project has disappeared, despite a gazetted requirement for regular reporting. More recently the tenders for a fence and security resources has gone to a company in Parys connected to ANC members. Throughout this process, neither the municipalities nor the provincial or national departments have offered explanations of what happened to the budgeted funds. After the DA asked questions on this project in June 2016, the Deputy Minister of Sports, Arts and Culture and her equivalent on provincial level visited the project promising swift completion. Ms Madikizela-Mandela died 5 months ago already with more promises that the project will be completed. Despite this, there is still no progress on this project to date.

17. Magashule's family benefits through his unlawful actions

The daughter of Magashule, Thoko Alice Malembe, allegedly obtained property (with a filling station) worth R9 million through his improper and unlawful influence with the Free State Development Corporation (FDC)⁷.

At the Vogelfontein Housing Development in Dihlabeng Malembe was allegedly a thirty percent partner in Unital Holdings, which was responsible for the development to the value of R150 million and which

⁷ <https://www.news24.com/SouthAfrica/News/magashule-and-daughter-in-money-for-jam-property-scandal-20180131>

is currently incomplete. It is further alleged that Magashle was directly involved in influencing the allocation of this lucrative contract.⁸

A contract worth R300 million for “contractor development” included a R50 million grass cutting service, allegedly awarded to the family members of Magashule and his successor as premier, Sisi Ntombela.⁹

We hope that the above information, albeit limited in scope, will be enough to convince the Commission that it is necessary to involve issues relating to the Free State Province in this investigation.

Your favourable consideration in this regard will be greatly appreciated.

Yours truly,



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⁸ <https://city-press.news24.com/News/charges-laid-against-magashule-over-r150m-free-state-housing-project-20180409>

⁹ <https://www.dailymaverick.co.za/article/2018-07-10-ace-magashule-and-new-free-state-premiers-families-score-cars-contracts-in-r300m-government-programme/>