

NEWS & ANALYSIS



This is what Ace Magashule did to the FState - Patricia Kopane

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DA PC says most municipalities in the province have either collapsed or are in the process of doing so

It is time for Ace Magashule to fall, and for SA to rise

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It is a real travesty that the province of the Free State with hard-working citizens and bountiful resources has been sold off to the highest bidder by the former Premier and current secretary-general of the failing ANC, Ace Magashule.

What is especially disgusting is that it is the poor people who now have to bear the brunt of rampant corruption, total collapse of basic services and the merciless looting of resources.

Ace Magashule's tenure in government, from 2009 – 2018, has been characterised by mafia-style tactics of governing and rudderless leadership from which under-handed business dealings and state capture emerged. It is an undeniable fact that Magashule has strangled the Free State's potential as an investment destination and callously reduced it to a monument of corruption and lawlessness.

Magashule ran a well-executed state capture network while receiving 10% share of every government contract in the Free State. It is this type of operation which birthed a number of corruption scandals including the Vrede Estina Dairy project which was used to enrich the Gupta family and its associates.

While at the helm of government, Magashule presided over some of the following scandals:

1. **The Old Ramkraal Prison in Bloemfontein** was identified as the proposed site for the development of the new Free State Provincial Legislature Complex. The Free State

Provincial Government initiated the project in 2010 and has spent approximately R120 million on demolition works and supposedly securing the site for further development. Nine years later the Ramkraal Prison, a provincial heritage site, is completely dilapidated through wilful neglect, looting and vandalism.

2. In 2011, Magashule was embroiled in a **Textile Workers Pension Fund Scandal** where he was a director of a company called Leading Prospect Trading 42 which received R15 million interest free loan from Canyon Springs Investments 12, who obtained the money from textile workers' pension funds. The loan agreement was signed in May 2007 and the funds were transferred prior to the signing of the contract. After the transfer, Magashule resigned as director and the company Leading Prospect Trading 42 collapsed and was deregistered. No reasons for the loan was given and no security was offered, and the loan was never repaid.

3. In 2012, **The Vrede Dairy Project** was launched by the Free State Provincial Government without following supply chain procedures, without a budget, without a feasibility study, and without the requirement of urgency to by-pass some of these requirements. Estina was meant to invest R228 million in the project, and the provincial government a further R342 million. The contract was approved by the Office of Premier Ace Magashule. Estina was irregularly paid R184 million directly into its account by the provincial government for the construction of a dairy, processing plant, cow sheds, and other infrastructure. The Free State Government has paid R184 million to ESTINA, of which R30 million ended up funding the lavish Gupta wedding at Sun City while the supposed 80 beneficiaries have been side-lined.

4. In 2013, the DA asked the Auditor General to investigate Premier Ace Magashule's **abuse of R140 million for a Free State government website**. The channelling of millions of public funds into propaganda projects was a deliberate ploy to buy media influence and enriching his comrades in business at the same time. The DA revealed how former Premier Magashule spent R12 million on his own television channel. The contract for Hlasela TV was awarded to the same person as the website tender, Mr Ntsele, a politically-connected businessman. Mr Ntsele's Letlaka Group also runs The Weekly newspaper which has long been propped up by Free State government funding, just like the New Age. The DA previously revealed that the Premier's Office is planning to roll-out a further 3 new propaganda newspapers in the Free State using public funds.

5. In 2013, former premier Ace Magashule announced that a **medical supplies project with Unicore Trading (Pty) Ltd would open in Kroonstad** as part of Operation Hlasela. The project would initially have provided 150 jobs which would have been expanded to 300. Since no such facility was established, it is improbable that this loan will ever be repaid and appears to be another one of Magashule's Hlasela tricks that make money magically disappear.

6. Most **municipalities in the province have either collapsed or are in the process of doing so** with a combined ESKOM debt of over R5 billion, the largest in the country. The culture of non-payment of municipal ESKOM bills started in 2013. Interestingly, a private electricity distribution and management company, Rural Maintenance, appeared onto the scene, entering into questionable contracts with municipalities.

7. There are currently **more than twenty towns in the Free State that either have no water at all, or they are experiencing water supply disruptions with highly contaminated water coming from taps**. Water problems in these towns are mainly due to the faulty, and

often non-functioning, water treatment plants and dilapidated pipes, while some dams are completely dry. In 2013 the DA sent a formal demand to the then COGTA MEC, Olly Mlamleli, urging her to come up with a concrete action plan on how this crisis would be resolved with immediate effect. To date there is no plan in place to avert this impending crisis.

8. The government **allocated almost R230 million in order to eradicate houses with asbestos in the province. The Free State provincial government failed to do so**, ignoring the health implications associated with asbestos, and this after the use of asbestos was phased out and banned entirely according to the Occupational Health and Safety Act, 1993 (ACT NO. 85 OF 1993), Asbestos Regulations, 2001.

All of this is on public record already and paints a bleak picture about the state of the Free State province.

But there is more: **Today we can reveal information pointing to a scheme in which Ace Magashule during his tenure as premier has manipulated the awarding of lease agreements for the offices of government departments to benefit a few close allies and himself.**

We will report this information to the Zondo Commission, in addition to the dossier we have sent to the Commission earlier this year, and which encapsulates the information set out above.

We have proof that in awarding the lease agreements to close allies the Public Finance Management Act was contravened in every instance: The lease agreements in each and every instance was signed by either Magashule, in his capacity as premier, or the relevant Member of his Executive Council.

This is a serious breach of the Public Finance Management Act which prescribes that the accounting officer, be it a Director General or a Head of Department, is the person having the authority to bind the provincial government in contracts.

We believe this departure from the legislative requirements is consistent with the accusation that Magashule ensured that he be paid a handling fee or kickback of ten percent of the value of all contracts awarded by his provincial government.

We also have clear information that at least one of these lease agreements was structured in such a way that it not only enabled an ally of Magashule to purchase a property, but secondly it also enabled her to renovate this property using rental while the property is not being occupied by the Provincial Department of Public Works and Infrastructure.

This building on the corner of Charlotte Maxeke and Aliwal Streets in Bloemfontein, formerly the Saambou Building, has been leased to the Departement since 1 February 2018 at a montly rental of R726 167,36 per month, while it is still being renovated and occupation by the Department is still months away.

We have been informed that this award was made on the insistence of Magashule during his final days in office as premier. The company involved is Mayula Procurement and Property

Management (Pty) Ltd and the person behind this company is Ms Hantsi Bhetilda Mayeza or Matseke, the Chairperson of the FDC.

She has in the past been implicated in other scandals involving Magashule and his daughter, relating to both the Vogelfontein Housing Scandal and certain filling station contracts.

As stated above, we will refer this information, including a copy of the lease agreements and the photos of the unoccupied building still being renovated to the Zondo Commission. Our hope is on this Commission to summons Magashule to come and testify at the Commission.

This information, along with the revelations of this past weekend, unfortunately clearly shows that the people of the Free State has been failed by the SAPS and the Hawks in the Free State over the last years.

The bulk of the information on the corruption of Ace Magashule has been referred to investigative authorities in the past. Unfortunately not a single case has even reached the point of a docket being referred to the NPA for criminal prosecution.

Free Staters must be able to trust in an honest and professional Police Service. The lack of action by the Hawks and the fact that the NPA has withdrawn the single case, regarding the Vrede Dairy Project, must raise the question whether we as Free Staters can trust them to lead the fight against corruption.

Under a DA lead provincial government we will ensure that we actively implement all powers of oversight over the Provincial Police Services to ensure that it is overhauled to include only honest and professional members who act with integrity in the fight against crime.

The fact that we are not there yet is an indictment on the ANC government in its entirety which continues to coddle and protect the corrupt leaders within its ranks. The looters in chief, led by President Cyril Ramaphosa, have been proven to be incapable of selfcorrecting.

Ramaphosa is far too weak to act on corruption but instead his party is parachuting besmirched NEC members into parliament.

By Ramaphosa's own admission, Ace Magashule is the real boss in charge of the ANC and Ramaphosa is nothing more than a puppet used for campaigning. The ANC looters are getting richer and richer than the country they are supposedly governing through corruption and looting of state resources. It is nothing new that Magashule is an incorrigible crook and the DA wants to see him and his entire cabal in the ANC get locked up for committing these crimes against the South African state.

The failing ANC continues to show their callousness, the DA has a compelling vision of change to build a One South Africa for All. Our manifesto has been tried and tested and we are committed to elimination corruption in all spheres of government, creating an enabling environment for job creating, growing the economy and fast-tracking basic service delivery.

On 8 May 2019, the people of the Free State will vote for change and choose a DA government that will put them first.

