

Tuesday, 30 October 2018

## **Amabhungane Media Inquiry**

### **RE: Request for comment regarding Regiments Capital, City of Johannesburg, Vox Telecom and the African National Congress (ANC)**

Thank you for bringing your inquiry to my attention. Please note that my response is limited to only my capacities and tenures as the Chairperson of the African National Congress (ANC)'s Greater Johannesburg Region, the City of Johannesburg MMC for Finance and later the Executive Mayor.

Firstly, I wish to clarify that I was aware that Regiments and Molelwane had a business relationship. However, I was not privy to their internal business arrangements or transactions.

In terms of delineation of responsibilities in the City, contract negotiations and management was the responsibility of the administrative management, in this instance the treasury of the City. Therefore, I, as the MMC would not have been involved in this process.

As the then Chairperson of the ANC Greater Johannesburg Region, I have no record of donations received from Molelwane and/or Mr Makhubo during my tenure. However, I am aware that Regiments had pledged donations to the ANC on arranged public platforms for fundraising drives of the organisation.

In accordance with ANC procedures on the election and appointment of supporting political heads, a list of candidates, who included Mr Makhubo, was presented within ANC structures for consideration.

As part of the requirements taken into account for the MMC role, academic qualifications, experience and skills in finance and ICT were considered. Mr Makhubo was the most qualified candidate in this regard. On his appointment he committed and begun winding down his business interests, which ensured that he was not "the player" and "a referee" on the said contract, or any other contracts in the City.

In relation to the inquiry on my participation in the Vox Telecom transaction, this initiative did not materialise, at least not to the extent of my being part of it. Therefore, I did not consider it material for the purpose of any disclosure on my part.

The investigation into the Coral Lagoon matter was an extensive one, and all material facts were disclosed and every question answered. When this matter was first raised with me by Amabhungane in a form of questions sent through in 2012, I had

immediately referred it to the Integrity Commissioner in the City of Johannesburg and the Public Protector to investigate. I was subsequently cleared of any wrong doing in this regard.

Under my leadership, the City administration, and with the explicit intent to protect the probity of the procurement process, and as part of our good governance initiative, we ensured that all large contracts were subjected to a probity process by an independent firm of auditors.

The Sinking Fund contract was therefore not exempt from this process. In this particular instance, Deloitte gave the assurance to the process of awarding, and together with subsequent legal advice, gave the City confirmation of a clean probity procurement process. When the Colourfields allegations were brought up, these became part of the investigation by the Integrity Commissioner, who confirmed the procurement process was without fault.

Your conclusion on the relationship between the ANC, City of Johannesburg and Regiments is unfortunate. In the interest of good governance, during my tenure, both the ANC Greater Johannesburg Region and the City of Johannesburg leadership always pursued the highest standards of integrity and ethics in our business.

In your inquiry you further make reference to the recent JN Boshoff Memorial Lecture on public service, which I was invited to deliver at the University of the Free State in Bloemfontein. You particularly pointed out in my lecture what I had outlined as what I subscribe to on the matter of public service in relation to probity and accountability.

It is indeed my belief that the public service needs to, among others, institutionalise two important interventions to prevent malfeasance, corruption and maladministration.

As articulated in my lecture, the first intervention is to design and entrench an internal system within public institutions to manage possible conflict of interest. Such a system can be something as basic as a regularised declaration order and recusal modality for public servants, at all levels, to state upfront their public and private interests.

And in cases where there arises a conflict of interest, a recusal framework should be instituted to prevent interested parties partaking or influencing any decision-making process.

Though this was presented as a proposed solution to manage conflict of interest, it was already being implemented in the City of Johannesburg by 2011 – including in the particular case of Mr Makhubo.

The second intervention presented in the lecture was the proposal of the roll-out, nationally, of an accountability mechanism currently in place in the Gauteng Provincial Government. They have installed an Integrity Commission to adjudicate and advise on arising conflict of interest matters.

Such an institutionalised commissioner, which is similar to what you find in the private sector - with their ethics committees designed to instil integrity into the organisational functions. This, in particular as institutionalisation, also means that managing potential conflict of interests, declaration of pecuniary interests, and adjudicating contraventions, happens as part of the normal business of governance.

It is my belief, furthermore, that as part of enterprise development responsibilities, and the growth of small businesses, in particular those from historically disadvantaged communities, large firms in all fields should engage and help grow the smaller entities.

What we need to improve on as a country is the monitoring of this process to prevent abuse. What should be key to everything that we do is adherence to the rule of law, which subsequently translates into a good image or reputation for the country, its leadership, as well as for business and political organisations.

**Issued by the ANC Greater Johannesburg Region**

On behalf of Comrade Parks Tau

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