



22 July 2019

Zondo Commission – Free State gov't's failure to act on alleged Vrede Dairy corruption

The Free State provincial legislature failed to hold former premier Ace Magashule and his agriculture MEC Mosebenzi Zwane accountable in 2013 after the alleged looting in the Vrede dairy farm project started, the commission of inquiry into state capture heard on Monday. On the witness stand to kick off the commission's focus on the project – through which over R280-million is alleged to have been looted – was Roy Jankielsohn, a member of the legislature representing the DA.

A Public Protector report on the project – which was set aside earlier this year – did not find against Magashule and Zwane, but ordered them to discipline all officials involved in the project. Both politicians have been accused in previous witness testimonies as having had inappropriate ties to the Gupta family while in public office. The Guptas' company, Estina, was appointed the implementing agent in the dairy farm project.

In 2014, the year that the project was cancelled by Treasury after being declared unlawful, Magashule had continued to praise it in the legislature, when delivering his state of the province address in February: "The Vrede Dairy project initiated during July 2012 is progressing well ... the first phase of this project entails setting up of a dairy parlour with an in-house capacity of up to 1 000 cows. The dairy construction will also include feed storage, feedlots and land cultivation for feed."

A total of 87 local beneficiaries had been identified who would directly benefit from this project, Magashule said, adding that it would create over 200 jobs in the long run.

Jankielsohn told the inquiry that the project was initially acclaimed as a positive step towards supporting the agricultural sector in the province, as announced by Magashule in his state of the province address in February 2012. It followed on the *Mohuma mobung* strategic concept developed by the provincial agriculture department. *Mohuma mobung*, which translates as "riches from the soil" in English, was aimed at developing the province's rich agricultural sector for the benefit of black emerging small-scale farmers.

An initial budget of R30-million was set aside to help kick-start the project, according to the second witness of the day, Albertus Venter, who is the deputy director-general for administration and coordination in the premier's office. This was to be augmented to R114-million a year for three years. The money, said Venter, had been re-channelled from other provincial projects. The amount detailed by Zwane, however, when asked by the DA in the legislature just how much the project was costing taxpayers, was more excessive. The DA's curiosity, explained Jankielsohn, was sparked by a *Mail & Guardian* article in 2013 that reported on the irregularity of the management of the project.

Zwane responded to the DA's question by breaking down the costs as follows:

- Purchasing of dairy cows: R6.2-million;
- Dairy equipment: R37.7-million;

- Cattle shed: R500 000;
- Security gate and guard house: R2.6-million;
- Veterinary laboratory: R300 000;
- Cattle feed plant: R7.3-million;
- Milking plant: R30-million;
- Four tractors: R2.36-million;
- Farm equipment including cultivators and spray guns: R3.5-million;
- Implements including screw drivers, shovels, axes: R2.5-million;
- Silage bunker: R5-million;
- Gravel access road (approximately 2km): R1.2-million;
- Labour costs: R1.3-million;
- Land surveyor, accounting, professional, administration and legal fees: R12-million.

Commission chairperson Deputy Chief Justice Raymond Zondo reacted to the figures by calling them “unrealistic” and “excessive.”

The town of Vrede was an obvious choice, said Venter, as it had the advantage of being close enough to the N3 highway, streamlining the logistical aspect of moving the milk products to the largest market envisaged, KwaZulu-Natal. A high-technology milking plant, built on a privately-owned farm called Estina, was to achieve an impressive turnaround time for the group of beneficiaries identified.

Estina, as the implementing agents, had links to the Gupta family. Venter told the inquiry that as one of a team of legal advisors for the province, the only document he has seen to date that indicates how Estina came to be part of the project was a request for deviation from the normal procurement process from then head of department for agriculture, Peter Thabethe.

While the legislature failed to carry out its mandate of fully investigating the alleged corruption related to the Estina farm project, the officials within the provincial departments that oversaw it continue to live in fear of retribution should they blow the whistle on their political principals.

Useful links:

[Zondo Commission website](#)

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