

Nxesi denies allegations of corruption in R5bn UIF jobs deal

Employment and Labour Minister Thulas Nxesi is set to file court papers to set aside the controversial R5bn Unemployment Insurance Fund (UIF) jobs deal with Thuja Holdings.



Image source: Vitaliy Vodolazskyy – 123RF.com

Nxesi briefed the media on Thursday following allegations of his involvement in the UIF jobs deal saga with Mthunzi Mdwaba's Thuja Holdings.

The allegations were made by Mthunzi Mdwaba, the CEO of Thuja Holdings, and former Chair of Productivity SA, in relation to a R5bn agreement that was concluded in December 2022 between his company and the UIF.

He accused Nxesi and other high-ranking government officials of trying to solicit a bribe from him. The Minister said that the agreement was signed without the knowledge of the executive authority or of National Treasury.

“Today, I signed my affidavit in support of various orders, chief amongst being the setting aside of the agreement. I have

brought this application on an urgent basis. In that affidavit I challenge Mdwaba to present his evidence in support of his allegations that I have demanded any payment of a corrupt fee in relation to the agreement.

“If he cannot produce that evidence, I have asked the court for an interdict to stop him from promoting his campaign of false and unsupported lies.

“In simple terms, I have taken the decision to have the agreement concluded by the UIF with Mdwaba set aside, because it was concluded in breach of section 54(2) of the PFMA [Public Finance Management Act],” he said.

The Minister further denied allegations by Mdwaba that he and other Ministers tried to solicit a R500m bribe in the UIF jobs deal.

“Mr Mdwaba’s allegations of seeking bribes against myself, and others, are false and unsupported by any actual evidence. Let me be clear: I categorically deny these recent allegations of corruption...you must ask why Mdwaba waited nearly a year to come up with these allegations...Mdwaba will now have to prove these allegations in a court of law.”



Hawks bust alleged UIF fraudsters

13 Jun 2023



The Minister also questioned the legality of the Thuja Capital deal stating that the real issue is “whether the deal is legal and valid, and [whether] due processes were followed in terms of the law.”

“This is an issue to be settled by the court. Mdwaba’s 10% bribe allegation will also be placed on record and subjected to the scrutiny of the court.”

LAP programmes

The Minister said that as preparations to file papers in court continues, further allegations have been made, apparently by an anonymous individual seeking immunity for past crimes committed.

The allegation is that the former Director-General of the department, Thobile Lamati and the Minister colluded in illegally siphoning off R3bn from Labour Activation Programmes (LAP) 11 programmes.

“On the last issue of R3bn, I am happy that this will be investigated by law enforcement agencies to establish the processes followed and the roles of all parties concerned. To this end, I have instructed all staff members to fully cooperate with state agencies investigating the matter,” said the Minister.

Nxesi has also mandated the Department of Employment and Labour (including the UIF and LAP), through the Acting DG Dr Alec Moemi, to strengthen internal business processes including risk management, financial controls and consequence management, as well as to increase capacity in project and programme management, governance, and digitalisation to improve effectiveness and efficiencies among others.

He said the UIF and Compensation Fund organisational architecture has been comprehensively reviewed exactly to achieve these objectives.