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### **Zondo commission – Zulu denies benefiting from asbestos deal**

Former director-general of the Department of Human Settlements Thabane Zulu has denied receiving any benefits for his role in the asbestos eradication project entered into by the Free State government in 2014.

Zulu appeared before the commission of inquiry into state capture on Thursday to answer to allegations that Blackhead Consulting, one half of the joint venture that was awarded the R255-million contract, made payments for his personal benefit to a car dealership in Ballito, Durban, for two luxury cars. In his capacity as DG for the national department, Zulu had to approve the project, as it had not been budgeted for.

He had initially wished for a postponement of his testimony pending the process of an application to cross-examine former Free State economic development MEC Mxolisi Dukwana, who implicated Zulu in his testimony last year on the project. According to Dukwana, he was told that Zulu was paid R10-million for helping to facilitate the project, which was extended from the Gauteng department of human settlements.

But Zulu denied this in an affidavit to the commission last year, in response to a notice received, as an implicated person, before Dukwana's appearance. His legal representative, Advocate Shane Dayal, argued at the start of Thursday's proceedings that Zulu's testimony be suspended until Dukwana had been cross-examined. Deputy Chief Justice Raymond Zondo dismissed the application on the basis that, while it was because of Dukwana's evidence that Zulu was notified, the commission's investigations had revealed more areas of interest for which he must answer.

Zulu was asked about two transactions – one in May 2014 for R1-million made to SMD Trading Group to purchase a Maserati, and referenced by the payer, Blackhead CEO Edwin Sodi, as "TZ". The second – also made to SMD – was for R600 000, for the purchase of a Range Rover. The second payment was made in December with the same reference.

The only transaction that had to do with him, said Zulu, was the R600 000, a repayment by Sodi for debt owed to TZ Lounge, Zulu's private business in Pietermaritzburg. Sodi, a long-time friend, had run up a tab at the lounge over time, through liquor orders that TZ Lounge would deliver to him. When it came to paying the R604 000 that Zulu testified Sodi owed, he instructed the latter to pay it to SMD towards a deposit for the Range Rover.

"It was paid as an amount owed to me that I directed to the dealership."

Evidence leader Advocate Paul Pretorius tested this information with Zulu, asking if he was on the correct path in connecting the dots. "So correct that for the balance of it, I had to go to the bank to

ask for a loan. Also, at the time as an accounting officer, I had an obligation to declare the vehicle which I did," said Zulu. He later revealed that he continues to pay towards the car.

Zulu testified that his friendship with Sodi spans years, starting even before his department appointed Blackhead in April 2014 to a panel of professional service providers, to support it in programmes across the different levels of government.

Months later, in August, correspondence between Zulu and Nthimotse Mokhesi, the HOD of the Free State department, reflected an interest to embark on the multi-million-rand project to eradicate asbestos roofing across the province. Zulu's approval was required for the provincial department to proceed, and once it presented a satisfactory business plan, approval was granted. A joint venture with Blackhead and another company, Diamond Hill, was appointed in October for the R255-million project. No bidding process had been entered into. In fact, it was the JV that made an unsolicited proposal to the provincial department for the project, entering into some risk for themselves by committing to search for funding for it.

The commission heard first from Dukwana last year that the province had no budget for the project, hence it sought Zulu's approval. Zulu explained his role as that of authorising, according to National Treasury regulations, the project on the basis that funding would be re-prioritised and the budget revised.

"The budget that is approved at the beginning of every financial year is the first budget approved. Every quarterly session that you'll have as a DG or accounting officer with your respective accounting officers of the provincial departments will be to seek the exact implementation of that particular budget," explained Zulu.

"Along the line budgets can be reviewed and business plans can also be reviewed, depending on the needs analysis or the circumstances, as they may change."

Adjustments were indeed made, as revealed by Pretorius in his presentation of the evidence on Tuesday, and a pre-payment of R51-million was made to the JV in December, before any work was done.

Zulu said he had hosted Sodi at his lounge on several occasions, so it was not strange that there was so much debt owed between them. It was actually through their close association that the first transaction of R1-million was made with the TZ reference. Although this too was a Blackhead payment, for the Maserati, the beneficiary on this occasion was a man by the name of Mabheleni Ntuli. Zulu referred to him first as a friend, and later as an associate he had introduced to Sodi at an earlier time, under social circumstances. Sodi, in his affidavit to the commission, said because he associated Ntuli with Zulu, he made the TZ reference.

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