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Minister Chidhakwa

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THE Minerals Marketing Corporation of Zimbabwe (MMCZ) is currently under investigation by both the National Economic Conduct Inspectorate and the Zimbabwe Anti-Corruption Commission after a whistleblower raised the red flag on possible profligacy by senior executives at the parastatal.

Government has since confirmed the probe.

MMCZ was established through an Act of Parliament (MMCZ Act Chapter 21:04) with the express mandate to market and sell all minerals produced in the country with the exception of silver and gold.

The State entity's management faces a litany of allegations that are mainly grounded on the failure to abide by the dictates of good corporate governance.

Perhaps the most disturbing allegations range from nepotism, fraud, extravagant allowances and collusion with foreign diamond buyers to manipulate the price of local rough diamonds.

King-sized allowances

At a time when Government was cutting back on unnecessary recurrent expenditure, it is claimed that MMCZ senior management helped themselves to housing loans ranging from US\$28 000 to more than US\$100 000, depending on the station of the executives.

The money, the report alleges, was never paid back as beneficiaries indicated that they could no longer repay after a downward review of salaries that was effected by Government on parastatals.

It was also the same with car loans, the report says.

There are also questions surrounding the quantum of various allowances that were enjoyed by senior management.

It is believed that senior bosses received “ridiculous amounts” of fuel allocation per week – 100 litres – since 2010, while also having all their kids’ schools fees covered by the parastatal, irrespective of the schools they were enrolled at.

Those who were doing their studies were also pampered with school fees, travel allowances and accommodation.

Although the facility was purportedly extended to other employees, it is claimed that not all applicants benefitted.

According to the report, management was also not short of amusement, as MMCZ paid entertainment allowances – estimated at US\$200 000 per annum for the top 10 managers – at the beginning of each year.

A lump sum payment of more than US\$16 000 at the beginning of the year is believed to have been part of the perks.

Investigations are also looking into the veracity of allegations that some of the security guards provided for the top bosses were paid US\$3000 per month.

“Also, it is a culture of the management to take incentives for conferences and events they do not attend, for example, ZITF incentives were issued to every manager but not all of them attended.

“Ever since the Minister Chidhakwa (Mines and Mining development) announced the transformation of MMCZ there has been massive looting at the corporation,” reads part of the report, which also names the senior managers involved and where the information can be obtained.

Under-invoicing diamonds

What is particularly of concern are allegations that centre on the collusion between some of MMCZ diamond evaluators and gem buyers, especially from India.

The whistleblower paints a picture of systematic under-invoicing of the country’s precious stones by “inexperienced” evaluators who would in turn receive kickbacks from unscrupulous buyers.

Names are also provided of evaluators whose Indian visas were allegedly facilitated by buyers.

Adds the report: “Most evaluators at MMCZ do not have full knowledge of how much the country’s diamond is worthy(sic), because who would call himself or herself an evaluator after a two-week training.

“The question being: Where was the Ministry when these inexperienced people were under-valuing Zimbabwe’s stones? Did these evaluators attend other courses to sharpen their skills since they were handling the country’s diamonds?

“Are there no experienced diamond evaluators in Zimbabwe? . . . Of course they say the country sold rough diamonds, which is a reason why they could not realise much in the diamond sales, but honestly to let someone who just has a two week diamond evaluation hands on course to evaluate the country’s diamonds, like seriously?”

A red flag is also being raised on the suspicious frequency with which some MMCZ officials visited neighbouring Mozambique, which is largely viewed as a conduit through which some of the illegal diamonds were transported.

Government’s reaction

A fortnight ago, the Minister of Mines and Mining Development, Mr Walter Chidhakwa, confirmed that MMCZ was indeed under investigation.

He noted that Government will expeditiously pursue any senior official who will be caught on the wrong side of the law.

“Yes I am aware. I can’t say if the allegations are true until the investigation has been concluded.

“Let them investigate and tell if there is any substance in the allegations. I am one of the advocates of fighting corruption, I am very much anti-corruption.”

As part of a broad plan to nip corruption in the bud, especially at State entities, Government has heightened its monitoring role and is actively investigating every allegation.

In addition, the Office of the President and Cabinet is now taking an active role in ensuring that parastatals toe in line.

There is an overarching policy framework that intends to make corporate governance in public entities legally enforceable.

The Public Sector Corporate Governance Bill will soon be put before Parliament.

Some of the measures that are being mulled through the Bill include prosecution of delinquent directors and recovery of the assets that would have been looted.

But corruption and profligacy is not a disease that is affecting only Government-controlled institutions, as private companies are affected as well.

Fidelity Life Assurance’s bosses are also facing similar allegations of abandoning their fiduciary duties through systematically benefitting themselves.

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