

R341m for housing goes missing

Treasury report on missing funds was buried by successive Eastern Cape provincial officials since 2013

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Successive Eastern Cape premiers have allegedly concealed a November 2013 treasury report, that had uncovered “financial misconduct” of R341-million that was meant for much-needed housing development in the province.

The report, which the *Mail & Guardian* has seen, found that a staggering R115-million of the money disappeared into thin air and could not be accounted for.

A further R165-million was “irregularly” transferred to North West and KwaZulu-Natal, “for projects not related to the Eastern Cape”.

A well-placed housing source, who asked to be anonymous, alleged that the transfer of funds to other provinces was a known “javelin method”.

“The funds are transferred to other provinces only to be fetched later by crooks without being detected by accounting practices and authorities,” the source claimed.

One of the implicated persons in the report, Gaster Sharpley, the former head of the Eastern Cape’s human settlements department, re-emerged in KwaZulu-Natal as the accounting officer for the province’s public works department.

Sharpley was suspended by KwaZulu-Natal Premier Sihle Zikalala last November after more corruption claims against him, including that he ran a “mafia style” operation. This was according to a report by *The Witness*.

Replying to request for comment, KwaZulu-Natal government spokesperson Lennox Mabaso forwarded a 24 November 2020 statement issued by the premier’s office in which it confirmed the suspension of Sharpley as the provincial head of department for public works.

Mabaso said: “The office of the premier will no longer comment on this matter until all investigations are completed and there is something further necessary to take the public into confidence.”

So brazen was the alleged looting of the Eastern Cape’s human settlements funds that Camel Rock, a company that received more than R61-million in the 2012-13 financial year for the construction of housing units in East London, “illegally transferred” R4.8-million “to 11 personal bank accounts, and some of which [was] utilised to buy a top of the range Chevrolet Trailblazer”.

“The R61-million was deposited ... into Camel Rock’s account to be used to pay service providers during the construction of social housing units in Connemara, East London. Only a vacant plot of land remains where the social housing units have been erected,” reads the report.

The vast majority of the R4.8-million went to Camel Rock director Thanduxolo Zuka, who received more than R2.9-million through companies owned by him, as well as an additional R1-million that was allegedly laundered through his wife, according to the treasury report.

It found that the R341-million was transferred from the Eastern Cape’s human settlements department from December 2011 to March 2013



Idle hands: Sources say former Eastern Cape premiers Noxolo Kiviet and Phumulo Masualle sat on a report implicating former human settlements head Gaster Sharpley (below). Photo (above left): Holger Hollemann/AFP



Where R341.5m meant for social housing went ... some of it was used to buy a Chevrolet SUV

From December 2011 to March 2013, R341.5-million was transferred from the Eastern Cape Department of Human Settlements to the Social Housing Regulatory Authority (SHRA). The monies were disbursed as follows:

- 1 **R148m** was transferred to SHRA by human settlements in December 2011
- 2 In October 2012, **R150m** was transferred to SHRA by human settlements
- 3 In March 2013, a further **R43.5m** was transferred to SHRA for the Connemara Village project in East London
- 4 Of the **R341.5m**, **R61.3m** was transferred to Camel Rock’s account to pay service providers for the construction of housing units in Connemara, East London. Only a vacant plot of land remains where the social housing units were meant to have been erected, according to the treasury report
- 5 “It was found that **R4.8m** of the **R61.3m** was illegally transferred to 11 bank accounts and some of which [was] used to buy a top of the range Chevrolet Trailblazer” — *From the treasury report*
- 6 The vast majority of the money went to Camel Rock director Thanduxolo Zuka, who received more than **R2.9m** through companies owned by him, as well as R1m through his wife
- 7 Two other Camel Rock directors, Thomas Mzamo and Cwenga Phakade, received **R150 000** and more than **R1.1m** respectively, according to the treasury report



Graphic: JOHN McCANN Compiled by: KHAYA KOKO

“based on a one-page letter” and a “fabricated project list” to the Social Housing Regulatory Authority.

The housing authority, which is an agency of the national human settlements department, was established in 2010 “to invest into, enable and regulate the social housing sector”, according to its website.

Sharpley, as the head of department, was found to have contravened several laws and regulations governing public finances in the distribution of the R341-million.

Sharpley allegedly committed “an

act of financial misconduct in terms of section 81(1) of the [Public Finance Management Act] in that he permitted irregular expenditure by approving the transfer of R341 585 056 from the [provincial housing department] to the [housing authority], which amounts to irregular expenditure.”

Several sources have alleged that former premiers, Noxolo Kiviet and Phumulo Masualle, who served as the province’s heads from 2009 to 2014 and 2014 to 2019 respectively, “sat on the report” and failed to implement consequence manage-

ment against Sharpley, as stipulated in section 3 of the Public Service Act.

Kiviet is the current deputy minister of public works and infrastructure, while Masualle is the deputy minister of public enterprises.

“Noxolo Kiviet and Phumulo Masualle knew about this report, but have not released it publicly. Both of them allowed Gaster Sharpley to leave the province and move to KwaZulu-Natal without warning that province that Sharpley was implicated in the disappearance of R341-million from the Eastern Cape.

“What is worse is that Masualle received the report from the national treasury when he was the MEC for provincial treasury, but still did nothing about it,” said one high-ranking provincial official, who asked to remain anonymous.

The source’s contention is supported by the report, which shows in its distribution list that Masualle was given the findings in his capacity as provincial treasury MEC.

Another source alleged that current Eastern Cape Premier Oscar Mabuyane was also aware of the report since his ascension to the post in May 2019, but had also allegedly done nothing about it.

Kiviet said her name was not on the distribution list and, therefore, the questions the *M&G* sent her were “misdirected”.

“Such questions should be directed to those in the distribution list of [the report] that you sent me. [Thank] you for your anticipated understanding,” Kiviet said.

She did not answer questions on whether or not she was aware of the report, nor did she respond to allegations that she concealed it during her tenure as premier.

Masualle said that, in his then capacity as provincial treasury MEC, he had initiated the probe based on a “sudden spike” in the expenditure of the province’s human settlements department, which had hitherto been “grossly underspending”.

Masualle added that allegations that he had not followed up after the treasury’s report, or that he sat on it, were “untrue and incorrect”.

“Such allegations are nonsensical and cannot be substantiated by facts let alone the truth. In the matter in question the facts speak for themselves and the respective offices charged with administratively disposing these are available to provide further light. These are, national treasury, provincial treasury as well as human settlements in the province of the Eastern Cape,” he added.

The spokesperson for Mabuyane, Mvusiwekhaya Sicwetsha, said: “This issue predates premier Mabuyane’s time in government. I must say, though, that we take exception to the baseless and false claim that he is concealing the report.”

The treasury said it was a complainant in the case that was opened in 2014, and the matter was before the courts with the National Prosecuting Authority (NPA).

Eastern Cape spokesperson Anelisa Ngcakani said the NPA had not yet received the matter, even though Zuka conceded to the *M&G* that the matter was before the courts.

Zuka said Camel Rock did not receive R61-million from the Eastern Cape’s human settlements department, but from the social housing authority in March 2013 after seeing an advert in the *Sunday Times*.

“The treasury red flagged the payment as illegal; how or why we never understood until the matter was unpacked in court. These shenanigans [in] your report we heard them through lawyers. No one received money fraudulently in this matter,” said Zuka, who has been charged.

When contacted, Sharpley said he would not comment on the report, and turned down the *M&G*’s offer to send him the report.

“Don’t send it [the report] to me; send it to the Eastern Cape,” Sharpley said.