
From: Tony Gupta
Sent: Saturday, 01 August 2015 6:15 AM
To: duduzani.zuma@gmail.com
Subject: Fwd: CV of MJ Zwane
Attachments: ZWANE.doc; ATT00001.htm

Begin forwarded message:

From: France Oupa Mokoena <fkoen@gmail.com>
Date: 01 August 2015 at 0:45:46 SAST
To: <tony@sahara.co.za>
Subject: CV of MJ Zwane

Please find attached the CV of Mr Mosebenzi Zwane for your attention

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Kind Regards

FO Mokoena
Director

Koena Consulting and Property Developers
PO Box 605
VREDE 9835
082 927 0812 C
058 913 3560 T
086 768 7754 F

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89 Gazelle Avenue, Corporate Park, Midrand, South Africa
Private Bag X180, Halfway House, 1685, South Africa



CURRICULUM VITAE OF MOSEBENZI JOSEPH ZWANE

1. Personal details

Full names: Mosebenzi Joseph Zwane
 ID No: 6712105354082
 Address: 603 Oosthuyzen Street
 Warden
 9890
 Cell: 072 661 4458
 Licence: Code C1 (10)
 E-mail address: mosebenziz.mail@gmail.com

2. Qualifications/ Certificates

- Teacher's diploma with South African teachers college
- Executive leadership and management with the University of Pretoria
- Certificate in Financial Management with Flemish government
- B.Com in finance management with Unisa not completed

3. Educational History

High School in Evungwini Secondary School – Vrede 1988

4. Work Experience

Eleven years teaching experience at the following schools

- Zoetvlei primary school 1989 – 1996
- Roadside Intermediate school 1996 – 2000

1995 – 2000 A councilor with Riemland rural council and Eastern Free State district council
 2000 – 2005 A Member of mayoral committee of Thabo Mofutsanyana district responsible for finance

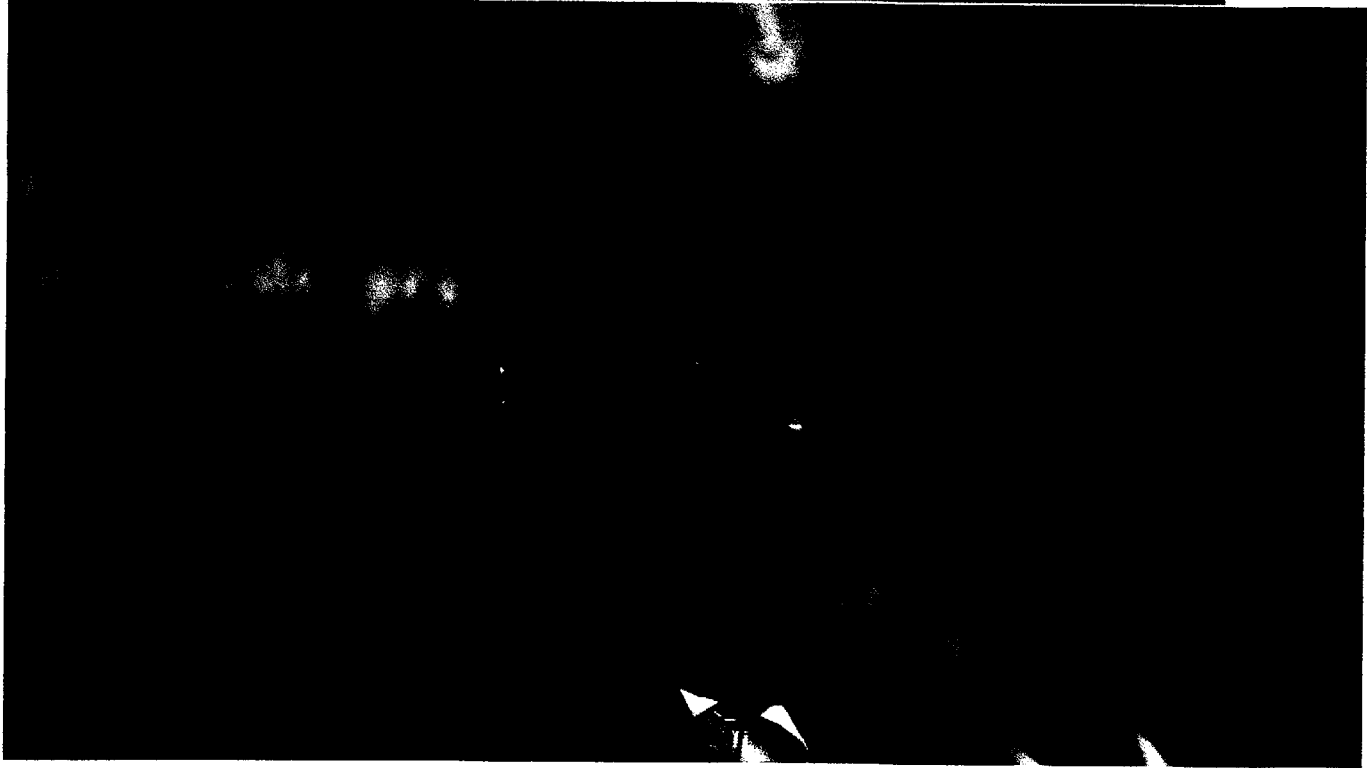
2006 – 2008 Executive Mayor in Thabo Mofutsanyana District

2009 – 2013 Executive Member in the Free State Executive responsible for Cooperative Government and Human Settlement , Agriculture , Economic Development.

2014 Current member of Executive responsible for Agriculture

5. Political Career

- South African Civic Association secretary 1989
- A member of African National Congress since 1990
- Chairperson of African National Congress Roadside branch
- An additional member of the ANC Frankfort region 1992
- Regional Secretary of ANC Frankfort Region 1995 - 2000
- Regional working committee of Thabo Mofutsanyana region 2000 – 2002
- Chairperson of Thabo Mofutsanyana region 2002 – 2012
- ANC Provincial Treasurer since 20012 to date

[HOME](#)[\[EXCLUSIVE\] HOW BRIAN MOLEFE 'HELPED' GUPTA OPTIMUM HEIST](#)[SHAREFACEBOOKTWITTERGOOGLE+EMAIL](#)

Former Mining Minister Ngoako Ramatlhodi has made damning new allegations that Eskom chief executive Brian Molefe and chair Ben Ngubane effectively pressed him to blackmail resources giant Glencore.

When he did not comply, he says, President Jacob Zuma fired him within weeks.

At the time the Gupta family were angling to buy Optimum, the coal mine that supplies Eskom's Hendrina power station.

Glencore, which then owned Optimum, had placed it into business rescue in August after Molefe refused to renegotiate the price of a long-term supply contract and reinstated a disputed R2.17-billion penalty that Optimum supposedly owed for supplying substandard coal.

Speaking from Limpopo on Friday, Ramatlhodi, then minister of mineral resources, said he met with Molefe and Ngubane at the latter's insistence.

At the meeting, they allegedly demanded that he suspend all Glencore's mining licences in South Africa, pending the payment of the R2.17-billion penalty.

Eskom had tried to issue a legal summons for the penalty on 5 August 2015, but Optimum's business rescue practitioners, appointed only the day before, batted away the claim, citing legislation which restricts new claims once a company is in business rescue.

Glencore maintained the Hendrina contract was losing it R100-million a month and it could no longer support the losses.

Business rescue, an alternative to liquidation, puts independent managers in charge in an attempt to save a company.

Ramatlhodi told amaBhungane: "They insisted that I must suspend all the Glencore mining licences pending the payment of the R2-billion... You must remember that the country was undergoing load-shedding at that time. I said to them: how many mines do these people have supplying Eskom? How many more outages are we going to have?"

A suspension of all of Glencore's licenses would have brought Glencore's 14 coal operations to a standstill and risked the jobs of its 35 000 employees in South Africa. At the time Glencore supplied roughly 14% of Eskom's coal needs, including virtually all of the coal for the Hendrina power station.

Ramatlhodi said Ngubane was very insistent, but he refused: "I said I'm not going to shut the mines."

He said Ngubane then told him that he would have to report on their meeting to President Jacob Zuma straightaway as the president needed to be in the know before leaving on a foreign trip.

On 2 September 2015, Zuma arrived in China for a commemoration of victory over the Nazis in World War II. There he was due to meet Russian President Vladimir Putin.

Ramatlhodi said he was removed as mines minister shortly after Zuma's return.

Zuma announced unexpectedly on 22 September that year that Mosebenzi Zwane, a Free State politician linked to the Guptas, would replace Ramatlhodi.

Zuma moved Ramatlhodi to public service and administration at the time, but fired him along with finance minister Pravin Gordhan and other members of his cabinet earlier this year.

Eskom board spokesperson Khulani Qoma has vehemently rejected Ramatlhodi's allegations.

"It makes absolutely no sense that a mere chairman and group chief executive can exert 'pressure' on a sitting minister in an effort to subordinate him to their will. This

is a desperate allegation, devoid of logic, and all fair-minded citizens will find it impossible to believe it.

“In the desperation to drive these outlandish allegations, the president's name will always be used.

“Did amaBhungane bother to find out why he waited so long before he went public with his allegations or are you interested in the sensational nature of the allegations made?”

HIJACKING

However, Ramatlhodi's allegations add to a growing body of evidence suggesting that the Guptas' R2-billion buyout of Optimum should rank among South Africa's most audacious business hijackings.

AmaBhungane has pieced together the claims of how the family used its network of corporate and political pawns to strong-arm Glencore, the world's toughest commodity trader, into a forced sale – and then syphon off millions in state-owned company contracts to pay the bill.

AmaBhungane has established that Trillian – the financial advisory group owned by the Guptas' inseparable business partner Salim Essa – received almost R300-million from Eskom during 2016 supposedly for consulting and advisory work, including a R30-million payment from Eskom on the day the Gupta consortium was due to pay for the mine. (See part two on Thursday: *Did Lynne Brown lie to parliament?*)

According to former public protector Thuli Madonsela's *State of Capture* report, the Trillian group, which had only been properly established on 1 March 2016, contributed a staggering R235-million towards the Optimum purchase price paid over on 14 April 2016.

Trillian has denied making any contribution towards buying Optimum, but has also refused to comment on the payments received from Eskom, claiming client confidentiality.

The story of the Optimum “heist” goes to the heart of four interlocking legal battles that have started to peel back the truth of claims of a grand Gupta conspiracy.

It also sets out the case that Molefe, Eskom's peek-a-boo chief executive, must answer.

First, there is Madonsela's *State of Capture* report, whose recommendation of a deeper judicial probe into state capture has been stymied by Zuma.

The president wants a court to review and overturn the public protector's findings.

Madonsela's report led to Molefe's resignation, but its juicy details seemed to disappear beneath the wake of a churning news cycle – until his reinstatement placed the evidence squarely at issue again.

Second, there is a suit and counter-suit between Trillian and rival consulting firm Regiments Capital. Essa, the Gupta associate, poached Regiments rainmaker Eric Wood to become Trillian's chief executive.

Third, there is a bid by Trillian to target a former Trillian executive turned whistleblower. Trillian has laid criminal charges and launched a civil suit against the whistleblower, who had made a set of disclosures to Madonsela's investigators.

In terms of an order by the Commission for Conciliation, Mediation and Arbitration, where she is claiming a constructive dismissal, the whistleblower may not be named.

Finally, there is an investigation by prominent advocate Geoff Budlender, appointed by Trillian chair Tokyo Sexwale, to conduct an internal probe of some of the state capture allegations.

AmaBhungane has woven together strands of information from these cases, combined with other independent sources, to put together a picture of the Guptas' mine grab.

THE SQUEEZE

To understand what happened, we need to go back to 17 April 2015, the day it was announced that Molefe, then chief executive of Transnet, would be seconded to take over at Eskom.

At the time Eskom and Glencore were in the final stages of a deal to reprice the coal supply agreement under which Optimum supplied the Hendrina power station.

Optimum had a long term "fixed-price" contract with Eskom that had become unaffordable.

In 2013 already Optimum had triggered a hardship clause of the contract, claiming that it was losing R166 per ton of coal, which would cost the company R881-million in losses in that year alone.

By the time Molefe arrived in April 2015, Eskom had carried out an audit of the business and agreed to a price increase that would see Optimum supply Hendrina "at cost" until December 2018. All that was left was for the Eskom board to approve the deal.

By this time Eskom had a new board, appointed late the previous year, to which Essa and the Guptas enjoyed an astonishing level of connection. This included their acknowledged friendship with Molefe and the presence of Mark Pamensky, who was also a director of the Guptas' Oakbay Resources and Energy.

The board did not approve the repriced deal. Instead, the matter was referred back to Molefe, the new chief executive. That is when Glencore's headache really began.

On 18 May 2015, Molefe told Optimum that Eskom would not be concluding any deal and would continue enforcing the existing coal supply agreement.

Optimum replied to Molefe four days later, stating that if Eskom persisted in its position, Glencore would be forced to place the mine into business rescue.

But Molefe shut the door. On 10 June he wrote back, unilaterally terminating the settlement process and reinstating the price and coal quality provisions of the Hendrina agreement.

Glencore appeared desperate to reach a solution. Global chief executive Ivan Glasenberg travelled to South Africa to meet with Molefe, before tabling a below-cost offer on 30 June 2015 that would see Eskom paying R300 per ton until December 2018.

Eskom was unmoved.

THE APPROACH - AND THE SQUEEZE IS TIGHTENED

The next day, 1 July, Glencore received a letter from auditors KPMG tabling a R2-billion offer for Optimum on behalf of clients wishing to remain anonymous. Later it would emerge that the anonymous clients were the Guptas. Glencore demurred, telling KPMG that Optimum was not for sale.

Two weeks later Eskom's lawyers wrote to Optimum telling it that Eskom was reinstating a R2.17-billion penalty dating back to March 2012, when Optimum's coal allegedly started failing to meet Eskom's required quality. This was the last straw for Glencore, whose board on 31 July decided to place Optimum in business rescue.

But the Gupta axis was also busy.

On 2 August, Molefe and Ajay Gupta spoke on the phone, according to Madonsela's *State of Capture* report. This was the first of 78 telephonic contacts between Molefe and the Gupta brothers or their lieutenants between August 2015 and April 2016 which the public protector enumerated.

Molefe has never provided an explanation for these contacts, which took place when Eskom, Glencore and the Guptas were locked in a furious battle over the future of Optimum.

AmaBhungane invited him to provide his version of events, but he did not respond.

On 3 August 2015, the department of mineral resources suspended Optimum's mining licence, accusing the company of illegally retrenching employees.

The next day Piers Marsden and Peter van der Steen were appointed as joint business rescue practitioners, meaning that Glencore also gave up management control of the company.

The move was in the nick of time.

On 5 August Eskom served a legal summons on Optimum demanding R 2 176 530 611.99 – but now the business rescue practitioners wrote back, pointing out that no

legal proceedings could be instituted against a company in business rescue without the consent of the practitioners or a court.

Coincidentally that same morning Molefe was in Saxonwold, cellmast records accessed by the public protector showed.

AmaBhungane pointed out to Molefe on Friday that a reasonable person might deduce that these were instances where he was in contact with the Gupta family, and invited him to provide an alternative narrative.

He has previously avoided doing so, suggesting he could theoretically have been attending the now fabled “Saxonwold Shebeen”. Our invitation to Molefe went unanswered.

Although the game had changed now that Optimum was in business rescue, Eskom still had a powerful bargaining chip – in 2008 Optimum Coal Holdings, through which Glencore owned Optimum, gave Eskom a guarantee that if Optimum went into liquidation before the end of the coal contract in 2018, the holding company would step in and cover the costs.

Even with less than three years left on the contract, the guarantee could have cost the holding company several billion rand, quickly wiping out the other valuable assets in the group.

In short, Optimum’s only option was to negotiate with Eskom. But Molefe, it turned out, was not in the mood to negotiate.

On 7 August 2015, four days after his department had caused operations to be suspended at Optimum, Ramathlodi may have set the scene for his removal by reinstating Glencore’s mining licence for Optimum.

Following that, according to Madonsela’s report, there was a flurry of contact between Molefe and the Saxonwold gang.

On 13 August, Molefe and Gupta executive Nazeem Howa communicated on the phone.

On 17, 18 and 23 August Molefe was in Saxonwold. On 24 August Molefe and Howa were in contact four times.

By this time the war of attrition had escalated. Eskom had fallen behind paying Optimum for the Hendrina coal supply and the business rescue practitioners had in turn temporarily suspended coal deliveries to Hendrina.

On 28 August Molefe was in Saxonwold again and a few days later, around September 1, he and Eskom chair Ngubane allegedly met with Ramathlodi to try to persuade him to shut down Glencore’s other mines. Ramathlodi refused. Three weeks later he was gone.

TREASURY COUP & TRILLIAN KNOWLEDGE

In the following months, the Guptas were busy shopping around for a new finance minister, according to Madonsela's report, while they were also facing competition from another bidder for Optimum.

The other bidder secured pole position by offering better terms than the Guptas, but by 23 October 2015, the business rescue practitioners were ready to negotiate with the Gupta consortium again.

According to an amaBhungane source close to the process, the other bidder pulled out after one meeting with Eskom.

On that same day, 23 October, came the alleged stunt that may have unravelled the whole plan.

Following an approach by Zuma's son Duduzane, then deputy finance minister Mcebisi Jonas made his fateful visit to Saxonwold.

Jonas says he was offered the finance minister position and a bribe. The Guptas deny this.

Jonas maintains he rejected the alleged offer and informed both then finance minister Nhlanhla Nene and his predecessor Pravin Gordhan about the incident.

It is at this point that the Trillian whistleblower's claims find traction, as she records how Wood, who was then still working for Regiments, was allegedly intimately aware of the Guptas' plans.

In her statement to the public protector she alleges: "On 26th October 2015, I was informed by my direct line manager, Eric Wood at Regiments Capital that the president of the Republic of South Africa was going to replace the finance minister: Nhlanhla Nene. He subsequently sent me an email outlining national treasury's new initiatives and his proposed fees for each initiative which he had drafted."

Wood had earlier the same morning sent a similar email to Essa, the Guptas' right-hand man, with a note saying, "Hi Salim... As discussed, I have quickly jotted down a few points for the FM..."

Four days later, on 30 October 2015, the man Zuma was to appoint as finance minister in December 2015 – Des van Rooyen – made his first appearance at Saxonwold, according to cell mast records obtained by the public protector.

Wood himself confirmed that the reference to "FM" in his email was a reference to the minister of finance, but in his affidavit delivered in the litigation between Trillian and Regiments, he insisted that he was referring to Nene, not Van Rooyen.

Nene, in a response to the *Sunday Times* earlier this year, denied he had discussed any such initiatives with Wood.

KOKO & DMR UP THE ANTE

During November, Eskom's newly appointed group executive for generation, Matshela Koko, appeared to push the business rescue practitioners to do a deal, warning: "It may also be an appropriate time for Eskom to review the engagement with Glencore from a portfolio perspective."

He pointed out that they had "an offer on the table" – from the Gupta consortium bidding for Optimum.

On 24 November 2015 Koko chaired a meeting with the business rescue practitioners and Gupta representatives.

Out of the blue Koko announced that Eskom believed that the Optimum coal mine would be financially viable only with the added benefit of Optimum Coal Terminal and Koorfontein coal mine to support it.

The coal export terminal and Koorfontein mine were profitable and were not in business rescue.

They were owned, like the Optimum mine, by Glencore, under the umbrella of Optimum Coal Holdings, but up to that point all negotiations were solely about the ring-fenced, loss-making Optimum mine.

Koko now told the meeting that Eskom would support the sale but only if the deal was done at the Optimum Coal Holdings level, including the two lucrative assets that Glencore was not keen to part with.

Koko insisted that he needed an answer by the weekend.

That weekend, beginning on Saturday, 28 November 2015, inspectors from the department of mineral resources, now under the control of Zwane, allegedly began visiting Glencore's other mines, carrying out inspections for non-compliance.

The department failed to respond to specific questions about this.

That Sunday, 29 November, Zwane boarded a commercial flight to Dubai.

On Monday, 30 November, Koko met the business rescue practitioners and Glencore's local chief executive Clinton Ephron at Eskom's Megawatt Park.

Ephron appeared to call Eskom's bluff.

It is understood that Ephron was sick of being bullied and told Koko that Glencore would take Optimum out of business rescue and fund the losses until the end of the contract in 2018.

The sale was off.

ZWANE, GLENCORE AND THE GUPTAS REACH A DEAL

According to an amaBhungane source familiar with the events, the plan was to tell the consortium of banks holding some R2-billion in Optimum debt that the sale was off and that Glencore would settle the debt itself, but required more time.

The message never made it through.

It is understood Ephron cancelled the meeting after receiving a call telling him to head directly to the airport to fly to Switzerland.

That same day, Zwane also boarded a commercial flight from Dubai to Zurich.

Madonsela recorded in her report: "Minister Zwane did in fact meet with Mr Glasenberg in Switzerland at the Dolder Hotel around 30 November 2015 to 5 December 2015. The other individuals present during said meeting/s was Mr Rajesh (Tony) Gupta) as well as Mr Essa."

On 7 December Zwane boarded a commercial flight from Dubai to Johannesburg. It is unclear how he got to Dubai from Zurich, as the *State of Capture* report revealed he did not use the commercial ticket his department had paid for.

On 8 December van Rooyen was in the vicinity of Saxonwold. On 9 December he was appointed finance minister.

On that day, according to the Trillian whistleblower statement, she was informed that opportunities from national treasury and state-owned companies would be channelled Trillian's way.

But, instead, there was massive pushback from the markets, business and from within the ANC.

On 14 December 2015, Zuma was forced to backtrack and replace van Rooyen with Gordhan.

Nevertheless, that same day the business rescue practitioners announced that a Gupta company had bought Optimum Coal Holdings for R2.1-billion.

The Guptas had got their mine – now they just had to find a way to pay for it. (*For that story, see part two on Thursday*)

Glencore declined to comment for this story.

The Gupta family and their corporate representatives have previously made it clear that they will no longer respond to amaBhungane.

Eskom board spokesman Qoma said: "All the matters raised by the State of Capture report have not been probed and therefore citing these as though they are legally legitimate, the requirement for a constitutional democracy, is absurd and dangerous. Also important to note that the Public Protector failed to ask for Molefe's version, which is in contravention of the Public Protector's Act."

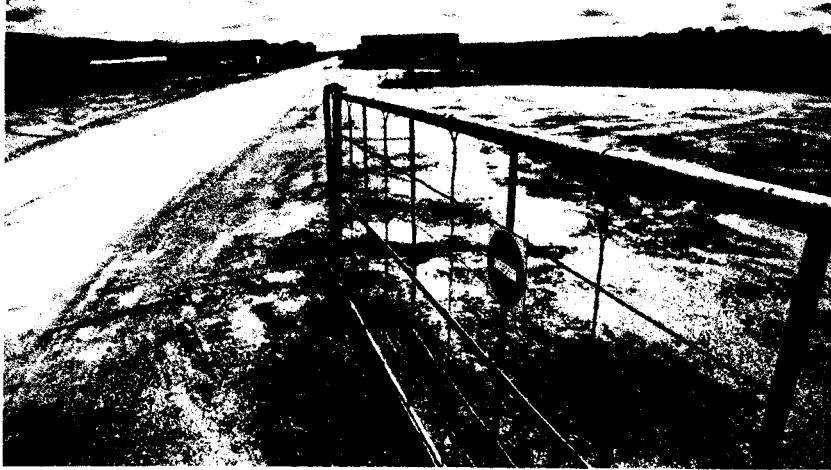


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NATIONAL

Free State dairy project damned in treasury investigation

Sam Sole, Tabelo Timse, Stefaans Brümmer 07 Feb 2014 00:00



A gate to Vrede, the farm given by the government to private company Estina rent free. (Delwyn Verasamy, M&G)

COMMENTS

A controversial R570-million Free State dairy project was riddled with irregularities, investigators for the national treasury have found.

Exclusive material from the investigation shows that the treasury launched a full-scale investigation of the Estina dairy following several *Mail & Guardian* exposés about it in mid-2013. The reports suggested the deal with Estina – a company without agricultural experience and led by a computer sales manager – flouted treasury rules and was designed to milk provincial government coffers.

The articles also flagged allegations of the Gupta family's proximity to the project and several of the role players.

Until recently, the treasury would not confirm that an investigation was taking place.

Now a document obtained by amaBhungane shows that in October last year a forensic team was dispatched by the treasury to Bloemfontein to question officials

about the bizarre contract to develop a large dairy and milk processing plant in the northeastern Free State town of Vrede.

Investigators were shocked by what they heard, including:

- The Free State agriculture department did not follow any supply-chain procedures when agreeing to fund the project through Estina, a private company;
- The department did no due diligence on Estina or its claimed partnership with Paras, a major dairy company in India. Paras subsequently denied any involvement;
- The Free State paid grants directly into Estina's bank account and the responsible official admitted she had no real evidence of how the money was being spent;
- A "feasibility study" was done only after the contract was signed;
- It appears the "loosely drafted" contract – skewed in Estina's favour – was drawn up by Premier Ace Magashule's legal adviser. The contract commits the department to shelling out R342-million and Estina will be billed for the balance of the R570-million project cost "if necessary";
- Small-scale farmers, who were supposed to be beneficiaries of a 51% share in the scheme, were only identified recently and the official could not explain how they were chosen; and
- Approval for the project was rushed through despite the fact there was no budget, no feasibility study and no urgency.

One of the investigators remarked in apparent exasperation: "Estina is using government's money to establish a plant, putting cows on land that is given by government rent-free. Now they get to make a fortune off the infrastructure."

The disclosures are made in a confidential transcript, which records an extraordinary interview with the Free State department of agriculture chief financial officer, Dipatle Dlamini.

Dlamini was questioned on October 9 2013 by two forensic executives, Suad Jacobs and Trevor Barnard, of the law firm Edward Nathan Sonnenberg (ENS).

ENS conducted other interviews – to which amaBhungane has not had access – and has since completed its report to the treasury.

It is not known what their final conclusions were.

Despite the damning admissions, the treasury seems hamstrung by devolved accountability that makes it difficult for the national department to intervene in provincial procurement.

Political sensitivities

There are also political sensitivities, given that the project is publicly associated with allies of President Jacob Zuma, including Magashule and the influential Gupta family.

Although there is no evidence that the Guptas are beneficiaries or involved in the irregularities, their proximity does raise the question of whether political connectivity played a role.

For months, the treasury refused to respond to questions from amaBhungane. When confronted with the evidence contained in the transcript, a source within the department confirmed that the issue was a political hot potato.

But the treasury spokesperson, Jabulani Sikhakhane, would only say: "National treasury is still studying the report, after which a decision will be made on the way forward."

The transcript reveals that the dairy project appears to have been conceived during a visit to India by senior department officials and the then agriculture MEC, Mosebenzi Zwane, whose home town is Vrede.

The trip was signed off by Magashule, a close ally of Zwane.

Following the visit, officials in Bloemfontein were summoned to a presentation on the dairy project by Estina on May 24 2012.

Just three days later, on May 27, the head of department wrote to Estina accepting the proposal. On June 13, Magashule's legislature approved the deal.

The Free State government failed to respond to detailed questions but appears determined to press on with the project.

In a written response to a question in the provincial legislature in November last year, the MEC for agriculture, Mamiki Qabathe, said the project should be

completed by July 2015. She detailed R114-million in expenditure so far, which includes 351 dairy cows at a cost of R6.2-million, a price that the opposition Democratic Alliance has noted is nearly double the market rate.

AmaBhungane was also told that about 30 cows and calves have already died – and this week saw many carcasses that had been dumped in a gully on the Vrede property. These losses suggest the project was poorly conceived and is being poorly run.

Other costs also seem inflated, such as a security gate and guard house for R2.6-million and a collection of basic tools – a spanner set and similar tools – for R2.5-million.

The doubtful beneficiaries

It appears there was a scramble to identify supposed beneficiaries of the dairy project only once the national treasury started asking difficult questions.

Local chair of the African Farmers Association of South Africa (Afasa) in Vrede, Ephraim Dlamini, told amaBhungane an urgent meeting was called in October last year by Mosebenzi Zwane, the former agriculture MEC.

"The hall was full of people, most I didn't know who they are. We were told to bring a copy of our IDs and you submitted names and addresses.

"Zwane gave a good speech about how we are going to be owners of this farm because we will own 51%. He begged us not to sell shares to anyone even if they offer millions.

"I warned people not to sign anything without fully understanding what is going on."

What breaks his heart, Dlamini said, is that people who had few cows sold them because they were promised they were going to get cows from the dairy, "but so far not a single person has received anything". He said beneficiaries appeared to have been "already chosen" by the politicians.

Dlamini said he understood that people were desperate: "But, by the look of things, this is not going to go anywhere and people will be worse off.

"Politicians don't understand ... these are people's lives. They have this habit of doing things as if they have community support and then when they get caught they come to the people to legitimise these fly-by-night projects. It's nothing we haven't seen before." – amaBhungane reporters

Mass grave points to daily deaths

Mystery surrounds a stinking stack of nearly 30 dead cows that were dumped in a ditch on the Vrede dairy farm project on the outskirts of the northeastern Free State town. The place where the animals were dumped is about four metres away from a river that provides Vrede with its drinking water.

It is clear from the state of some of the carcasses that some of the animals died quite recently, even as late as Wednesday, February 5. The site, visited by amaBhungane this week, is not far from the actual dairy where the more than 300 cows are milked, and backs up rumours that cows are dying on an almost daily basis on the controversial farm. Residents of the nearby Thembelihle township said they were concerned that diseases might spread as no one could offer any explanation for the deaths.

Along the R34 national road from Vrede to Newcastle, amaBhungane used the second entrance to the Vrede dairy farm and had to walk for about 2km. The sickly odour was present way before the actual site. The section where the cows were dumped was not easy to find as it was hidden among patches of tall bluegum trees, with overgrown grass in the area.

The smelly ditch was infested with clouds of flies hovering over the piles of decomposing cows. It looked as though three of the carcasses were dumped quite recently. One of them, a Friesland dairy cow, lay on the flattened remains of many other decomposing cows. The ears of many of them had been cut off.

A source who did not want to be identified said the fact that the makeshift graveyard was situated so close to a strategic water source was a health hazard, especially if it rained.

AmaBhungane could not establish the cause of death as the farm's project manager, Chandrana Prasad, did not respond to questions.

Vrede's municipality could also not be reached for comment. – Tabela Timse

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NEWS & ANALYSIS**R184m spent on Vrede Dairy Project - DA FState**

Roy Jankielsohn
03 August 2015

Roy Jankielsohn says by the time the contract was cancelled ESTINA had not invested anything

Vrede Dairy Project controversy deepens - MEC's reply creates more questions than answers

03 August 2015

The Vrede Dairy Project continues to be shrouded in controversy. In replies to written questions posed in the legislature, the Department of Agriculture and Rural Development have admitted to have initially budgeted only R6 million for the project, but have so far spent R183 950 000 on this endeavour. They are continuing to spend money on the project that remains dependent on the Department.

In terms of a now cancelled agreement, an Indian company named ESTINA would have received a 49% share with a R228 million investment in the R570 million project, while the 80 local beneficiaries would jointly have received 51% of the shares through a government investment of R342 million.

This implies that ESTINA would have obtained a 49% share with an investment of only 40% of the projected cost of the project. Without investing any money in the project, ESTINA received R183 950 000 as the implementing agent to develop infrastructure and purchase some dairy cattle. ESTINA was thus the implementing agent and shareholder until the contract was cancelled.

The management of the project has subsequently been taken over by the Free State Development Corporation (FDC). The FDC have indicated that the cow housing shed is inadequate, and that the processing plant that was built by ESTINA would require additional investment should research that is required indicate that it is at all viable. The replies also state that the project is a “community project”, however the FDC have admitted in a meeting of the Portfolio Committee for Economic Development in the Free State Legislature that none of the 80 beneficiaries are currently involved this project.

The replies also indicate that National Government discontinued its support for the project after a National Treasury investigation. Among the recommendations of the investigation was that the Head of the Department and Chief Finance Officer face disciplinary hearings. The MEC for Agriculture and Rural Development has however indicated in the reply that no disciplinary action will be instituted. The investigation was carried out at a cost of R868 447.33 and has subsequently been ignored.

The replies strengthen the DA’s belief that the project was never meant to milk cows, but rather the taxpayers. The latest replies will be forwarded to the Public Protector for inclusion in her investigation and findings into this project.

Member of the Executive Council for Agriculture and Rural Development

FREE STATE PROVINCE

Dear B.F. Mothupi Table Assistant

Free State Legislature

RE: FREE STATE LEGISLATURE: QUESTION PAPER: WEDNESDAY, 04 MARCH 2015 [No 1-2015] SECOND SESSION, FIFTH LEGISLATURE

Question 2.1 What do the terms of the contract pertaining to the Vrede Dairy Project between the Provincial Government and ESTINA prescribe regarding the cancellation of the contract?

Answer: 2.1 Clause 11 of the Agreement: Termination of the Agreement clearly stipulates that:

11.1 The Parties shall have the right to terminate the Agreement without prejudice to any of its other rights upon the occurrence of any of the following acts:

11.1.1 On breach of this Agreement as stipulated in clause 10: Breach of the Agreement:

In the event of a breach by any one party of any of the terms and conditions of this Agreement and in the event that the said party fails to remedy such breach within ten (10) working days after receiving written notice from any other party to do so, the other party shall, without prejudice to any other rights that they may have, be entitled to exercise all or any of the following rights:

10.1 To terminate this Agreement with immediate effect without prejudice to any other rights it may have;

10.2 To suspend further payments to the defaulting party

11.1.2 On commencement of any action for the dissolution and/or liquidation of any one of the Parties, except for purpose of an amalgamation or restructuring approved in advance by the other Parties;

If any one party receives a court order to be placed under judicial management or to commence liquidation procedures that is not withdrawn or struck out within 5 (five) working days;

If a party informs the other Parties in writing that it is incapable of completing the project as described;

If it can be established that any one of the Parties acted dishonestly .

Upon the termination of this Agreement, the Parties agree to co-operate to conclude an orderly termination of their relationship.

Completion, suspension or termination of the Agreement shall not prejudice or affect the accrued rights or liabilities of the Parties.

Question 2.2. On what date was the contract cancelled?

Answer 2.2 The DEPARTMENT cancelled the Agreements with ESTINA (Pty) Ltd on the 13 August 2014

Question 2.3 Whether any claims were made by ESTINA against the Provincial Government regarding the cancellation of this contract; if so, (a) what is the nature of the claim, (b) the amount?

Answer 2.3 No claim was made by ESTINA since the cancellation of the contract.

Question 2.4 Whether the department intends to pay any amounts relating to this claim; if not, why not, if so, how much?

Answer 2.4 No claim was made by ESTINA since the cancellation of the contract.

Question 6.1 : Whether the disciplinary action was instituted against Senior Officials, as recommended in a report following investigations by the Office of the Accountant General in the department of National Treasury into the appointment of Estina as a partner in the Vrede Dairy project, if not, why not, if so, what are the relevant details?

Answer (6.1): No disciplinary action was instituted.

0.66 Question: 1) Whether, with regard to Estina being appointed as both the (i) service provider and (ii) partner in the Vrede Dairy Project, any supply chain management