



09 February 2022

Dear Hon Hlengwa,

STATEMENT TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

1. On 27 January 2022 I received a letter from yourself, as Chairperson of the Standing Committee on Public Accounts ("*the Committee*"), asking me to make submissions to the Committee in relation to a recording of a statement I made at a meeting of the African National Congress.
2. I welcome the determination of the Committee, in line with its mandate and responsibility, to probe any allegations of the misuse of public funds for whatever purpose.
3. The statement was made at a meeting of the National Executive Committee of the African National Congress ("*the NEC of the ANC*"), held between 26 and 28 March 2021. In this statement, made during the day on 27 March 2021, I made reference to misuse of public funds in internal elections for leadership positions in the ANC.
4. As regards the recording that informed the Committee's request to me, I believe that it is important to take into account the full context of what was said at the NEC meeting.
5. In my capacity as President of the ANC, I am focused on the party's renewal. One of the critical areas to which we are giving attention is to promote transparency, accountability and ethical behaviour with respect to the funding of internal party activities. This requires a recognition of practices that are unacceptable and taking the necessary steps to correct these.
6. The ANC's internal discussions regarding the work it needs to do to renew itself are part of a process that the ANC continues to execute and accordingly, I confine myself in this submission to the Committee's request for information about the alleged misuse of public funds.
7. This submission aims to assist the Committee as best I can, in its important work.

Answers to the Committee's questions

8. Based on the above, my answers to the Committee's questions are as follows:

Question a): The details relating to when, to whom, and in what context the statements of the President were made

- 8.1. As stated above, the statement recorded was made during a meeting of the NEC of the ANC held from 26 to 28 March 2021 and was made during the day of 27 March 2021.
- 8.2. The statement was made to those present at the NEC meeting.

Question b): Any information that the President may have which relates to the alleged misuse of public funds for the purposes of ANC election campaigns or the campaigns of any of its members

- 8.3. I do not have any direct and specific information on the alleged misuse of public funds for party political purposes. The statements I made in the NEC meeting were based on allegations already in the public domain and rumours circulating within the organisation and broader society.
- 8.4. Some of the information regarding this matter had already been in the public domain prior to the meeting at which the statement was made, of which Committee members are no doubt equally aware. Such information would include the following:
- 8.4.1. The contents of the High-Level Review Panel Report on the State Security Agency about the matter of alleged misuse of public funds. This Report has been in the public domain since it was published on 9 March 2019. The Committee will have noted the challenges the Auditor General has had in auditing the funds of the State Security Agency. The Report has made useful recommendations to address these challenges.
- 8.4.2. The testimony of Ambassador Riaz "Moe" Shaik and Mr Lizo Gibson Njenje before the Commission of Inquiry into allegations of State Capture, Corruption, and Fraud in the Public Sector including Organs of State (*"the Commission of Inquiry"*) on 26 November 2019. They testified about what they referred to as "misuse" of State Security Agency resources for unlawful purposes.
- 8.4.3. The court case pitting the Independent Police Investigative Directorate (*"the IPID"*) against the senior leadership of the South African Police Service, regarding the alleged purchase of surveillance equipment at inflated prices. This matter unfolded in court during 2020. The allegations included information that monies in excess of the actual price of the equipment was intended to be used to influence the outcome of the ANC National Conference of December 2017.

8.4.4. The testimony of Ambassador Mzuvukile Maqetuka before the Commission of Inquiry, on 10 July 2020, during which he referred to misuse of public funds at the State Security Agency with specific reference to the Principal Agent Network.

8.4.5. The testimony of an unidentified witness before the Commission of Inquiry, on the State Security Agency, on 27, 28 and 29 January 2021. The witness made reference to the State Security Agency's budget not being accounted for and allegations that some of this money was meant to fund political party matters.

8.5. My statement to the Commission of Inquiry is also available to the public and to this Committee. I sought to inform the Commission of everything I could attest to under oath that was relevant to its mandate.

Question c): Information on whether there were any instructions to or from any Ministers, accounting officers or any other officials or persons to release public funds or to facilitate the release of public funds for party political purposes

8.6. I do not have such information. Some of the evidence proffered at the Commission of Inquiry contained such allegations. I refer the Committee to the publicly available transcripts of these records.

Question d): Whether the relevant Ministers or accounting officers were made aware of, or otherwise had knowledge of, any unauthorised spending in the event that such instructions to channel funds were done via someone other than themselves

8.7. I do not have such information. I refer the Committee in this regard to the work of the Commission of Inquiry, and any information that the Auditor General may be able to provide.

Question e): Whether there are any records or information at the disposal or within the knowledge of the President as to which such unauthorised funds (if applicable) may have been utilised for and how they were captured in the financial statements and reports of the relevance organs of state

8.8. I have no information in this regard. I refer the Committee to the publicly available records related to the information outlined in paragraph 8.3 above. I have no further information in this regard.

Question f): Whether any other members of Parliament, officials of any organ of state, staff members of the ANC or any other person may have further relevant information to assist the Committee in determining whether public funds were misused for party political purposes

8.9. I do not have such information. I can only, in response to this question, again refer the Committee to the publicly available records related to the information outlined in paragraph 8.3 above.

Question g): Information on the contracts for goods and services alluded to in the audio clip and any other contracts entered into by the ANC or any person using (wholly or partially) public funds. Such information includes details of the service providers, the nature of the contracts and payment arrangements

8.10. I have no knowledge of any such contracts for goods and services. Where I referred to “bussing people around” for example, I spoke in general terms about activities common to campaigns, and that require resources.

Question h): Any other information the President may have which can assist the Committee to determine whether public funds were misused by the ANC or any of its party members, and if so, how such funds were channeled for such purposes and on whose instruction

8.11. I do not have any information in my possession that could assist the Committee in this respect. However, based on the evidence led before the Commission of Inquiry, there should be information in the Report of the Commission of Inquiry that can shed further light on this matter. The first part of the report was made public on 04 January 2022. Part 2 was made public on 01 February 2022, Part 3 will be submitted to me on 28 February 2022 and made public as soon as possible once submitted.

Conclusion

9. I have outlined the information at my disposal on the alleged misuse of public funds. I do not burden this submission with transcripts of the Commission of Inquiry’s testimony referred to, or the Report, as these are readily accessible to the Committee on public platforms.
10. Since my election as President of the Republic I have taken a number of steps to uncover and end the misuse of public funds. Some of the steps taken may not necessarily fall within the purview of your committee’s mandate but they are important in the fight against corruption. Some of these are:
 - 10.1. My consistent and emphatic support for the work of the Judicial Commission of Inquiry into allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State.
 - 10.2. I will be submitting an action plan on the implementation of the recommendations of the Commission to Parliament by the end of June 2022.
 - 10.3. The Commission of Inquiry into Tax Administration and Governance by the South African Revenue Service, chaired by retired Judge Nugent, and the implementation of its report’s recommendations.
 - 10.4. The establishment of the Investigating Directorate in the National Prosecuting Authority in April 2019. This entity is empowered to investigate common law and statutory offences. These can include commercial crimes such as fraud, forgery, uttering and theft. Statutory offences related to legislation covered by the Prevention of Organised Crime Act 121 of 1998, the Public Finance

Management Act 1 of 1999, and the Municipal Finance Management Act 56 of 2003 fall under the mandate of the directorate. Offences involving dishonesty referred by the Financial Intelligence Centre are investigated by this entity as well. The directorate is also mandated to investigate unlawful activity or criminal behavior that comes to the fore through the work of various commissions of inquiry.

- 10.5. The Commission of Inquiry into the allegations of impropriety at the Public Investment Corporation, the report was made public on 12 March 2020.
- 10.6. Numerous proclamations for investigations to be conducted by the Special Investigating Unit, the results of these investigations have been presented regularly to this Committee.
- 10.7. The establishment of the Presidential State-Owned Enterprises Council by Cabinet in May 2018, to provide stronger oversight over State-Owned Enterprises and improve their management. The result of its work is meant to eradicate abuse of state assets through mismanagement of these entities.
- 10.8. The adoption of the National Anti-Corruption Strategy by the Executive in November of 2020.
11. The detail and extent of the misuse of public funds as referred to in the matter the Committee has asked me to address will no doubt become clear once the Commission of Inquiry's final report is submitted, and once consequential investigations – as well as those already under way – are finalised.
12. I will, to the extent of my powers and discretion, continue to support these investigations. I have every faith that they will uncover the evidence needed to determine who ought to face the might of the law for these infringements.

Yours sincerely,



Mr Matamela Cyril Ramaphosa
President of the Republic of South Africa

Hon M Hlengwa, MP
Chairperson: Standing Committee on Public Accounts
Parliament of the Republic of South Africa
CAPE TOWN