

amaB eBooks

Volume 1 Number 3 May 2021



amaBhungane
Centre for Investigative Journalism

MILLIONS OUT, BILLIONS IN



How Thulani Majola's
investments in ANC
and EFF kept
everyone sweet



amaBhungane
Centre for Investigative Journalism

**Micah Reddy
and Stefaans
Brümmer**

*With additional reporting
by News24*

Some days Thulani Majola gave generously to the ANC; some days he gave to EFF leader Julius Malema .

This even-handedness might help explain the hoard of government contracts Majola's LTE Consulting accumulated over the years, whose value can be measured not in millions ... but in billions

PART 1: GIYANI

Politically connected businessman Thulani Majola, recipient of billions in questionable government contracts, has artfully played both sides of the political aisle, handing out millions to ANC causes and to EFF leader Julius Malema, often in the same period.

Majola's company LTE Consulting made regular headlines for its role in a water project in Giyani which failed to bring water, but cost taxpayers R3-billion.

Majola also squeezed almost a billion from several projects it obtained from Gauteng's department of human settlements. According to an [analysis](#) by News24, of that R1-billion, LTE received R224-million for projects it claimed it never worked on, while separately questions have been raised about how the company obtained one of the Gauteng tenders worth R200-million – see *Mokonyane's history with LTE* alongside.

Despite public outrage and official investigations, neither scandal has yet damaged Majola – though the [Hawks raided LTE Consulting](#) in November over an unrelated Covid-19 tender.

Over three years between 2016 and 2019, Majola doled out over R3-million to a Malema-linked front company, and over R14-million to various ANC structures. Donations were made in bursts, some modest, some substantial, their frequency peaking in the run-up to elections –

see accompanying graph detailing the payments.

The Malema donations were to Santaclara Trading, a company fronted by the EFF leader's cousin Jimmy Matlebyane, a 28-year-old DJ who has listed among his addresses an upmarket Sandown home owned by Malema via his Munzhedzi Family Trust. The house was previously owned by the EFF.

Santaclara's bank account subsidises Malema's personal expenses and some party activities.

Another quarter of a million went to DMM Media and Entertainment, connected to EFF secretary general Marshall Dlamini, a member of parliament .

Both companies have figured in previous amaBhungane reports – see *Jimmy the DJ and the EFF connection* and *DMM Media: another EFF link* alongside.

Asked if he or LTE made any other payments to any other EFF leaders or companies linked to EFF leaders, Majola's response was "no".

Majola's ability to win massive government contracts in a diverse range of specialist fields across the country has astonished rivals – particularly given the number of projects that have got into trouble. It is hard to believe there is no connection between his generosity towards those with political influence and his success at winning or keeping contracts.

Tempting as it may be to surmise that LTE's payments were "pay to play" because their timing coincided with particular tenders, the evidence for this is inconclusive, not least because many payments did not.

This leaves the question of whether the payments were general sweeteners to keep politicians onside. Either way, the conflicts of interests for the politicians who accepted money from Majola – and then acted in ways that advanced his interests – appear undeniable.

Following a months-long investigation into Majola's political connections, we tell the story below, in two parts.

A promise made to Giyani

LTE first gained public notoriety after it was appointed in 2014 to deliver water to drought-stricken communities around the town of Giyani, in the Mopani region of Limpopo. The appointment was on an emergency basis, allowing authorities to bypass

a competitive bid. Within a couple of years the project was beset by inflated costs and delays.

Giyani was once the capital of the apartheid-era Gazankulu homeland, and then became the administrative centre of the Mopani district – an impoverished area of eastern Limpopo neighbouring the Kruger National Park, with limited access to clean water. Residents washed and drank from polluted, cholera-infected rivers and faced sporadic outbreaks of water-borne disease.

In August 2014, the then-minister of water and sanitation, Nomvula Mokonyane, was in Giyani to reaffirm a long overdue promise made when Giyani was declared a disaster area back in 2009: the area would soon have access to that most basic, constitutionally-guaranteed need, water.

The project announced by Mokonyane aimed to deliver clean water to over 50 villages. She handed the project to a state-owned water agency, Lepelle Northern Water. Soon after the minister's visit, Lepelle appointed LTE, reportedly on Mokonyane's "instruction", though this is a matter of dispute.

LTE was to deliver a "turnkey" solution – oversee and run the entire project from start to finish, before turning it over to the government. The company subcontracted construction to another company called Khato Civils, which would perform the bulk of the work.

Mokonyane appears to have a long history with LTE. The company scored tenders from the Gauteng government during her time as premier of that province, from 2009 to 2014. After she was

Gauteng premier and later Minister of water and sanitation, Nomvula Mokonyane



Mokonyane's history with LTE

LTE was picked to run the Giyani project from a panel of service providers used by the national water and sanitation department.

The minister, Nomvula Mokonyane, appears to have had a history with the company dating back to her time as premier of Gauteng from 2009 to mid-2014.

During that time, LTE scored massive contracts, including one for a R200-million sewer reticulation project in Sweetwaters, Kanana Park, to the south of Johannesburg, which was awarded by the Gauteng department of human settlements in 2014.

The Sweetwaters contract was so questionable that it sparked a falling out between Majola and other directors of the company, who were surprised to learn that LTE had been appointed irregularly for construction work it did not have capacity to perform.

LTE outsourced most of the work on Sweetwaters to Khato Civils – the same company it would later cut into the Giyani deal – but it was LTE which carried the risk, causing such concern among some within the company that they demanded the contract be cancelled.

made minister of water and sanitation in May of that year, LTE was appointed to the Giyani project.

Mokonyane also played the important role of ANC elections head in 2016 – the year of the local government elections – when she let slip that the ANC spent R1-billion on its campaign.

Majola was particularly generous to the ANC that year. Majola donated in excess of R10-million to various ANC entities in the months preceding the August vote.

Over half of that amount went to the ANC in Gauteng – Mokonyane's political home ground, where LTE continued to rake in a fortune from the province's human settlements department.

Asked about her potentially conflicted position, and whether she had ensured preferential treatment for LTE and facilitated the donations in return, Mokonyane said: "I wish not to comment on how and who funded and or is funding the ANC". She did not respond to other questions.

But Mokonyane is not the only politician who appears to have been conflicted by Majola's donations.

Malema enters the Giyani fray

In March 2016, about a year and a half after Mokonyane's original Giyani intervention, Malema was on the ground in his stronghold of Limpopo, mobilising for the upcoming local government elections. Giyani's water crisis had already registered on the EFF's political radar.

Malema made a stop in at the local Nkensani hospital, telling media: "The people of Giyani have been complaining about water for a very long time. And we heard that there's a company that has been given a contract for billions to come and give people water here. So, we wanted to see if that water has been delivered."

The project was already on shaky ground and attracting negative media attention. In the month Malema was touring Giyani, *City Press* began a series of exposés with an article headlined *R170m and still no water*.

Four months later, the EFF leader became a recipient of Majola's largesse. At the end of July 2016, Majola added Santaclara to his list of beneficiaries, making an initial deposit of R500 000 into its bank account.

From now on, Majola would be splitting his

EFF leader Julius Malema took a sudden interest in the Giyani project



largesse between two parties that have partly funded themselves by selling political patronage – as media investigations have documented, and the ongoing Zondo commission on state capture has heard.

The 3 August poll, just around the corner then, would be the EFF's first local government contest, and with an increasingly unpopular Jacob Zuma at the helm of the ANC, Malema's relatively new party was projected to eat significantly into ANC support, and position itself as kingmaker in hung metros and municipalities.

Interviewed by amaBhungane, Majola initially denied paying Malema or doing business with him. When it was put to him that the Sunday Times [reported](#) on two payments by LTE to Santaclara of R100 000 each, both made in 2017, he acknowledged those payments.

But he said he did not know of Santaclara's connection to the EFF leader. He said he was approached by Santaclara's chief operating officer, whose name he did not remember, and asked to make a donation for political t-shirts. The donation was made at his discretion, but he knew nothing about Santaclara's business, or its owner, or the political campaign it was connected to; only that it was "a private company".

He was, he said, merely contributing to a political campaign, as he has done for "the PAC, the ANC, the DA, and everybody".

The two R100 000 payments that Majola admitted to in the interview made up a small fraction of the over R3-million LTE paid in total to Santaclara. When amaBhungane later sent him and LTE written questions asking about the additional payments, their response was flat out denial: "R200 000 was paid by Mr Majola as noted, with no further payments."

They also said that no member of LTE had any engagements with the EFF on the Giyani matter.

In 2019 Malema declared amaBhungane an "enemy of the revolution", banning us from party events and vowing to "never answer any question from amaBhungane... Let them write any nonsense they want to write about us."

The EFF did not respond to requests for comment for this article. Spokesperson Vuyani Pambo said the ban remained "firmly" in place.

AmaBhungane first sent a written request for comment to ANC spokesperson Pule Mabe in September but received no response. Attempts to follow up by email and WhatsApp last week elicited no substantive response.

Santaclara: Jimmy the DJ and the EFF connection

Santaclara Trading, the recipient of LTE donations, has figured in previous amaBhungane investigations. It was implicated in a questionable [Johannesburg](#) R1.2-billion fleet tender and a fuel tender worth hundreds of millions in [Tshwane](#). In both metros, the EFF had political clout as de facto partners in unstable DA-led coalitions.

AmaBhungane's prior reporting, further financial information which amaBhungane has seen, and [Sunday Times reports](#), have confirmed that Malema controls the account and that he personally – and to an extent the EFF – have benefitted from Santaclara.

Santaclara's director is Jimmy Matlebyane, a Polokwane-based DJ who goes by the name Jimmy-fire Malema on Facebook, and regularly performs at Makete Lodge, a business venture closely tied to Malema family interests.

Matlebyane has also listed 49 Edward Rubenstein Drive in Sandown, Johannesburg, among his residential and business addresses – the same property owned by Malema's Munzhedzi Family Trust.

Matlebyane hung up when amaBhungane contacted him for comment.

Malema does not respond to amaBhungane questions, but has previously distanced himself from Santaclara, telling *Sunday Times* he had “no relationship” with it.

He said: “They are young boys who are trying to find their feet ... they are legitimate traders, but because of their association with me, you guys want to destroy them. Go on.”

Santaclara is used in much the same way as another of Malema's companies, Rosario Investment, which has also catered to both personal and party interests.

Rosario, formerly Mahuna Investments, is also fronted by a relative of Malema – his cousin, Matsobane Phaleng.

Like Santaclara, Rosario has received money from companies that have been awarded government tenders. The two companies are an ironic nod to revolutionary symbolism. Rosario, Argentina, is where Che Guevara was born. Santaclara is the Cuban town that houses Guevara's mausoleum.

Julius intervenes as water money runs dry

As the town of Giyani crawled its way out of another bone-dry Limpopo winter in 2016, there was talk of delayed payments to service providers on the water project, amid growing concerns over enormous cost overruns. The national water and sanitation department had run into severe cash flow problems.

The department's spokesperson told reporters in November 2016 that the department was short of cash to complete the wider series of water projects in the Giyani region, of which LTE's work formed a part, adding that "we believe each financial year government would allocate us a certain amount to complete the project in stages".

Contractors became increasingly anxious about payment backlogs. The ballooning expansion of the project meant that by this stage billions of rands were at stake for LTE and the sub-contractors it had brought in. There was talk that the national treasury was investigating.

For any company in LTE's position, it was a time when quid pro quos from political friends in high places would come in handy.

On 27 October 2016, the EFF lobby machine kicked into gear. The party published a press statement condemning the treasury's "decision" to terminate the Giyani water project.

"The EFF strongly condemn the decision by the national treasury and accordingly, we have written letters to the office of the president, the minister of water and sanitation, and the minister of finance respectively, demanding that the process to deliver water to the people of Giyani should not be discontinued."

That same day, EFF deputy president Floyd Shivambu wrote to then finance minister Pravin Gordhan, saying: "It has come to our attention that national treasury has written to Giyani municipality instructing that the project to

Julius Malema is interviewed by the SABC during a 2016 visit to Giyani



deliver water to the people of Giyani should be terminated due to shortage of funds.”

“We write to demand that the process to deliver water to the people of Giyani should not be discontinued because for a very long time, the people of Giyani have [been] promised water.”

Malema then began hounding Mokonyane, demanding that the service providers be paid. Mokonyane, speaking at an ANC meeting in the Eastern Cape a few months later, said that Malema called her eight times between 15 and 23 December.

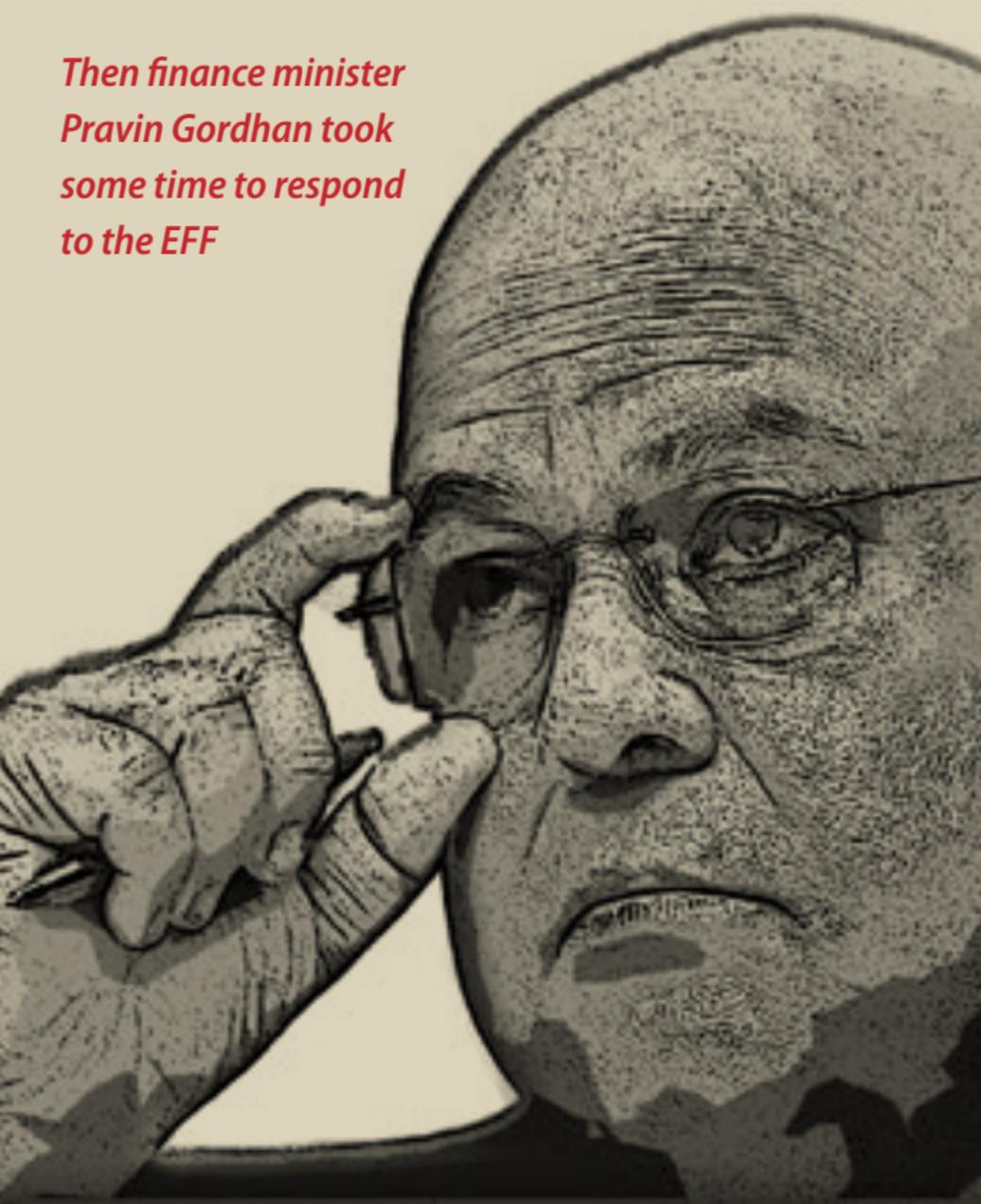
Malema acknowledged the calls in a media report from the time. “Yes, I called her. It’s not even a secret because workers in Giyani had not been paid during December holidays and they called us.”

Malema apparently did not name the contractors on whose behalf he was demanding money. Approached for comment, Mokonyane said that the calls were a matter of public record.

On 24 December, one day after the last of the barrage of Malema phone calls and just in time for Christmas, LTE sent Santaclara a R100 000 payment.

Only the next month, in January 2017, did Gordhan break his silence and respond to the EFF claims, telling Shivambu: “An investigation was conducted into the matter and no evidence was found to [suggest] that the national treasury has made any attempt to terminate funding for any water related projects in the Greater Giyani Local Municipality as alleged.”

Then finance minister Pravin Gordhan took some time to respond to the EFF



DMM Media: another EFF link

Another key EFF official with a role in the LTE saga is the secretary general, Marshall Dlamini, a founding member of the party and an MP since May 2019.

LTE paid a total of R250 000 to DMM Media and Entertainment, a company amaBhungane has [previously linked](#) to Dlamini, in December 2018 and April 2019.

The sole director of DMM Media is Wesley Dlamini, a relative of Marshall, who has worked for at least one of his other companies. DMM Media shares its name with Marshall's DMM Holdings. Wesley has also shared directorships in separate companies with Brian and Lucky Shivambu, brothers of EFF deputy president Floyd Shivambu.

Approached for comment, Wesley Dlamini initially told amaBhungane he was in a meeting and could not talk. Attempt to reach him later via telephone and WhatsApp were unsuccessful.

Before Marshall's sudden rise to the EFF top brass in December 2019, the EFF MP was a key fixer in the metros where the EFF had political clout. Previous amaBhungane reports identified him in attempts to meddle in tenders in [Johannesburg](#) and [Tshwane](#).

An EFF love letter – with a few omissions

As the new year began, Mokonyane's department admitted to falling behind on payments. Khato Civils – the company hired by LTE to do most of the construction – moved its workers off site, claiming it was owed over R250-million for work done. Khato began legal action over the payment dispute, but later withdrew it.

A water and sanitation department spokesperson told amaBhungane in January this year: "The reason for the delay of payment was due to the need to conduct the verification of the work done on the ground and the quantity surveyors from DWS and Lepelle Northern Water team had to conduct measurement of the work done per submitted interim payment certificates."

"Initial delays in payments were due to claimed work not corresponding with work verified by the departmental technical teams."

Meanwhile, the EFF kept applying pressure. On 7 February 2017, Shivambu, who was also the EFF's chief whip in parliament, signed and circulated a letter addressed to Mokonyane.

The letter included wide-ranging allegations, including that the minister's alleged lover was in control of departmental payments despite not being an employee. The letter homed in on the failure to pay contractors, asking whether the water and sanitation department was facing legal action for non-payment, and if so, why it was not paying.

The letter appears to have partly relied on a complaint by an anonymous whistle-blower, dated 1 February 2017, and addressed to the police, the Hawks and the Special Investigating Unit (SIU). But it is what the EFF did not include in their letter to Mokonyane which appears to be particularly telling.

The whistle-blower's five-page complaint said that LTE and Khato were appointed "without following due process" and claimed it was a "well-known fact" that a top water and sanitation official was receiving kickbacks from the two companies.

None of that made its way into the EFF's letter

The Giyani scandal in brief

Lepelle Northern Water, an agency of the water and sanitation department, bypassed standard competitive bidding processes and awarded the contract to LTE, arguing that the local community faced a genuine emergency and speed was essential.

The initial contract dealt with a handful of emergency measures to the value of roughly R100-million, and was due to last only a few months.

But the price tag would steadily rise after Lepelle added a host of additional, non-emergency jobs to the list, in particular the installation of major bulk supply pipelines, which pushed the bill up by twenty-five times the original cost. In the end, the cost had exploded to around R3-billion, without an open tender process required in law.

Following press reports and public outcries, the SIU investigated LTE and its contract with Lepelle. The SIU would eventually catalogue numerous negative findings against the contract, and charge that it was awarded improperly.

to Mokonyane. Instead of asking why LTE and Khato – irregularly appointed, overpaid, and allegedly corrupt – were still being paid, the EFF leadership wanted to know why unspecified service providers were not.

Awkward questions come up in Parliament

In Parliament, the EFF leadership's apparent obsession with Giyani did not go unnoticed.

In minutes of a May 2017 meeting of parliament's water and sanitation portfolio committee, chairperson Lulu Johnson mentions a "viral" letter circulating on WhatsApp, in which the EFF was demanding that then-president Zuma ensure the contractors were paid.

"Mr Johnson said ... from this, one could smell a direct interest from the EFF hence such demands were made." Johnson asked sarcastically if the EFF itself was contracted by Lepelle Northern Water, "as they clearly had a vested interest in the project in Giyani."

Johnson told amaBhungane that Mokonyane "did indicate to us that she was being harassed by the EFF" and that the minister reported to the committee that the EFF wanted money for LTE.

But the EFF appeared to be speaking from two very different scripts.

While LTE was funnelling money into Santaclara, and the party top brass were pushing for funding to flow to LTE's controversial project, the EFF's representative

on Parliament's standing committee on public accounts (Scopa) took a very different line.

The all-important Scopa oversees the financial affairs of public entities. It took a keen interest in scrutinising the affairs of the water and sanitation department and Lepelle, including the Giyani project.

The EFF's Ntombovuyo Veronica Mente, who stood out for her active role on the committee, would likely have been unaware of the payments to the Malema company. Unlike the ANC payments – which appear to have been made to party structures and had references such as "ANC GP", "ANC TG [Treasurer General] Funds", and "ANC Fundraiser" – Santaclara was not a party account, even if the EFF benefited alongside Malema.



**Read our
evidence
docket**

Chumming the waters

The EFF's Malema, Majola's LTE and the key subcontractors on the water project are tightly interlinked.

LTE outsourced construction to Khato Civils, which would perform the bulk of the work. It also appointed a company called South Zambezi for engineering and project management services.

Khato and South Zambezi are both owned by controversial Malawian businessman Simbi Phiri, who had previously teamed up with Majola on a questionable water and sewer reticulation project in Sweetwaters, south of Johannesburg. Mokonyane was premier of Gauteng at the time.

Malema is said to have been in close contact with Simbi Phiri and has appeared with him in a video said to have been shot at Phiri's house in Midrand, Johannesburg, in which the two men are seen drinking together. The video was trending on social media in mid-2019.

A source who knows the two men says that Malema frequented Phiri's house around this time.

Phiri has featured in previous amaBhungane investigations in connection with a [City of Joburg bridge contract](#) and a massive [Malawian water scheme](#) worth hundreds of millions of dollars, in which Phiri was "both referee and player".

Phiri's companies, Khato Civils and South Zambezi, were appointed by the Malawian government on a "turnkey" project to "carry out feasibility studies, procure and construct". This placed Phiri in a conflict of interest as he stood to gain from construction that his own companies were assessing.

The Giyani project mirrors the Malawian one in that LTE allegedly outsourced much of its oversight role to Phiri's South Zambezi, which was supposed to oversee Khato's construction work.

Khato denied any wrongdoing, but would not respond to detailed questions for this article, saying that the matters raised were before court.

In response to a question about the subcontracting arrangement, LTE said:

"Due to the emergency nature and scale of the project, LTE outsourced various work packages to various professional service providers, many of whom were working concurrently. One of these service providers was South Zambezi which is an independent engineering company. As a Turnkey appointment, there was no conflict of interest between Consultant and Contractors.

"Furthermore, [the water and sanitation department] had appointed independent auditing and oversight services on all works and payments made thereof."

Records from an August 2017 sitting of Scopa show that Mente singled out Majola, saying his was a name that “kept cropping up in a number of fraudulent transactions in the list of irregular expenditure”.

Mente kept asking uncomfortable questions about the Giyani project. According to minutes of a December 2018 sitting of Scopa, Mente was “not convinced” that the emergency used to justify the project was real. Rather, “it was a well-orchestrated ‘emergency’ that paved the way for a bigger project”.

She also underscored the enormous cost overruns, claiming that the price of a borehole, which normally cost around R100 000, had a price tag of R1.4-million in Giyani.

The authorities move in

When Mente made these later remarks, the project was already dead. Khato’s workers had moved off site for the last time.

Lepelle terminated its contract with LTE.

The auditor general delivered critical findings, pointing out that despite actual expenditure of R2.5-billion, “the project was not near completion”.

The auditor general also highlighted “excessive project management and professional fees, and excessive construction rates”, as well as the “double counting of professional hours”. In short, government had been fleeced.

There were protracted tussles between the water and sanitation department and contractors over outstanding payments, which were only settled in 2020 when, according to its spokesperson, the department paid out a total of R81-million for work done.

The SIU has instituted legal proceedings to recoup money paid to LTE and its subcontractors,

“ We spent in the bundus three and a half years, burnt by the sun, building this pipeline ”

THULANI MAJOLA

and for the decision to appoint LTE to be declared unlawful.

Asked if the SIU was investigating possible kickbacks paid by service providers to politicians or officials, a spokesperson said: "Yes. The SIU is working with [the] Hawks on the matter. The SIU is unable to disclose anything further at this stage given the sensitivity of the investigations."

Majola and LTE respond

Majola and his chief operating officer at LTE, Sham Maharaj, have denied that they failed to deliver value for money. They said they effectively managed a huge undertaking in a difficult, remote environment, delivered what was paid for, and completed 80 percent of the project at a fair and competitive price.

"We spent in the bundus three and a half years, burnt by the sun, building this pipeline," said Majola.

They said that similar projects were more expensive, and that their work on Giyani was only a portion of a much bigger project.

Maharaj said the work listed in it was delivered, measured, invoiced, paid for, and audited, and claimed that the auditors who raised questions about LTE's work gave short shrift to site visits, and failed to consult LTE.

The negative publicity LTE received was because "we've irked somebody" by stepping onto "hallowed ground" dominated by bigger and more established firms, said Maharaj.

Asked if the payments to Malema had anything to do with buying political support from the EFF during the Giyani controversy, LTE said that it was "common knowledge" that the department of water and sanitation payments to the contractor "were, on occasion, delayed".

"If the EFF, via one or more channels, engaged [the water and sanitation department] to facilitate delayed payments to contractors and sub-contractors, this was outside the ambit of LTE, hence LTE was not party to any of these engagements. No member of LTE ever engaged with the EFF on the Giyani Project, either in Giyani or anywhere else."

Khato Civils, the main sub-contractor, would not respond to questions. It denied all involvement in wrongdoing, but said ongoing litigation prevented it from responding to media enquiries.

Timeline of Majola payments 2016 to 2019

Payments made to (in Rands):

ANC EFF (Santacrara) EFF (DMM)

500K 1M 1.5M 2M



PART 2: EKURHULENI

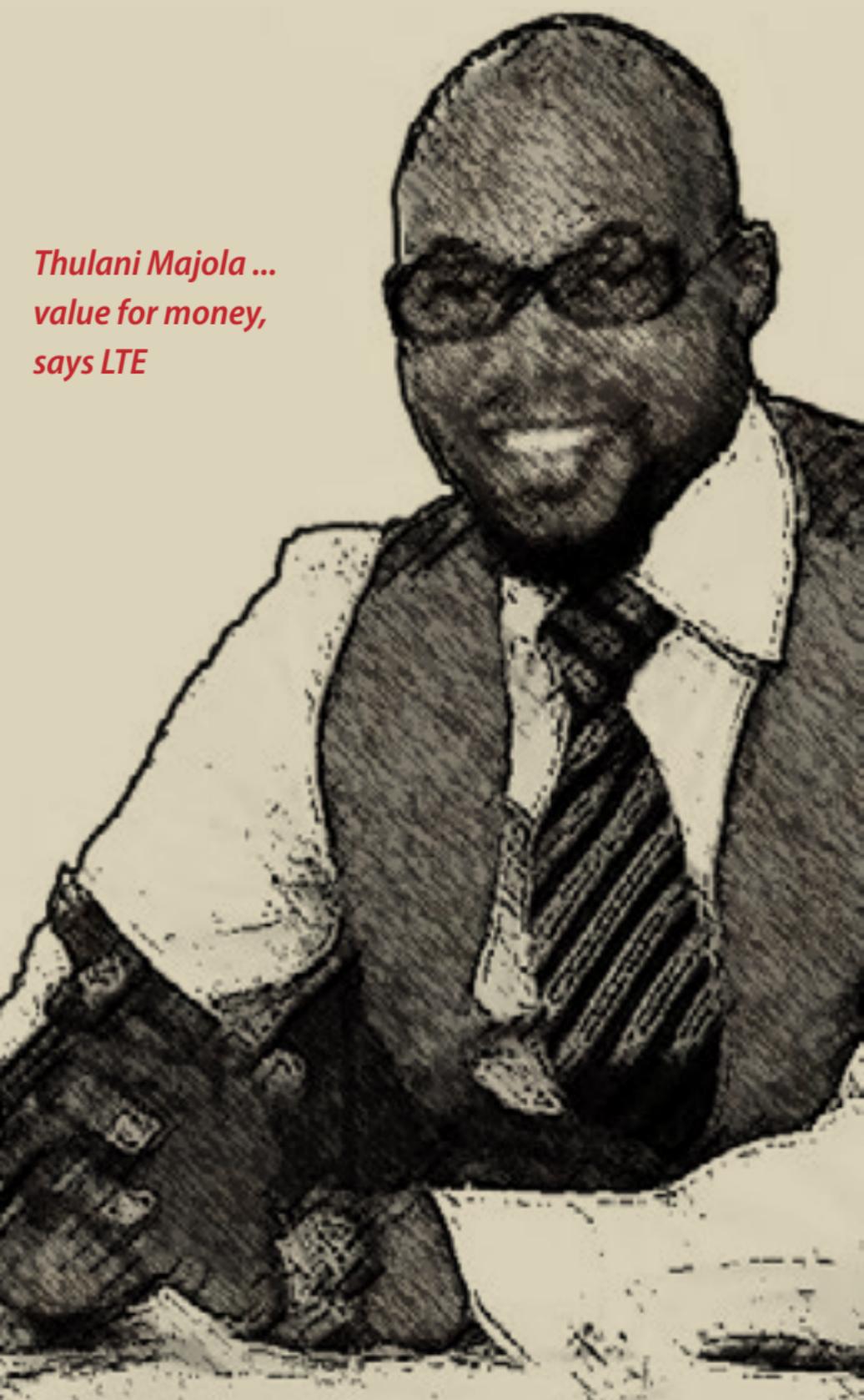
Politically-connected businessman Thulani Majola has dispensed his largesse far and wide, and across political divides – his patronage spreading as both the political landscape and his own interests have become more diversified.

Since 2016, he has paid over R14-million to various ANC entities. He has also paid over R3-million to Santaclara Trading, a front company of EFF leader Julius Malema. (See accompanying graph detailing the payments.)

Majola's history of bankrolling the ANC predated his relationship with the EFF, but as the latter grew in political influence, so too did Majola's financial support for Malema and his party.

Since the 2016 municipal elections made the EFF a kingmaker in Johannesburg and Tshwane and demonstrated the party's clout, Majola's payments to Malema have tracked the party's rise. Apart from the Malema company, he has made

*Thulani Majola ...
value for money,
says LTE*



payments to a company linked to EFF secretary general Marshal Dlamini, a [key fixer in metros](#).

As recounted in part I of this series [LINK], the EFF leadership came to his aid in Giyani, Limpopo, where his company was bogged down in a botched multibillion-rand water project.

Malema's support did not prevent the project from eventually collapsing, but by that time Majola had shifted his focus.

He has homed in on local powerbrokers elsewhere, seemingly courting politicians wherever he does business. In KwaZulu-Natal, where he bagged a R100-million infrastructure assessment tender, he paid the provincial ANC – see *Big money in KZN*, below.

Similarly, in Ekurhuleni, he has given money to the local ANC, which runs the metro.



Friends in high places ... the photograph snapped in 2019 showing Majola, second from right, at the Masina birthday party

Majola's political connections have been openly on display before. A late 2019 photograph snapped at Mzwandile Masina's 45th birthday party (above) shows the Ekurhuleni mayor standing with, among others, ANC national executive committee member Tony Yengeni, Malema, and then-EFF spokesperson Mbuyiseni Ndlozi. Between Malema and Ndlozi, in a bowtie and dark blue dinner jacket, is a grinning Majola.

The EFF did not respond to requests for comment for this article. Spokesperson Vuyani Pambo said a 2019 ban on amaBhungane remained "firmly" in place.

A spokesperson for the Ekurhuleni metro said that the mayor does not have a close relationship with Majola.

"Mr Majola did not receive a personal invite to the Executive Mayor's 45th birthday event. The Mayor is a well-known public figure, and his birthday party attracted many patrons. It must be stated that there is a differentiation between

Big money in KZN

Another big money spinner for LTE was a contract it obtained from KwaZulu-Natal's cooperative governance and traditional affairs department (KZN Cogta). The contract has echoes of the Ekurhuleni tenders.

On 4 August 2017, KZN Cogta advertised a tender to appoint a panel of engineers and infrastructure practitioners, who would be appointed to various projects when required.

Being on the KZN panel offered LTE access to potentially lucrative infrastructure jobs, and in mid-2018 a panel which included LTE was established.

From the time the panel was advertised to January 2019 when LTE won its first contract as panel member, Majola paid R3.9-million to ANC accounts, Santaclara and DMM Media and Entertainment, the company that featured in part I that is linked to EFF secretary general Marshall Dlamini. Dlamini's political stronghold is in KwaZulu-Natal and he is credited with building the party's membership in that province.

There is no direct evidence that any of these payments related to the KZN Cogta tender and most were probably not. But payment of R1-million to the ANC in KZN on 12 January 2019 appears more than coincidence, because LTE's letter of appointment to the KwaZulu-Natal contract is dated the day before – and it is the first Majola donation we can see to the ANC in that province.

The R3.9-million in ANC and EFF-linked donations was small change next to the value of LTE's January appointment "to undertake the assessment of the state of existing water, sanitation and electricity infrastructure" in KwaZulu-Natal.

The job's price tag was a whopping R100 562 000 before escalations.

KZN Cogta provided information on the contracting process and scope of the work performed by LTE, but did not respond to questions regarding LTE's political funding.

knowing an individual and having a close relationship with someone."

AmaBhungane attempts get comment from ANC spokesperson Pule Mabe elicited no substantive response.

In earlier correspondence with amaBhungane, Majola and LTE admitted to R200 000 in payments to Santaclara that were reported on by the *Sunday Times*. But they denied knowing that

Santaclara was linked to Malema – only that it sought donations for political t-shirts. They also denied any further payments to Santaclara or any to DMM Media and Entertainment, the company linked to the EFF secretary general.

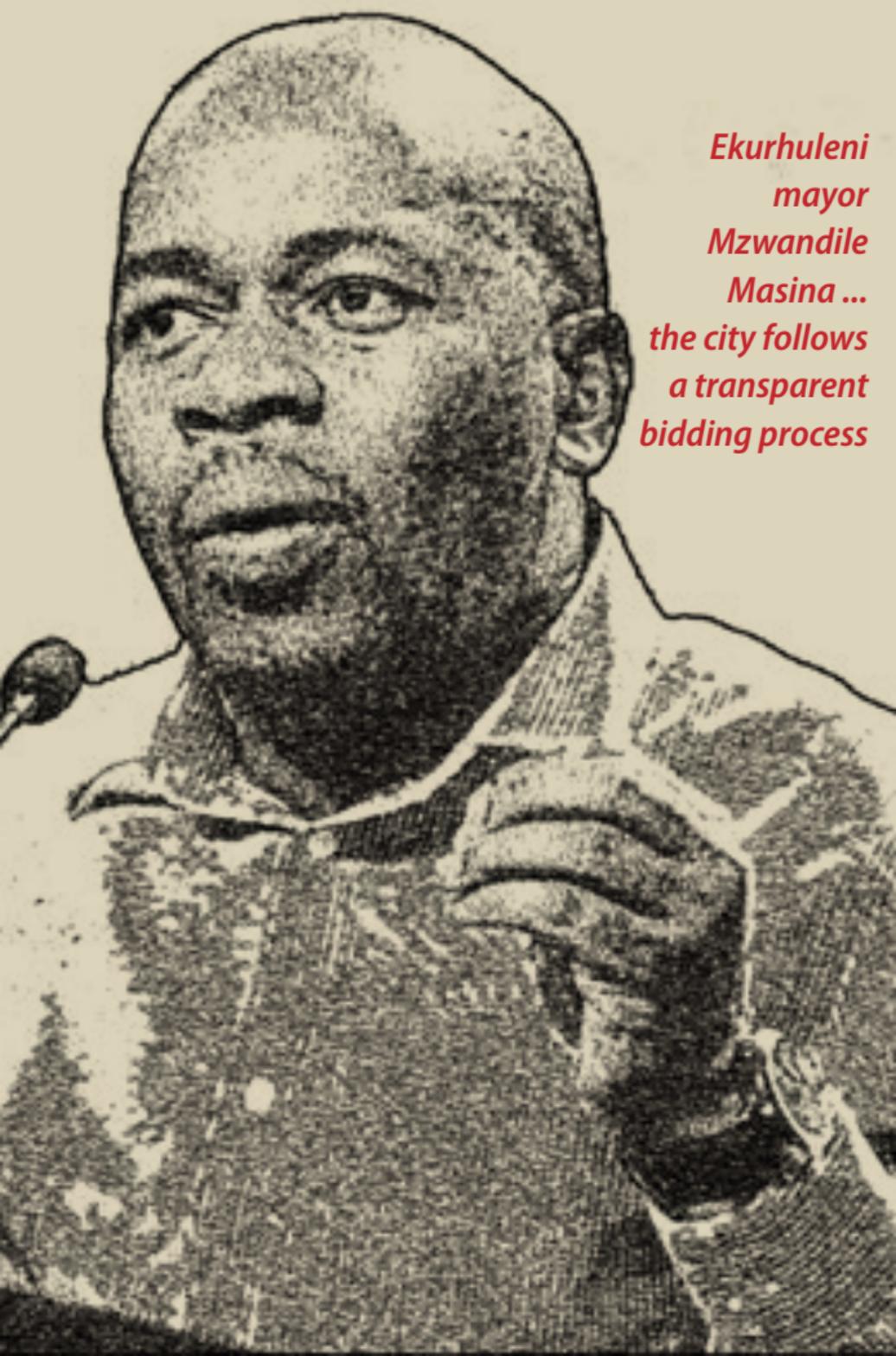
Majola and LTE distanced themselves from allegations that the EFF had lobbied on LTE's behalf in Giyani or that the money paid to Santaclara had anything to do with political protection, saying that if the EFF had engaged government over the water project, "LTE was not party to any of these engagements".

They did not respond to later questions about whether the millions they paid to the ANC and EFF were linked to tenders in Ekurhuleni or elsewhere, or whether they were in exchange for political goodwill from the two parties.

When it rains, it pours

From 2016, the City of Ekurhuleni, one of Gauteng's major industrial centres, became LTE's new rainmaker, awarding the company a series of large contracts. Since that year, the metro has paid LTE in excess of R345-million according to detailed information the city disclosed in response to a Promotion of Access to Information Act request.

On 15 July 2016, Ekurhuleni advertised a tender for the establishment of a panel of "technical resource teams" to provide built environment consulting for the city's real estate department



Ekurhuleni mayor Mzwandile Masina ... the city follows a transparent bidding process

over a three-year period.

Over the next five days, LTE paid R2-million to the ANC in Gauteng and a further R500 000 to the party's Ekurhuleni region.

The LTE payments came just in time for the ANC. Hotly contested local government elections were only a couple of weeks away.

In that same month, Santaclara, the Malema front company, also received money: that initial LTE payment of R500 000 mentioned in part I. Just what this payment was tied to – Giyani, Ekurhuleni or perhaps solely a campaign donation – remains unclear.¹

Though there are indications that some of LTE's payments to politicians may have been tied to specific tenders – such as the payment to the ANC in Ekurhuleni coinciding with a tender from that metro – other payments cannot be linked to particular commercial opportunities for LTE.

It is possible that Majola made regular payments to parties to earn their favour, and retain it, while at the same time doling out more money for particular quid pro quos.

By the end of the year, LTE's appointment to the built environment panel was confirmed, alongside a handful of other service providers. A letter confirming such is dated 25 November 2016. Bid documents show that well over a hundred companies submitted bids, but the majority were rejected on one or other technicality.

The value of the work the panel was expected to perform was estimated at R911-million excluding VAT and escalations, and would be divided up among the panel members based on how well they scored in the bid. LTE was given an in-princi-

“ The city follows a transparent competitive bidding process in awarding contracts ... and our bid adjudication process is open to the public ”

ple allocation of around R81-million of the total, though it would earn far in excess of that.

Asked if Majola's payments to politicians had any influence on LTE winning tenders from Ekurhuleni, the metro's spokesperson said: "This allegation is unfounded and not true. The City of Ekurhuleni follows all due processes outlined in the Municipal Finance Management Act [MFMA] and the city's supply chain management policies in awarding contracts."

"The city follows a transparent competitive bidding process in awarding contracts and it must be emphasised that our bid adjudication process is open to the public. It must also be stated for the record that, in terms of MFMA no politicians are involved in any process related to the awarding of contracts/tenders."

Pay for play?

LTE's success in scoring the 2016 consulting tender was followed by another Ekurhuleni tender in October of the following year, again awarded by the city's real estate department.

The department planned to appoint "alternative building technology contractors ... on an as and when required basis ... until 30 June 2020".

Service providers would be appointed to one of four panels from where they would be tasked to oversee construction projects for the metro from beginning to end, using technologies and materials to make building more sustainable, eco-friendly and low cost.

LTE's bid, in a joint venture with Setheo Engineering, was successful and it was appointed to one of the panels. However, LTE would find itself in a partnership that turned ugly.

Setheo Engineering was already a controversial company. At the centre of a R126-million Johannesburg project in 2015 to upgrade the Eldorado Park substation, it was accused of colluding with officials to be paid for work that was not carried out, and falsifying a bank guarantee.²

But this time round, Setheo may have been outsmarted by LTE. In court papers, Setheo alleged that LTE cut it out of the tender, commencing work without informing it. This was only discovered when another company, Afribizz Construction, "came knocking at [Setheo's] door demanding payment for having performed subcontracting services for the JV". Setheo, on its version, had never contracted with Afribizz, which

presumably had been subcontracted by LTE.

Setheo did not respond to questions for this story, saying the matter was still before court.

In 2017, the year LTE got placed on the alternative building technology panel, Majola and LTE paid a total of R1 350 000 to the ANC and R650 000 to Santaclara.

LTE continued to make money from contracts under this panel until at least the end of 2020. It raked in at least R160-million, the data disclosed by the city in response to our access-to-information request shows.

Playing the panels game

Again, though it is tempting to surmise a firm link between LTE's earnings bonanza and its political donations, the evidence is inconclusive.

Previous amaBhungane exposés on a [Johannesburg fleet tender](#) and a [Tshwane fuel tender](#) where contractors made payments to Santaclara and another Malema company gave insights into how tenders may have been manipulated. How Ekurhuleni tenders would have suffered the same fate – if they did despite checks and balances – is not known.

However, the arrangement of having panels of pre-approved service providers who could be called upon as and when needed, as in the case of the Ekurhuleni tenders, appears to have suited LTE very well.

Multiple service providers are appointed to a panel, usually for a period of a few years, and work is allocated between them over that time.

“ There may be legitimate reasons for some disparity. But why, as with companies on LTE's panels, would some get very little or no chance at all? ”

Panels in theory provide an efficient way for state bodies to procure from a reliable pool of prequalified service providers, instead of having to go out on time-consuming open tenders for each and every project of a particular type, such as construction.

But panels also create an additional opportunity for corruption in the process of distributing work among companies.

Companies on panels are supposed to be given a fair opportunity to quote for and perform work, for instance by being allocated projects based on a rotation system, or according to how well companies scored in the tender process. But in practice there may be insufficient oversight in allocating the work and it may be left to the discretion of officials.

An Ekurhuleni official told amaBhungane that this creates the opportunities for favouritism – “Why would one company get R100-million, and another get R10-million?”

There may be legitimate reasons for some level of disparity. But why, as was the case with companies that were on one of LTE’s panels, would some get very little or no chance at all?

According to two sources from one company, they did not receive a single project throughout the years their panel existed. They claimed that they were approached by anonymous officials from the metro who attempted to extort bribes from them.

One said that the officials made it clear that if the company wanted work as a panel member, it would have to pay.

“We are not really connected people, we want-

“ We urge the contractors to approach the South African Police to report any incidents of extortion or corruption that may have taken place ”

ed [to be on the panel] because it's something we'd like to get involved in," the source said. "We knew we were up against companies that have good relationships at a political level in Ekurhuleni, and we were hoping we'd get something to do at some point, but unfortunately that never happened."

Another company approached by amaBhungane said it had received no work at all.

And the owner of a third company on one of LTE's panels said there was nothing to ensure fairness and transparency once a panel was formed. The owner claimed that his company only received one relatively small project of under R10-million, and that they faced an uphill battle getting paid.

LTE, on the other hand, has benefitted handsomely from the panels it sits on.

Whereas LTE was initially allocated work to the value around R81-million as part of its 2016 "technical resources teams" panel, it ended up making about double that amount. And from the 2017 panel it made a similar amount again: R161-million.

All told, since 2016 the metro paid LTE over R345-million for contracts under the two panels plus a few smaller ones – a healthy return on investment for Majola, whether or not he paid the parties for specific favours or just to keep them sweet.

Responding to the allegation of unfairness in the allocation of work, a city spokesperson said: "The City of Ekurhuleni follows all due processes outlined in the Municipal Finance Management Act and the City's Supply Chain Management Policies in awarding contracts. The City follows a transparent competitive bidding process in awarding contracts, and it must be emphasized that our bid adjudication process is open to the public.

"Please provide us with these alleged, 'major discrepancies and inequities' in how work has been divided. We urge the contractors to approach the South African Police Service to report any incidents of extortion or corruption that may have taken place."





amaBhungane
Centre for Investigative Journalism

About us

*We develop investigative journalism.
We expose wrongdoing, empowering
people to hold power to account*

Digging dung. Fertilising democracy

Launched in 2010, amaBhungane (isiZulu for ‘the dung beetles’) is an independent, non-profit newsroom based in South Africa. We develop investigative journalism to promote free, capable media and open, accountable, just democracy.

Our activities include:

INVESTIGATIONS: We develop best practice in our field by doing stories that are accurate and fair, advance methods and standards, expose wrongdoing and empower people to hold power to account.

INVESTIGATIONS SUPPORT: We help others in the media do it too via training, editorial collaborations and organisational support.

ADVOCACY: We lobby, campaign, exercise laws and litigate to help secure the information rights – access to information and media freedoms – that are the lifeblood of our field.

We publish our stories on our website and via a range of publication partners and platforms, such as this e-book.

Bringing transparency, bringing about change

AmaBhungane’s small team of investigators has forced information into the public domain where there was none. Our investigative stories – exposés on institutional independence being undermined, corruption, corporate malfeasance and “state capture” – have contributed to political and corporate changes that included the resignation of South Africa’s president in February 2018.

We have helped others do and develop

investigative journalism by hosting some 80 fellows and presenting numerous workshops. Some of our alumni went on to found centres like ours elsewhere in Southern Africa. We have supported and collaborated with those centres, and scaled up the support by spinning off a separate non-profit we are incubating, the IJ Hub, in 2019.

Our advocacy has secured information flows for journalists and the public at large. We helped found the campaign that stopped the 'Secrecy Bill'; secured legislative amendments including to make company ownership transparent; litigated successfully including to preserve the public status of court records and have unduly intrusive state surveillance practices struck down; and improved access-to-information law by exercising it in and out of the courts.

AmaBhungane's board

We answer to a board consisting of Prof Tawana Kupe (chair), Nic Dawes, Sithembile Mbete, Sisonke Msimang, Angela Quintal, Micah Reddy (staff rep), Stefaans Brümmer and Stephen (Sam) Sole. Stefaans and Sam are executive directors.

Scan these bar codes to subscribe to or support amaBhungane



amaBhungane
Centre for Investigative Journalism

amaB.org

AmaBhungane, an independent non-profit, produced this story. Scan the code or visit amaB.org/subscribe to sign up for our newsletter.



amaBhungane
Centre for Investigative Journalism

amaB.org

AmaBhungane, an independent non-profit, produced this story. Scan the code or visit amaB.org/support to help us do more.



<https://amabhungane.org/>