



**17 October 2019**

**Zondo commission – Vrede should have gone to tender: former MEC**

Had the Free State government put the Vrede dairy farm project to tender back in 2012, it would not have been exposed to the risk of the failed venture. This is the view of former finance MEC Elizabeth Rockman, who concluded her testimony before the commission of inquiry into state capture on Thursday. Rockman was both director-general (DG) in then premier Ace Magashule's office, and MEC during the tenure of Gupta-owned company Estina in the project. Over R200-million has been declared unaccounted for since the inception of the project.

Rockman told the commission that if a tender process had been entered into, the bid specifications would have been much more detailed, mitigating risk for the Department of Agriculture, the project's custodian. Estina was awarded the contract to run the dairy farm in June 2012, in what several witnesses described as a rushed effort led by former department head Peter Thabethe and then MEC Mosebenzi Zwane. But, according to Rockman, the urgency was attached at a higher level, by the executive council, which saw fit in a resolution to have it go to Treasury, despite no funding having been provided for it.

Furthermore, Estina would not have been appointed, had the project gone to tender, said Rockman. . Estina was positioned as an implementing agent and local partner for the project, while India-based Paras was the company with the responsibility to oversee it. Despite its registration at the time as an IT entity, Estina got the award which, according to Thabethe, was based on them being the preferred partner by Paras. Furthermore, due diligence was not done on Estina, which investigations later revealed had only R16 in its business account at the time, putting to question its good business standing. It only changed its status of operation months after being signed on, from IT to agriculture. At this point, said Rockman, who was then DG, there was no reason to believe Thabethe's department did not have everything under control with regard to the project.

What did transpire, the commission heard, was that several transfers of funds to Estina, which at the inception phase did not qualify for handling the project, were classified, to circumvent procurement processes, as there was a sense of urgency mid-way into the project to keep funding it. Commission chairperson Deputy Chief Justice Raymond Zondo told Rockman that he was of the impression that the classification of payments was a way of circumventing procurement procedures. However, he said, this was not a final impression as he would still hear more evidence.

Rockman said provincial Treasury did not know how Estina had been identified as an implementing agent "because there was no public process", adding that the Department of Agriculture had stated that the agreement was no different to ones that were in place at the time.

Media reports in early 2013 raised suspicions of mismanagement of the project, as several of the cattle procured for the purpose of producing milk had started dying from malnutrition. Despite these reports, Rockman and her team did a site inspection on the farm, and satisfied that all was in order. It was also around this time that she was under pressure from Rajesh Gupta to release funding “owed” to Estina.

On Wednesday, evidence leader Advocate Leah Gcabashe raised a concern with Estina’s position that it was owed by the Free State government, when it too had been meant to contribute a R200-million effort at the start of the project. It had been on the strength of this joint venture proposal that Phumelela Municipality, from which the farm land was leased, agreed to give the project access through a 99-year lease.

The first payment made to Estina, of R30-million, was made just days after the presentation to the municipal council had been made in June 2012, but before a legal agreement had been entered into. At the time, according to Thabethe’s evidence before the commission, the money was meant to be used to fund the procurement of equipment required to start up the dairy farming process, but the provincial Treasury – which Rockman would later head – was at the time under a different impression, as not all scheduled equipment had been secured as promised.

**Useful links:**

[Zondo Commission website](#)

Corruption Watch’s [Zondo Commission updates](#) page