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Zondo commission – Zondo to hear how former DG Zulu scored a Maserati from failed FS project

Former director-general (DG) of the Department of Human Settlements Thabane Zulu has been named as one of the alleged indirect beneficiaries of an irregular contract awarded by the Free State government in 2014 in respect of a housing project that never took off, but cost the state over R200-million nevertheless.

This was revealed by Advocate Paul Pretorius of the commission of inquiry into state capture on Tuesday. He was outlining the initial findings of his team's investigation into allegations related to the R255-million project aimed at eradicating asbestos roofing in 300 000 housing units in the province. According to Pretorius, the commission's investigators have uncovered what seems to be details – in a spreadsheet created by a joint venture (JV) that won the award - of questionable transactions meant to benefit several individuals who allegedly helped make the project happen.

These beneficiaries were represented only by initials, but the transaction thought to be in respect of Zulu was further probed – and the money followed to a car dealer in Pietermaritzburg that appeared to have sold him a Maserati. Next to the initials "TZ" in the spreadsheet is an entry for the amount of R1.5-million, indicating that this is the amount that would go to this individual. A further payment of R600 000 was also traced to the same dealership in respect of a deposit for a Range Rover.

"The document appears, not only on the face of it but in relation to all the accompanying evidence, to be a genuine document reflecting actual transactions or partial transactions," said Pretorius.

"The evidence shows that initials in the document coincide with initials of officials who received gratification, or income or benefits from the monies arising from the contract."

Zulu's role in the project was as an approval authority, as he was the DG in the national department. The involvement of national government was necessary because the provincial government had made no provision for such expenditure in its budget for the year in question. As a result, it sought funding from Zulu's department. Pretorius told commission chairperson Deputy Chief Justice Raymond Zondo that through evidence that will be brought before him over the course of the week, it will be revealed that Zulu was indeed in contact with officials from the provincial department over the procedural details of the project, at one time asking for a business plan to authenticate the request for funding.

The first time the commission heard of the project was last year when former MEC of economic development in the Free State Mxolisi Dukwana revealed details of what he termed the "asbestos heist". He testified that his former boss, now ANC secretary-general Ace Magashule was at the centre of the establishment of the project – which would remove asbestos roofing from all pre-1994 housing units in black townships across the province.

This he was told, he said, by the director of one half of the JV that got the contract, Ignatius Mpambani, known in political and business circles as “Igo.” In one of the affidavits on which Pretorius relied in his presentation, Mpambani was described as a politically-connected individual who was known to unlock business opportunities in government. His company, Diamond Hill Engineering, partnered with Blackhead Consultants to make a proposal to the provincial government to carry out the project. The JV proposed to do a feasibility assessment for which they claimed they would find the funding, in order to convince the department.

A pre-payment of R51-million was later made to the JV in December 2014, before any work had commenced. More money was paid in several tranches over the following year. By the time a complaint to Public Protector Busisiwe Mkhwebane was made and a report completed, a total of R230-million had already been paid.

“The whole story goes full circle, chair, and it is illustrative not because it’s unique or unprecedented but it chose a pattern... of the ability to identify a money making opportunity using funds of the fiscus, an abuse of procurement processes, engagement with officials to facilitate the abuse of procurement processes.”

Mpambani was shot and killed in what has been reported as a hit in 2017. The CEO of Blackhead, Edwin Sodi, has told the commission in an affidavit that the spreadsheet was prepared for the JV by Mpambani when the two were in business. Dukwana, in his evidence before the commission, claimed that the total amount paid to Zulu was R10-million.

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