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Zondo commission – Popo Molefe names Zuma in Prasa shenanigans

Former Passenger Rail Agency of South Africa (Prasa) board chairperson Popo Molefe has detailed a corrupt state of affairs in place when he took up office at the parastatal – a state which he says operated on the whim of former group CEO Lucky Montana. Molefe, who now chairs Transnet, started testifying on Wednesday before the commission of inquiry into state capture.

Montana was in the habit of running Prasa as if it was his own company, Molefe alleged, and abused his powers by influencing the award of lucrative tenders to his friends and associates and suspending staff who opposed him without reason.

What Zuma wants

Montana's proximity to power showed when Molefe was summoned to a meeting with former president Jacob Zuma in August 2015. Zuma wanted Montana to be re-instated, despite him having tendered his resignation in March that year. There was an agreement between Montana and the board that he would stay on for six more months and help secure a suitable successor, but he left in July instead under a cloud of corruption allegations. At the time of his departure, he had had several fallouts with the board. Molefe said the board's view was good riddance when Montana left sooner than expected, as he believed he wanted to use the remaining months of his contract to cover up his corrupt deeds.

An insistent Zuma, however, praised Montana's skills. "In my view he [Montana] should not be lost to the country and some solution must be found to allow him to continue applying his skills in this important organisation."

Molefe was surprised by the event, as Montana had tendered his resignation without being coerced. He told Zuma that it would have to be a board decision, and not his to take alone at a private meeting. Also present were then ministers in the presidency and transport, Jeff Radebe and Dipuo Peters respectively. Montana too was present, and was asked by Zuma to make a case for his re-instatement. This presentation, said Molefe, went on into the early hours of the next morning – the meeting had initially started in the early evening.

Montana was not re-instated, and Molefe's board was dissolved by Peters in early 2017, with the dissolution later being set aside by the North Gauteng High Court.

Molefe spent some time on Friday detailing how Radebe had helped catapult Montana to the very powerful role of Prasa CEO. The latter had worked as a director under the former minister during his time in the public enterprises portfolio, and later moved with him to transport. Radebe appointed Montana to oversee government's taxi recapitalisation programme in the early 2000s, before moving him to the South African Rail Commuter Corporation, which would later become Prasa.

"When this project began, two things happened. Mr Montana was given the responsibility to own that process, to be the one who directs the taxi recap programme.

“Second, Mr Makhensa Mabunda decided to go into the private sector, becoming a business person. Mr Mabunda then becomes a key one who gets a tender to provide transactional advisory services with regards to the taxi recap programme.”

Radebe favoured Mabunda also, Molefe said, holding senior posts under his wing before moving to the private sector, only to re-emerge as a service provider for Prasa in lucrative contracts.

Mabunda’s Siyaya Engineering was awarded a contract for advisory services on Prasa’s major signalling rollout as part of the modernisation programme, while Siyaya Energy earned over R200-million for the provision of fuel to Prasa, among other services, a forensic investigation later found.

Molefe said it was worth pursuing why Radebe had invested so much in the loyalty of the two men.

Calling Mr Prasa

Another associate of Montana who allegedly benefitted from Prasa contracts was KwaZulu-Natal businessman Roy Moodley, whom Molefe said he met for the first time in 2015 at an industry exhibition in Berlin, Germany.

From Molefe’s observations, Moodley seemed very close to Prasa officials who had also gone to the event, prompting him to ask what his association with the parastatal was. When he was told that Moodley was a service provider, Molefe warned the officials that they need not associate themselves so closely with him, as it would give the impression of favouritism. Should Moodley tender for, and win a contract with Prasa in the future, he told them, the inference will be made that it was because he was close to its management.

Once back in the country, Molefe enquired further about Moodley, and was told by a staff member that he is referred to as “Mr Prasa”, because of the influence he yields in its operations.

Moodley’s Royal Security firm held a contract with Prasa worth millions while Strawberry Worx, a company run by his son, was part of a communications consortium contracted to Prasa to provide advertising at its stations.

Prior to Molefe taking the stand, two Prasa officials – acting CEO of subsidiary Autopax Tiro Holele and general manager for compliance Jacob Rakgoathe – told the commission of how Moodley demanded payment from Prasa in an early 2017 meeting, for work he said his company had provided, threatening the officials present. Holele had been general manager in Montana’s office.

Molefe gave background on this non-payment, saying that the board had decided that Moodley had actually not done the work he was claiming, and was therefore not to be paid. In the meeting, however, he allegedly told Holele and Rakgoathe that “the young man was coming back” and once that happened, heads would roll, and the pair would not want to find themselves on the wrong side of the fence. By “young man” Holele believed Moodley was referring to Montana, as rumours were going round that he was demanding re-instatement.

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