

OUTA

ORGANISATION UNDOING TAX ABUSE



November 2019

National Lotteries Commission

**Ablution Improvement
Project Disaster**

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Introduction

As part of the ongoing investigation into alleged irregularities at the National Lotteries Commission ("NLC"), the following have been uncovered:

- Multiple Non-Profit Organisations have been receiving NLC funds through "proactive funding", which is meant to support innovative projects with greater impact and provide emergency support where the need arises.
- Zibsifusion, a Non-Profit Company that operates as a Charities Distributing Agency was awarded proactive funding in the amount of R10 million in November 2018 to improve the sanitation facilities in 10 public schools in Limpopo.
- Zibsifusion sent a presentation to the NLC, showcasing progress on the various projects.
- In the presentation called "The Sanitation Programme" which is attached hereto as annexure A, Zibsifusion lists only eight schools that they worked on without referring to the remaining two. It also stated that R7 million of the R10 million has already been paid to Zibsifusion.

OUTA conducted site inspections at the eight schools in Limpopo (Venda and Polokwane) from 20 to 22 May 2019 to establish the veracity and truthfulness of the presentation sent to the NLC. OUTA wanted to determine whether the funding received from the NLC was in fact being utilised for the upgrading of ablution facilities as claimed by the NLC and the appointed contractors.

OUTA visited the following schools:

- Ngwanabahlalerwa Primary School
- Ncheleleng Secondary School
- Reahlahlwa Primary School
- Tibanefontein Primary School
- Nthabalala Primary School
- Tshilapfene Primary School
- Tshikhovokhovo Primary School
- Waterval High School.

This report details our observations at the eight schools we visited.

Disclaimer:

The photos in this document are all authentic and were taken by OUTA from 20 to 22 May 2019

1. Ngwanabahlalerwa Primary School

At Ngwanabahlalerwa Primary School, we met with the principal Ms Thobejane and Deputy Principal of the school, Ms Ramaphakela. From our engagement with both individuals, we learnt that the school didn't apply for NLC funding directly. Instead, they applied on 18 January 2016 for funding for new ablution facilities (toilets) from the Department of Basic Education ("DBE"). They stated that on 12 July 2018 a Mr Setumo Kwena, who claimed to be a representative of the DBE, visited the school to assess the school's toilets. He did not provide proof of his credentials.

Ms Thobejane followed up with Mr Setumo on numerous occasions, but he continuously claimed that it was a protracted process. Eventually, she was contacted by a Mr Musa Thabang from the DBE provincial office who informed her that the school's application was unsuccessful.

Thereafter, the principal allegedly received a call from an unidentified individual who informed her that her school had been selected by the provincial DBE to potentially benefit from an anonymous donor who would build the ablution facilities they had applied for. She was unable to recall the date of this call. A few days later from the date of this call, they were visited by two gentlemen who claimed to be representatives from an engineering company in Polokwane. Then, according to the principal, on the 08 April 2019 Seopa Oben Construction, (contractor Mr Oben Kgohlwane and his brother) visited the school to inspect the site and take soil samples. They were accompanied by three officials who claimed to represent the NLC.

According to Ms Thobejane and the deputy principal, the construction started on the 15th April 2019 and was expected to finish within a month. They did however experience unexpected delays because of the delayed delivery of building materials.

OUTA visited Seopa Oben Construction where the contractor informed us that they were appointed by T2-Tech Engineers (Pty) Ltd, a company based in Polokwane. Having said this, the contractor was not willing to tell us who the T2 Tech engineers were and what role they played. They referred us to T2 Tech for information instead. It should be noted that T2- Tech Engineers trading as T2 Tech Africa Management Group is a registered service provider of the NLC.

Ms. Thobejane indicated that there was no contract entered into between the school, T2-Tech, the contractors or the NLC and she was unaware of any contract between the NLC, T2-Tech and/ or the contractors. Ms. Thobejane also did not have knowledge of the monetary value of the donations.

Figure 1.1: Current toilets at Ngwanabahlalerwa.



Current toilets used by the pupils at the school. There are four of these toilets; two per gender, serving a total of 230 learners.

Figure 1.2: Outside – path to and from the toilets.



Due to the number of users, the urinals overflow. The overflow in turn causes excrement to spill out onto the toilet floors; meaning the kids must step in it in order to use the toilets.

Figure 1.3 Current toilets being built with NLC funding



The funds for the building of the toilets were granted by the NLC in November 2018. Construction began in April 2019. The above is a photo of what had been achieved by 20 May 2019 when OUTA visited the site. The expected completion time was a week from date of our visit, approximately early June 2019.

2. Tibanefontein Primary School

On 21 May 2019, OUTA visited Tibanefontein Primary School.

The school's principal alleged that the school's application for funding from DBE was also unsuccessful. However, a workshop was conducted by the NLC in September 2018 and schools in the district were invited to attend and could thereafter indicate their need for assistance from the NLC. After this, around February - March 2019, the school was visited by Mr Ofentse Modubane who, according to the principal, claimed to be a representative from the NLC. Mr Modubane claimed to have been tasked by the NLC in cooperation with the DBE, to facilitate the building of ablution facilities at Tibanefotein Primary School.

During our interview, the principal alleged that the construction began in March 2019. The service provider was Mmakoto Business Enterprise. Mmakoto Business Enterprise was represented by Ms Abigail Morulane who was also the site manager.

According to the principal, a DBE district representative visited the school during the construction phase to ensure that the work was performed in accordance with the agreed terms. On 25 April 2019, the completed toilets were handed over to representatives of the DBE by NLC, the contractor and Zibsifusion. NLC was represented by Mr Legodi and Zibsifusion by Mr Modubane. The principle alleged that DBE noted during this handover that the toilets could not be used yet as some of the work performed needed to be fixed.

After OUTA's field trip, further investigations were conducted. We had a telephone conversation with Ms Morulane on 27 May 2019. She indicated that they were appointed by Zibsifusion NPC to build toilets for two schools namely, Tibanefontein Primary and Ncheleleng Secondary School.

Figure 2.1: Old toilets at Tibanefotein Primary School.



Above are the toilets currently being used despite the fact that there are newly built toilets at the school. The newly built toilets cannot be used because some of the work performed needed to be fixed.

There is a total of four existing toilets (2 each for males and females), used by 345 learners and educators of Tibanefontein.

Figure 2.2: Newly built toilets



3. Ncheleleng Secondary School

During OUTA's field trip, we also visited Ncheleleng Secondary School. The school's principal indicated that the school applied for funding from the Capricorn District DBE on approximately 21st April 2017. Only on 4th June 2018, a representative of the district DBE, Mr Rapule Matsane, visited the school to conduct site inspections. The school did not receive any feedback after the 2017 application and the 2018 inspection.

However, representatives of Section 27 conducted a site inspection of the school on 23rd August 2018. The representatives were Tebogo Sephakumele, Rejoice Ntemo and Zukizwa Pikoli. Section 27's report ([Limpopo School Sanitation](#)), showed the magnitude of the "sanitation" challenges in schools.

The principal alleged that the school was then contacted by Mr Setumo Kwena on 23rd January 2019 who claimed to be a representative of the Limpopo Department of Education ("LDoE"). He informed the principal that there was a private donor who would like to assist the school to build toilets. A few days later the director of Mmakoto Business Enterprise, Mr Tebogo Marulane and Mr Ofentse Modubane of Zibsifusion visited the school and introduced the construction team to the school.

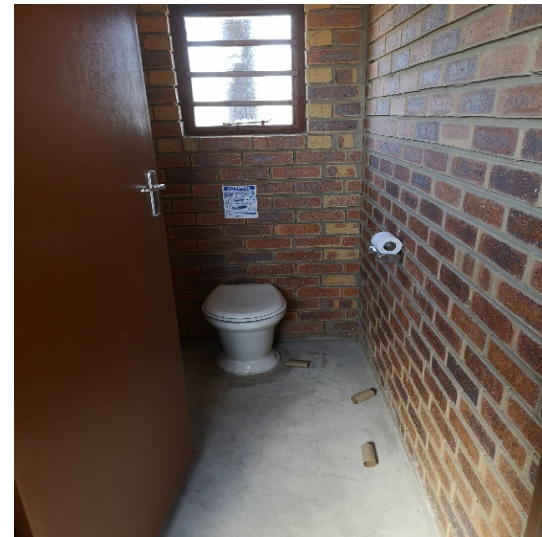
According to the principal, construction started during March 2019 and on the 12th April 2019, Mr Phosa and Mr Masilela from the district visited the school to establish the status of the project. The principal indicated that on 25th April 2019 Mr Modibane from Zibsifusion, Mr Tebogo Morulane from Mmakoto and a representative from the NLC arrived at the school to hand the toilets over to the Polokwane District. The principal did not know the name of the NLC representative who attended the hand-over.

Figure 3.1: Old toilets at Ncheleleng Secondary School



These two toilets above have two seats each. This services approximately 222 learners both male and female.

Figure 3.2 Newly constructed toilets at Ncheleleng.



Note that OUTA was unable to confirm whether the toilets were functional or not. They are kept locked and only accessible by the head master.

4. Reahlhlwa Primary School

During an interview with the principal of Reahlhlwa Primary School, the Head of Department and the Secretary of the Financial Committee, they alleged that the school was invited, together with others, to

attend an NLC presentation in the Waterval Circuit more than 5 years ago. During this presentation, the NLC informed the schools how NLC can assist them with funding for different projects but particularly the funding for ablution facilities. Reahlahlwa allegedly applied for NLC funding to build toilets and a fence but they did not receive any feedback.

On 26th January 2018 and as part of the Back-to-School campaign, the Deputy Minister of Higher Education, Mr Buti Manamela, visited the school. He, together with Construction SETA (CETA), visited the school again during that year to establish what construction needed to be done.

Construction began in October 2018 and the completed toilets were handed over to the school by CETA and DBE in December 2018¹. It is unclear why the CETA budget (discretionary grant) was used to build toilets for the DBE, when the DBE has a clear budget for such needs. According to CETA's Acting Chief Operations Officer (COO), Mr Innocent Ngenzi, students of the CETA did the construction work and confirmed that the budget for this came from the discretionary grants bucket.

The representatives of the school further alleged that on 2nd May 2019, representatives from T2-Tech Engineers (Pty) Ltd and Seopa Oben Projects informed the school that they, T2-Tech Engineers (Pty) Ltd and Seopa Oben Projects, had been in contact with the provincial DBE and they were the service providers approved by DBE to build toilets. According to the representatives, "this decision being because the NLC no longer funds school projects directly but uses NGOs as a conduit to assist". The contractor proposed a construction plan for the toilets as indicated below on the photos.

Upon the contractor's return on 21st May 2019, he indicated that the donors are under pressure (unexplained) and that they will no longer build according to the above plan as promised. They will now only build toilets for disabled learners. The school indicated that they didn't have students with disabilities currently nor were they going to have any in the foreseeable future.

Figure 4.1: Status of construction on the day of OUTAs visit



¹ Handover of CETA toilets by Minister Manamela <http://diepos.co.za/107037/lifeline-farm-learners/>.



Figure 4.2: Construction plan from T2-Tech Engineering.

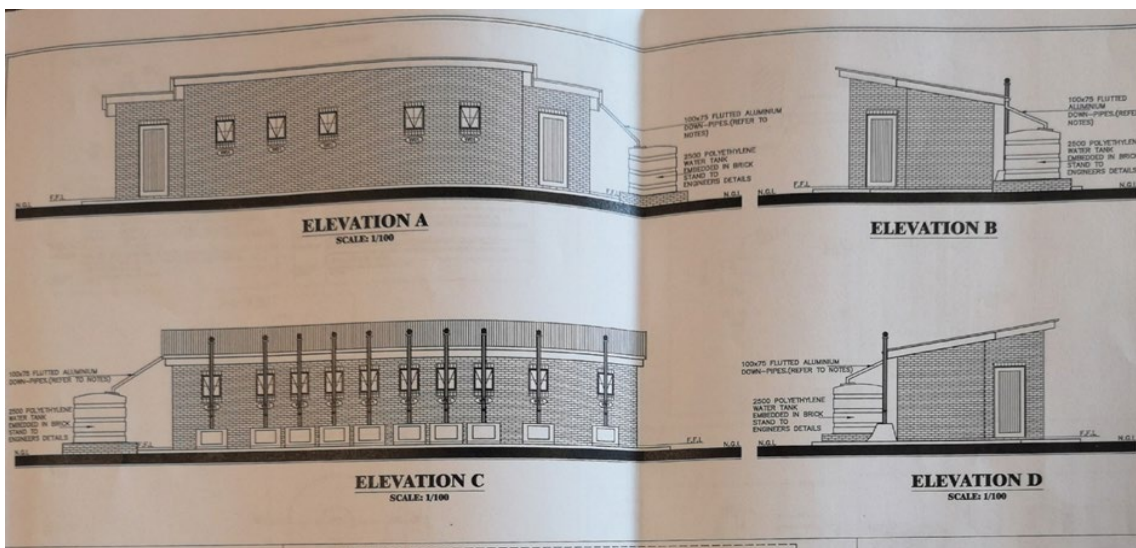


Figure 4.3: Current toilets built by CETA





5. Nthabalala Primary School

On 21st May 2019, OUTA met the principle at Nthabalala Primary school who was joined by members of the School Governing Body.

According to the them, the school applied for NLC funding between 2012 and 2015. The school needed funding for renovations and the construction of toilets. When they applied for the funding, NLC told them not to mention a specific amount they wanted to apply for. No feedback or response was received from the NLC after the school made the application. It was only after toilets had been built with the assistance of Thusanani Outreach Project in 2012 that the NLC initiated contact with the school sometime in 2019.

The principal stated that they had a relationship with Thusanani Outreach Project, an NGO based in Centurion that improves schools' facilities and creates links between private and rural schooling. The Foundation started to assist them in 2012 by funding learners who were studying Physical Science and Mathematics. They also donated funds to the school in 2012 to build toilets. At the time, Thusanani wanted 3 quotations from 3 companies who could build the toilets. The school obtained the quotes and the amount required to build the cheapest toilets (Namely pit latrines), was donated to the school. To date they still engage with the organisation.

Figure 5.1: The old toilets prior to 2012.



These are the old toilets that were used by learners prior to the new toilets built by Thusanani Foundation in 2012.

Figure 5.2: Toilets built by Thusanani Outreach Project in 2012.



These are the toilets build by Thusanani in 2012.

The new toilets funded by the NLC were supposed to replace these, however construction of these toilets began on 3 June 2019.

6. Tshilapfene Primary School

OUTA met with the principal on the 22nd of May 2019. He was accompanied by 2 members of the School Governing Body (“SGB”). The SGB members were part of the school’s co-ordination committee that supervised the NLC building project.

When the interview started, the principal asked whether we had obtained permission from the circuit manager to interview him. When we told him that we didn't, he refused to answer any questions relating to the toilets project. OUTA informed the principal that because this was a project funded by the NLC and has absolutely nothing to do with the DBE, no permission was needed in this regard.

The principal acknowledged this but still refused to answer any questions saying that he may face disciplinary action from the DBE if he speaks to us. One of the SGB members inadvertently informed us that the circuit manager, N.P. Mulaudzi, initiated the NLC project at the school.

Figure 6.1 Old toilets on both sides of the new toilets under construction.



Currently there are two toilets for both male and female learners. The toilets that are under construction will also cater for the same number of users.

7. Tshikhovhokhovho Primary School

The meeting with the seventh principal took place on 22 May 2019. He was very cooperative at first and spoke freely about the problems the school encountered with another project that was funded by the NLC. He was even willing to provide us with documentary evidence regarding the project.

The principal provided the following information: The school applied four times for NLC funding since 2012 but all the school's applications were unsuccessful. The funding was necessary for the construction of a combi court (a combination of a tennis and volleyball court). In 2018 the school was approached by a N.M. Mudau (aka Silva) who offered to help the school to apply for the funding, on the condition that the building contract be awarded to him, should the school be granted funding.

According to the principle, funding was granted to the school in the amount of R300 000.00. The principal alleged that Silva tried to bribe him to ensure that the contract was awarded to him. However, the principal obtained 2 quotations, one of which was from Silva. Since the other contractor was not reliable and they couldn't inspect her work, the contract for construction of the Combi-court was given to Silva. Construction was supposed to be completed within six months. The principal alleged that during construction, Silva started asking for money upfront which led to a total breakdown of the relationship between the principle and Silva. Silva subsequently disappeared with most of the money. Thereafter Mr Matshavha from the DBE District office visited the school to assess the work done.

When we questioned the principle about Zibsifusion and the NLC funded toilet project, his attitude immediately changed from being cooperative to defensive. He asked us whether we obtained permission from the Circuit Manager, TJ Thivhafuni, to talk about the project. When we said we didn't, the principal made a telephone call to an unknown party. After the phone call he refused to answer any further questions and referred us to the construction workers. Furthermore, at the start of the interview, the principle granted us permission to record the interview. However, after the phone call he requested us to stop recording. When we asked him, who gave him the instruction not to speak to us, the principal became aggressive and shouted that he was not instructed but advised by his superior.

The principal claimed not to know what structure was being built on the school's premises, stating that they did not have a contract with the company and the only thing that he was shown was a small plan of the structure. When speaking to the workers, the following information was obtained:

- The contractor that was used by Zibsifusion at 3 schools in the area was called Shatadi Trading Company. The company was owned by Tebogo Gololo. The site officer at all three sites was Puleng Gololo ("Puleng") who came to the site while we were talking to the workers. Puleng told us that the owner of the company was his Uncle. He also informed us that he was managing all 3 sites and that the structure at Tshilapfene Primary School was almost complete and they were starting construction at Tshikhovhokhovho.
- The engineers they used at the Tshikhovhokhovho Primary school were also used at Tshilapfene Primary- and Waterval High School. Puleng didn't provide a company's name but he provided the names of the engineers, namely Zack and Ronewa who worked for T2-Tech Engineers. Puleng informed us that construction hasn't started at Waterval as Shatadi was waiting for the

engineers to draw the plans for the construction that was to take place there. According to the site foreman, Zack and Ronewa worked for the “Lottery company”.

Based on OUTA’s research, T2- Tech Engineers trading as T2 Tech Africa Management Group is a registered service provider of the NLC.

- Three different people (a construction worker, the foreman on site and the site officer) were asked when construction began at Tshikhovhokhovho and they each gave a different answer namely; the 8th of May, the 14th of May and roughly 3 weeks ago respectively. The information received indicates that construction started during the month of May. The foreman also mentioned that construction at Tshilapfene was almost complete and that they only had to do the plumbing and roofing.
- The principal at Tshikhovhokhovho Primary school said that he called the principal at Tshilapfene Primary school to inquire about the toilets that were being built at Tshilapfene Primary school. He further said that the principal of Tshilapfene did not want to answer him until the Tshikhovhokhovho Circuit Manager had spoken to him. The principal said that the Shatadi Trading Company came to his school and said to them they were to build the toilets; with no contract or further information. The principals of Tshikhovhokhovho and Tshilapfene spoke to each other regularly regarding the NLC projects at their schools, irrespective of the fact that they initially needed the blessing of the circuit to talk about it. See attached photos of Tshikhovhokhovho Primary School.

Figure 7.1 Current status of construction as at OUTA’s visit.



8. Waterval High School

The meeting with the principal of Waterval High was very constructive. A member of the SGB showed us their current toilets in use and where construction of the new toilets was planned.

According to the principal, between 2011 and 2013 the school unsuccessfully applied for funding from the NLC to construct a combi court. After this, they applied for the funding with the help of a middleman namely Sherriff Netshimbupfe ("Sherriff"), a representative of Nazwo trading company. Sherriff indicated however that should NLC grant the school funding, the school should award him the contract. Similar to what happened at Tshikovhokovho Primary School, the contractor disappeared after the school paid him upfront for the work.

The school wrote letters to the DBE in 2014 requesting additional toilets as the toilets at the school were insufficient. During late February 2015, the DBE sent a representative from their infrastructure department to assess the condition of the existing toilets. The representative suggested the school construct extra toilets and classrooms. Unfortunately, the school received no feedback from the DBE thereafter.

The school was also approached by a company called Maemu Development on an unknown date, claiming that they would like to donate enviro toilets. The principal stated that he informed the representative of Maemu Development that they already had flushing toilets. The representatives of Maemu Trading proposed going back to the drawing board, as the toilets that they wanted to donate were of lesser quality than the toilets already installed at the school.

According to the principle the school was then approached by Mr Ofentse Modibane ("Modibane") from Zibsifusion on 30th January 2019. Modikane claimed that he was asked by the government to donate new toilets. The principal said that he assumed that Modibane was a good Samaritan who came to help them and was unaware of the fact that the money for the construction came from NLC.

On 8th February 2019, Tebogo Monkwe from Zibsifusion visited the school. Apparently, he was sent by Modibane to evaluate the current ablution facilities. When the principle asked about the new toilets that they were to donate, Tebogo stated that the current toilets were only going to be renovated. The renovations included replacing undamaged toilets bowls, painting the walls, tiling the toilets floors, mounting cheap doors and installing a pressure pump to relieve clogging in the boy's bathrooms. The toilets were renovated but the doors fell apart a few weeks after they were mounted, the painting job was sub-standard, and the pump exhibited problems soon after the work was completed.

The handover of the renovated toilets was to take place on 26th April 2019 at Waterval. An engineer from T-2 Tech and Mr Ofentse Modibane's brother, who was to ensure that everything was in place, were on site. When the NLC and DBE representatives arrived, they were dissatisfied with what they saw, and the handover was postponed indefinitely. However, after the handover of the renovated toilets failed, the relationship between the school and Zibsifusion broke down completely.

After the failed handover, the NLC visited the school so that the principal could show them the site where the new toilets were supposed to be built. The principle was not aware of when construction would start, the period of construction or planned date of completion.

Figure 8.1: The current state of the newly “renovated” toilets.



There was no evidence of the construction of new toilets as is apparent from the pictures above.

9. Summary of OUTA's findings

Based on our interviews conducted with the schools' principals, SGB members and construction workers, we found the following:

- The Zibsifusion progress report called “The Sanitation Programme” misrepresented the state of the construction at Waterval Secondary School and Nthabalala Primary School. At the time of OUTA's visit, no construction had begun at the schools.
- At Ngwanabahlalerwa Primary School, the construction of the toilets was only half way. The construction started on 15 April 2019 and was initially expected to be completed by the end of April 2019.
- Although construction was completed at Tibanefotein Primary School on 25 April 2019 already, the toilets were not in use because some of the work performed needed to be fixed.
- At Ncheleleng Secondary School the toilets were complete, but we were unable to confirm whether the toilets were in use or not because the principal kept them locked.
- At Reahlahlwa Primary School, we only saw the foundation of a toilet and the toilet was apparently for disabled learners. Despite detailed plans that indicated the construction of 11 toilets, only the construction of the 1 toilet started. Fortunately, the school already had toilets which were built by CETA.
- At Nthabalala Primary School, no toilets were constructed.
- At Tshilapfene Primary School, the toilets were still under construction; the service provider had to complete the roof and install the plumbing.
- At the Tshikhovokhovo Primary School, construction started in the beginning of May 2019. At the time of OUTA's visit, only the foundations of the toilets were done.
- At Waterval High School, the existing toilets were only renovated. The ‘renovations’ included replacing toilet bowls that were not damaged, painting the walls, shabbily tiling the toilets, and mounting cheap doors that started falling apart a few weeks after being mounted. On 26 April

2019, the 'handover' of the 'renovated' toilets was to take place, but the DBE representatives were dissatisfied with what they saw, and the handover was postponed indefinitely.

- Mr Ofentse Modibane and Tebogo Monkwe were identified as the Zibsifusion representatives who visited some of the schools in the Polokwane and Vhembe District.
- The schools were not given adequate information. They didn't know who the donors were and were not given details of the donation (projected costs, building plans etc) other than the fact that toilets were to be built at their schools.
- There are no written contractual agreements between the schools, the donor or the contractors.
- Based on the name that appears on the register at Reahlahlwa Primary School and discussion with Ms Thobejane, we are aware that both Ngwanabahlalerwa & Reahlahlwa Primary Schools were approached by representatives from T2-Tech and Seopa Oben Constructions.
- We further noted that Ncheleleng and Tibanefontein also made use of the same construction company namely Mmakoto Business Enterprise. Both schools were approached by Mr Ofentse Modibane representing Zibsifusion who purported to be a representative from the NLC. Mr Modibane was accompanied by Mr Tebogo Morulane of Mmakoto Business Enterprise
- It appears that Mr Setumo is the common link between the DBE, Ngwanabahlalerwa and Ncheleleng schools, as they were both contacted by him to make them aware of the potential donation. The schools have limited information regarding the donation received or who the donors were.
- The principals of Tshilapfene and Tshikhovhokhovho refused to answer any questions regarding the building of toilets. According to them, special permission was required from the district office to discuss this matter.
- At the schools visited in the Vhembe district where construction had or was supposed to have already taken place (Tshilapfene Primary, Tshikhovhokhovho Primary and Waterval High) the same contractor, namely Shatadi Trading was hired by Zibsifusion to construct the toilets and the same Engineering company namely T-2 Tech Engineering was hired by Zibsifusion and/or the NLC to draw up the plans.
- Some of the principals drew our attention to the fact that individuals who assisted the schools with obtaining NLC funding for the building of Combi-courts demanded they be appointed as the contractors. They would disappear once the funds obtained from the NLC for the project had been paid over to them.
- We conducted background searches on Seopa Oben Projects, T2-Tech and Mmakoto Business Enterprise. There are no common directors in these companies. Zibsifusion appointed Mmakoto Business Enterprise to construct toilets at Ncheleleng and Tibanefontein Primary School, whereas T2-Tech Engineers (Pty) Ltd appointed Seopa Oben Projects to construct toilets at Ngwanabahlalerwa and Reahlahlwa Primary Schools.

ADDENDUM:

The condition of Ncheleleng Secondary School.

The state of the school is unconducive to teaching and learning. The photographs depict the delapidated infrastructure. Even though this section does not deal with ablutions it highlights the unacceptable state of the school.

The conditions depicted here are from one school in Limpopo province. The Department of Education allocated a budget for eradicating pit latrines, building new schools, improvement and maintenance of infrastructure and other activities that need to be addressed in the education space.

If these are the current conditions of ablutions and infrastructure at our schools, one can only ask the question **“where does the money go”?**

No windows in most of the classrooms.



No doors in most of the classrooms.



The desks used leave a lot to be desired.

