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Zondo Commission – Phumelela municipal council rushed into Vrede deal with no consideration

Former Free State agriculture MEC Mosebenzi Zwane pressured Phumelela municipality into leasing farming land for the Estina dairy farm project in 2012, to the extent that his team drew up the resolutions – usually done by council - that would give the project the green light. Mayor Tlokotsi Motaung, who was present at the meeting, held on 12 June, also appeared to be privy to the details of the project and did not question the its merits, nor the benefits included in it for Phumelela.

This was the testimony of former municipal manager Moses Moremi, who appeared before the commission of inquiry into state capture on Tuesday. Moremi spoke of the gross flouting of processes in the project, which he said was unnecessarily rushed for no reason.

The dairy farm, sold to the community of Vrede and Thembalihle township as an opportunity to create work for small-time black farmers and permanent employment for members of the community, ended up being a vehicle for the alleged siphoning of over R200-million of state funds, reportedly for the benefit of the Gupta family.

Previous testimony by former DA councillor Albert Radebe last month was that Zwane and Motaung shared a close personal relationship that had to do with their involvement in the ANC in the region. On this basis, said Radebe, there was reason to believe that Motaung had agreed to the department presenting to council. In his testimony, Moremi revealed that the council rushed to approve the lease, despite having little documentation to work with. The PowerPoint presentation made by then agriculture head Peter Thabethe seemed to seal the deal.

Commission chairperson Deputy Chief Justice Raymond Zondo pointed out the strange manner in which the process seemed to have been handled by the council, observing the urgency with which the approval was sought. Council seemed to be in an unreasonable hurry, Zondo said, considering the testimony of provincial treasury official Anna Fourie on Monday that her unit was pressured by Zwane’s department to approve payment of R30-million for the project, just three days after the council meeting. “They don’t ask for time to consider it, reflect on it and say we will return to you,” he reflected on the council’s position at the time.

On the strength of the council’s approval, Moremi was visited by a business delegation that included Indian nationals, who wanted him to sign an agreement that set out the terms of the lease between Phumelela and the office of then premier Ace Magashule, in the premier’s presence. According to this agreement, Phumelela would earn 4% out of the project, despite it leasing over 4 000 hectares of land for which, as the legal owner, it would be liable to pay rates and taxes. The other worrying factor for Moremi was that the land would be leased for 99 years without any payment to the municipality from the company using it.

Leading the delegation was a man who had described himself as Magashule's advisor, Ashok Narayan, who also doubled as an integral part of the private business leg of the project, according to Moremi. Narayan has been widely reported in previous years as a Gupta associate, and has been implicated in several government deals the family is reported to have benefited from.

When he sought legal advice on the agreement, Moremi was told that it was not a feasible venture. Despite his stance against it, however, he would receive pressure to make the agreement happen. Moremi refused to sign the agreement, an act for which he said he received praise from Magashule.

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