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Zondo commission – Free State HOD’s apparent property bonanza under scrutiny

A property transaction between Nthimotse Mokhesi, head of the Free State human settlements department, and Edwin Sodi, a contractor in the R255-million asbestos eradication project, came into the spotlight at the commission of inquiry into state capture on Monday.

Sodi’s Blackhead Consulting was appointed in a joint venture (JV) with Diamond Hill in late 2014 to audit, remove and dispose of asbestos material in the roofing of house in the province’s townships. The project was to cost R255-million, as per the JV’s projection which charged the department a fee of R850 per house.

Before Mokhesi could start with his testimony, his legal representative Advocate Dali Mpofo made a request that questions asked by evidence leader Advocate Paul Pretorius be such that they veered away from his client incriminating himself.

Mokhesi went into the deal with Sodi in May 2015, after identifying a property that he initially wanted to purchase but could not because his bank had rejected his application on the basis of a Sars judgment against him. He then approached Sodi, whom he saw as a savvy businessman who could be interested in property investment, he told the commission. After establishing a family trust in which the property would be registered, Mokhesi entered into the agreement with Sodi, who put forward R650 000 towards the property, with a value at the time of about R1.6-million.

Mokhesi defended the transaction several times during his testimony, which ended just before the lunch break, saying that there was nothing untoward about it as it was merely a commercial transaction between two people, with no conflict. If anything, he argued, it was Sodi who would get more out of it, given that the agreement between the two of them stipulated that should the property be sold within the first seven years, he would get back his full investment, and a top up of over R300 000, given projections that place the property at a value of R950 000 then.

But evidence leader Advocate Paul Pretorius argued that for Mokhesi too there had been a benefit, as he had enjoyed the privilege of living in the house since 2015, while its value appreciated. Mpofo objected at this point to the inference that by having lived on the property for the years in question, the commission submitted that his client had benefited. Mokhesi argued that he made a business decision at the beginning of the bond arrangement that he would pay double what was expected of him, around R13 000, in order to halve the bond repayment period to 10 years, instead of the standard 20 years.

Equally eyebrow raising, noted commission chairperson Deputy Chief Justice Raymond Zondo, was that a confidentiality clause had been included in the agreement between the two men. Mokhesi struggled to explain why such existed, but argued that his own involvement was above board in that he had covered all the bases expected for a senior public official by disclosing all assets and business dealings as required.

When Zondo asked whether Mokhesi's trust route was enabled to avoid detection from oversight bodies, Mpofu again objected, saying his client was being led to incriminate himself. Disclosure of all assets entered into on a personal level, said Mpofu, is deemed enough. But Zondo persisted, asking if, from an ethical point of view, Mokhesi saw no fault in going into business with one of his department's contractors, to which Mokhesi said it was not the only investment deal he had been involved in, and it was removed from the government project.

Earlier on, Mokhesi had been pressed to explain why, under his watch, the department did not try harder to avoid losses of taxpayers' money, given that just four years prior – under his predecessor Mpho Mokoena – it had lost hundreds of millions of rands that remain unaccounted for in a failed housing project.

Former Free State MEC of human settlements Mosebenzi Zwane, in his testimony last week, placed the blame for the shambles at Mokoena's feet.

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