Public Sector - Govt. - Miscellaneous Depr

1995

~~February~~.

JANUARY — FEBRUARY

Boesak's books to bare the truth

CP CORRESPONDENT (259)

CP 7/1/95

DR ALLAN BOESAK — whose BMW 325 was confiscated by a sheriff this week after four monthly payments on it had been missed — interrupted his holiday to slip quietly into Cape Town on Friday.

The ambassador designate to the United Nations in Geneva and former Western Cape ANC leader went to take legal advice over the growing controversy surrounding the financial affairs of his Foundation of Peace and Justice (FPJ).

Danchurch Aid, a non-governmental organisation based in Copenhagen, is investigating the FPJ after it discovered "contradictions" in the audited accounts of donations by the Danish government. The donations were meant for several rural development projects and other education.

Danchurch Aid is investigating alleged loans made to FPJ staff members, including a possible loan of R100 000 to Boesak and a loan of R700 000 to FPJ financial director Freddie Steenkamp to buy a house.

Chairman of the FPJ trustees Tim de Waal told a Cape Town newspaper he met Boesak and lawyers briefly, but Boesak left town again to continue his holiday.

"The trustees have decided to appoint our own lawyers and we have decided to appoint independent auditors to audit the disputed books," De Waal said.

■ City Press learnt that Boesak's BMW 325 was confiscated by the sheriff this week after payment arrears reached R[illegible]000. The amount owed on the car is R107 000.

Steenkamp, meanwhile, has put an expensive 1994 Nissan bakkie and two BMW up for sale.

STORM . . . Allan Boesak.

Money queries place Boesak post at risk

(259) ST 1/1/95

By NORMAN WEST
Political Reporter

DR ALLAN BOESAK'S appointment to the United Nations in Geneva appeared to be slipping away from the beleaguered ambassador designate this week.

With only two weeks to go before he is due to take up the post, diplomatic sources believe the government will be compelled to act soon.

President Nelson Mandela's office, which is awaiting a report from the Danish Foundation for Peace and Justice (FPJ) on Dr Boesak's financial conduct, maintained a stony silence this week.

Dr Boesak faced two more financial blows this week:

- The sheriff of Goodwood magistrate's court repossessed his maroon BMW on behalf of Bankfin from a showroom where it was up for sale, and
- Mercantile Bank has applied for summary judgment against him for R37 146 in rentals for telephones and switchboard equipment.

Dr Boesak slipped quietly into Cape Town on Friday to consult his lawyers and again disappeared from public view to a secret holiday venue. The front gate of his luxury Constantia home has been tied shut with wire.

Three vehicles belonging to the foundation's financial director, Freddie Steenkamp, are also up for sale. They are

- A top-of-the-range yellow Nissan V6 3-litre bakkie priced at R89 995,
- A red 2,7-litre converted BMW M3 Alpina, which cost about R100 000,
- A dark blue 1992 BMW M5, which cost R280 000.

Mr Steenkamp has been in hiding since he made an affidavit three weeks ago lifting the lid on serious allegations of financial mismanagement of the foundation's funding.

Mr Steenkamp has admitted to having received a personal loan of R700 000 from the foundation for buying a house.

Dr Boesak allegedly borrowed R100 000 from the Foundation. In 1992 he paid a deposit of R100 000 on his R550 000 Constantia home.

A document certified by the auditors of the FPJ, Mustaq Brey and Associates of Cape Town, shows that as director Dr Boesak received a housing subsidy of R7 500 a month as part of his salary package. He serviced a R450 000 mortgage bond with it.

Dr Boesak, former chairman of the ANC in the Western Cape, former Western Cape Minister of Economic Affairs and now South Africa's ambassador designate to the UN in Geneva, bought the house in 1991 after his divorce from his first wife, Dorothy, in December 1990.

It was revealed this week that Danchurch Aid's preliminary investigation into the financial affairs confirmed that Dr Boesak

□ To Page 2

More financial blows for Boesak

□ From Page 1

borrowed at least R100 000 for his personal use.

"The loan amount is preliminary and it is believed he may have borrowed more," Elsebeth Krogh, head of Danchurch Aid's international department in Copenhagen, said this week.

She said it has also been found that five other people closely linked to the FPJ's Foundation's management had taken loans.

Danchurch Aid stopped funding the FPJ foundation in 1993 when R2,9-million it had channelled into the organisation could not be accounted for.

Ironically, Elna Boesak herself lifted the lid on her husband's lavish lifestyle in an affidavit submitted during divorce proceedings in May 1992. The contents of her affidavit became public after it was quoted in Parliament by the former Minister of Population Development, Mr Jac Rabie.

Mrs Boesak said the purchase of their Dale Avenue, Constantia home for R550 000 in February 1991 involved a deposit of R100 000 in cash, transfer and legal fees of about R25 000 and renovations of another R120 000.

The curtaining cost R8 000, the Persian carpets about R12 000, the dining-room suite R6 000 and one of the two leather lounge suits, R4 000.

Dr Boesak had damaged his expensive imported Lancia in a collision and bought a replacement BMW for R70 000.

He also serviced a mortgage bond of R450 000 with instalments of about R7 500.

According to Mustaq Brey and Associates at the time of the divorce proceedings, which were later abandoned, Dr Boesak was earning R8 350 per month inclusive of his car allowance, but, according to the auditors, he also received R7 500 from the FPJ as a "housing allowance".

Mercantile Bank's claim against Dr Boesak for R37 146 relates to equipment used collectively by the FPJ and by Elna Boesak's Camelot Communications video production studios, which was funded by the Swedish International Development Agency (Sida).

"The combi owned by Camelot communications was sold. The combi had been leased and the money has been given back to the bank," said the Reverend Jan de Waal, chairman of FPJ trustees.

"The video equipment bought for Camelot communications is still at the Harrington street offices of Camelot Communications. We have given Sida a number of options for the future of the equipment and are waiting their decision.

"We appointed lawyers during the week but I cannot divulge their names as they specifically requested that I do not reveal them to the media," Mr de Waal said.

(259) ST 1/1/95

SOWETAN Tuesday January 31 1995

● Juvenile inmates on the run

Boesak may yet not make it to Geneva

(259) Sowetan 31/1/95

■ **PRELIM INQUIRY** suggests Allan can't keep his fingers out of the till:

By Ismail Lagardien and Sapa

THIS COULD be a decisive week for Dr Allan Boesak, South Africa's ambassador designate to the United Nations in Geneva

On the eve of his departure to Switzerland allegations of corruption and mismanagement of funds are mounting against the embattled ex-churchman turned politician

Pressure is also mounting, from within ANC ranks, for President Nelson Mandela to review Boesak's position One of the options is to suspend Boesak's appointment until after investigations into the allegations are completed

It has been alleged that Boesak borrowed funds for his own use from the Foundation for Peace and Justice which he heads The foundation serves as a conduit for foreign aid directed at community development projects

It is also alleged that a senior employee of the FPJ, Mr Freddie Steenkamp, had been given R700 000 with which to build a house

In an affidavit made last year, Steenkamp — then the FPJ's financial director — suggested there was serious mismanagement of FPJ funds

President Nelson Mandela is, thus, faced with increasing pressure to withdraw Boesak's appointment

Boesak is expected to surface sometime this week (he reportedly reared his head late last week, to consult with his lawyers) when Mandela returns from vacation The President is expected to make an announcement on Boesak's appointment within days

Meanwhile, things are not going well for Boesak in general It was reported last week that his luxury German car had been repossessed and that a bank had applied for summary judgment against him

Further, the Copenhagen-based organisation, Dan Church Aid, would not be putting any more money into any of Boesak's organisations, SABC radio news reported

The London Sunday Times reported this week that the secretary-general of Dan Church, Mr Christian Balslev-Olesen, said the decision had been taken even though investigations into funds donated to the FPJ had not yet been completed

Mr Balslev-Olesen said Dan Church Aid was trying its best to get back the money — an alleged R1,3 million

A preliminary investigation by Dan Church Aid into Boesak's financial affairs had allegedly revealed that Boesak had already spent at least R100 000 which he "borrowed" from the FPJ's funds

Another representative of the Dan Church organisation, Miss Elsebeth Krogh, said "The loan amount is preliminary and it is believed he may have borrowed more"

She confirmed there were other people involved in the FPJ who had taken personal loans from official funds

Boesak is the former leader of the ANC in the Western Cape

Angry ex-staff speak out

Staff Reporter

IN an angry statement two former FPJ staff members claimed last night that while loans were made to some staff, they were told "that money was not available for campaigns, conferences, development projects or donations to the victims of apartheid's oppression and repression"

The claim by Ms Leslie Liddel, a former trustee, and Ms Sandra Vlotman, was made in a typed statement handed to the Cape Times

"This 'lack' of funding severely hampered our ability to work effectively and frequently resulted in embarrassment by having to give negative responses to legitimately poor but developing communities"

They said their gross salaries while employed by the FPJ were R2 800 and R1 000 a month These salaries were earned for 2½ and three years respectively without annual increments

Dissension

"Salary slips were handed to us on only one occasion and deductions were not clearly delineated We were consistantly told that money was not available for increases but are now confronted with the reality that some staff were apparently recipients of astronomical loans," the former staffers said

"Not only were we told that money was not available for our work but we also had difficulty in obtaining petrol expenses for work done in the rural areas and our salaries were more often than not paid late."

According to their statement, "Early in 1994 general dissension on the role and position of Mrs Elna Boesak developed among the staff of the FPJ This dissension pertained to the fact that Mrs Boesak was given the right, as a contract worker to Eleutheria, the FPJ media project, to issue instructions to staff members, employ a staff person who was accountable to her but paid by the FPJ, and was concurrently establishing her own company, Camelot. The distinction between Camelot and Eleutheria was blurred

"Trustees of the FPJ board of directors were not consulted on issues relating to the running and development of the organisation This related specifically to the establishment of Eleutheria and generally to expenses incurred, loans granted, business deals undertaken or assets purchased by FPJ

"The trustees seldom met and a number of board members resigned as a result of the lack of transparency and accountability"

Ms Liddell and Ms Vlotman said they had decided to issue their statement "in light of the absence of any statements of clarity being made either by Dr Boesak or Mr Freddie Steenkamp"

□ Mr Steenkamp is financial director of FPJ

Mandela acts on Boesak

HAPPIER TIMES . President Nelson Mandela with Dr Allan Boesak at an election rally in the Western Cape The President has ordered a full investigation into allegations of the misappropriation of funds by Dr Boesak which were first made by a Danish funding agency Picture BENNY GOOL

Funds 'never received'

By MELANIE GOSLING

COMMUNITY organisations in the Karoo town of Carnarvon claimed yesterday that Dr Allan Boesak's Foundation for Peace and Justice asked them to submit requests for funding which they never received.

Chairman of Carnarvon's Caravan Community Organisation Projects Mr Kobus Hoorn, said the FPJ had approached his organisation in 1992 and asked them to submit a budget asking for financial assistance

"We submitted a budget asking for R150 000 The FPJ came back to us and said we had asked for too little, we must ask for more So we submitted a budget for R318 000 The FPJ then told us that we could only get R150 000 after all"

The projects, which included a creche, knitting factory and vegetable gardens, had received a total of only R35 000 over a period of nearly two years

When the funds did not come through, the project tried unsuccessfully to get hold of Dr Boesak.

Mr Glen Pieke, chairman of Caravan Project's creche, said some staff had worked for months with no pay

"Eventually Mr Hoorn and I came down to Cape Town to meet Dr Boesak around June 1993. But he did not turn up for the meeting."

Instead they had a meeting with FPJ's financial director, Mr Freddie Steenkamp

"We reached an agreement they would pay us R30 000 every quarter until we reached R150 000 But later we still did not receive the money When we phoned the FPJ, we were told their internal committee still had to sit on it"

After this incident, Mr Steenkamp asked him to submit a claim for funds from the FPJ to finance the Carnarvon Advice Office

"I said no thanks"

CT 4/1/95 (259)

Chance of filling UN position 'nil'

By BARRY STREEK

PRESIDENT Nelson Mandela last night ordered a full investigation into "allegations of financial misappropriation" by Dr Allan Boesak.

This means that Dr Boesak's appointment as South Africa's ambassador to the UN in Geneva — due to be taken up in two weeks — has been effectively blocked

Mr Mandela's office said that as soon as all the relevant facts have been presented "the President will take an appropriate decision"

It is understood Mr Mandela and Dr Boesak met in Cape Town last week to discuss the situation. ANC sources said last night that the chances of him going to Geneva were nil

They added that if Dr Boesak does not withdraw voluntarily, President Mandela will cancel his appointment.

A delegation, including Justice Minister Mr Dullah Omar and Water Affairs Minister Professor Kader Asmal, is expected to ask him to withdraw his nomination

When the Cape Times traced Dr Boesak to his home late last night he looked tired and dejected ANC Western Cape leader and local Economic Affairs Minister the Rev Chris Nissen was in his car in the driveway

He went into the house to call Dr Boesak but declined to comment.

Dr Boesak emerged wearing a nightgown Speaking in a hoarse voice, he said he had an agreement with the Danish funders of the FPJ that no comments from either side would be made to the press

"And I don't want to break the subjudice rule until the investigation has run its course"

Yesterday's statement by Mr Mandela's office comes after weeks of mounting pressure on the government to freeze Dr Boesak's appointment until there has been an investigation into the affairs of his Foundation for Peace and Justice

Dr Boesak has been under inquiry since the Danish funding organisation, Danchurch Aid, began investigating loans to FPJ staff and claimed R2,9 million in funds had not been accounted for

Surprise has been expressed in both diplomatic and ANC circles that Dr Boesak did not offer to withdraw his controversial nomination

Yesterday's statement did not say who would compile the report to Mr Mandela and it made no reference to a committee to investigate the situation, which a senior ANC MP, Mr Henry Fazzie, said would be established

Significantly, however, the statement does state that President Mandela will re-assess the situation once he has received the report — something his spokesmen have until now denied was under consideration

Earlier NP foreign affairs spokesman Dr Boy Geldenhuys said it would embarrass both South Africa and the UN should a recently appointed ambassador be recalled

Prominent UWC academic and writer Professor Adam Small has welcomed the President's action The problems around the FPJ had cast a shadow over future funding for non-governmental organisations, he said

● The R140m which Dr Allan Boesak raised in the United States for small and medium black business development in the Western Cape "is not in jeopardy at the moment", Mr Nissen said earlier yesterday

NEWS Upset Mandela acts

Allan Boesak is out in the cold

(259) Sowetan 4/1/95

DR ALLAN Boesak has lost his bid to become South Africa's ambassador to the United Nations in Geneva, highly-placed African National Congress sources said yesterday.

They said Boesak was facing a "fait accompli" and had been given notice by President Nelson Mandela that he should withdraw from the post

Boesak is facing allegations of misappropriating Danish aid money channelled to his Peace and Justice Foundation

Mandela, who is on holiday in the Transkei, met Boesak in Cape Town on Saturday

According to the sources, an upset Mandela told Boesak he should withdraw voluntarily from the post.

Mandela said yesterday he had appointed Water Affairs and Forestry Minister Professor Kader Asmal to compile a report on the matter.

The President's announcement, made in an interview on holiday at Qunu in the Transkei, fuelled speculation that it was only a matter of time before Boesak relented and announced his withdrawal. Failure to do so could force the President's hand into demanding Boesak withdraw

The Office of the President said in a statement Mandela was "keen to find an early, just and fair resolution of this problem" which was a "matter of public concern"

The statement did not indicate whether Mandela would rescind Boesak's appointment, nor did it indicate if Mandela was still backing Boesak for the post.

According to the Danish aid organisation Danchurch Aid, aid money intended for Boesak's Peace and Justice Foundation had been diverted to personal loans to foundation staff

Boesak is said to have borrowed at least R100 000 for his personal use However, the organisation was unable to account for a further R2,9 million channelled to Boesak's foundation

Boesak was not available for comment yesterday — his Constantia, Cape Town, home was deserted and the telephone was not answered.— *Sapa*

Sadtu criticises 'poor' results

Sowetan 4/1/95

THE South African Democratic Teachers Union yesterday said it viewed last year's matric results in a "very serious light" and urged the Government to take action to improve education in the country

A Sadtu statement issued in Johannesburg said "It is at this point in time that Sadtu prevails on the ANC-led Government to translate into reality its pronouncement that education is a top priority."

The union warned it would not be lulled into a sense of inactivity by "the release of high-handed policy statements that are "devoid of any action".

The matric results were released last week and reflected a national pass rate of 58,1 per cent A pass rate of 48,5 per cent was recorded among black pupils

Sadtu attributed the "poor" pass rate to apartheid and its legacy of ethnic diversity, disparity in the funding of education and the continued administration of education by "the old bureaucracy". The union said teachers' salaries and working conditions had to be improved to boost their morale, which would in turn contribute towards building a culture of learning and teaching The statement said the establishment of provincial education departments and the rationalisation and restructuring of education had to be speeded up.

"Failure by the ANC-led Government to intervene in all these areas as a matter of urgency will certainly result in the creation of conditions which are conducive to the destabilisation of education," the statement said

Boesak 'told to withdraw'

■ BY KAIZER NYATSUMBA
POLITICAL CORRESPONDENT

President Mandela has left former Western Cape ANC leader Dr Allan Boesak with no option but to step down as South Africa's ambassador to the United Nations in Geneva

Boesak has been told that he should "do the honourable thing" and withdraw his candidature for the plum ambassadorship, reliable ANC sources said last night

Mandela, who has been at pains to avoid a public humiliation of the former United Democratic Front patron, is understood to have told Boesak in a recent meeting that he would no longer be able to take up his position in Geneva

According to the sources, Mandela has subsequently asked Water Affairs Minister Kader Asmal and Justice Minister Dullah Omar to be the bearers of the bad tidings to the controversy-dogged former cleric

The sources said the two ministers had been expressly instructed to tell Boesak that it would be in his favour to announce his withdrawal from the position to avoid any further embarrassment

Spokesmen for the president's office have repeatedly said they are awaiting reports from donor agencies which have alleged that Boesak's Foundation for Peace and Justice (FPJ) misappropriated funds

But The Star understands that information reaching the president so far was such that Mandela had decided it would be unwise for Boesak to take up his position in Geneva on February 1

The ANC sources indicated that the information reaching Mandela had been of such a serious nature that the president had been left with no choice but to ask Boesak to withdraw

However, in an earlier state-

▶ To Page 3

(259) Star 4/1/95

Boesak 'told to withdraw'

◀ From Page 1

ment yesterday, presidential spokesman Parks Mankahlana said the president would take "an appropriate decision" on Boesak's ambassadorship only when all "relevant facts" had been presented to him.

Mankahlana said Mandela had noted the public statements in response to allegations of financial misappropriation by Boesak and some employees of the FPJ.

The National Party yesterday also called for Boesak's suspension.

According to newspaper reports in Cape Town, Boesak last night declined to comment on the allegations against him, saying he had an agreement with the Danes

The reports said Boesak looked tired, was wearing a nightgown and spoke with a hoarse voice. He "would love to have a press conference soon", but had to honour the agreement with the Danes. According to the reports, Boesak yesterday held talks with Chris Nissen, his successor as the ANC's Western Cape leader.

(259) Star 4/1/95

Boesak case: Fears about aid for RDP

CT 5/1/95

By BARRY STREEK
Political Staff

(259)

DEPUTY PRESIDENT Thabo Mbeki and Dr Allan Boesak are to meet in Pretoria today amid growing fears in the government that international funding for the Reconstruction and Development Programme (RDP) will be jeopardised if it fails to act.

The escalating controversy about the finances of Dr Boesak's Foundation for Peace and Justice (FPJ) has led to growing pressure on him to withdraw as South Africa's ambassador-designate to the UN in Geneva

His position could be clarified at today's meeting and a statement may be issued by the President's office afterwards, Mr Mbeki's spokesman, Mr Ricky Naidoo, said.

Officially, however, Mr Mandela is awaiting two official reports, one compiled by a Johannesburg firm of attorneys, and the other by the ANC's constitutional expert and Minister of Water Affairs, Professor Kader Asmal, who said yesterday his report would be completed within the next day or two.

With growing fears within the government that international funding for the RDP will be seriously affected if the government fails to act, it is felt that the chances of Dr Boesak going to Geneva are still nil

It was revealed yesterday that a number of FPJ trustees had resigned from the organisation over the past three years because of concern about the lack of control of funds

It can also be disclosed that a former trustee, Professor Charles Villa-Vicencio, and the former secretary-general of the South African Council of Churches, Dr Beyers Naude, both warned Mr Mbeki in September and October last year that there were serious financial problems in the FPJ and that their disclosure could embarrass the government

● Dr Boesak and SA — Page 8

Church silent on 'misuse' of funds

259

5/1/95 CT

Staff Reporter

THE Bellville South NG Sendingkerk is to continue its silence over details surrounding a bitter three-year dispute it had with Dr Allan Boesak over the alleged misuse of foreign funds.

The dispute arose when his former congregation in Bellville South claimed in September 1991 that an undisclosed sum of money intended for the congregation had been misused.

Dr Boesak had raised the money overseas when the Foundation for Peace and Justice (FPJ) was still linked to the congregation.

However, the two split in October 1990 when Dr Boesak, as director of the FPJ, resigned from the congregation following revelations of his extra-marital affair with the then-Ms Elna Botha.

Dr Boesak's resignation apparently left the church short of cash.

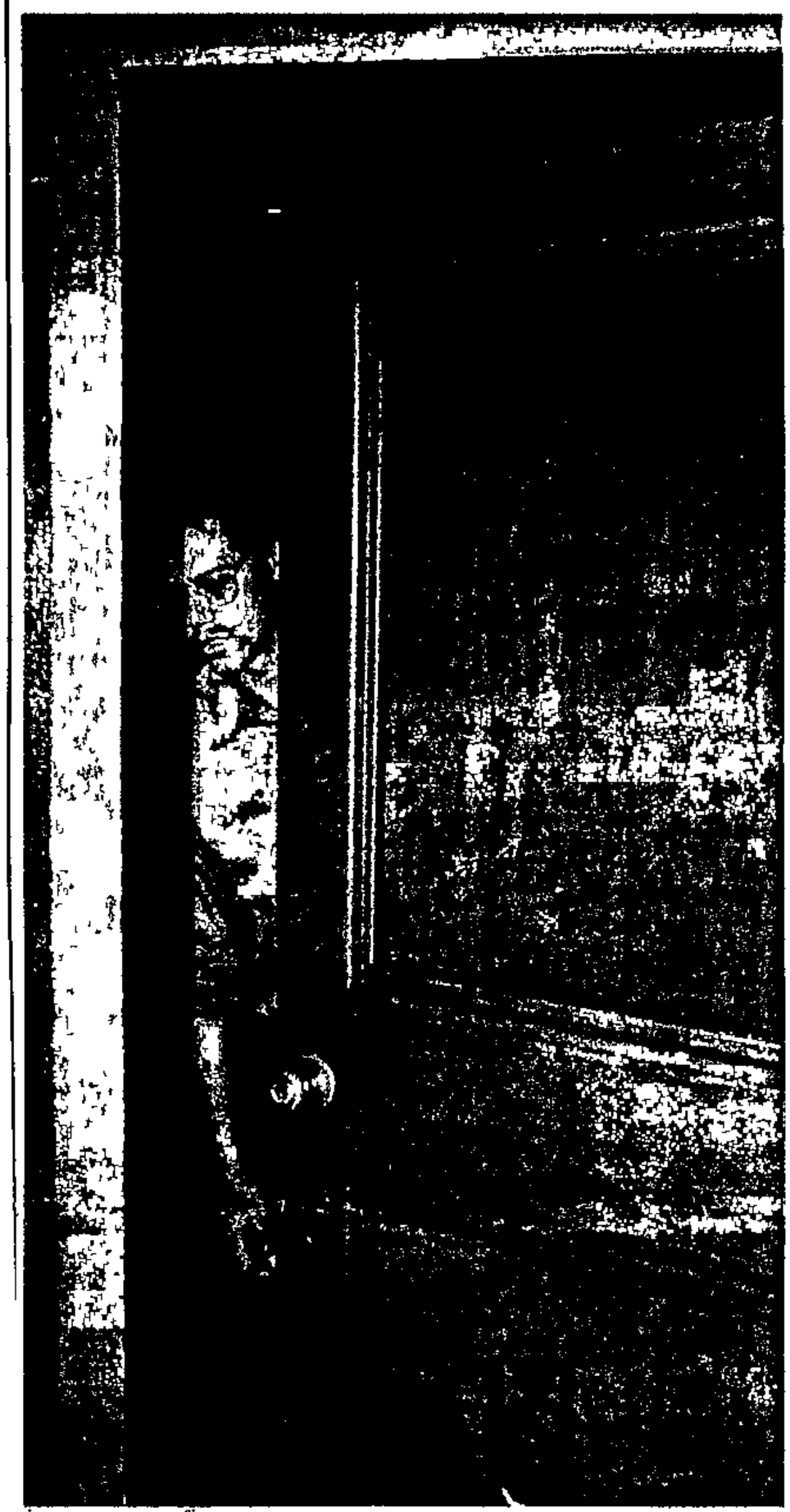
At the time Dr Boesak threatened to take legal action against his former congregation if it did not make a public apology for its allegations.

Boesak speaks

CT 6/1/95

(259)

'I received no loans'



KEY MAN FPJ financial director Mr Freddie Steenkamp retreats into his home yesterday with a brief "No comment" Picture BENNY GOOL

By MELANIE GOSLING

DR Allan Boesak broke his months-long silence last night to deny any personal involvement in the alleged misappropriation of Foundation for Peace and Justice donor funds.

In a statement Dr Boesak said he had never asked for or received any loans from donor funds

His statement comes on the eve of his meeting with Deputy President Thabo Mbeki in Pretoria today amid speculation that the ANC will put pressure on him to withdraw voluntarily as ambassador-designate to the United Nations in Geneva

Emphasising that he was commenting in his personal capacity, Dr Boesak attacked the Danish aid organisation DanChurchAid and the media for what he called a "witch hunt" against him

He also said he had not had the time to check the work of the FPJ's bookkeeper

Dr Boesak said he suggested to the Trustees in May 1994 that the Foundation be closed as he could no longer be actively involved in the FPJ

Commenting on the appointment of a government committee to probe the affair, Dr Boesak said he knew his future lay with President Nelson Mandela

Although the media had put pressure on Mr Mandela with "irresponsible" reporting, he would respect the President's decision about his future

"I remain deeply perturbed by DanChurchAid's refusul to disclose the sources who made the allegations of my personal involvement in financial wrong-doing

"DanChurchAid has the moral obligation to make these sources known If what they say is true, they have nothing to hide"

Dr Boesak attacked the media, which he said were no longer investigating the financial reports of the FPJ but conducting a "witch hunt" against him

He denied any knowledge of the alleged staff loans of hundreds of thousands of rands and said he had authorised only two loans to staff for amounts not greater than R5 000

"I was not aware of loans given to staff to the extent currently alleged I had full confidence in the bookkeeper of the FPJ and, working under pressure of a tremendously full schedule, I never had the time to check on the bookkeeper's work on a day to day basis," he said

"WITCH-HUNT" Allan Boesak

It has been alleged that FPJ financial director Mr Freddie Steenkamp was given a loan of R700 000 and had vehicles with a total value of R470 000

When the Cape Times traced Mr Steenkamp to a rented Welgemoed house yesterday he refused to comment.

Dr Boesak blamed the media for spreading "false rumours" to pressure the government to withdraw his appointment as ambassador

"There is no truth in the rumour that Scandinavian governments are putting pressure on President Mandela to withdraw my appointment. This has been emphatically denied to me by the Prime Minister of Sweden, Mr Ingvar Carlsson Equally it is untrue that the President has asked me to withdraw," Dr Boesak said

Meanwhile, **BARRY STREEK** reports that former FPJ trustees had resigned over the past three years because of the lack of control and accountability

One former trustee, Professor Charles Villa-Vicencio, said yesterday he "felt the trustees never had sufficient information to exercise control"

"There was insufficient transparency," he said

He had left at the beginning of 1992

Other trustees who had resigned for similar reasons were Professor Juttie Bredenkamp of the University of the Western Cape, the Rev Lionel Louw and Ms Lesley Liddel

Prof Villa-Vicencio stressed "At no time did I have any information of misappropriation of funds or the misuse of funds We were just not able to get straight answers"

While he was a member of the board no housing or travel allowances or loans had been approved by the trustees

Until yesterday, Prof Villa-Vicencio had refused to comment about the FPJ or his term as a trustee

"From my perspective, the only advisable thing for Allan to do is to withdraw his nomination That is not to say he is quilty He is indeed innocent until proved guilty But withdrawal is the only honourable way out."

PETER DENNEHY reports that the Cape Times traced Mr Freddie Steenkamp to his in Loevenstein, near Welgemoed yesterday

Mr Steenkamp has remained silent in the weeks that controversy has raged over alleged misappropriation of FPJ funds

Mr Steenkamp gave an affidavit to investigators looking into FPJ funding three weeks ago, in which he admitted receiving a R700 000 home loan, provided from funds

Surpised at his home yesterday, he said he had "no comment" to make and closed the door

● Three years ago the state director of fundraising investigated the financial affairs of the FPJ after "complaints from the public"

Although the officials concerned at the time declined to comment yesterday, a source close to the investigation said the FPJ had then received a clean bill of health

● **Fears about aid for RDP — Page 2**

Boesak breaks silence

Sowetan 5/11/95

(259)

EMBATTLED ambassador-designate to the United Nations in Geneva, Dr Allan Boesak, yesterday denied he misused Danish aid money donated to his Foundation for Peace and Justice

Boesak, according to Sapa, is facing pressure to withdraw his candidacy for the Geneva post because of the accusations

He said in a statement constant media coverage had become a "witch hunt" and that the negative publicity now forced him to break his silence

"I emphatically deny any personal involvement in the alleged misappropriation of funds Whatever monies received over the years by way of either donations or a salary package were given on grounds of merit and agreement I never asked for nor received any loans"

● Dr Boesak is to face a high-powered group of politicians appointed by President Mandela today

Athough no details of the group has been given, it is believed Deputy President Thabo Mbeki and senior ANC Cabinet members, including Professor Kader Asmal and Mr Dullah Omar, will be present

Crucial talks with Boesak

Star 5/1/95 (251)

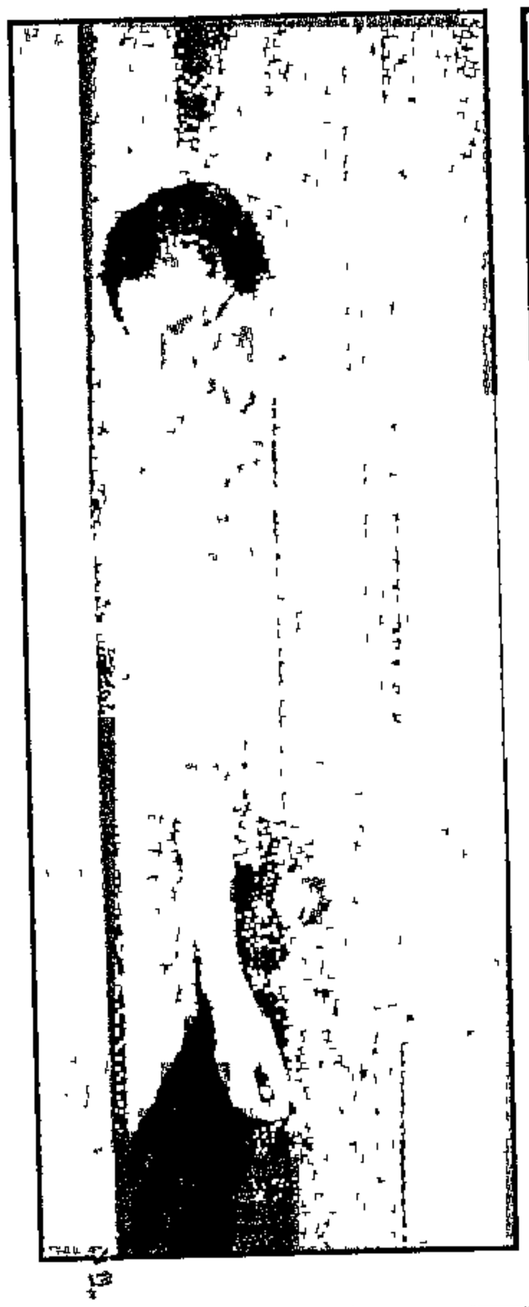
■ BY KAIZER NYATSUMBA
POLITICAL CORRESPONDENT

Deputy President Thabo Mbeki will lead a senior ANC/Government delegation in crucial talks with ambassador-designate Dr Allan Boesak in Pretoria today as pressure mounts on the former ANC Western Cape leader to withdraw his candidature for the Geneva UN posting

And last night Boesak finally spoke out on the controversy, issuing a statement in which he denied misusing foreign aid money.

A spokesman in Mbeki's office yesterday told The Star that President Mandela had asked Mbeki to be part of a delegation to hold talks with Boesak at an undisclosed time and venue today

Top of the agenda will be a report drawn up jointly by lawyers for the Danish aid organisation DanChurch Aid and the Foundation for Peace and Justice's (FPJ) legal representatives.



Cash scandal . . . Freddie Steenkamp (left) supposedly borrowed R700 000. And Allan Boesak's chance of a posting to Geneva is fading.

ANC Western Cape leader Chris Nissen, who met Boesak to discuss the growing furore on Tuesday evening, said the report would be submitted to Mandela "so that he can decide (on) whatever action should be taken"

"The report will deal with all the allegations. Only when a report is ready will action be taken. The public has a right to know and we in the ANC need to know what has been happening, but it can only be on that basis that action is taken

"There is a process to deal with the controversy, and (today's) meeting with Mr Mbeki is part of that," Nissen said

Boesak last night called the charges that he spent aid money for personal use a "witchhunt", **Sapa-AP** reports.

But Boesak said he would respect any decision by Mandela about his future, even if it meant the withdrawal of his designation as a UN representative.

"I emphatically deny any personal involvement in the alleged misappropriation of funds," Boesak said

"Whatever monies I received over the years by way of either donations or a salary package were given on the grounds of

▶ To Page 3

Senior delegation set to meet Boesak

Star 5/1/95 (259)

◀ From Page 1

merit or agreement," he said.

Boesak rejected reports that Mandela had asked him to withdraw from the UN post.

But it is understood Mandela has effectively left Boesak with no option but to step down, and has asked Ministers Professor Kader Asmal (Water Affairs and Forestry) and Dullah Omar (Justice) to tell him to "do the honourable thing" and withdraw his candidature for the plum ambassadorship

Boesak's hopes of taking up the Geneva post ing next month suffered another blow yesterday when.

■ The chairman of a community organisation in the Karoo town of Carnarvon, Kobus Hoorn, claimed that Boesak's FPJ had asked it to submit requests for funding which it never received.

■ Two former FPJ employees, Leslie Liddell and Sandra Vlotman, claimed in a letter to a Cape Town newspaper that they were told the foundation's funds were not available to "victims of apartheid oppression".

■ Nissen publicly acknowledged that some people in the ANC "feel we should distance ourselves from Allan Boesak"

Last week DanChurch Aid claimed that loans had also been taken by five other people linked to the foundation, including its financial director Freddie Steenkamp, who borrowed R700 000 to buy a house The foundation said Steenkamp had admitted borrowing money

Boesak's post on the line as he is summoned to meeting with Mbeki

BD 5/1/95

TIM COHEN

AMBASSADOR-designate Allan Boesak has been summoned to a meeting with Deputy President Thabo Mbeki today amid mounting speculation that he will be forced to relinquish his post as SA's UN ambassador in Geneva.

A spokesman for Mbeki's office said yesterday Boesak would meet Mbeki and other government officials today, but details of the agenda were not disclosed

It is understood the meeting will discuss a report compiled by Water Affairs Minister Kader Asmal on allegations that funds were misappropriated from Boesak's Foundation for Peace and Justice It is widely accepted in government circles that if Boesak does not voluntarily stand down, the appointment will be withdrawn. He was due to take up his post in a fortnight's time

(259)

Presidential spokesman Parks Mankahlana would neither confirm nor deny reports that President Nelson Mandela asked Boesak to voluntarily step down Mandela had deferred action pending Asmal's report, saying only that he was keen to find an early, just solution to the problem

Sapa reports that Asmal yesterday denied that he and Justice Minister Dullah Omar had been mandated by Mandela to tell Boesak that he should step down

Asmal said all he had been asked to do was report to the President on the basis of the information he gathered. He described as "outrageous" the "new philosophy" that someone had to withdraw from an ambassadorial appointment on the basis of media allegations

Asmal said he would forward his report to Mandela "within the next day or two".

Boesak has refused to be drawn on the controversy, beyond saying that he had an agreement with the Danish organisation, Danchurch Aid, that both parties would maintain their silence until investigations had been concluded

A report by Danchurch Aid investigators will be available in a few weeks. Speaking from Denmark, Danchurch Aid official Elsebeth Krogh said the organisation did not want to comment before the report was completed by its SA lawyers

Two former staff members of the Foundation for Peace and Justice claimed on Tuesday they were told the foundation's funds were not available to "victims of apartheid oppression"

The claim was made by former trustees Leslie Liddell and Sandra Vlotman

They were told "money was not available for campaigns, conferences, development projects or donations to the victims of apartheid's oppression and repression".

"This 'lack' of funding severely hampered our ability to work effectively and frequently resulted in embarrassment by having to give negative responses to legitimately poor but developing communities".

They said their gross salaries while employed by the foundation were R2 800 and R1 000 a month

They earned these salaries for two-and-a-half and three years, respectively, without annual increments. They were regularly paid late and struggled to get reimbursed for petrol expenses incurred while working in rural areas

☐ To Page 2

Boesak (259) BD 5/1/95

☐ From Page 1

Community organisations in the Karoo town of Carnarvon claimed the foundation had asked them to submit requests for funding which they never received.

Carnarvon's Caravan Community Organisation Projects chairman Kobus Hoorn said the foundation had approached his organisation in 1992

"We submitted a budget asking for R150 000 The FPJ came back to us and said we had asked for too little, we must ask for more So we submitted a budget for R318 000 The FPJ then told us we could only get R150 000 after all"

However, the projects had received only R35 000 over nearly two years

● Comment, Page 6

Five vehicles registered in FPJ official's name

Staff Reporter

FIVE cars — three BMWs, a vintage 1934 Ford sedan and a four-by-four bakkie — are registered in the name of Mr Freddy Steenkamp, financial director of Dr Allan Boesak's Foundation for Peace and Justice (FPJ). (259) CT 6/1/95

The estimated value of the vehicles is over R500 000.

This was revealed yesterday in licensing papers obtained from the traffic department which showed that Mr Steenkamp owns a 1994 BMW 3 Series M3, a 1992 BMW 5 Series, a 1989 BMW 3 Series 2,5, a 1934 vintage Ford sedan and a 1994 Nissan one-ton bakkie

According to the papers, two of the vehicles were brand new when they were registered in Mr Steenkamp's name last year — the BMW 3 Series, with an estimated value of R200 000, was registered in February and the Nissan one-ton bakkie in April.

The BMW 5 Series, with an estimated value of R280 000, was registered in September 1993, the BMW 2,5 3 Series in October last year and the vintage Ford in January

Since the controversy erupted over the alleged misappropriation of FPJ donor funds in recent weeks, it has been alleged that Mr Steenkamp borrowed R700 000 from the foundation as a home loan

Mr Steenkamp has consistently refused to comment on the allegations.

The bakkie and one of the BMWs are up for sale by a Cape Town motor dealer.

Fund probe in 1991: No irregularity

(259)

Staff Reporter

THE Foundation for Peace and Justice (FPJ), which Dr Allan Boesak led, had a total salary bill of just R190 000 for a year for eight staff members in 1990/91.

This was disclosed yesterday by the director of fund raising in Pretoria, who said he was legally unable to release the whole report which emanated from an investigation into FPJ finances over three years ago

The salary figures are for the year to April 1991 A salary bill of R190 000 a year for eight people amounts to an average salary per person of less than R2 000 a month

"The salary received by Dr Boesak is not known," he said

No irregularities were found, the director said CT 6/1/95

The foundation's total income from the end of November 1990 to mid-May 1991 amounted to R1,7m, most of it coming from the Nordic countries

The main expenditures of the FPJ were on "social upliftment of communities, and promotion of non-violent resistance against oppression", the director said

No evidence was found of any loans being made to staff members during the period of investigation.

● Meanwhile, PAC MP Ms Patricia de Lille hit out yesterday against what she called an anti-apartheid industry that had developed

"The media should look into other organisations also," she said

"Sometimes only 15% of funding aid reached the beneficiaries for whom it was intended, the rest being absorbed by big offices, fax machines, vehicles and fancy salaries," she said.

"I work among the people, but I can't see the effects of that aid"

Ms De Lille said there were about 15 000 non-governmental organisations (NGOs) in the education field in South Africa — this could be verified by World Bank statistics, she said — and many of these were funded from overseas

Yet it was difficult to see their results on the ground

Before RDP funds were put into NGOs, "we must be certain they will deliver the goods"

She still needed to be convinced that there were viable NGOs in this country, she said

"We can't build the capacity of those organisations that have not proved themselves"

Boesak's envoy job put on ice

Sowetan 6/1/95

(259)

By Joe Mdhlela
Political Reporter and Sapa

THE GOVERNMENT acted on the Allan Boesak controversy yesterday by suspending his appointment as South Africa's ambassador to the United Nations in Geneva until the alleged financial irregularities of his Foundation for Peace and Justice have been cleared up.

The decision was taken at a meeting between Dr Boesak, Deputy President Mr Thabo Mbeki and Foreign Minister Alfred Nzo in Pretoria yesterday.

Boesak agreed to accept full moral responsibility for the financial affairs of the FPJ

The ANC leader is alleged to have received a personal loan of R100 000 from funds donated to the organisation for development projects

Sources close to the ANC say they will not be surprised if Boesak "gets the boot"

Thabo Mbeki's spokesman Mr Ricky Naidoo said Mbeki is charged with getting information from Boesak.

"Mbeki will then report to President Mandela."

Boesak is described as one of Mandela's "favourites" and the controversy presents the President with a dilemma.

Boesak has denied "any personal involvement in the alleged misappropriation"

Spokeswoman for Danchurch Aid Ms Elsebeth Krogh yesterday declined to say what the organisation would do to recover monies allegedly misappropriated. She said: "We won't comment on this case. Our lawyers in South Africa are handling the matter."

● See page 8

"Boesak agreed to accept full moral responsibility for the financial affairs the of Foundation for Peace and Justice"

Dr Allan Boesak ... Geneva ambassadorship suspended.

THE BOESAK AFFAIR

Testing the ANC

259

FM 6/1/95

Allan Boesak's appointment as ambassador to the UN in Geneva will depend on the outcome of an investigation by Johannesburg attorneys into allegations of mismanagement of Scandinavian aid money by his Foundation for Peace & Justice (FPJ) Until then, President Nelson Mandela is unlikely to take any action, in spite of calls by opposition parties to suspend Boesak's appointment pending clarification of the funding row

Mandela's spokesman, Parks Mankahlana says the row is between Boesak and a non-governmental organisation While Mandela expects to be kept informed of progress in the investigation, he has no plans to take any action at this stage Mankahlana denied a report this week that Mandela had decided to appoint his own investigation into the FPJ A statement from Mandela's office last week noted the allegations against the FPJ, but said no formal representations had been received by the President

Suspicious silence

Boesak's appointment to Geneva took effect on January 1, but he is apparently still in SA He has been unavailable for interviews since the FPJ row erupted in mid-December His silence has heightened suspicion that the allegations are not without foundation

The investigation into the FPJ is being carried out by attorneys appointed by the non-governmental Danchurch Aid, which financed the FPJ It is understood that information about the FPJ's financial affairs were fed to Danchurch Aid by a disgruntled former FPJ staff member

The allegations of financial mismanagement and inappropriate use of aid funds involve nearly R3m, including personal loans of R100 000 to Boesak and R700 000 to FPJ financial director and long-time Boesak confidant Freddie Steenkamp; a R4 500-a-month housing subsidy for Boesak, and a grant of R750 000 to a video production company run by Boesak's wife, Elna, for the production of a series of voter education videos (of which only one was made) Both Boesak and Steenkamp are well known for their extravagant life styles, which included luxury motorcars and houses in Cape Town's upmarket suburbs

Danchurch Aid has also alleged that the FPJ's auditors tried to conceal unauthorised loans to staff members The allegation has been denied by the auditors

Danchurch Aid secretary-general Christian Balslev-Olesen told the *Cape Times* last week that he hoped for SA's sake that the row was not simply allowed to pass over "as this is unacceptable to any non-government organisation and the international community"

It also emerged this week that FPJ has no more money A cheque for R25 000 issued to a church in Loxton in the Karoo for community projects was bounced due to lack of funds

Three luxury cars owned by Steenkamp are on the market and Boesak's BMW, which was also on the market, was repossessed last week because he was allegedly R5 000 in arrears on payments Boesak's luxury house in Constantia was deserted this week He is believed to be staying somewhere on the Cape south coast near the Little Brak River

The handling of the row is an important test for both Mandela and the ANC Boesak, the leader of the ANC in the Western Cape before his recent appointment to Geneva, is the first senior member of the organisation to be embroiled in serious allegations of financial irregularities since the election

Though the Western Cape ANC is nominally backing Boesak in the face of calls for his suspension, he has never been particularly popular in the region and the allegations have further alienated him from other Cape leaders

His apparent reluctance to answer any questions about FPJ affairs is also seriously undermining government's stated commitment to transparency in all issues of public interest ■

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POLICE

FM 6/1/95

Awaiting a new order

Government must act soon on its overdue plans to restructure the SA Police Service (SAPS) Police morale, which has been low for years, can only get worse with the lingering uncertainty. Reports of a looming "shake-up" in the service have served only to sow further disillusionment, particularly in the white officers corps. Some experienced and well-qualified officers have decided to quit.

President Nelson Mandela may replace the present Commissioner, General Johan van der Merwe, when he appoints a new National Commissioner to head the service in the next month or two The *FM* has learnt that Van der Merwe (58) may not want the job and could ask to go into retirement instead. Gauteng Regional Commissioner Koos Calitz has been tipped for the National Commissionership He holds a Masters degree in Police Administration and has risen through the ranks

Van der Merwe's security police background is said to count against him, as it does against most of the current police hierarchy Only a handful of the present 50 all-male police generals do not come from the security ranks and only three are black. There does not appear to be any black police officer qualified or experienced enough for the top position.

But the shake-up will go far deeper than the mere shuffling of officials The entire police service has to be restructured into a national service, with nine semi-autonomous provincial services, each under command of a regional commissioner appointed by the National Commissioner in consultation with each provincial MEC for Safety & Security The service is now an amalgam of the 11 old apartheid forces — hardly a formula for cohesion

Safety & Security Minister Sydney Mufamadi has stressed that the new SAPS must be more representative of the population — in other words, more black and women officers He has also made clear that he intends to appoint civilians to many senior positions, if suitably qualified officers are not available

Another priority is the "demilitarisation" of the service — doing away with the military ranking system and instituting civilian-sounding titles to encourage the

Boesak's Geneva job on hold

■ BY KAIZER NYATSUMBA
POLITICAL CORRESPONDENT

Controversy-dogged former ANC Western Cape leader Dr Allan Boesak will not be going to Geneva unless the furore over the allegations of misuse of donor funds is resolved.

The announcement, which comes after reports this week that President Mandela had told Boesak to withdraw his candidature for the plum diplomatic posting because of the allegations against him, was made by Deputy President Thabo Mbeki yesterday

In a short statement issued after meeting Boesak, Mbeki said it had been agreed that the former cleric and United Democratic Front patron "would not take up his post as ambassador to the UN in Geneva until these issues (of alleged misappropriation of funds) had been satisfactorily resolved".

Foreign Affairs Minister Alfred Nzo, who also attended the crucial talks, will report to Mandela "as soon as the reports of the auditors of Danchurch Aid and other such intended additional reports become available", Mbeki said

Boesak's successor or his stand-in in Geneva was not announced. Boesak was due to take up his new job on February 1

It was reported this week that Mandela, who has committed his Government to fighting corruption, had left Boesak with no option but to step down as the country's ambassador to Geneva because of the serious nature of the allegations against him.

Mandela, who has been at pains to avoid a public humiliation of Boesak, is understood to have told Boesak last week that he would no longer be able to take up his new position.

However, both Boesak and Water Affairs and Forestry Minister Kader Asmal — believed to be one of two ministers delegated by Mandela to persuade the charismatic former cleric to withdraw — have since strenuously denied that the president had advised Boesak to stand down.

Boesak has categorically denied any wrongdoing on his part.

He said he had no intention of voluntarily withdrawing from the ambassadorship, adding that the matter was in Mandela's hands.

Mbeki said Boesak had used the meeting to report on the allegations pertaining to his Foundation for Peace and Justice (FPJ), and insisted that he was not aware of any fraudulent activity

"It was agreed by the meeting that it was important that independent audits of the FPJ be carried out as soon as possible," Mbeki said.

▶ Shaky foundation
Page 9

(259) Star 6/1/95

*Allan Boesak will not be going to Geneva — unless the furore over allegations of the misuse of donor funds is resolved. **The Star's Political Staff** looks at his career.*

Shaky foundation for high ideals

(259) Star 6/1/95

ESTABLISHED to do good works among the oppressed and underprivileged, the Foundation for Peace and Justice attracted millions of rands in donations . . . and no small measure of controversy. Michael Morris reports

Allan Boesak's Foundation for Peace and Justice (FPJ) is being closed down, but it has left a trail of anguish and controversy in its wake

Formed shortly after Boesak became president of the World Alliance of Reformed Churches in 1982, the foundation was part of the Sendingkerk's mission to impoverished rural communities.

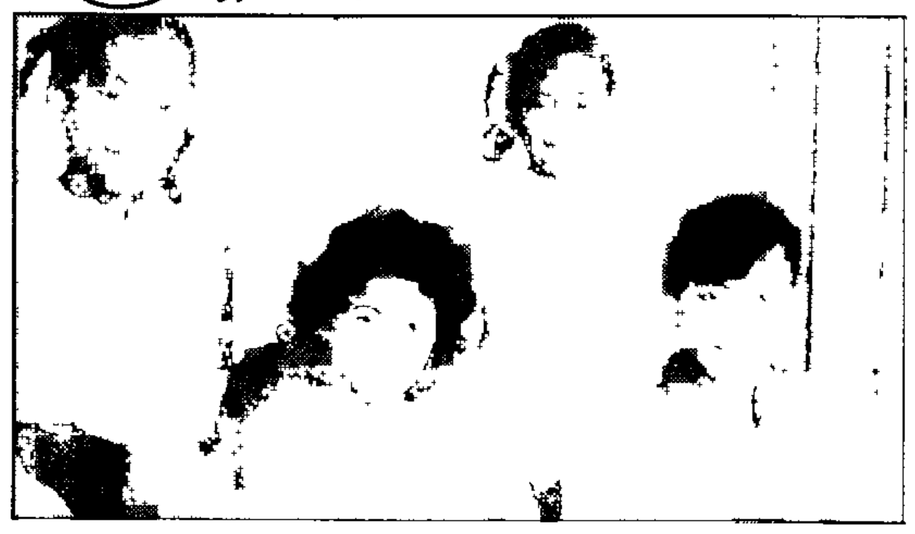
The first major problems began to emerge when Boesak left the church in the wake of his extramarital relationship with Elna Botha, the woman who is now his wife The FPJ split from the Sendingkerk and Boesak remained its director

More than two years ago, the Norwegian government threatened to cut funding to the FPJ because of dissatisfaction with its accounts, but the problem was cleared up

But altogether more serious problems began to emerge late last year

In October, the Swedish funding agency, Swedish International Development Agency (Sida) suspended funds to the FPJ pending an investigation into how they were being used At the heart of the problem was a sum of R840 000 intended for the production of 12 voter-education videos in the run-up to the April election

Only one video was made by Elna Boesak's video company, Camelot Communications, and money was spent on equipment There were also claims that money had been spent on buying curtains for the Boesaks' Constantia home and on a leased minibus for the video company.



▶ The Boesak family . . Dr Boesak's wife Dorothy and their four children, in the mid-'80s when he often had to be away from home

Charisma and controversy

IN 1990, Dr Allan Boesak's career was in tatters, yet he made an amazing comeback. Political Correspondent Kaizer Nyatsumba reports

Elna Boesak . . . her affair with Allan hit the headlines and left his marriage with Dorothy in turmoil.

Around September in 1986, Dorothy Boesak, then the wife of Dr Allan Boesak, travelled to Georgetown University in Washington DC to receive on behalf of her husband a human rights award from the Kennedy family

Boesak's passport had been confiscated by the P W Botha government, and it fell on Dorothy and her son, Allan junior, to accept the award given jointly that year to her

Mandela and Walter Sisulu, announced that

made because of faulty equipment.

From New York — where he was seeking new investment for the Western Cape — Boesak dismissed claims that he had misused money as "spurious allegations" which were "completely devoid of truth". He felt it was part of an effort to wreck his chances of taking up the diplomatic post in Geneva.

At the beginning of December, a fresh row broke out over funding of R2,7 million from a major Danish funder, Danchurch

Claims were made that the FPJ's financial director Freddie Steenkamp had admitted during an investigation that he had borrowed R700 000 from foreign funds to buy a house It was also claimed that Boesak had borrowed R100 000 without authorisation to help buy his house

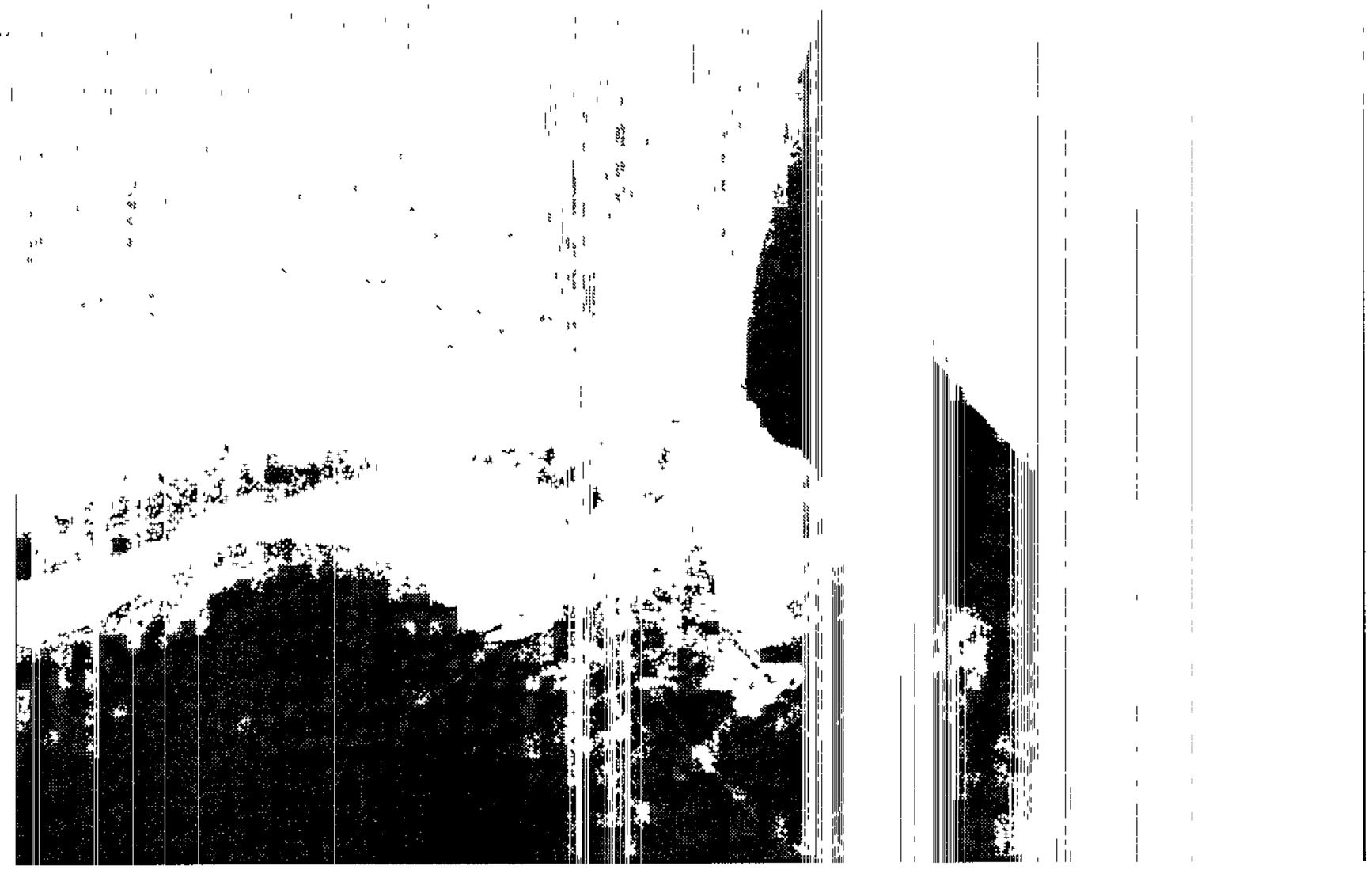
Danchurch also said it was "quite clear to us that the FPJ auditors falsified reports to us to conceal unauthorised loans" This was denied by the FPJ's auditors, Mustaq Brey and Associates.

Boesak said in response to this row that he had personally not been involved in any financial irregularities, and that the furore would not stand in the way of his appointment to Geneva

"That can only be jeopardised if there is evidence of wrongdoing I personally have not been involved in any financial wrongdoing"

The National Party demanded that Boesak's appointment to Geneva be withdrawn The Democratic Party called for its suspension pending an investigation

Also last month, Boesak was sued along with the FPJ for R37 146 by the Mercantile Bank for failing to keep up payments for telephone equipment



In the thick of things . . . Allan Boesak gets a whiff of teargas during a confrontation between police and marchers in Cape Town. His involvement in protests formed part of an astounding political comeback. PICTURE AP

Beyers Naude.

Four years later, in July 1990, their marriage was in tatters Boesak's extra-marital affair with SABC-TV producer Elna Botha, niece of former Natal administrator and Home Affairs Minister Stoffel Botha, had hit the headlines.

Divorce from Dorothy followed, and Boesak resigned his position as moderator of the Nederduitse Gereformeerde Sendingkerk and from all other positions from the church, including his presidency of the World Alliance of Reformed Churches.

Many began to write his political obituary — prematurely, as it later turned out

For the next year, the former United Democratic Front patron maintained a low profile Early in 1991 he and Elna bought a house in Constantia, Cape Town, which had been on the market for R595 000 In February, they married.

That year he began sending feelers to the ANC leadership, and dismissed rumours that he was planning to launch a new political party He said he had spent all his life fighting for the same things for which the ANC stood

However, Boesak made no secret of the fact that the role he envisaged for himself was a national — rather than a regional — one "My role has always been a national role There is no reason why that should change now," he said

He was aiming for the national executive committee (NEC), but was also known to be fiercely anti-communist and had indeed even voiced his misgivings about the ANC's alliance with the South African Communist Party

At the ANC's July 1991 congress in Durban, Boesak, after talks with Nelson the organisation.

Although he had been nominated for the NEC "as a non-member", he decided against standing for election then, saying he did not wish to create controversy and open himself up for the accusation that he had joined the organisation for a position.

Now back in the anti-apartheid struggle fold, Boesak began to do what he had always enjoyed lead protest marches

With Mandela's direct intervention, Boesak was elected chairman of the ANC in the Western Cape in the hope that this would help the organisation attract the conservative coloured communities He later won a second term as regional chairman, but some among his comrades remained critical of both his leadership and his opulent lifestyle

Vigorously

The ANC's dismal performance in the April election in the Western Cape last year, which was won by the National Party, was blamed largely on Boesak's failure to attract the coloured vote, and the knives were out for him A search party was formed to look vigorously for a new leader and, judging the situation correctly, Boesak decided against standing for re-election

Chris Nissen succeeded him as ANC Western Cape leader

But Boesak's career had not ended. he had long been rumoured to have been offered an ambassadorship to Europe In December, Mandela finally confirmed what many political observers had known — Boesak was going to be our man in Geneva.

Then came the controversy over his Foundation for Peace and Justice . .

A world name fades to near-infamy as the bubble bursts

Star 6/1/95

(259)

THE Star's former Religion Reporter, Carina le Grange, looks at the early public life and times of Allan Boesak, and his first fall from grace

It was in the early '80s that The Star — and its readers — first took note of the young firebrand theologian Allan Boesak. In a newspaper cutting dated October 1981, he still needed introduction His public involvement in opposing the old, white masters of the reformed churches in South Africa had just started

A mere year later everybody knew his name, face and high-pitched, impassioned unmistakable voice Later still, the early promise he showed of solid leadership and years of service would fade to something closer to infamy

But in 1981 — and later — the fact that the then South African Government was "neither just nor legitimate" became a much-published refrain of the then-rising theologian The quotability of his statements was heightened by the fact that he was an ordained minister of the Ned Geref Sendingkerk — the name for the church established for coloured NGK members

But in the early '80s he was still considered a minor player in the dispute over apartheid — at least in South Africa

Elsewhere, his fame as an orator and charismatic spokesman for the oppressed had already spread

Soon he was addressing audiences in the United States, Europe and elsewhere in Africa A jet-set life had begun — in that he was feted, flown all over the world by his hosts, who picked up the bills, and put him up at first-class hotels

It was a new life for the man who had worked as a labourer on Western Cape farms as a youngster to augment the family income of his widowed mother

But the real recognition was gained in 1982 in Ottawa, Canada, at the conference of the 80 million-strong World Alliance of Reformed Churches Boesak (then 36) was the instigator of the move to declare apartheid a heresy — this alone made headlines internationally — and he was elected president of the WARC, the youngest person to have achieved this

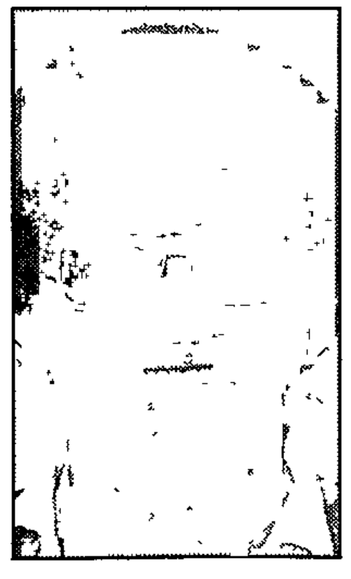
He emerged as a key member of the international religious world, and was soon sought out by the political leaders of other countries as one of the alternative, but legitimate — albeit unelected — leaders of minority-ruled South Africa Overnight, he became a household name worldwide He was black, young, articulate, intelligent and charismatic

In South Africa things were a little different for apartheid-supporting whites he soon became — thanks to the Afrikaans press and SABC — Bogyman No 2 (after Desmond Tutu, then still a bishop) White authority — and its supporters — hated him

But among blacks he rapidly gained influence and popularity, and for many coloureds he appeared as the bridge to cross the divide that separated them from the historically more deeply oppressed blacks.

In public he was received with thunderous chants of "Boesak, Boesak" by his supporters He matched his Ottawa appearance with his "no peace without justice" call in Vancouver at the World Council of Churches' assembly in 1983

Then came the founding of the United Democratic Front after his call for unity against apartheid, and he was credited as playing a pivotal role in the creation of a movement which filled the vacuum during a time when the ANC was still banned He was riding the very crest of the wave He was also, by many accounts, living the good life — and becoming very fond of it



The young firebrand Allan Boesak in the early 1980s, when he was a rapidly rising symbol of the fight against apartheid.

But when he was home — which soon became a rare thing, and to be cherished — Boesak could shelter in the support of his wife Dorothy and four children

In a conversation soon after the start of violence in 1984, he admitted how difficult he found it to juggle the demands for his time with his desire to be with his wife and children All this was to be jeopardised for ever, soon after

It could be said that with the trinity of the NP government, the NGK leadership and Broederbond in agreement, the stage was set for a showdown But Boesak sowed the seeds of his misfortune with the lifestyle he followed

The bubble burst on January 15 1985 — publicly at least, since what was going on had been known in church circles for some time A hard-headed Boesak had typically proved unresponsive to what he regarded as interference from his peers on the matter.

On that day The Star reported, as the result of an "investigation", that Boesak was involved in an affair with a white woman (her race was important in those days) She was identified as 30-year-old Di Scott, an official of the South African Council of Churches, of which Boesak was then an executive member

The Star defended its decision to publish the story — which was prompted by an anonymous pamphlet and tapes — by saying it was doing so to expose the dirty-tricks tactics of the then security police and the lengths to which they would go to smear a political opponent

Boesak categorically denied the affair But it caused a crisis in the church, the pent-up hatred of his opponents flowed freely; and the public talked of little else

In spite of the controversy which raged about whether The Star had acted ethically in using security police information, the crux of the matter was that Boesak was a man of God, and an officebearer to boot — and if any one of his claims about what God teaches had to hold, all of them had to, including the commandment against adultery

Ostrich-like behaviour

There was evidence that he could not, for the life of him, see that his behaviour was unacceptable He loved his wife — he also loved Di

That was then. Since then, there have been other scandals.

But his almost ostrich-like behaviour at the time, it is now clear, set the pattern for the future Whenever he came under the critical spotlight there would be a denial, then he would go to ground, almost as if he hoped that by some miracle it would all go away

Boesak's hidden trust

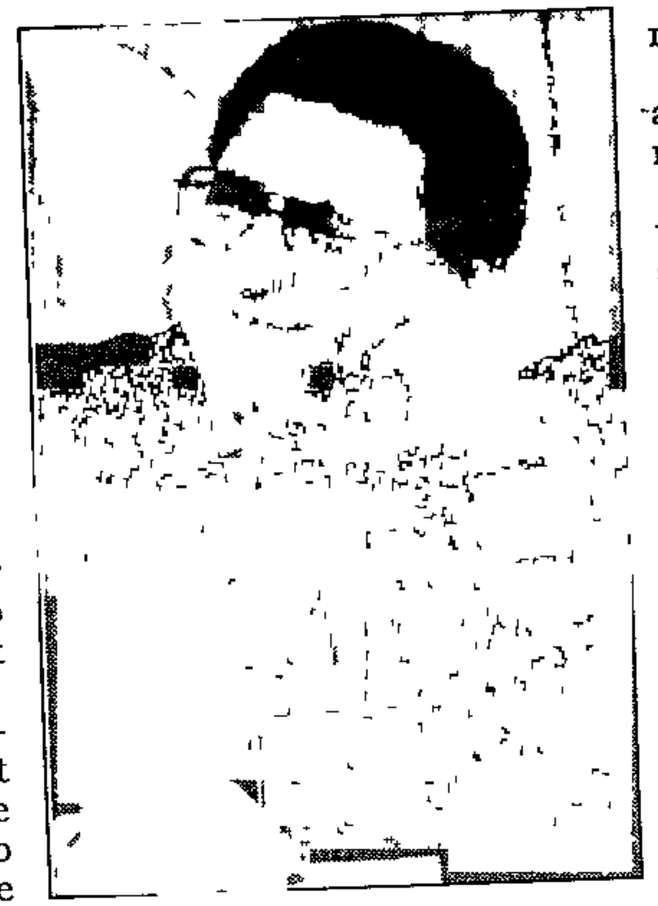
(259) WM 6-12/1/95

Dr Allan Boesak ploughed hundreds of thousands of rand into a top-secret trust hidden from his donors and trustees. **Pat Sidley** and **Justin Pearce** report

THE *Weekly Mail & Guardian* has discovered that Dr Allan Boesak and some of his close colleagues set up a trust for business operations, so secret his donors and trustees didn't know about it.

This is the latest in a series of allegations of financial mismanagement plaguing the ambassador-designate to the United Nations in Geneva So serious have these allegations become that Boesak and at least some of his staffers are facing the possibility of criminal prosecution

Boesak's Foundation for Peace and Justice ploughed hundreds of thousands of rand into his Rural Ministries & Development Trust (RM&DT) But trustees of the foundation did not know of the existence of the RM&DT, nor did the funders whose money was being used And RM&DT trustees were themselves not informed of all its activities.



Dr Allan Boesak. Better days

The trust was intended to operate various business interests, including the Kings Hotel in East London, which would be profitable and in turn fund the foundation's charitable projects This was seen as a way of securing financial self-sufficiency for development projects because foreign funding appeared to be drying up after 1990, and the foundation did not have a mandate to sponsor profit-making projects

According to the *WM&G's* sources, at least R400 000 of foundation money was lost through the RM&DT

The RM&DT was set up with four trustees· Boesak, foundation treasurer Freddie Steenkamp, Cape Town advocate Denzil Potgieter and Boesak's spokesman and business associate Norman Michaels The purse strings were apparently controlled by Boesak and Steenkamp

A former RM&DT trustee, who asked not to be named, said he was not aware of the trust having received any money or carrying out any development projects However, the *WM&G* has reliably learnt of an account at the First National Bank in Bellville in the name of RM&DT, which on at least one occasion was used to settle foundation debts

There were, according to sources, international brokers and large commissions planned if the RM&DT turned a profit, but that did not occur

On at least one occasion last year, questions were raised about the possible involvement by Boesak and some of his associates in a fishing business The issue was resolved when Boesak's involvement was denied and Michaels announced the venture had been entered into on behalf of small fishermen Some observers did wonder why no fishermen were represented in the company, and why a noble venture had been undertaken in secrecy

The disclosure of the secret trust and allegations that have surfaced during the past two weeks have forced the foundation's trustees to call in an independent firm of auditors This investigation is running alongside one initiated by DanChurch Aid and backed by Scandinavian donors, who have hired Johannesburg attorneys to investigate the problems of the foundation's expenditure and the allegations of irregularities

Foundation trustee chairman Reverend Jan de Waal, a close friend of Boesak, has denied trustees could have been aware of any possible wrongdoing He said the trustees had called in auditors

Late last year, as the problems became clearer to funders and clergymen, Dr Beyers Naude and Professor Charles Villa-Vicencio went separately to Deputy President Thabo Mbeki to prevail on him to pressure Boesak into clearing up the mess. Both urged Mbeki to suspend Boesak's posting to the UN until the air was clear These missions followed repeated attempts to get Boesak to deal with the problems himself

As events unfolded this week, for-

(259) FM 6/1/95

THE BOESAK AFFAIR

A burnt-out case

The question that needs to be asked about Allan Boesak, the clergyman turned politician who is about to become a diplomat, is not whether he is fit for an ambassadorial appointment in Geneva (he patently is not), but whether the job should exist at all.

Switzerland is one of the most expensive countries in the world in which to live. Yet we, who genuflect each day to what we call the RDP, support three ambassadors in that mountain kingdom of limited importance.

There is the ambassador to the country itself, who lives in Berne. There is the former director-general in the Finance Department, Gerhard Croeser, who enjoys the rank of ambassador without portfolio. Exactly what he does in Zurich is hard to find out. He denied emphatically at a conference in Spain in September that his job was to raise money for SA.

Then, of course, there is the ambassador to the UN agencies in Geneva, the position to which Boesak aspires and to which he brings neither the professional skills of a diplomat nor the special policy insights of one familiar with international issues

The diplomatic community that hovers around the UN agencies in Geneva is the largest and most useless corpus of Sybaritic drones outside of the New York-Washington axis. To be sure, Boesak will feel entirely at home within it. He will be able to live — at SA taxpayers' expense — at the standard to which he has become accustomed as an ex-freedom fighter in Constantia, a Cape Town suburb not previously noted as a sanctuary for "struggle" politicians.

The cost of that life style in Geneva to the SA fiscus would build innumerable houses in Guguletu and the diplomatic duties there could easily be split between the ambassador to Switzerland, even if he has to travel more frequently to New York, and the ambassador to the Swiss banks in Zurich, aka Croeser. The former should be in a position to handle the humanitarian issues and the latter the financial ones, especially our dealings with Gatt.

There is no doubt that, in future, negotiations with Gatt (or the World Trade Organisation, into which this general agreement is about to be metamorphised) are going to loom large in our economic life. Such negotiations are going to demand a cool head and understanding not only of world trade but the economic implications of free trade.

If we do not negotiate in Geneva with skill and perspicacity, we could invite serious retaliation against us by substantial trading partners. Our man in Geneva in this respect should be no figurehead relying on the advice of officials. He should be in a position to brief our Cabinet with authority and economic insight

Boesak's endeavours in the past have been given expression more in hotel tariffs than import tariffs His affairs of the past do not place him in a position from which he can bring strong moral accomplishment to humanitarian negotiations through the UN agencies.

As a politician and leader of the ANC in the Cape, he has accomplished nothing. In fact, he lost the provincial election to a representative of the very party that stripped his own people of their land rights and franchise and would have condemned them to perpetual poverty.

There is grave doubt now whether, as an instrument of dispensing Scandinavian largesse, he was any more successful. Elsewhere in this edition we spell out in detail the financial dealings for which he has as yet provided no explanation other than a blanket denial

The suspicion is that to the Mandela government he is an embarrassment — and that, politically to the ANC, the cost of maintaining him in style in Geneva is well worth the candle. And we would go along with that reasoning, if it would not also prejudice what might be accomplished, though temporarily, through the RDP.

Perhaps the hardest lesson that a fledgling democratic government has to learn is that its political interest does not necessarily coincide with the public interest Perhaps the Boesak incident will bring that fact home to the Cabinet If it does, at least something will have been accomplished from this tawdry affair — and at long last the money of the innocents in Scandinavia will have achieved some good.

The problem for government now is what to do with him. To expect any Christian congregation to accept him as its moral arbiter would be an act of gross hypocrisy, though the World Council of Churches is usually open to negotiation on such matters.

In ancient Rome he would have been offered a sword and, thereafter, a statue. And perhaps, metaphorically speaking, that is the only honourable way out Is there still a Trappist monastery in the Transkei where a former pillar of the church and column on the back page of the *Sunday Times* might earn redemption? ■

Boesak controversy intensifies

Foundation funds 'were ploughed into secret rural trust'

(259) Star 7/1/95

MICHAEL MORRIS and SAPA

CAPE TOWN — Controversy surrounding Allan Boesak intensified yesterday with claims that he "ploughed hundreds of thousands of rands into a top-secret rural development trust hidden from his donors and trustees".

The claims were made in a report in the Weekly Mail & Guardian

Contacted for information about the alleged secret trust, National Rural Development Forum director Freddie Engels said he had not heard of it.

The Weekly Mail & Guardian report said the newspaper had "discovered" that Boesak and some of his close colleagues had set up a trust for "business operations, so secret that his donors and trustees didn't know about it".

The claims follow the Government's decision to stay Boesak's appointment as ambassador to the United Nations in Geneva pending the outcome of investigations into allegations of financial mismanagement at his Foundation for Peace and Justice.

The Weekly Mail & Guardian report said the foundation had "ploughed hundreds of thousands of rands into his Rural Ministries and Development Trust (RM&DT)" without the knowledge of trustees or funders and that even RM&DT trustees were not fully informed of all its activities.

It said the trust was intended to operate various business interests, including the King's Hotel in East London, to help fund the foundation's charitable work.

Four trustees

This was seen as a way to secure financial self-sufficiency for development projects as foreign funding appeared to be drying up.

Sources were quoted as saying that at least R400 000 of foundation money had been "lost" through the RM&DT, which was allegedly set up by four trustees. Boesak, foundation treasurer Freddie Steenkamp, Cape Town advocate Denzil Potgieter and associate Norman Michaels.

A former trustee, the report said, was not aware of the trust having received any money or carrying out any development projects However, the newspaper said it had "reliably learnt" of an account at First National Bank in Bellville in the name of RM&DT "which on at least one occasion was used to settle foundation debts"

Former employees of the foundation claimed not to have been aware that Steenkamp owned five flashy cars They knew only that he owned one German-marque vehicle, led a high-society lifestyle, had a house in an exclusive suburb and regularly entertained friends at exclusive restaurants

It is not known whether Boesak knew of Steenkamp's lifestyle or whether he authorised an alleged R700 000 loan to Steenkamp

Boesak could not be reached for comment

Business scheme cost Boesak fund R300 000

S/T 8/1/95

(259)

By PATRICK GOODENOUGH and PETER De IONNO

A HIGH-FLYING scheme intended to make millions ended up costing Dr Allan Boesak's Foundation for Peace and Justice (FPJ) R300 000 intended for social upliftment projects.

The project, by the Comrades for Christ organisation, to turn East London's Kings Hotel beachfront site into a profit-making workers' co-operative employing returning exiles, turned into a financial disaster

Comrades for Christ used the foundation and the Cross Times Trust in Cape Town to secure financial guarantees for the plan to build a three-star hotel and conference centre

Lured by the prospect of making millions in commissions, the foundation's money was spent on "lawyers, drawing up contracts, plans and transport"

The dreams of riches came to naught when the deal collapsed in 1990 after investors, operating through Bank Puerta in Indonesia, reneged on a R140-million loan agreement

Berend Schuitema, founder of Comrades for Christ in East London, said this week that a bid in 1992 by Dr Boesak to persuade Indonesian president General Suharto to intervene with the bank's owners, the Indonesian royal family, to have the funds released, had failed

Dr Boesak is facing allegations of misappropriating Danish aid funds channelled to the foundation for social upliftment projects

Dr Boesak has denied any personal wrongdoing, but the controversy has placed his appointment as South Africa's ambassdor to the United Nations in Geneva on hold, pending a top-level investigation

Mr Schuitema accused the Cross Times Trust and Dr Boesak's foundation of being so determined to turn a handsome profit from the project that they "basically hijacked the whole thing"

"They were claiming millions in commissions if the whole thing had come off," he said.

Mr Schuitema said the foundation had spent a large part of the money on sponsoring air tickets.

"A lot of travel was involved," he said

He conceded that had the deal worked, Comrades for Christ's work would have benefited, but said that, in fact, it had suffered badly, losing R50 000 and having its reputation damaged

MAN IN THE MIDDLE ... Allan Boesak talks to journalists as allegations continute to mount about his handling of aid money

He blamed the failure of the deal on the loss of the loan guarantees, insisting however, that this was not the fault of the foundation or the Cross Times Trust.

"But the idea of big groups muscling around with money supposed to be going to people on the ground did leave a funny feeling," he said.

Hannes Siebert, director of the now-defunct Cross Times Trust, said the foundation had spent R300 000 on "lawyers, drawing up contracts, plans and transport" and had secured the foreign loans.

He said a Jordanian broker, Ahmed Mustapha Al-Masri, who had arranged the Indonesian loan, had been jailed in France for three years for fraud when he failed to deliver the funds after being paid more than R2,5-million by the beachfront project's London partners

He insisted that no money from South Africa was paid to the broker.

Al-Masri, who claimed to be a member of the Jordanian royal family, met Mr Siebert and the London partners in 1991 and showed them bank drafts for the required amount.

When the money failed to appear charges were laid against Al-Masri in France

Mr Siebert said he was still hoping the money would be released, as he, the Cross Times and Dr Boesak's foundation, had lost money Cross Times, a Christian magazine, had been forced to close because of the affair

Had the project succeeded it would have benefited Comrades for Christ, Cross Times, the Unemployed Workers' Union in East London and Dr Boesak's Rural Ministries and Development Trust (RMDT)

The development trust was intended to operate businesses to generate profits which would fund the foundation's charitable projects

It is alleged that R400 000 of FPJ money was lost in the development trust

Both Mr Schuitema and Mr Siebert said the key development trust official involved with the Kings Hotel plan had been Norman Michaels, an RMDT trustee and currently a spokesman for Dr Boesak. Mr Michaels could not be reached for comment.

After the Comrades for Christ plan collapsed, the site was sold to Murray and Roberts Construction for R2,6-million and in 1993 a leisure centre and shops were built on the site by Grafler Developments

Boesak drawing envoy's salary

(259) Star 9/1/95

■ POLITICAL STAFF

Cape Town — Allan Boesak has not been "left high and dry" without a salary — as some of his friends claim — while his appointment as ambassador to the UN in Geneva is on hold due to the controvery over an aid foundation he ran

It was confirmed yesterday that he has been paid an ambassador's salary since December 1.

"He will continue to be paid until we receive further instructions," a spokesman for the Department for Foreign Affairs said yesterday

Boesak was due to take up office as South Africa's ambassador to the United Nations in Geneva on February 1 — when he would also have qualified for generous residential and entertainment allowances.

But his appointment was suspended last week until all investigations into the finances of his Foundation for Peace and Justice are completed.

Boesak received his last cheque as MEC for economic affairs in the Western Cape on November 15, after he signed a contract accepting his appointment as UN ambassador

His successor as Western Cape leader of the ANC, the Rev Chris Nissen, said it was correct procedure for Boesak to resign

Last week other Boesak associates claimed he had been "left high and dry" and he'd had no income for "several months"

Speculation about his financial problems was fuelled when it became known a bank repossessed his car

Boesak says he's broke

(259)

CP 8/1/95

AS the controversy surrounding Dr Allan Boesak grows, the former ANC Western Cape leader has disclosed that he is in financial difficulty.

However, he still believes he will take up his post as South Africa's ambassador to the United Nations in Geneva.

He made this statement on his return to Cape Town following a hastily covened meeting with Deputy President Thabo Mbeki and other top ANC members in Pretoria on Thursday.

The meeting followed allegations that Boesak and other Foundation for Peace and Justice officials misappropriated large amounts of the R4 million granted to the foundation by Scandinavian donor organisations. About R2,9 million could not be accounted for.

After the meeting Mbeki announced that Boesak's posting to Geneva would be suspended until independent audits of the foundation had been released.

According to Boesak, many ANC leaders have told him "to hang in there". He mentioned Deputy Minister of Defence Ronnie Kasrils, Eastern Transvaal Premier Matthew Phosa and Western Cape ANC leader Chris Nissen who accompanied him.

Sapa reports that Boesak met Mandela in Cape Town last week and was told Mandela felt that the funding information had left Boesak with little option but to stand down.

FPJ funds lost in aborted enterprise

CT 9/1/95 (259)

Own Correspondent

East London — More than R300 000 from Dr Allan Boesak's Foundation for Peace and Justice (FPJ) was used to finance an aborted 1990 bid to develop the Kings Hotel beachfront site here as a workers' co-operative employing returning exiles.

After the money was spent on lawyers, drawing up contracts, plans and transport, the deal collapsed after an Indonesian bank reneged on a R144 million ($40m) loan agreement.

Had it succeeded, various FPJ charity projects, as well as aid programmes in East London, would have benefited.

Comrades for Christ (CFC), a small East London-based Christian body teamed up with Cross Times Trust in Cape Town and the FPJ in 1980 to try to secure financial guarantees for the project, CFC's founder and director, Mr Berend Schuitema, said yesterday.

After the FPJ had put "quite a lot of money into it", the plan to build a three-star hotel and conference centre run as a co-operative collapsed because of failure to get the guarantees abroad, he said.

The director of the now-defunct Cross Times Trust, Mr Hannes Siebert, said yesterday ther FPJ had spent more than R300 000 on "lawyers drawing up contracts, plans and transport", and helped secure the foreign loan for the project.

However the loan had fallen through after Bank Puerta in Indonesia reneged, he claimed.

According to Mr Schuitema and Mr Siebert, the key FPJ official involved the Kings Hotel plan had been Mr Norman Michaels, currently a spokesman for Dr Boesak.

Mr Michaels could not be reached for comment yesterday.

Township yesterday.

'No reprieve' for Adriaan Vlok

Sowetan 10/1/95

By Joe Mdhlela
Political Reporter

■ **KHOTSO BLAST** Reports say he complimented police for bombing:

FORMER minister of law and order Mr Adriaan Vlok will not be indemnified from prosecution for his alleged involvement in the Khotso House bombing of seven years ago

Spokesperson for the Ministry of Justice, Ms Sue de Villiers, said Minister Dullah Omar had no intention of considering Vlok for indemnity However, this did not stop Vlok from lodging an application for consideration

No provision

There was also no provision for automatic indemnity in terms of the law, "so that Mr Vlok will have to file an application for indemnity in the normal way"

De Villiers said Omar's attitude towards the Vlok issue was that when there was *prima facie* evidence of an offence, charges should be preferred

On whether Vlok had applied for indemnity, she said no such application had been received by the minister's office

The latest development contradicts a report attributed to the Commissioner of Police, General Johan van der Merwe

He was quoted as having said that Vlok's charges would be withdrawn "because they were political in nature"

But now that the Ministry of Justice has a different attitude, this effectively puts paid to Vlok's hopes of enjoying indemnity

Newspaper reports also quoted Van der Merwe as saying the offences Vlok allegedly committed dated from before October 8 1990—the cut-off date for all cases to be considered for amnesty

Vlok, who was minister of law and order at the time, is said to have congratulated police who were involved in "third force" activities for "a job well done" for the bombing of Khotso House, which housed the South African Council of Churches and several anti-apartheid groups

Police affidavits

Lawyers for Human Rights has confirmed it had in its possession affidavits by senior police officers which contained testimony that "a cabinet minister had congratulated police for a job well done"

Boesak is on part pay

(259) Sowetan 10/1/95

AMBASSADOR-DESIGNATE to the United Nations in Geneva Dr Allan Boesak is not receiving a full ambassador's salary, the Department of Foreign Affairs said yesterday

"Dr Boesak does not qualify for and is not receiving his full ambassadorial salary in South Africa as he has not yet taken up his post," the department said

Boesak's Foundation for Peace and Justice is the subject of an inquiry following claims that Danish aid money intended for FPJ socio-economic upliftment projects was diverted for the personal use of FPJ staff

At a meeting in Pretoria last Thursday between Deputy President Thabo Mbeki, Foreign Affairs Minister Alfred Nzo and Boesak, it was agreed that Boesak would not take up his appointment in Geneva until the FPJ controversy had been "satisfactorily resolved"

Statement

The department's statement said it was able to confirm that a contractual agreement between Boesak and the Government began on December 1 1994

"In terms of this contract he qualifies for a salary at the level of a director in the public service until such time as he takes up his post as South Africa's permanent representative at the UN in Geneva

"The department wishes to emphasise that it is normal practice for contractual diplomatic appointments to undergo a period of orientation prior to assuming duty abroad This also applies in the case of Dr Boesak.

"The department would also like to state that with regard to contractual diplomatic appointments it acts as the Government's agency

"In the case of Dr Boesak, the department will continue to honour the terms of the contract until instructed otherwise by the Government"

Cleric thought to be getting R130 000 a year

Boesak won't have to pay back salary

(259) Star 10/1/85

BY BRONWYN LITTLETON

Even if investigations find that Dr Allan Boesak is unsuitable for the plum post of South Africa's ambassador to the UN in Geneva, he will not have to pay back the salary he has received from the Department of Foreign Affairs since December 1

A Foreign Affairs spokesman confirmed yesterday that Boesak had received a salary comparable to that of a director in the public service

"It is not true that Dr Boesak has been paid an ambassador's salary," she added.

The spokesman confirmed that Boesak was receiving a director's level salary — believed to be about R130 000 a year — since he signed a contract on December 1.

Payment will continue until a decision is taken on the ambassador's post to the United Nations in Geneva.

Salaries for ambassadors vary according to the posting

It is believed the ambassador to the UN in Geneva is paid the same as a director, plus perks including housing

Boesak was due to take up the Geneva post on February 1 But his appointment was effectively suspended last week until investigations into the finances of his Foundation for Peace and Justice were completed

A spokesman for the department said yesterday it was common practice to pay "a head office salary" during orientation and before a diplomatic post was taken up

"Dr Boesak has been undergoing orientation since December 1 and has been paid accordingly."

He had been to New York as part of his orientation, which would continue until a decision was taken on the Geneva post

If he were found unfit for the post, the "break clause" in his contract would come into effect and the contract would simply be severed without Boesak having to repay any of the money paid to him over the past two months

The spokesman refused to divulge further information on the contract or on Boesak's salary

Govt pays Boesak while investigation continues

(259) BD 10/1/95

AMBASSADOR-designate to the UN in Geneva, Allan Boesak, was not receiving a full ambassador's salary, the Foreign Affairs Department said yesterday.

"Boesak does not qualify for his full ambassadorial salary in SA as he has not yet taken up his post," a statement said

"In terms of this contract he qualifies for a salary at the level of a director in the public service until such time as he takes up his post as SA's permanent representative at the UN in Geneva"

Boesak's Foundation for Peace and Justice is the subject of an inquiry following claims that Danish aid money intended for socioeconomic upliftment projects was diverted for the personal use of foundation staff

At a meeting in Pretoria on Thursday between Deputy President Thabo Mbeki, Foreign Affairs Minister Alfred Nzo and Boesak it was agreed that Boesak would not take up his appointment until the controversy had been satisfactorily resolved

The department's statement said it was able to confirm that a contractual agreement between Boesak and the government began on December 1 1994

"It is normal practice for contractual diplomatic appointments to undergo a period of orientation prior to assuming duty abroad. This also applies in the case of Boesak.

"The department will continue to honour the terms of his contract until instructed otherwise by the government." — Sapa.

Scramble for local council seats

WILSON ZWANE

BD 10/1/95

JOCKEYING for positions by non-statutory organisations is holding up the establishment of local transitional councils in KwaZulu/Natal, says provincial local government minister Peter Miller

At present, there are 13 transitional councils in the province, including Matatiele, Dundee, Ixopo, Greytown and Kokstad.

Miller said a proclamation setting up the Durban Transitional Metropolitan Council was being fine-tuned and would be gazetted soon, hopefully before January 12.

He said the jockeying for positions on the interim municipal structures by non-statutory organisations — bodies which had not been involved in local government in the past — had necessitated "wide arbitration" by his ministry.

Several committees had been set up to arbitrate over the allocation of municipal seats to non-statutory organisations, which included the ANC and the Inkatha Freedom Party.

These committees would be arbitrating in at least seven towns in KwaZulu/Natal this week

In another development, the translation into Zulu of regulations governing the elections would be completed by January 20, he said. Miller has said the regulations, which were published last month for information only, would be proclaimed in the province only after they had been translated into Zulu.

Tourism booms after election

INGRID SALGADO

BD 10/1/95

SA tourism had jumped to a record high by September last year, with an increase of 21,6% in overseas visitors for that month over the previous year's September figures, a Central Statistical Service (CSS) survey reported yesterday.

Rapid increases in the number of visitors began shortly after the April elections September recorded about 10 000 more visitors than April, bringing the total for the period to more than 60 000.

CSS figures for the last quarter of 1994 were unavailable

More than 60% of visitors were holidaymakers, 20% entered for business purposes and about 5% for work. Europe accounted for more than half the visitors and the Americas and Asia followed at nearly 20% each. Residents of other African countries were excluded from these figures.

The number of SA visitors abroad also increased — 20% against comparable 1993 figures Most were tourists but businessmen accounted for more than 30%.

Immigration and emigration figures showed a net loss of nearly 3 500 SA residents for 1994's first three quarters, compared to the previous year's estimated net gain of more than 2 700 people for the same period SA lost more than 700 professional, semi-professional and technical people.

The most popular emigration destination was the UK while most immigrants also hailed from the UK

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Mbeki courts German investors

11/1/95 C.T. (259)

FRANKFURT — Deputy President Thabo Mbeki courted German bankers and business representatives yesterday saying his newly united country was committed to improving and safeguarding foreign investment

"We would like to see South Africa as one of the leading growth points in the world economy where it should be possible for investors to make a profit and contribute to our competitiveness," Mbeki said

Mbeki, speaking on the second day of a five-day tour aimed at reassuring wary investors, said his government was talking to Bonn about a programme to safeguard foreign investments

Mbeki said his government was aiming to improve investment conditions, citing lowered corporate tax, plans to improve education and general skill levels, and efforts to promote regional political and economic stability

"We need to favour capital expenditure That is necessary and obvious," Mbeki said

Mbeki praised the ability of the government's three parties "which were in the past at each other's throats" to function together, calling it an important stability factor

Thabo Mbeki

He assured his audience the government was pulling together and that there was solid consensus on finance policy and reducing excessive public expenditure

He also dangled the carrot of possible privatisations among South Africa's extensive state holdings which he noted included telecommunications, power, an airline and — "I don't know why" — a diamond mine

Mbeki, addressing fears of spiralling wage costs, said the government was aiming to build a cooperative structure between labour and business leaders and redefine wage negotiations. — Reuter

FPJ given R½m from SA funders

G 11/1/95 (259)

By ELIAS MALULEKE of Sapa

JOHANNESBURG — Dr Allan Boesak's Foundation for Peace and Justice (FPJ) received more than R500 000 from the South African-based Equal Opportunity Foundation (EOF) of which he was a trustee

EOF documents made available this week show the FPJ received the grants in 1988 and 1989

The FPJ also received substantial donations from the Community Education Trust (CET), which was also headed by EOF executive director Professor John Mmotsa Makhene

The EOF was established by political and community leaders in January, 1986 to raise funds for disadvantaged communities and for the upliftment of black education

The EOF's main donors were local and foreign multi-nationals which injected millions into its trust account

Coca Cola in Atlanta, US, alone donated about $10 million (about R35m).

Other donors were Ford Motor Corporation and International Business Machines (IBM).

Dr Boesak was appointed an EOF trustee in 1988 after he had negotiated with Coca Cola for funds

The Community Education Trust donated more than R200 000 to the FPJ in 1989

The FPJ is being investigated after one of its major donors, the Danish charity Danchurch Aid, made claims of misappropriation of funds Danchurch Aid gave more than R2,9m to the FPJ for needy causes

Efforts to locate Dr Boesak and Prof Makhene for comment yesterday were unsuccessful

Boesak receives 'special treatment'

By CHRIS BATEMAN

THE personal approach to Dr Allan Boesak by Cape Town's city treasurer Mr Eddie Landsberg to secure payment of arrears in electricity bills was unacceptable special treatment, exco chairman Mr Arthur Wienburg said yesterday.

Town clerk Mr Keith Nicol said council policy was that when customers had not been disconnected for 15 months and their arrears exceeded R150, "we give them a call".

This was usually done by their public relations department but Mr Landsberg "handled this one personally"

Boesak pays electricity bill arrears

(259)

Mbeki confers with Danchurch officials

Star 11/1/95

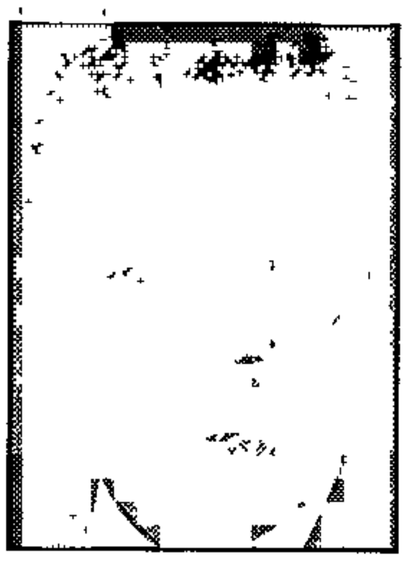
POLITICAL STAFF

Deputy President Thabo Mbeki has met Danchurch Aid officials in Berlin over the controversy surrounding Dr Allan Boesak's Foundation for Peace and Justice

The briefing, at Mbeki's request, was confirmed to Danish newspapers by Danchurch secretary-general Christian Balslev-Olesen

Meanwhile, Cape Town city treasurer Eddie Landsberg yesterday disclosed he had personally approached Boesak to make good an electricity bill of R1 089,76.

The amount, which included about R400 for Boesak's January bill, meant he was about two months in arrears



Thabo Mbeki . . requested discussions.

Mbeki, who is on an official visit to Germany, met Balslev-Olesen and the head of the aid organisation's international department, Elsebeth Krogh, in Berlin on Monday

No details of the "lengthy briefing" — understood to have been requested through formal channels — have emerged, and sources said no decisions were made.

The meeting follows talks in Pretoria last week between Mbeki and Boesak.

It was announced after the meeting that Boesak would not take up his appointment as ambassador to the United Nations in Geneva until allegations of financial mismanagement in the running of the foundation had been "resolved"

Until a full report on an investigation of the allegations has been completed, Danchurch has indicated it will not discuss the controversy publicly

Landsberg said Boesak's arrears bill was brought to his attention only on Friday and he had contacted him early this week.

He said Boesak had not been given special treatment by the city council, but had missed disconnection because the council routinely suspended its disconnections over the festive season.

He said people with high public profiles were usually approached by more senior officials when matters such as this arose

Landsberg said he now had the cheque from Boesak on his desk.

Information given to reporters is that Boesak has been consistently behind with his electricity payments since May.

Foundation's cash boosted FPJ

Dr Allan Boesak's Foundation for Peace and Justice received a large donation from the South African-based Equal Opportunity Foundation of which he was a trustee

EOF documents made available this week show the FPJ received grants of more than R500 000 from the EOF in 1988 and 1989.

The FPJ also received substantial donations from the Community Education Trust, which was also headed by EOF executive director Professor John Mmotsa Makhene

The EOF was established by political and community leaders in January 1986 to raise funds for disadvantaged communities and for the upliftment of black education.

Negotiated

The EOF's main donors were local and foreign multinationals which injected millions into its trust account Coca-Cola in Atlanta, US, alone donated about R35 million.

Other donors were Ford Motor Corporation and IBM.

Boesak was appointed an EOF trustee in 1988 after he had negotiated with Coca-Cola for funds

According to records of the EOF's 1988/89 financial year, several payments ranging from R150 000 to R200 000 were made to the FPJ.

Minutes of a meeting late in 1989 indicate a further R400 000 was due to be donated early in 1990 It is not known whether the payment was made

The Community Education Trust also donated more than R200 000 to the FPJ in 1989

The FPJ is being investigated after claims were made of misappropriation of funds by one of its major donors, the Danish charity Danchurch Aid

On ice

Boesak, whose appointment as ambassador to the United Nations in Geneva was put on ice last week pending the Danchurch Aid investigation, has denied any wrongdoing

Efforts to locate Boesak and Makhene for comment yesterday were unsuccessful. — Sapa.

Boesak trust 'not registered with court'

CAPE TOWN — The Rural Ministries and Development Trust set up by UN ambassador-designate Allan Boesak has not been registered with the Master of the Supreme Court, according to SABC radio news.

It was reported at the weekend that the trust was set up by Boesak's Foundation for Peace and Justice without the knowledge of donors or trustees. Attorneys say it is customary to register such trusts, otherwise trustees cannot to act validly.

Boesak and his colleagues allegedly ploughed hundreds of thousands of rands into the trust, set up to operate various business interests including an East London hotel. Profits were intended to fund the foundation. Sources alleged that at least R400 000 of foundation money was lost through the trust. (259)

The trust was reportedly established by Boesak, foundation treasurer Freddie Steenkamp, Cape Town advocate Denzil Potgieter and Boesak's spokesman, Norman Michaels. BD 11/1/95

Boesak's appointment as ambassador to the UN in Geneva has been suspended by government pending investigations. He could not be reached for comment. — Sapa.

Boesak: Financial documents missing

12/1/95 ARG 12/1/95 (259)

GLYNNIS UNDERHILL
Weekend Argus Reporter

FINANCIAL documents involving Allan Boesak's Foundation for Peace and Justice have disappeared from the Caravan Community Organisation Projects in the Karoo town of Carnarvon

The documents went missing after Caravan Projects chairman Kobus Hoorn disclosed details this week of the organisation's battle to obtain R150 000 in foreign funding promised by the FPJ

Accounts of financial dealings between the organisation and the FPJare contained in the missing documents, according to Mr Hoorn

He said Caravan Projects was approached by the FPJ and asked to submit a proposal for funding. When they put forward a proposal for R150 000 they were asked to "make it bigger — by as much as R380 000", Mr Hoorn said.

The request for budget proposals from Dr Boesak's organisation had been put to his aunt, Louise Boesak, who is the Carnavon chairwoman of Caravan Projects, said Mr Hoorn. Mrs Boesak could not be reached for comment.

Mr Hoorn told Weekend Argus the missing documents involved correspondence about a fieldworker they wished to appoint

Caravan Projects had requested funding from the FPJ for the fieldworker who would build up pre-school and paralegal structures in the area

"Dr Boesak's foundation agreed to pay the fieldworker's salary, buy a house for her to stay in and provide her travelling expenses," he said

A house for the fieldworker was found for R32 000 in Carnarvon and the financial director of the FPJ, Freddie Steenkamp, wrote to the organisation about it

"He said Dr Boesak would personally give R10 000 towards the house and the FPJ the other R22 000, but we would have to pay back the money at R400 a month," he said

The cash-strapped organisation had found it "strange" that they should have to pay back the foreign donation and had refused to do so, said Mr Hoorn

The house had then been bought by the FPJ and Caravan Projects had been informed it would eventually be given to the Ned Geref Church.

Dr Boesak was the minister of the former Sendingkerk in Bellville South at the time and people involved in the project had been unhappy that Dr Boesak might have been "feathering that nest", said Mr Hoorn.

Mr Hoorn said the documents were believed to have gone missing from the Caravan Projects offices this week

■ See Page 2

Boesak scandal 'a stick to beat' ANC

(259) 12/1/95

GLYNNIS UNDERHILL
Weekend Argus Reporter

THE controversy surrounding the financial affairs of Allan Boesak and his Foundation for Peace and Justice was being used by political enemies of the ANC as "a stick to beat us", said ANC national executive committee member Toni Yengeni.

The daily "bombardment" of headlines about Dr Boesak, former leader of the ANC in the Western Cape, was hampering the local government election campaign that was under way, said Mr Yengeni.

An investigation by the Weekly Mail and Guardian threw Dr Boesak into a fresh scandal yesterday amid allegations that he had "ploughed hundreds of thousands of rands" into a top-secret trust hidden from his donors and trustees at the foundation

The report claims that Dr Boesak and some of his close colleagues set up a trust for "business operations", intended to produce profits to help fund the foundation's charitable work.

This is the latest in a series of allegations of financial mismanagement plaguing the ambassador-designate to the United Nations in Geneva. ARG ~~7/12/94~~ 95

Mr Yengeni said it was hard not to suspect a hidden agenda behind the exposure given to the unfolding story in the media over the past four weeks

"Everybody knows that the previous government siphoned off funds abroad Yet I've never seen any in-depth investigation into these stories like the one that has been conducted around Dr Boesak.

"That is not to say the allegations against Dr Boesak or the Foundation for Peace and Justice don't hold water — they may well be there. The investigation should sort all that out," he said.

The meeting this week between Deputy President Thabo Mbeki and Foreign Minister Alfred Nzo and Dr Boesak had been "constructive" and had created an air of transparency, said Mr Yengeni.

"We are all hoping that the investigation results will be out as soon as possible"

Dr Boesak's position in Geneva has been put on hold by the government pending the outcome of investigations into the allegations of mismanagement at the foundation.

The investigation by three Nordic funding agencies into the use of R2,7 million of foreign funding to the foundation is continuing

Yesterday the general secretary of the Danish aid agency Danchurch Aid, Christian Balslev-Olesen, said he had "no idea at this stage" when the investigation would be concluded.

Claims that foreign aid agencies had ploughed "much more than they are admitting" into the foundation and were "severely embarrassed" by the scandal were denied.

Church of Norway consul of foreign relations Eivend Aalborg denied that its aid agency had ploughed up to R5 million into Dr Boesak's foundation over the past few years

"From 1988 to 1992 we gave about R300 000 each year in foreign funding to the foundation and we were happy, until recently, with its accounting records," he said.

"It would have proved impossible for us to delve behind the audited reports and we had no reason to suspect anything. We are now co-operating with the investigation and waiting to see what happens," said Mr Aalborg.

No FPJ funds for rural trust

Staff Reporter 259

THERE was no "sinister purpose" behind the establishment of the Rural Ministeries and Development Trust, says Dr Allan Boesak's personal assistant Mr Normal Michaels.

Mr Michaels said yesterday the trust had been established to generate funds for rural development CT 12/1/95

It had not operated clandestinely and had received no funds from the Foundation for Peace and Justice.

● Trust 'didn't have sinister purpose' — Page 2

Trust 'didn't have sinister purpose'

Staff Reporter (259) CT 12/1/95

THE Rural Ministeries and Development Trust was established to generate funds for rural development and not for some "sinister purpose", Dr Allan Boesak's personal assistant, Mr Norman Michaels, said in a statement yesterday

He also said the trust did not operate clandestinely and "received no funds whatsoever" from Dr Boesak's Foundation for Peace and Justice

The Weekly Mail & Guardian reported on Friday that the RM&DT had been set up by the FPJ without the knowledge of the foundation's donors and trustees.

The newspaper claimed Dr Boesak and some close colleagues ploughed money into the trust, set up to operate business interests, including the King's Hotel in East London

Mr Michaels said yesterday the trust had written to the Danish embassy in 1992 explaining its purpose and asking for Danish funding.

The written reply had declined involvement at that stage.

The trust had been formed precisely because donor money could not be used, Mr Michaels said.

He said the King's Hotel project was a Crosstimes Trust initiative and never an RM&DT project.

"The FPJ had earlier collaborated with Crosstimes Trust on producing a land struggle survey and it was on the basis of the project's inherent grassroots benefits in terms of jobs and economic ownership by the disadvantaged that the decision by the FPJ to assist in the King's Hotel project was made," Mr Michaels said.

New education era 'a success'

CT 12/1/95

JOHANNESBURG — The dawn of South Africa's new free and non-racial education was hailed a success by officials yesterday despite allegations of racism in admissions at some Johannesburg schools

More than six million pupils in Gauteng, Northern Transvaal and the Eastern Transvaal reported at schools in what marks the first year of a free and compulsory education system for the first 10 years of schooling

Gauteng Ministry of Education spokesman Mr Robinson Ramaite said yesterday the day had been a success

Schools in Gauteng opened their doors to all races but the influx of pupils at traditionally white schools was not as great as expected Township schools, however, were inundated with applications by pupils to re-enter the system to take advantage of the free education policy

Model C schools, some of which had admitted some black pupils before, reported a large increase in black admissions and many had to refer pupils to the government's central admissions office

Mr Ramaite said the government would cut state aid to Model C schools that had vacancies but refused to admit pupils whose parents could not pay fees

Twenty Model C schools were being investigated by the ministry after parent allegations of racism in admissions

Application forms for entrance to Johannesburg's Laerskool Suidheuwels, which specified that children had to submit a certificate of health showing they were free of Aids and tuberculosis, were withdrawn by the school after a public outcry yesterday and intervention by the ministry

Problems at two schools accused of racism, Springs Boys' and Randfontein high schools, had been resolved by afternoon after the principals submitted reports to the ministry and explained their situation, Mr Ramaite said

Eastern Cape Minister for Education Ms Beauty Balindlela said yesterday no form of entrance testing would be allowed at Model C schools in the province

She also instructed authorities to ensure that Model C schools stuck to a ratio of about 40 pupils a teacher.

She added that more than R4 billion had been received for education in the province this year

In Pretoria the first school day went well because most pupils had enrolled at the end of last year when education authorities urged an early start to registration — Special Correspondent, Sapa

NEW CLASSMATES . . . Black and white pupils are grouped in classes at the start of the new school year in Johannesburg. This is the first year of free and compulsory education for the first 10 years of schooling.

Picture AP

Asmal prepared report on FPJ 'abuse'

CT 12/1/95

(259)

By CHRIS BATEMAN

A PRELIMINARY report into alleged funding abuse by Dr Allan Boesak's Foundation for Peace and Justice was handed to President Nelson Mandela by legal expert Professor Kader Asmal shortly before Dr Boesak's UN ambassadorship was frozen

Reliable sources also confirmed yesterday that Prof Asmal handed over his report just before Deputy President Thabo Mbeki spoke to Dr Boesak last week.

Prof Asmal, the Minister of Water Affairs and Forestry, lectured in law in Ireland for nearly 30 years

Dr Boesak, who signed a contract with Foreign Affairs to start on December 1 last year, has denied any personal wrongdoing in the face of allegations by a senior FJP employee that he received an unauthorised R100 000 loan

Link

He was due to take up his post at the UN in Geneva next month

The posting would put him at the centre of IMF and World Bank loans, where he would be a link in processing aid to South Africa

The Johannesburg lawyer appointed by DanChurch Aid to probe the alleged abuse of R1,5 million met FJP officials in Cape Town yesterday

An interim report had been faxed to DanChurch Aid's headquarters in Copenhagen, a spokesman there confirmed yesterday The final report is expected "within days"

Reports that the investigation had been hampered by missing documents could not be confirmed yesterday

FJP officials and trustees, Dr Boesak and the Johannesburg lawyer were unavailable for comment yesterday

'Irregularities' in Boesak's trust

(259)

Sowetan 12/11/95

Sowetan Correspondent

■ PRELIMINARY REPORT

Faxed to Danish donors for inquiry:

DEPUTY PRESIDENT Thabo Mbeki has been told the investigation into the alleged financial mismanagement of Dr Allan Boesak's Foundation for Peace and Justice has been hampered by missing documents, but that a final report would be available in a matter of days

Sources close to the inquiry say a "preliminary report" has been faxed to the Danish donors who ordered the investigation Meanwhile, Sapa reports that a trust said to have been set up by Boesak has not been registered with the Master of the Supreme Court

According to an attorney, it is customary to register such trusts to ensure validity Failure to register a trust was an irregularity, he said

According to the *Weekly Mail & Guardian* on Friday, the Rural Ministries and Development Trust was set up by Boesak's Foundation for Peace and Justice without the knowledge of donors or trustees of the foundation

The newspaper reported Boesak and some of his close colleagues ploughed hundreds of thousands of rand into the trust, set up to operate various business interests including a hotel in East London

The trust was reportedly established with four trustees — Boesak, FPJ treasurer Freddie Steenkamp, Cape Town advocate Denzil Potgieter and Boesak's spokesman Norman Michaels

The FPJ is being investigated after claims were made of misappropriation of funds by one of its major donors, the Danish charity Danchurch Aid

Danchurch Aid gave more than R2,9 million to the FPJ for needy causes, but much of the money was allegedly diverted to FPJ members as "staff loans"

Boesak has denied any wrongdoing

Warning on tender board restructuring

(259) BD 12/1/95

JOHN DLUDLU

GOVERNMENT had ordered an investigation into the restructuring of the State Tender Board, but it would have to be careful to avoid the board being abused and corrupted, industry sources said this week

A board official said yesterday the Cabinet had instructed the Public Works and Finance departments to investigate changes in the functioning of the board, including a review of the tender system and the legal framework under which it operated

The purpose of the exercise was to assist small contractors in tendering for government contracts.

The ANC made a strong call for the board's overhaul at its national consultative conference held in Bloemfontein recently

Other changes being looked at are the establishment of nine provincial tender boards and one central board following the adoption of the interim constitution

However, there is still lack of clarity over the functions and powers of the planned boards

The official said the board's internal investigation team, in consultation with outside parties, expected to submit a memorandum to the Cabinet by the end of next month outlining the proposed changes

A source within the National Economic Forum said an investigation by the forum had found certain aspects of the board to be problematic

Among those aspects was the fact that the board had very little discretion regarding the decisions made on awarding tenders

This issue of insufficient discretion was responsible for the continuing bias of the board towards awarding many tenders to larger contractors

"While there was general agreement within the forum that discretionary powers needed to be increased, this step will have to be accompanied by strong control and monitoring measures as it may be abused and corrupted," the forum source said

"Officials may be bribed for tender favours"

Another observer said the restructuring of the State Tender Board was critical to government's strategy of promoting the development of small business and bringing previously "economically disenfranchised groups" into the mainstream

However, he warned that preference for small contractors could lead to disastrous results

Such preference could see companies staying small in incessant pursuit of privileges

This could stall the objective of government's reconstruction and development programme to create more job opportunities

"Several World Bank studies have warned against this danger," he said

Boesak's hidden trust

(259) WM6 - 12/1/95

From PAGE 3

Eleutheria Trust which funded Elna Boesak's video production company, Camelot Communications, and was unaware of any formal connection between Eleutheria and the foundation.

The source said Eleutheria had apparently been set up for similar reasons as RM&DT, namely to do work which might generate profits, and which therefore fell outside the foundation's ambit.

However, Camelot operated from foundation offices in Bellville and continued to use foundation premises after the operation was moved to central Cape Town.

Comments by staff and others who had dealings with the foundation point to the following characteristics:

- Secrecy around how money was spent.
- A lack of distinction between the funds of the foundation, the trust, Eleutheria and Camelot — with Boesak and Steenkamp and/or Elna Boesak holding the purse strings.
- Trustees kept in the dark.

Former foundation staff members say that all executive decisions concerning the foundation were taken by Boesak and Steenkamp

Probe into 'irregular' R15,5-m Agribank loan

(259) ARG 13/9/95

JOHANNESBURG — The North-West government is investigating allegations of an irregular R15,5 million loan transaction made by the province's Agribank while the bank was under the control of former MEC for agriculture Rockey Malebane-Metsing

According to a report by finance weekly Finansies en Tegniek, Mr Malebane-Metsing allegedly used his influence to grant the loan without any securities or guarantees to a Norman Escoffery, who was allegedly sought for fraud in the United States

The North-West government said in a statement preliminary investigations into the allegations "confirmed that the channels normally followed in processing applications of loans were not followed and thus irregular Despite legal opinion given to senior (Agribank officials against the granting of this loan, Mr Escoffery's loan was still approved"

The government said it had appointed a high-powered investigating team to urgently probe and report its findings

"The government commits itself to a transparent process in which all implicated parties will be brought to book"

According to the Finansies en Tegniek report, Mr Escoffery used the money to buy a bankrupt foodprocessing plant called North Hills farm, situated between Pretoria and Johannesburg The company's name was later changed to Liberty Foods

Agribank, founded 15 years ago by the former Bophuthatswana government and private sector investors, was managed by a board of directors until last year's April election, when it fell under the direct control of the new North-West government's MEC for agriculture

The bank was supposed to grant loans exclusively to farmers in the province.

According to Finansies en Tegniek, Mr Escoffery spent substantial amounts of money decorating his company's offices and hosted a party attended by North-West and Mozambican VIPs.

He reportedly bought a house in Pretoria and a luxury German sedan

Some of his money apparently came from a R3 million overdraft at First National Bank, which Agribank allegedly guaranteed.

Acting North West premier Johannes Tselapedi has admitted knowledge of the irregular grant, but had refused to say anything about Mr Malebane-Metsing's alleged involvement

Approached for comment, Mr Malebane-Metsing remained tightlipped except to say he would respond to the allegations later — Sapa

THE BOESAK AFFAIR (259)

Tightly packaged

FM 13/2/95

Unless Allan Boesak voluntarily resigns as SA's ambassador to the UN agencies in Geneva, getting rid of him could become a complex and costly exercise for government His contract with the Department of Foreign Affairs, which came into force on December 1 last year, ties him firmly to his job — and he appears to have no intention of loosening the knot

Though Foreign Affairs this week declined to disclose specific details of Boesak's contract, it is understood that only factors such as a criminal offence or bankruptcy would allow government to replace him Any other changes would need to be by mutual consent For example, Boesak could agree to resign if given a good settlement package But, as the *FM* went to press, there was no indication this would happen.

At a meeting in Pretoria last week, Boesak acknowledged to Foreign Affairs

Minister Alfred Nzo and Deputy President Thabo Mbeki that he was morally responsible for the affairs of his scandal-ridden Foundation for Peace and Justice but insisted that he was not guilty of any offence He claimed to be unaware of alleged misappropriation of aid money (*Current Affairs* January 6).

At the meeting, it was decided that Boesak would not take up his post in Geneva until the completion of an investigation into the foundation's affairs by a firm of Johannesburg attorneys, appointed by Danish aid organisation Danchurch Aid which funded the foundation.

It is understood that the decision to delay Boesak's departure for Geneva followed a report to President Nelson Mandela by Water Affairs & Forestry Minister Kader Asmal and Justice Minister Dullah Omar, who had been asked for an informal assessment of the allegations against Boesak and other foundation staff and trustees. Reports last week that Asmal and Omar had been asked by Mandela to suggest to Boesak that he resign as ambassador were incorrect It is understood that no further action will be taken until the attorneys' report is received.

Boesak

On a personal level, Boesak's dogged reluctance to resign in spite of mounting evidence of serious maladministration is understandable. Having quit his R286 000-a-year post as MEC for Economic Affairs in the Western Cape, and with the foundation's coffers now empty, he is believed to have no income other than his ambassador's salary

Full details of the substantial allowances to which Boesak would be entitled in Geneva could not be clarified this week but, until he takes up the post, he will be paid about R10 500 a month — a departmental director's salary. ■

Aid Boesak didn't pass on

WM 13-19/1/95 (259)

Two community projects received only a fraction of aid money handed to Dr Allan Boesak's foundation, reports **Justin Pearce**

THE *Weekly Mail & Guardian* has uncovered two incidents where only a fraction of donor money given to Dr Allan Boesak's Foundation for Peace and Justice (FPJ) appear to have reached the communities for which they were intended

Documents in the possession of the *WM&G* indicate that the Danish Ministry of Foreign Affairs granted more than half a million rand to the donor organisation DanChurch Aid, on the request of the FPJ for use in projects in Carnarvon in the Karoo, between 1992 and 1994

Earlier this month representatives of Caravan Community Projects in Carnavon claimed that the organisation had received only R35 000 from the FPJ over a period of two years

The documents indicate that administration fees of between five and seven percent were granted to the FPJ with some of the donations

In 1993 the ministry approved an FPJ request, again on behalf of Kavo, for 402 000 Kroner (R201 000)

The FPJ also received R70 000 earmarked for community projects in the Karoo town of Loxton during 1994, of which only R15 000 ever reached the Loxton community

DanChurch Aid sources have confirmed that the agency's 1994 annual report, which is still in the process of publication, records a sum of 132 000 Kroner (R70 000) was paid to the FPJ during the course of 1994.

Jan Riegert of Loxton Community Projects told the *WM&G* that the organisation had submitted a budget for R60 000 to the foundation in 1993. The projects for which the organisation budgeted included a creche, a community vegetable garden and a shop where community members could sell home produce

Early in 1994 the organisation received a cheque for R15 000 from the FPJ In December, it received a further cheque for R25 000 which could not be cashed as there was no money in the foundation's bank account. Riegert said Loxton Community Projects had never received any more money from the FPJ

Meanwhile, Norman Michaels, former personal assistant to Dr Allan Boesak, has denied that the Rural Ministries and Development Trust received money from the FPJ, as reported in the *WM&G* last week.

Michaels issued a statement on Wednesday challenging a number of the claims concerning the trust. According to the statement, the trust never had any money Asked about the trust's bank account, details of which are in the hands of *WM&G*, Michaels told the *WM&G* that the account had been established with donations of R100 from each of the three founding trustees.

When asked about trustee Denzil Potgieter's claim that he knew nothing about the bank account, Michaels replied that Potgieter was not one of the original trustees, but had been invited to become a trustee at a later stage.

Michaels declined to comment when asked about a cheque from the trust's Bellville bank account which was used to settle an FPJ debt.

According to the statement, the trust was unconnected with the King's Hotel project in East London This was a Crosstimes Trust initiative, for which the FPJ was approached with a request for help.

The trust was established to generate funds for rural development. Michaels says the trust's representatives wrote to the Danish embassy in 1992 to request funding, after a meeting with the then Danish ambassador to South Africa, Peter Bruckner, who had recommended they approach the embassy. Michaels said, the embassy turned down the initial request but invited the trust to apply again at a later date

Bruckner could not be reached for comment, though his successor, Alf Jönsson, said it was unlikely that the embassy would invite requests for funding All such requests are routinely referred to DanChurch Aid, Jönsson said

Boesak faces new cash blows

By NORMAN WEST
Political Reporter

CASH-STRAPPED Allan Boesak will forfeit an ambassadorial salary of R480 000 a year plus generous perks if he fails to survive the scandal over money donated to his Foundation for Peace and Justice (259)

As ambassador, R360 000 of his R480 000 salary would be tax-free At present the state pays him a taxable salary of R10 000 a month, which is equal to a departmental director's salary

Perks of the Geneva posting would include a luxurious ministerial mansion in Geneva, an entertainment allowance equivalent to R50 000 a year, a chaffeur-driven car and free medical aid, water, electricity and telephone

He would also receive a subsidy of 80 percent of private school fees for his children

It was also revealed this week that.

- He paid his electricity account in the nick of time after being informed by the Cape Town city council that his supply would be cut; ST 15/1/95
- His telephone at home has been cut off because the account has not been paid,
- He owes a company R1 200 for six parking bays hired for the foundation. Payments are two months in arrears,
- His private BMW was recently repossessed because his payments were in arrears, and
- He faces a R37 000 claim by Mercantile Bank in the Supreme Court this week for arrears in payments for telephone equipment the foundation and Camelot TV, a production company owned by his wife, Elna, shared at the foundation's offices

Dr Boesak earned R286 000 a year as Minister of Economic Affairs of the Western Cape provincial legislature

He has denied any knowledge of misappropriation of aid funds

President Mandela will make a final decision about Dr Boesak's Geneva posting after he has studied reports on the foundation from Danchurch Aid and from Justice Minister Dullah Omar and Water Affairs Minister Kader Asmal.

Danchurch Aid, the foundation's donors, has appointed independent auditors to examine the foundation's accounts.

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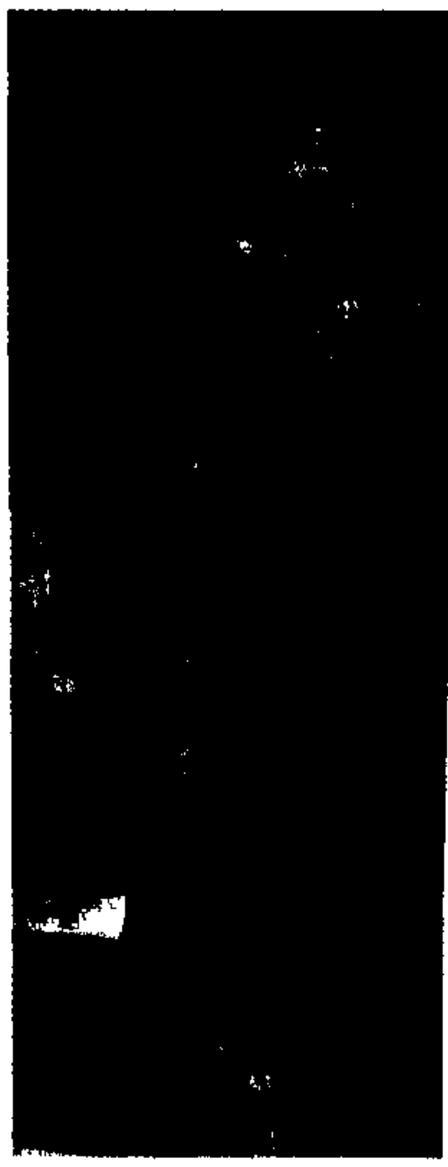

EXPECTING .. glamorous couple
John Varty are all set to take on

Nureyev's f

Own Correspondent
London

AN AUCTION this week of Rudolf Nureyev's possessions far exceeded estimates, collecting an unprecedented $8-million (about R28 million)

The money will go to dance foundations he established in Europe and the US

The sale at Christies in New York attracted over 2 000 fans of the ballet dancer who died of AIDS in 1993 at the age of 52

Costumes, ballet shoes and paintings from Nureyev's homes in New York and London were auctioned over two days

The sale of his Old Master paintings alone exceeded the $2,9-million (about

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Missing gir

By PETA KROST

THE parents of a young Stellenbosch graduate who disappeared in Europe along with her boyfriend refuse to give up hope that their daughter is still alive

Anita Swaak and Delarey McWilliam Smith were last seen in Greece by Anita's mother, Ilsa, on

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Transkei, Ciskei in corruption scrutiny

(259) ST 15/1/95

By RYAN CRESSWELL

EASTERN CAPE government officials are conducting far-reaching investigations into corruption and maladministration in Transkei and Ciskei

Regional government spokesman Prince Msutu has confirmed that the investigation into corruption in the former homelands was under way.

Public Administration and Development Planning MEC Ezra Sigwela said various investigations were being carried out at "departmental" level

Mr Msutu said the investigation would be finished in a few months, and the findings made public.

A R300-million overdraft facility in the Transkei, and irregularities in the two homelands' armies and police forces are said to be among the key issues being investigated

Also this week, at an 83rd anniversary meeting in East London, Deputy Minister of Environment Affairs and former Transkei military ruler, Major-General Bantu Holomisa, called for a judicial commission of inquiry into past corruption in the region

General Holomisa said allegations that he and other members of the former military council had misused public funds should be investigated He said he was prepared to "answer to the allegations"

BANTU HOLOMISA
Willing to co-operate

EZRA SIGWELA
'Various' probes

PIK BOTHA
Blamed by Holomisa

But Ciskei and Transkei had already been spotlighted for national-level investigations, along with other former homelands in November, when the Minister of Finance, Chris Liebenberg, called for an inquiry into corruption in Transkei and other former homelands

A spokesman for the office of the Public Service Commission said this week that a commission was being established and would be presided over by a judge

He said the judicial commission would investigate and review the conclusion or amendment of contracts and terms of employment between April 27 1993 and September 30 1994 He said the investigation related to public servants wherever they worked in the country

Last year, the Joint Standing Committee on Public Accounts took note of the results of probes by the Department of State Expenditure, which pointed to the possibility of financial problems and irregularities in the former TBVC states

It recommended that the auditor-general ensure that all arrear audits be finalised and further investigations carried out in cases where effective auditing could not be accomplished within four months

The deputy auditor-general, Professor Bertie Loots, said this week his office would present an initial report on the issue to Parliament next month

Stung by the charges of maladministration during his eight-year tenure as military boss of Transkei, General Holomisa accused former Minister of Foreign Affairs Pik Botha of waging a campaign of destabilisation against him when he ruled the Transkei.

General Holomisa claimed in a letter to the Sunday Times this week that the pressure from South Africa mounted after he attempted to help South African authorities bring to book businessmen guilty of corruption

"At first we co-operated with the South African government, but when the net was closing around certain big companies and individuals, tensions began to emerge."

In particular, he claims, Mr Botha sought to persuade Transkei to favour businessman Chris van Rensburg, who was then facing fraud probes in Transkei

The pressures by Pretoria included stopping funds for development projects that had been approved by the Transkei, the late release of Transkei's annual budget, which made budgeting difficult, the failure to deliver on promises for assistance for infrastructural change; claims that Transkei was involved in the training of Apla guerrillas, a refusal to assist the territory to pay pensions, which forced it to borrow against the public service pensions

General Holomisa said that during his tenure in office, he was also subjected to assassination attempts, coup plots, financial blackmail and non-co-operation from the South African government

Mbeki meets Danish officials on Boesak

CT 16/1/95 (259)

JOHANNESBURG. — Deputy President Thabo Mbeki met Danish officials to discuss allegations that Dr Allan Boesak mismanaged aid money, but the probe was still continuing so nothing significant came of the meeting, Mr Mbeki said on Saturday.

He told a news conference on his return from a five-day visit to Germany he had requested a meeting with DanChurch Aid to be briefed on the probe of the alleged misuse of funds given to Dr Boesak's Foundation for Peace and Justice (FPJ).

"DanChurch Aid does not have any representatives in this country so they have been acting through lawyers and accountants.

"We thought that since we were in Europe we might want to see them and so we asked to see them to get a report as to what is going on.

"They briefed us, but they couldn't give us what they might have considered a complete picture because they said that the process of discussion with Allan Boesak (and) the trustees of the foundation was continuing, as was the work of the auditors, so nothing of significance came of it," Mr Mbeki said.

The aid group is looking into allegations of the misuse of money given to the FPJ, which received 7,2 million Danish crowns (about R4,17m) over the past two years.

The money was donated by the Lutheran state church aid bodies of Denmark, Sweden and Norway.

Dr Boesak was due to take up office as South Africa's ambassador to the United Nations in Geneva on February 1.

His appointment has been suspended until all investigations into the allegations are complete. — Reuter

Boesak case dropped but not ended

(259) Star 19/1/95

Cape Town — An application for summary judgment for R37 146,03 against the Foundation for Peace and Justice headed by Dr Allan Boesak was withdrawn in the Cape Town Supreme Court yesterday

The application was withdrawn in terms of an agreement between the parties

Lawyers for the applicants said the withdrawal was not the end of the matter and it would be pursued.

In papers before the court, a Mercantile Bank regional manager said that in his view the foundation had no bona fide defence against the claim.

Boesak and the foundation, cited as guarantors and joint principal debtors in terms of an agreement with the bank, denied owing the money. — Sapa.

Star 21/1/95

'Mokaba must quit'

(259)

THE National Party has demanded an inquiry into a report that millions of rands went missing from the National Tourism Forum while it was under the control of ANC activist Peter Mokaba.

The party, responding to a report in Beeld, said yesterday the ANC had created the forum before last year's election and would have to take full responsibility for it

"Mr Mokaba is presently chairman of the parliamentary standing committee for tourism and environmental conservation and should resign from the post so that the activities of the forum can be properly exposed in public.

"The NP also requests that auditors make a complete report to the Commercial Branch of the SAP so that the accusations can be properly investigated and, should it be necessary, refer the matter to the Attorney-General."

Beeld said the forum was being disbanded because it had run out of money It had been set up with donations from the private sector to study tourism issues

Auditors had reported that some major donations to the forum, of which Mokaba was chairman, could not be traced — Sapa.

penniless Tourist Forum MESS

(259) CP 22/1/95

Mokaba gets salary payment of R250 000 from now BANKRUPT

By DESMOND BLOW

THE COUNCIL of the National Tourist Forum, chaired by former ANC youth leader Peter Mokaba, has refused to approve the investigation by auditors Deloitte and Touche into "irregular payments" amounting to more than R1 250 000 – including more than R40 000 to Peter Mokaba and more than R20 000 in payments to "unknown payees".

This controversial move comes after more than R3-million donated in little more than a year to the NTF "evaporated" – and the NTF last month was in debt for over R33 000 This while Mokaba received an annual salary payment of almost R250 000 from September 1993 to 1994 The donations had been meant for the promotion of tourism by the ANC-inspired non-governmental organisation.

The only item that the NTF council has approved be investigated – R100 000 allegedly paid to an account of J Lawrence Promotions CC by NTF Marketing Director Clive Strugnell – who claims he later withdrew R95 000 of the money and paid it in cash to NTF executive director Ngoako Maphala.

Strugnell has not been discharged and has undertaken to repay the money himself

Maphala and fellow director John Rothchild were suspended on December 14 with pay

Maphala has denied receiving the money – and has sent a letter of demand to the NTF demanding R150 000 in damages for defamation

An investigation by Deloitte and Touche, mostly limited to the stolen R100 000, reported that:

- Income tax – totalling more than R200 000 – had not been deducted from salaries,
- A total of R3 090 151,88 had been received from donors up to September 30 last year – but only R2 947 532,04 was recorded as having been received
- Salary payments fluctuated significantly and for the year from September 1993 to September 1994 totalled R1 507 448,08 – nearly 58 percent of total expenditure during that period

Peter Mokaba's salary for that period was R246 000

In November 1993 he received two salaries of R30 600 and R16 500. Most of his salary cheques were for R16 500 a month – but in May 1994 he received three salaries – R2 000, R33 000 and R15 860

Strugnell's normal salary appears to be R9 500, but there are some months when he was paid R29 589, R11 000, and R28 500

- "Sundry expenses" totalled R706 993 – 27 percent of total expenditure – and motor vehicle leases totalled R265 105. Motor and travel and accommodation costs totalled R210 473

Mokaba in R1-m probe

(259) Sowetan 23/1/95

By Ruth Bhengu

EXECUTIVE DIRECTOR of the National Tourism Forum Mr Ngoako Maphala has threatened to take his boss Mr Peter Mokaba to court if he does not frame charges or hold a disciplinary hearing against him within seven days

The letter, which is in *Sowetan*'s possession, was issued by Maphala's lawyers, Beder-Friedland Incorporated of Orange Grove, Johannesburg

According to an auditors' report at least R1,2 million cannot be accounted for.

Mokaba had allegedly received R246 000 in salary from the NTF up to September last year

He also received a further R20 000 for sundry expenses and a R12 000 monthly car allowance Highly places sources in the NTF, who declined to be named for fear of reprisals, have accused Mokaba, an ANC MP, of trying to close down the forum to "hide things"

Mokaba, who was in a meeting of the national executive committee of the ANC in Cape Town, could not be reached for comment yesterday

Maphala was suspended with full pay by the NTF council on December 14 after a report by Johannesburg auditors Deloitte and Touche of financial irregularities within the forum

The Deloitte and Touche's investigation claimed that

- Income tax of more than R200 000 had not been deducted from salaries,
- An amount of R3 090 151 was received from donors up to September 30 last year;
- Between September 1993 and September 1994 salaries totalled R1 507 448, which was almost 58 percent of the total expenditure for the period, and
- Sundry expenses amounted to R706 993 and motor vehicle leases totalled R265 105. Motor, travel and accommodation costs were R210 473

The inquiry was ordered by Mokaba who is chairman of National Tourism Forum

Also suspended were other NTF directors John Rothschild and Clive Strugnell

"We have been instructed by our clients to place your client on terms either to frame charges and hold a disciplinary inquiry within seven days of date hereof, alternatively reinstate our client within such a period," reads the letter from Maphala's lawyers to Mokaba's

"Our client considers your client's failure and or refusal to reinstate our client as a strategy on the part of certain of your client's members, who have some hidden agenda, to ensure that our client is not at the helm of the NTF, while such members attempt to close the organisation down

"The chairman of the organisation has already gone on record in the Press as stating that the NTF will be dissolved, this notwithstanding the fact that no such decision was taken at the council meeting on the 18th," reads the letter

'According to an auditors' report at least R1,2 million cannot be accounted for. Mokaba had allegedly received R246 000 in salary from the NTF up to September last year'

The letter also states that

- The report by Deloitte and Touche was completed without Maphala being interviewed at any time,
- There is no suggestion in the report that Maphala was in any way implicated in the theft or removal of the amount of R100 420 or any lesser amount whatsoever; and
- Sundry payments to Maphala stated in the report were paid in respect of commission to which he is entitled as a fundraiser

Maphala's attorneys said there was no reason for his suspension to continue

SOWETAN Tuesday January 24 1995

irregularities'

sowetan 24/1/95

(259)

Mokaba 'knew' of swindle

Continued from page 1

Strugnell says he withdrew money from that account twice and paid it to Maphala in cash In his third affidavit, also dated December 7 1994, Strugnell says he did not at any time give R95 000 to Maphala or anyone else He said he had not told Mokaba or anyone that he had given money to Maphala

In another document, Strugnell apologises to Mokaba and all the directors of NTF for charging the company money for information he did not pay for.

"These documents were offered to me free of charge by the company which originated them," Strugnell wrote

"I decided to ask the NTF to pay for this information and I originated the invoice in my wife's name so that the cheque could be issued for them I knew that Mr Maphala did not know her name and that he would accept this name as being that of a promotions company

"Mr Rothschild signed the cheque very reluctantly Later when Mr Mokaba queried this transaction, I lied and told him that the company we had paid for the document was a promotional company"

Strugnell could not be reached for comment yesterday

Star 24/1/95

Mokaba's hands are clean: auditors confirm MP's claim

(259)

■ BY KAIZER NYATSUMBA
POLITICAL CORRESPONDENT

Former Youth League leader and current ANC MP Peter Mokaba's insistence that he took no part in the embezzlement at the National Tourism Forum (NTF) has been confirmed by auditors

The organisation is said to have lost at least R100 000 to its staff members

Mark Fumington of Deloitte and Touche, the auditors who investigated alleged mismanagement at the NTF, said Mokaba's hands were clean

Mokaba, who is chairman of the NTF, told The Star he led moves within the non-profit body for a clean and sound administration.

Not guilty . says ANC MP Peter Mokaba.

Fumington confirmed the investigation took place at Mokaba's instigation and there was "certainly no information of Mr Mokaba's involvement in any wrongdoing"

Following weekend reports about the alleged fraud and big-spending by NTF staff, Mokaba said he expressed his concern about the ANC-inspired organisation as early as last April about a need for proper bookkeeping to organise its budget

He had engaged Ian Pierce and Associates to look at the forum's books, and Pierce had complained about a lack of co-operation from the management of the NTF

Mokaba said it was only when he took members of management — including executive director Ngoako Maphala — with him on a fundraising tour to Hong Kong that

▶ To Page 3

Mokaba's hands are clean: auditors confirm MP's claim

Star 24/1/95 (259)

◀ From Page 1

Pierce was able to get hold of the NTF's books

Mokaba said last November the firm phoned him in Cape Town to query some "cheques he (Pierce) did not understand". They were co-signed by NTF directors Ngoako Maphala and John Rothschild and made out to J Laurence Promotions

He claims the two men told him the R100 420 in cheques were payment for research on behalf of the forum.

Mokaba said Rothschild had told him he was forced to sign the cheques and referred him to the marketing director Clive Strugnell

Mokaba says upon further investigation, the following emerged

■ There was no such research commissioned. Instead, an Alberton-based woman who had prepared a document on train coaches had approached the NTF for assistance, and Strugnell allegedly took the document and promised to come back to her

It was allegedly that document which was being passed off as the commissioned research

■ J Laurence was the maiden name of Strugnell's wife, in whose bank account the R100 420 had been deposited.

■ Strugnell gave Mokaba an affidavit implicating Maphala, and allegedly confessed he had deposited the money into his wife's account and later transferred it into his own account, from which R90 000 was withdrawn

He allegedly said he had left only R10 000 for himself, but would not say what had become of the R90 000.

■ NTF human resources director Pauline Rammusi had shown Mokaba an affidavit, allegedly prepared by Strugnell for Maphala, in which he denied having told either Mokaba or Rothschild that he had deposited R95 000 into Maphala's bank account

■ Strugnell, who was asked to resign, undertook to repay the money, and Maphala was suspended, first by Mokaba and later by the NTF council, with full pay Maphala challenged his suspension on the grounds that it had come from Mokaba and not from the council

■ In a meeting of NTF employees and directors, Mokaba announced that a three-member team of experts made up of Pierce, Reuel Khoza and a Dr Kriegle would look at the forum with a view to restructuring it

■ On December 14, Pierce and Mokaba were appointed new signatories of the NTF, and the ANC MP suggested that an independent firm of auditors should be appointed to take over the investigations

■ On January 18 this year, Deloitte and Touche's findings were presented to the council, confirming the fraud allegations against Maphala and Strugnell, and the report's recommendations were accepted

■ The council, according to Mokaba, also resolved to close the NTF with effect from January 31 because of lack of finance.

February 2 was set as the day on which the two men will be given a chance to respond to the report's findings, and Mokaba said he had informed them of this in writing

Mokaba said he still believed a structure like the NTF was necessary to do research, engage in capacity-building in the community, introduce blacks into tourism and help the Government in the implementation of the Reconstruction and Development Programme

"The other guys (in the tourism industry) should not be happy that the NTF, which used to be a challenge to them, is no more, and they can go back to their old ways," Mokaba said

Mokaba sets up probe of forum funds

(259) CT 24/1/95

Special Correspondent

JOHANNESBURG — ANC MP Mr Peter Mokaba has set up an investigation into claims that "millions of rands" donated to the National Tourism Forum (NTF), which he heads, has gone missing

The investigation follows calls, reported at the weekend, for his resignation as chairman of the parliamentary standing committee on tourism

But Mr Mark Fumington, of Deloitte and Touche, the firm of auditors that has already probed alleged financial mismanagement at the NTF, said here that Mr Mokaba's hands were "clean".

And Mr Mokaba said yesterday he had been at the forefront of a fight for clean and sound administration in the forum.

Mr Fumington said there was "certainly no information of Mr Mokaba's involvement in any wrongdoing"

In his first reaction yesterday to weekend reports about alleged fraud at the NTF, Mr Mokaba, the former ANC Youth League leader, said he had expressed his concern as early as before last year's election about the need for the NTF to do proper book-keeping so that it could organise its budget.

He had subsequently engaged a firm to look at the NTF books, but it had complained about a lack of co-operation. It was only when he took some members of the management with him on a fund-raising tour to Hong Kong that the firm was able to get the books for auditing

Move to favour small business

259

State tender system set for shake-up

BD 25/1/95

THEO RAWANA

THE state tender system was set for a review that would favour small and medium suppliers to ensure the economic empowerment of previously marginalised sectors, Public Works Minister Jeff Radebe said yesterday.

Launching a forum which would look into tender procedures, Radebe said current state practice tended to favour larger and better-established enterprises and did not allow emerging entrepreneurs easy access into the public sector's "mainstream procurement activities".

The business sector, while generally welcoming government steps to review state procurement procedures, believed that the task should be handled by a more broadly based forum such as the National Economic, Development and Labour Council (Nedlac)

Radebe said the forum, which would be made up of representatives from the Public Works and Finance Ministries, was expected to draft interim procedures for emerging businesses by the end of March. Non-governmental organisations would be invited to comment between April and June before recommendations were revised, probably by the end of September.

The forum would focus on:

- ☐ User friendliness and accessibility of the procurement system, especially to small and medium enterprises,
- ☐ Alternative tender methods,
- ☐ Assisted, preferential or selective tendering,
- ☐ Review of tender documentation,
- ☐ The need for risk underwriting in specific circumstances,
- ☐ Community involvement; and
- ☐ Labour intensive construction methods.

He said the World Bank's procurement division had recently visited SA to assess the nature and extent of the support it could give to reforming the tender system.

Finance Deputy Minister Alec Erwin said the forum should find a balance between cost-effectiveness and the reconstruction and development programme.

Tender Board chairman Jan Breytenbach said tender awards should stimulate local economies Tender advertisements, currently printed in the tender bulletin and provincial gazettes, might have to be extended to local newspapers. There would be nine provincial tender boards which would be obliged to give reasons for their decisions to interested parties

AHI economist Johan Roussouw said his organisation welcomed the fact that government would consult stakeholders before deciding on a new tender policy, but he was not sure that a forum was the way to go about it. "We feel the issue needs a broader forum and should be discussed at the Nedlac," he said.

The AHI welcomed accessibility of information from the Tender Board if it concerned the mechanics of tendering But if it meant disclosing information about tenderers, then it could lead to complications because that information should be classified.

Seifsa economist Mike McDonald also said the issue should be thrown into Nedlac "because it needs a wider forum". He warned against giving the Tender Board too much discretion because that might lead to corruption Granting contracts to

☐ To Page 2

Tender system

259

BD 25/1/95 ☐ From Page 1

companies of a certain size ~~might be~~ counter-productive because firms would not grow, thereby stifling job creation

Nafcoc president Joe Hlongwane welcomed the establishment of the forum "Government procurement represents one of the most potent instruments of empowering the disadvantaged communities."

National Black Business Caucus executive director Danisa Baloyi said the move demonstrated government's commitment to ensuring black empowerment and righting the wrongs of the past. But the caucus, which had its own procurement tender subcommittee, would monitor progress. "Right now people who have been in the Tender Board for 16 years are still there; and while the forum is taking six months to complete its work, contracts for three- or four-year jobs are being taken up."

Sol gave cash to Mokaba

(259)

Sowetan 25/1/95

By Ruth Bhengu

ANC MP Mr Peter Mokaba told *Sowetan* yesterday that his organisation had received money from hotel magnate Sol Kerzner

Kerzner yesterday admitted giving financial assistance to Mokaba's National Tourism Forum

Speaking from the Bahamas Kerzner said "We gave Mr Mokaba and his organisation all kinds of help, including financial assistance, guidance and encouragement But we did not give him money as an individual," he said

Sun International managing director in South Africa Mr Peter Bacon would not disclose the amount of money his company had contributed to the NTF But he said his company was among many from the private sector that donated money to the non-governmental organisation

Mokaba, who said he was closing the NTF, told *Sowetan* he was planning to launch a new tourism organisation with a "new vision"

The staff of NTF have called for the prosecution of individuals implicated in money missing from the coffers of the organisation

In a petition sent to the council on Wednesday, the staff also opposed the imminent closure of the NGO "The closure of the NTF by the council because of financial irregularities is totally unacceptable," reads the appeal signed by Ms Moriti Manale (director), Mr Ephraim Mogale (deputy director) and 10 other individuals.

"The law must take its course with individuals implicated in the embezzlement of funds," they say in the petition addressed to NTF deputy chairman Mr Rupert Lawlor

Mokaba yesterday confirmed that he was closing down the organisation "The decision to close down the NTF was taken by council because the organisation is in the red We don't even have a cent," said Mokaba from his office in Cape Town "In fact we should have closed down last year We have asked the auditors to wind up the affairs of the organisation We will close at the end of January "

Mokaba asked to step down as tourism chief

(259) ARG 25/1/95

Political Correspondent

PETER Mokaba has been asked by the National Party to step down as chairman of the parliamentary committee on tourism, following reports of mismanagement of the national tourism forum

Mr Mokaba, an African National Congress MP, chaired the forum

Peter Mokaba

The NP said Mr Mokaba should resign so that alleged mismanagement of the forum could be investigated without political interference

"According to media reports Mr Mokaba contends he is not guilty of mismanagement of the forum because he requested (auditors) Deloitte and Touche to investigate its financial affairs

"If this is what he said, (this) indicates he does not understand the responsibilities of a chairman of organisation which looks to the public for its funding"

The NP said Mr Mokaba was paid a substantial salary of R246 000 in addition to unspecified fringe benefits as chairman of the forum.

Alleged intervention by Mr Mokaba to scale down the investigation to exclude certain matters which would be dealt with internally suggested "a cover-up of fraud and corruption resulting from the mismanagement he admits to"

New revelations in Mokaba fiasco

259

Sowetan 26/1/95

By Ruth Bhengu

■ PLOT THICKENS My life was threatened — former NTF director:

THE PLOT OF Peter Mokaba's National Tourism Forum saga thickened yesterday as one of its former directors claimed his life had been threatened The National Party has asked Mokaba to resign.

NP spokesman on tourism Dr Francois Jacobsz said Mokaba should resign from the select committee on environmental affairs and tourism to uphold the dignity of Parliament, as he clearly had a conflict of interests

Mokaba has denied involvement in the alleged misappropriation of funds, saying he ordered an investigation by auditors Deloitte and Touché and suspended two officials after discovering money was missing

Dr Jacobsz said Mokaba's statement was simplistic

He said Mokaba was paid the "substantial" annual salary of R246 000 in addition to unspecified fringe benefits to carry out his duty as chairman, including ensuring public donations were not mismanaged

In another twist to the tale, former marketing director of the National Tourism Forum Mr Clive Strugnell, who left after R100 000 went missing from the organisation's coffers, told *Sowetan* yesterday he had lied to protect his life

Strugnell, who was reported to have been suspended with executive director Ngoako Maphala and international affairs director John Rothschild, said he resigned on December 12 after he had been allegedly threatened by Maphala

Maphala has denied taking the money and has instructed his lawyers to take chairman Mokaba to court

Strugnell told auditors he had received two cheques worth R100 000 from Maphala

The money was deposited into an account of J Lawrence Promotions allegedly on the instructions of Maphala

The director, Strugnell, claimed he later drew R95 000 and gave it to Maphala

Strugnell, who wrote three different affidavits said he had lied because he was afraid of Maphala

"When Mokaba discovered the money was missing, I went to Maphala and told him to tell the truth

"But after two days when I realised he was not going to give me the money back, I told Mokaba that Maphala had the money," claimed Strugnell

Mokaba tourism finances in a mess – claim

■ BY BRONWYN LITTLETON

The finances of the National Tourism Forum (NTF) chaired by former ANC youth leader Peter Mokaba are in a mess, acording to Papi Kabu, the organisation's public affairs director.

He told a news conference in Johannesburg the NTF has run out of funds and will disband on January 31. Kabu said staff had been paid inconsistently.

Tax was not deducted and salaries had to be cut later to pay arrears owed to the Receiver of Revenue.

Journalists who asked about allegations of wrongdoing by Mokaba, who is also an ANC MP, were warned by NTF deputy director Ebrahim Mogale that "those who had previously attacked Mokaba with the sword and now attack him with the pen" were also attacking the ANC

That was "something which would not be tolerated".

Last night, the National Party called for Mokaba to stand down as chairman of the parliamentary select committee on environment affairs and tourism.

NP tourism spokesman Dr Francois Jacobsz said he should step aside to allow an "untrammelled" investigation into mismanagement of the non-governmental organisation.

While the controversy surrounding the NTF deepened yesterday, auditors Deloitte & Touche confirmed that the R3 090 151,88 donated to the forum before September had been placed in the forum's bank account, but only R2 947 532,04 was actually recorded in the cashbook.

Deloitte & Touche partner in charge of forensic services Mark Pinington said this was not necessarily suspicious, but that the books had not been kept up to date and the omission was being investigated.

Pinington confirmed that donations had been anonymous because the NTF had not wanted donors to feel they had to identify with any political organisation.

Three directors were suspended at the end of last year after the auditors found that R100 000 in two cheques had apparently been paid into an unauthorised account

The directors — Ngoako Maphala, John Rothschild and Clive Strugnell — would "definitely face the wrath of the law", the NTF said.

Maphala has denied wrongdoing and is suing the council for defamation A staff member tearfully told the conference that she had been present when Rothschild was forced to sign a cheque against his will.

(259) Star 26/1/95

Abuse of state cars slated

BD 26/1/95

NOMAVENDA MATHIANE

(259)

THE Pietersburg Chamber of Business has criticised the illegal use of state cars by civil servants and praised the Northern Transvaal government's moves to curb corruption

Chamber chairman Corrie Nel said last week's surprise raid on motorists by the traffic department, during which 206 government vehicles were recovered, showed that the government was earnest about eradicating corruption

"Taking action against offenders means the government is serious about maintaining a clean administration," he said

Northern Transvaal traffic department head Corrie Fourie said the raid by 300 traffic officials was the start of a campaign aimed at stopping civil servants in that province from abusing government property.

Finances of tourism group were 'a mess'

(259)

CT 26/1/95

JOHANNESBURG — The financial situation at the National Tourism Forum (NTF) chaired by former ANC youth leader Mr Peter Mokaba was "a mess", the group's public affairs director said this week

Mr Papi Kabu said here the NTF would disband on January 31 because it had run out of money

He said staff had been paid inconsistently and tax had not been deducted from their salaries. The salaries were later cut to pay the tax arrears

Auditors Deloitte' Touche confirmed that all R3 090 151,88 donated to the forum before September last year had been banked into the forum's account, but only R2 947 532,04 was actually recorded in the cash book

Deloitte' Touche partner in charge of forensic services, Mr Mark Pinington, said this was not necessarily suspicious, but indicated the books had not been kept up to date

Asked if the Deloitte' Touche investigators had found any wrongdoing on the part of Mr Mokaba, Mr Pinington said "The report did not indicate any misappropriation as far as the subject matter of what we have looked into"

He confirmed that the over R2 million in donations which had not been recorded was still being investigated. — Special Correspondent

PETER MOKABA: At the centre of a storm

Mokaba in R246 000 pay row

(259)

CLIVE SAWYER
Political Correspondent

ARG 27/1/95

PARLIAMENT'S policy-making committee on tourism could be split by a row between chairman Peter Mokaba and the National Party.

The NP has called for Mr Mokaba's resignation and has asked the African National Congress leadership for an independent inquiry after claims that:

- Mr Mokaba paid himself R246 000 annually as chairman of the National Tourism Forum in addition to his MP's package of R190 000 a year; and
- Tax was not deducted from the salaries of Mr Mokaba and other employees

But Mr Mokaba has hit back, accusing the NP of blowing up a non-issue in an attempt to oust him because it disapproves of his tourism policy

This policy he has vowed to "ram down their throats" even if it means NP members walk out of the committee

Mr Mokaba said it was time for the ANC to take the kid gloves off in its dealings with its junior partner in government His fiery comments come days after a rift in the government of national unity was healed

In a statement yesterday NP finance spokesman Theo Alant said that if claims made about Mr Mokaba and the tourism forum were true, he was unfit for public office and should resign from parliament

"Any public representative who controls public funds should be prepared to account in public for how the money was handled," Mr Alant said

He called on the ANC leadership to set up a "credible" inquiry into the forum.

Mr Mokaba should step down as chair-

(To page 2, col 1)

Mokaba in big row with NP over R246 000 pay

(259) ARG 27/1/95

(From page 1)

man of the parliamentary committee on tourism, Mr Alant said

Mr Mokaba said management of the forum decided salaries and he had had no say, including about his own salary.

Today Mr Mokaba hit back at the NP, saying his hands were clean while the NP had tried "to give themselves indemnities after murdering our people".

Mr Mokaba said he had initiated the probe into the forum and an independent firm of auditors had found he had done no wrong

The attempt to link him to mismanagement of the forum showed "the political bankruptcy of the NP to find an issue where there is no issue"

He had told ANC secretary-general Cyril Ramaphosa of the probe, Mr Mokaba said

It was not clear why the NP had chosen to ignore the findings of the auditors.

"I myself am not happy with the way we are handling the NP with kid gloves"

He said he would have "applauded" had the NP leader, Deputy President F W de Klerk, gone ahead with a threat to walk out of the government of national unity last week.

The statement was meant to depose him as chairman because the NP was unhappy with his policy on tourism, which was aimed at broadening its base to include black ownership

Mr Mokaba said the spirit of the government of national unity would not be a constraint in the committee.

He would ram the policy down NP members' throats even if they then walked out of the committee.

'Indiscipline rife among public servants'

☐ 'Some not going to work at all'

ARG 27/1/95

CLIVE SAWYER
Political Correspondent

INDISCIPLINE is rife among public servants in some parts of the country, with some not going to work at all

Some are keeping whatever hours they feel like, and state property is being used for private purposes

Meanwhile, the public service faces the biggest crisis in its history

These claims were made at a seminar organised by a Constitutional Assembly theme committee yesterday

Former director-general of the department of public administration Louis Kluever said there were parts of the country where there was a "total lack of discipline" in the public service.

Mr Kluever said courses were being held for old and new public servants to re-orientate them for "the immediate task ahead"

The new South African public service must be created from more than a million employees of the former republic, homelands and self-governing territories.

Most will have to reassigned to new central and provincial departments, while the need for a representative public service will have to be met

Of the 1,2 million public servants to be reassigned, only about 200 000 will remain at national level

Of these, about 150 000 are members of the defence force, correctional services and the police.

Replying to a question, Mr Kluever said outside influences should not be allowed to impinge on an apolitical and non-partisan public service

But he rejected a suggestion that the apartheid public service had been under the thrall of the Broederbond.

Mr Kluever said he had been a public servant for 33 years, and his job had included decisions on promotions and appointments.

The Broederbond had not contacted him or attempted to influence him.

He suggested the image of the power of the Broederbond had been built up by public servants disgruntled by losing out on key appointments

People had claimed they were "hard done by by the Broederbond" ("deur die Broederbond bedonder").

Stellenbosch academic and former public servant Fanie Cloete said the public service faced the most fundamental crisis in its existence

The inherited British tradition of a non-partisan and professional public service had been used during 40 years of apartheid to protect the interests of a particular political party.

Professor Cloete said the transformation of political and administrative culture could take decades.

Mandela to get full report on Boesak's foundation fund row

(259) ARG 27/1/95

Political Staff

PRESIDENT Mandela is expected to receive a comprehensive report on the alleged misappropriation of funds donated to Allan Boesak's Foundation for Peace and Justice early next week, senior officials said today

They confirmed that in the meanwhile Dr Boesak had taken leave from the Department of Foreign Affairs, citing "personal reasons", and that the suspension of his appointment as ambassador to the United Nations offices in Geneva remained in effect

He was technically still an employee of the department, officials said, and had undergone preliminary training for his post in Geneva. The training had been interrupted by his request to take leave

Today officials of the Department of Foreign Affairs were unable to say for how long he would be on leave and Dr Boesak could not be reached for comment.

In earlier comments, Dr Boesak has denied wrongdoing

"We expect to receive a comprehensive report on the Foundation for Peace and Justice in a matter of days," an official said.

It was likely that Dr Boesak and other interested parties would be invited to comment on the report before any decision on his Geneva appointment was made.

The report is being compiled by a Johannesburg attorney who was asked by Scandinavian church organisations to investigate complaints that donations to the FPJ had been misused

The churches have alleged that at least R1,5 million was used for FPJ staff housing loans and other perks instead of for upliftment projects in poor communities.

Boesak 'on leave' from department

CT 27/1/95 (259)

By CHRIS BATEMAN

EMBATTLED ambassador-designate to the UN in Geneva, Dr Allan Boesak, has been granted leave by the Department of Foreign Affairs to "attend to personal matters", as the Scandinavian probe into fund abuse involving him nears conclusion

A spokeswoman for Foreign Affairs yesterday said Dr Boesak's United Nations orientation programme involving sojourns in Pretoria and New York had ended in December

"He has now requested leave in order to attend to personal matters," said the spokeswoman, who was unable to say when the request was made

She said her department had been instructed to suspend Dr Boesak's February 1 posting to Geneva pending the findings by the Danchurch Aid lawyers — expected next week.

Calls to the lawyers' Cape Town hotel yesterday went unreturned, and those to Dr Boesak's residence went unanswered

The probe, requested by the Scandinavian development aid agencies, centres on claims that at least R1,5 million of R2,2 million in funding given to Dr Boesak's Foundation for Justice and Peace, went into staff loans

The money was meant for social and economic upliftment of underprivileged communities

The Swiss aid agency, Sida, also found itself in conflict with the FJP over funds for an educational video project on democracy — ploughed into a long-term scheme for which TV equipment was purchased for and used by TV producer, Mrs Elna Boesak.

1

Casino giants were tourism body's big, secret donors

MOKABA'S BIG GAMBLI

(259) 29/1/95

By DESMOND BLOW

THE NATIONAL Tourism Foundation (NTF) received most of its funding from two rival companies who hoped to get a monopoly on gambling casinos in the new South Africa

They were Sun International and the Legarloon Group of companies based in Hong Kong But neither knew that the other was a major contributor to the funds of the NTF

This, City Press learnt, was because the NTF's chairman, Peter Mokaba, and its general director, Albert Mapahla, decided that donors would remain anonymous

Although Sun International MD Peter Bacon was on the NTF committee, he was not aware that Legarloon, Sun International's strongest rival, was the donor supplying the NTF with more than three times Sun International's monthly contribution Almost all the NTF funds came from the two rival companies, with Sun International supplying a maximum of R92-000 a month and Legarloon R300 000 a month A small contribution came from Gold Reef City and Southern Sun supplied free facilities

Mapahla successfully concluded the deal with Legarloon in Hong Kong but only he and Mokaba knew the identity of the donor

Before the April election Mokaba was rumoured to become Minister of Tourism, but he did not get the Cabinet post

Stopped donations

In August, Sun International stopped their monthly donation City Press was told this was because Mokaba failed to deliver on his promises Mokaba has denied this, saying Sun International had agreed to support the NTF for a limited period only Auditors reports show that for a period of 10 months the Hong Kong donors contributed R3 million, but that only R2,25 million was deposited in the NTF bank account Sun International's contribution was originally R80 000, but was increased to R92 000 the same time that Mokaba was paid R12 000 a month as a car allowance for his BMW M-5 luxury car The car allowance was apparently suspended when Sun International stopped its contributions

■ To Page 2

TRAUMA ... "Nomsa" revisits ordeal site.

Sex slave 'ate foetus'

By NOMVULA KHALO

A BLOOD-CURDLING tale of cannibalism on the East Rand unfolded this week as a 20-year-old woman described how she was made to eat a human foetus while being kept as a sex slave

The mentally retarded woman – who is four months pregnant – has told of being held captive in a cave for two months by suspected satanists who ate human flesh and swopped captive women for sex

She claims they killed a pregnant woman, tore out the foetus – and forced her to cook and eat it

Johannesburg clinical psychologist Johanna Kistner, who interviewed the girl after her ordeal, said her story was consistent and warranted investigation

Mufamadi's tough line

CP 29/1/95

By SEKOLA SELLO and SIPHO KHUMALO

THE Minister of Safety and Security, Sydney Mufamadi, has thrown down the gauntlet to his KwaZulu/Natal counterpart, the Rev C J Mtetwa, by declaring that the passing out parade of 600 police in the province will not take place

Mufamadi said "this government will not tolerate criminals and thugs in its police services" – a reference to claims that among the 600 graduates are suspected criminals, including murderers

Mufamadi's hardline stance follows this week's media statements by Inkatha's spokesman on safety and security, Velaphi Ndlovu, that the parade would go ahead whether the minister liked it or not

A defiant Ndlovu said the parade would take place next Friday and that Mufamadi had no jurisdiction over police in KwaZulu

Mufamadi also revealed that an estimated 14 recruits are said to be stricken with hepatitis B – a contagious disease

Some of the trainees are said to have falsified their academic qualifications while about 200 of them have not been finger-printed – a prerequisite of joining the police force to establish one does not have a criminal record

According to Mufamadi last November Colonel Dlamini, the Officer Commanding the Ulundi College (where the recruits trained), told him of a breakdown of discipline at the college, including absenteeism and abuse of liquor

However, when Mufamadi asked Dlamini to give him a full report on the matter, the latter failed to do so

Dlamini is also said to have refused to co-operate with the Investigation Task Unit – a body established by Mufamadi to investigate allegations of hit squad activities in the KwaZulu Police and the ANC

The ITU inquired from Dlamini about the political background or affiliation of some of the recruits Dlamini refused to provide this information

Mufamadi said he found Dlamini's response "alarming and obstructive Membership of political parties and the holding of political office by police members is specifically prohibited"

One recruit was implicated in the Trust Feed massacre Bheki Makhathini, who turned a state witness during the marathon Trust Feed massacre trial in 1991, told the court that he was guarding a home of one of the Inkatha leaders during the massacre

Rachel storm awaits police chief

By WALLY MBHELE

BITTER racial tensions within the police services have been revealed by a meeting brokered by the Gauteng MEC for Safety and Security, Jessie Duarte, between the two protesting police unions and their management at Orlando Police Station in Soweto

The meeting came in the wake of the death of W/O Jabulani Xaba, who was shot dead during police protests at Orlando Police Station on Friday

Although normal activity resumed tentatively at the strife-torn Orlando and Eldorado Park police stations yesterday, several other stations in Soweto yesterday closed down completely or embarked on a go-slow campaign in support of their colleagues and demanding the removal of white officers

The new police commissioner – to be named today – faces taking over a police service which seems set to be hit by a wave of industrial action over racism

It is feared that the Soweto protests could spark off action in other parts of the country where there are similar problems.

In a move to diffuse the tension, Duarte announced on Friday that a high level team from her office would from this week work through "station to station" in Soweto to take statements on alleged racial problems

■ Xaba was killed and three other policemen were injured at Orlando Police Station on Friday as members of the police

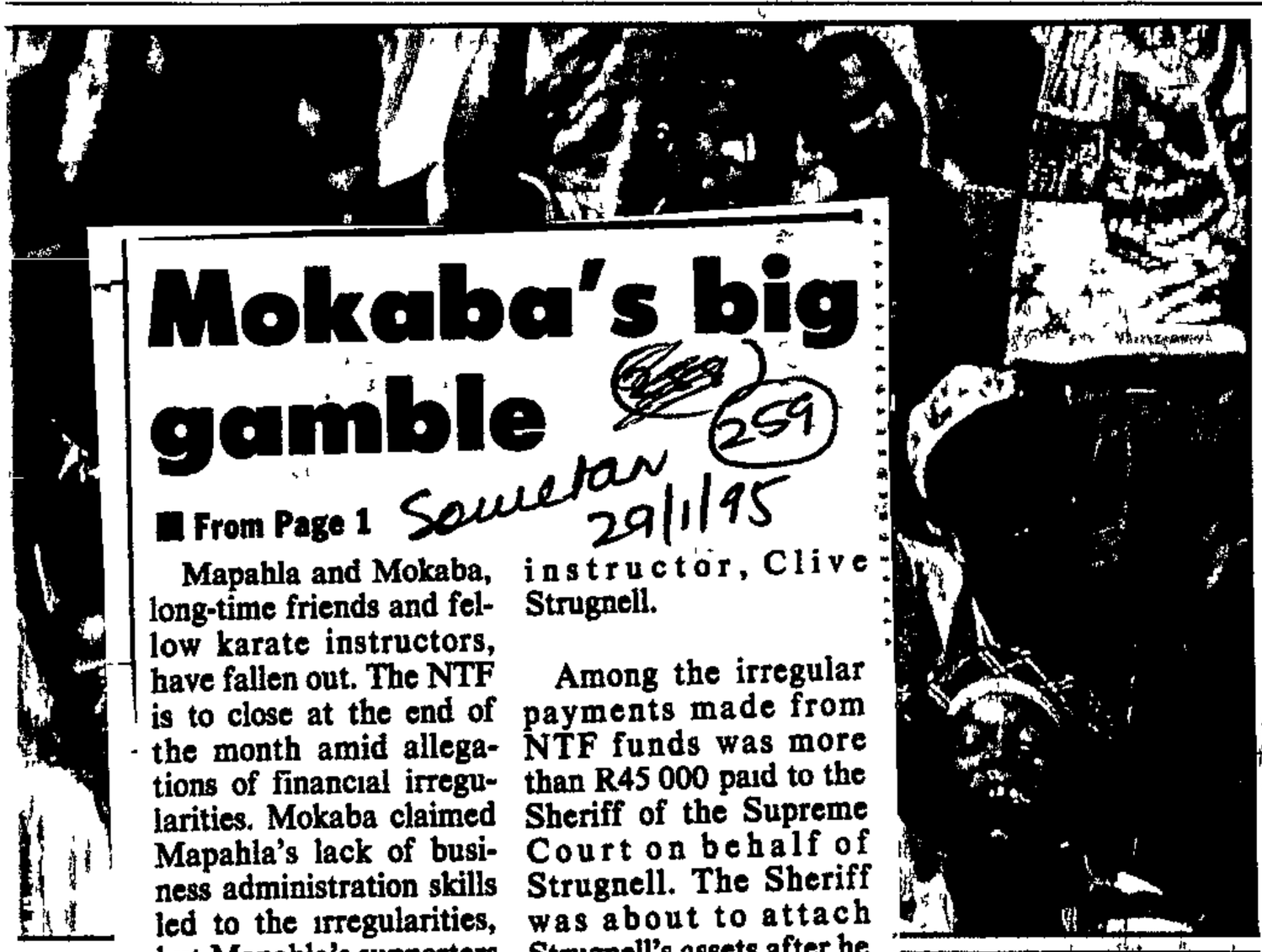
■ To Page 2

e tourism body's big, secret donors

KABA'S GAMBLE

259

CP 29/1/95



WHAT AN EVENT! ... Fans came in droves to enjoy a feast of soccer during the Iwisa charity contest at the FNB Stadium. Orlando Pirates beat Sundowns in the final. ■ Pic MIKE MZILENI

Mokaba's big gamble

259

Sowetan 29/1/95

■ From Page 1

Mapahla and Mokaba, long-time friends and fellow karate instructors, have fallen out. The NTF is to close at the end of the month amid allegations of financial irregularities. Mokaba claimed Mapahla's lack of business administration skills led to the irregularities, but Mapahla's supporters point out that after Mokaba and accountant Ian Pierce took over the accounts at the beginning of December a further R180 000 went missing.

Mapahla and his assistant, John Rothchild, have been suspended due to alleged irregularities and Mapahla has started a R150 000 defamation action against the NTF.

Mapahla says he started the NTF and brought in Mokaba as chairman. Also brought into the company as marketing director was another karate instructor, Clive Strugnell.

Among the irregular payments made from NTF funds was more than R45 000 paid to the Sheriff of the Supreme Court on behalf of Strugnell. The Sheriff was about to attach Strugnell's assets after he had failed to settle a debt with Southern Sun for R45 688,19 for visiting overseas karate competitors. Strugnell has also admitted to falsifying invoices for more than R100 000 which he placed in a company in his wife's name. He claimed he paid most of this to Mapahla in cash, which Mapahla denied. ■ NP finance spokesman Theo Alant expressed shock on hearing that Mokaba had paid himself a R246 000 salary plus unspecified perks from NTF funds.

Crowds lo

By ALI MPHAKE

THEY descended on the famous FNB stadium outside Johannesburg as if they were on a pilgrimage from as early as 5am.

And when the first match kicked off at 10am, the stadium was packed to capacity, registering one of the largest crowds ever seen in the history of South African

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Political comment and newslills by K Sibiya, headlines and sub-editing by N Dreyer, both of 2 Herb St, New Doornfontein, Johannesburg.

:R racial tensions the police services een revealed by a g brokered by the ng MEC for Safety ecurity, Jessie , between the two ting police unions eir management at lo Police Station in the wake of the death of W/O Jabulani Xaba, who was shot dead during police protests at Orlando Police Station on Friday

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■ To Page 2

Contractors lobby govt on tender board changes

(259) BD 30/1/95

SELLO MOTLHABAKWE and THEO RAWANA

THE National Black Contractors and Allied Trades forum completed a series of meetings with ministerial representatives at the weekend on the restructuring of the state Tender Board.

Forum secretary-general Douglas Setuke said his organisation had held successful talks with representatives of the Housing and Public Works Departments and the reconstruction and development office It had exchanged vital views with the aim of gaining consensus on the scope of the proposed restructuring

The association was keen to have a meeting with the Finance Department, regarded as the most significant department in the restructuring process

The meetings followed a forum resolution to lobby relevant government Ministers for input on the Tender Board.

The organisation said it would like to have an independent tender board which included all sectors of the building and construction industry

The forum's submissions followed undertakings by the Public Works Department to review the state tender system

The department had proposed that the system be restructured to favour previously disadvantaged small and medium-sized companies

The department last week launched a forum which would look into tender procedures It is made up of Finance and Public Works representatives Non-governmental organisations are expected to make recommendations to this forum between April and June before they come up for revision in September.

Meanwhile, the National Economic Initiative (NEI) has called on SA business to speed up black economic empowerment by following government's example of reviewing its tender system.

NEI executive director Monde Tabata said at the weekend affirmative action principles should immediately be introduced into the tendering system, regardless of when the policy review was completed.

"We believe that the corporate sector can move with rapidity and rightfully become a driving force behind this process."

Tabata said the the NEI's Transvaal division — through the Business Opportunity Centre — had been spearheading a process which ensured small and medium business capacity was enhanced in order to enter into the tender and procurement opportunities with success.

Eight Gauteng Linkages Forum representatives have been nominated to the Gauteng Tender Board to assist in the process of economic transformation.

"We are encouraged by the results. In one year, we worked with 48 corporates involving 600 small and medium enterprises," he said.

Foundation for African Business and Consumer Services general secretary Dave Moshapalo said SA business should build the disadvantaged sector's capacity to reach the standards needed to qualify as tenderers.

"The tender forms should be made user friendly so that you do not need to be a university graduate to understand them."

Homelands' books under scrutiny

TIM COHEN

CAPE TOWN — The auditor-general's office is to launch its own special investigation into the accounts of the former TBVC territories. (259)

The investigations in terms of section 194 of the constitution will be launched because no substantial response has been received from the territories to a request by the parliamentary finance committee in October for reports on their accounts. The committee gave the auditor-general's office a mandate to investigate urgently the accounts of the territories after it became clear no audited reports had been compiled in some of the former homelands for up to five years. BD 31/1/95

Auditor-General Henri Kleuver said his office had written to the finance departments of the territories and they had promised that reports would be submitted. None had been received.

Kleuver said Transkei authorities had promised a report would be submitted on the 1987/88 financial year by November. The 1988/89 report was due in December and the 1998/90 report in January.

The office would inform Parliament soon of its intention to conduct its own investigations in collaboration with the authorities of the former states. The information would be submitted to Parliament in its annual report, which which was to be published soon.

Private auditing firms might be used under contract to the office.

Allegations of large-scale financial irregularities, in Transkei in particular, would also be investigated.

Exposé of Lebowa's rot

259

By Ismail Lagardien
Political Correspondent

THE rotting corpse of the former self-governing territory of Lebowa continues to emit the foul stench of corruption eight months after its demise

In a report tabled in Parliament yesterday, Auditor-General Mr HE Kluever revealed gaping holes in the administrative practices and questionable spending patterns during the first six months of last year in Lebowa

The Performance Audit focused primarily on the department of agriculture and environmental conservation's handling of equipment, stores, agricultural development, financial control and utilisation of personnel

In most areas, it established that control and administration was ineffective and inadequate

No work programmes existed for personnel and no criteria test for the appointment of staff existed

Some effects of the mismanagement and maladministration were

- Water collection systems have lain redundant since 1987 because no feasibility study was done before they were purchased,
- Records of stock were not maintained but sound purchasing methods were always applied, which resulted in "excessive levels" of stock being held,
- Estimated losses in 11 of 14 sisal projects amounted to about R1,7 million; Sowetan
- An erroneous promotion of a civil servant in the Lebowa administration resulted in an estimated R300 000 being spent on a single employee until June 1993, 2/2/95
- Budgeting was inaccurate and this resulted in "differences of up to R10 million" between estimates and actual spending,
- Transport log sheets not properly completed, resulting in serious losses of funds, and
- Several salaries were paid to staff who did not exist

Auditors find bad management widespread in state departments

(259)

TIM COHEN

CAPE TOWN — The auditor-general's office released its first set of performance audits yesterday, highlighting problems as diverse as the Education Department's inability to monitor its resources to leaks in the roof of Pretoria Zoo's reptile park.

The performance audits, a new measure aimed at exposing management shortcomings rather than merely checking accounting procedures, found that many departments were incapable of effectively training their staff. Findings included

☐ Training officers in the Commission for Administration spent only 27% of their time presenting courses when they ought to have spent 50%;

☐ The Lebowa government service had not conducted a feasibility study before buying four Japanese mobile water collection systems 10 years ago for R600 000 The equipment was never used,

☐ The Pretoria Zoo had miscalculated the cost of building elephant night rooms, which cost R900 000 against the budgeted R358 600; BD 2/2/95

☐ The Public Works Department appointed a contractor to repair the roof of the zoo's reptile park, but his work was unsatisfactory and the roof continued to leak,

☐ Formulas for financing schools had not yet been worked out by the Education Department,

☐ A Durban property with a total area of 43 556ha was rented by the SADF for 11 years and never used by more than 10 full-time staff members,

☐ The SA Bureau of Standards had publications worth about R7m representing stock requirements for four years It also had 503 underutilised computers, and

☐ Publicity projects worth R85m were launched by government departments over the past two years without the help of the SA Communications Services, which launched projects worth only R19m

The Giyani College of Education in Gazankulu was slated Word processing and computer games were the only computer-related activities used at its computer science centre. More than 1 000 busaries were allocated by the college at a cost of R1,2m even though its hostels could accommodate only 652 students.

There were large quantities of surplus textbooks in schools, and school textbooks ordered for the 1992 school year had still not been delivered by October of that year. A private firm hired to help with stocktaking the books had been paid R1,4m

The auditor-general also released ordinary audit reports on government institutions, highlighting a possible R19m loss incurred by the Land Bank and an unauthorised loan of R532 000 raised by the National Zoological Gardens

The value of land purchased in the Land Bank's landed property account was R111m but the realisable selling price had been set at R92m, a possible loss of R19m.

State auditor tells of waste, overspending

Star 2/2/95 (259)

■ BY ESTHER WAUGH
POLITICAL CORRESPONDENT

Cape Town — A litany of waste, overspending and bad administration is documented in the auditor-general's report on government departments

The report is a new measure to expose shortcomings rather than simply to check accounting methods as in the past.

It was tabled in Parliament yesterday and covers the first six months of last year.

An audit of the Department of Public Works reports that "accommodation was not always utilised in the most economical, efficient and effective manner".

Rented

The SADF had 11 years ago rented the Good Shepherd Home in Durban and by the time the lease expired in September 1993 it had paid R1,29 million for the 5 000 sq m building — but it was never used by more than 10 permanent staff during working hours

And in Pretoria the Hallmark building was vacated during September 1992 and only occupied again at the end of July 1993 while R3,12 million rent was paid for the vacant occupied premises

An audit of the South African Bureau of Standards revealed that "in some instances, due to increases in the cost of testing and client resistance to tariff increases, only critical components of samples were regularly tested while the other components were tested less frequently".

Failures

This meant that "the possibility of failures in products carrying the SABS mark may be increased by the practice of reduced testing".

The audit found that on March 31 1993 the SABS carried publications worth more than R7 million.

This represented the stock requirements for more than four years

The SA Communications Service did not "fully discharge its imposed co-ordination and monitoring function concerning government communication".

The report says during the past two years, publicity projects worth R85 million were launched by various government departments without making use of the SACS

During the same period, the SACS launched projects totalling R19 million

In the Office for Serious Economic Offences (OSEO) it was found that from July 1992 until June 1993 OSEO advocates were handling several prosecutions on behalf of attorneys-general.

These prosecutions were in progress before the establishment of the OSEO

However, this resulted in important investigations, which related to serious economic offices, such as the Masterbond case, not being completed by the OSEO.

Promoted

In Lebowa, about R300 000 was paid until June 1993 to a number of senior accounting clerks who were mistakenly promoted to chief accounting clerks in 1991 because of a misinterpretation of a letter from the Public Service Commission

A comparison between the payroll for March 1993 and the staff listings revealed that several names on the payroll were not on the staff listing

Public works dept 'cost taxpayers millions'

(259) CT 2/2/95

By ANTHONY JOHNSON
Political Correspondent

THE Department of Public Works is costing taxpayers millions of rands annually because of resources being wasted, inefficient management and poor planning

This was disclosed in an audit report tabled in Parliament yesterday by the auditor-general, Mr Henri Kluever.

Regarding the use of property, it said lease agreements were not properly inspected and were not necessarily beneficial to the state

Also, there was no plan to meet performance targets and the maintenance of government properties were not carried out timeously.

Mr Kluever found effective corrective steps were not always taken by the department in line with previous peformance audits

As an example of "deficient management", he mentioned the Good Shepherd Home in Durban which covers 4,4 ha and has over 5000m² of building space was hired by the SADF for 11 years up to September 30, 1993. It was not used by more than 10 permanent staff members during normal working hours. Altogether R1,29 million was spend on rent over this period.

Altogether R1,34m a year could have been saved if the head and regional offices of the department in Pretoria had used "approved space norms"

Other examples were that the department's budget of R10,76m for the maintenance of hired buildings for 1992/93 was not based on a maintenance plan and the absence of a comprehensive assets register resulted in office space being hired out to different departments simultaneously.

The Mount Collins building in Johannesburg was occupied from July 1, 1986, to July 3, 1991, without a formal agreement, resulting in the department having to pay R549 000 in rental arrears

Tales of waste and bungling

(259)

CT 2/1/95

By BARRY STREEK
Political Staff

WASTE, inefficiency and mismanagement in 13 government departments and institutions were reported yesterday by the auditor-general, Mr Henri Kluever

He made particularly devastating comments about the financial administration of three former homelands – Lebowa, Gazankulu and QwaQwa

In a report on performance audits of government institutions tabled in Parliament yesterday, Mr Kluever revealed that

- The Lebowa government spent R600 000 on four Japanese mobile water collection systems that have not been used since 1987 because they proved too uneconomical,
- The same government lost some R1,7 million on 11 of its 14 sisal projects in the 1991/2 financial year,
- School books ordered by the Gazankulu government for the 1992 school year still had not been delivered by October 1992,
- The QwaQwa government exempted itself from tender instructions for orders totalling R19,5m over two years and left stock worth R360 000 unprotected in the open, exposed to damage and erosion,
- The SA Bureau of Standards (SABS) owned 503 personal computers and 476 printers which were underutilised,
- In two years, the government spent R85m on publicity projects independently of its SA Communication Service and only some R19m on projects carried out by the service,
- The Zoological Gardens went almost R550 000 over budget on building elephant night rooms, and about 50% of the roof in the reptile park continued to leak after the roof was meant to have been repaired,
- Only 50% of government departments had a training policy that had been revised and approved by their present policy heads, and "numerous departments are unable to or do not have the expertise to deal with training independently", and
- The Office for Serious Economic Offences could not give the necessary attention to cases because of the shortage of funds, resources and personnel

Mr Kluever, acknowledged that "this manner of reporting results in the impression sometimes created that shortcomings are over-emphasised while due credit can often not be given for the many instances where no significant shortcomings have been found"

Nordic funders to meet over Boesak report

(259)

ARGUS 4/2/95

■ The career of Allan Boesak, South Africa's ambassador-designate to the United Nations in Geneva, will be under the spotlight next week.

Allan Boesak

GLYNNIS UNDERHILL
Weekend Argus Reporter

FUNDING organisations from Sweden, Norway and Denmark will meet lawyers in Copenhagen on Monday to study a comprehensive report covering the investigation into alleged misappropriation of foreign funds donated to Allan Boesak's Foundation for Peace and Justice (FPJ).

Danchurch Aid general secretary Christian Balslev-Olesen said yesterday the results of the investigation would be made available to FPJ trustees simultaneously.

"We hope to recover money We must still wait for the report to see exactly what we should do," said Mr Balslev-Olesen.

The career of Dr Boesak, embattled ambassador-designate to the United Nations in Geneva and the former leader of the African National Congress in the Western Cape, will be determined by the results of the investigation.

Danchurch Aid teamed up with two other funding organisations in Sweden and Norway to hire a firm of lawyers in Johannesburg to probe the use of the R2,7 million of foreign funds they made available to the FPJ.

Allegations have been made by the FPJ's financial director, Freddie Steenkamp, that some of the foreign funding was diverted to FPJ employees in the form of staff loans.

Elsbeth Krogh, head of the international department of Danchurch Aid, said Dr Boesak was believed to have diverted R100 000 in foreign funds for personal use. Dr Boesak has maintained his innocence and denied any personal involvement in the alleged misappropration of donor funds

Mr Balslev-Olesen said the Nordic funding organisations and the lawyers from Johannesburg who conducted the investigation would be flying into Denmark this weekend.

Criminal action would depend on the results of the report, he said.

Mr Balslev-Olesen said he would probably be flying to Cape Town to meet lawyers and the FPJ trustees on Wednesday.

It had not yet been decided when a copy of the controversial report would be handed to President Mandela, he said.

A spokesman for President Mandela, Joel Netshitenzhe, said the president was awaiting the report.

A decision on Dr Boesak's career would be taken by the president, Deputy President Thabo Mbeki and Foreign Affairs Minister Alfred Nzo, he said.

"We have the fullest confidence we will see a copy of the report shortly," said Mr Netshitenzhe. He said a decision on Dr Boesak's career would not be taken lightly.

"The ANC has worked with Allan Boesak for many years and would not take any decision without a full investigation. An investigation will be in Dr Boesak's interests to show he has not done anything untoward," he said.

Dr Boesak's appointment to Geneva has been put on hold until the outcome of the investigation. He has taken leave from the Department of Foreign Affairs, citing "personal reasons", and could not be contacted for comment yesterday.

and industrial development which has been approved for the area.

Kader tipped for watchdog body

(259) ARG 4/2/95

JEAN LE MAY
Weekend Argus Reporter

A CODE of conduct for all members of parliament has not yet been drawn up, but names for a proposed monitoring committee has been put forward.

The question of a code of conduct has arisen following investigations into the financial affairs of at least three prominent office-bearers — Allan Boesak, whose Foundation for Peace and Justice is being investigated, Peter Mokaba MP, whose activities related to the National Tourism Forum are being probed; and provincial minister Lerumo Kalako, who is alleged to have misused state funds.

Weekend Argus has learnt that the issue was discussed at a rules committee meeting but although it is receiving attention, there has been no further progress.

However, a spokesman for Arnold Stofile, chief whip for the African National Congress, said the party had submitted names for the proposed monitoring committee, including that of Water and Forestry Affairs Minister Asmal Kader.

The proposal that a strict code of conduct for all office-bearers and MPs should be introduced was made in August last year.

A draft code of conduct drawn up by the ANC and reportedly circulated among its MPs was leaked to the Press the following month.

It proposed instant dismissal for a range of offences, from corruption to the use of an official position to obtain sexual favours.

It said MPs should make themselves available for party and official work at all times and were barred from accepting other full-time jobs.

Cabinet ministers and premiers of provinces were prohibited from playing active roles in profit-making ventures.

DINOSAURS

FOAM

Eviction delayed

Kader tipped for watchdog body

(259) ARG 4/2/95

JEAN LE MAY
Weekend Argus Reporter

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Boesak soon to know his fate

By CHERILYN IRETON
London

DANCHURCH Aid donors are meeting in Copenhagen today and tomorrow to discuss the findings of their investigation into the alleged misuse of funds by Dr Allan Boesak's Foundation for Peace and Justice.

Dr Boesak's appointment as ambassador to the United Nations in Geneva is on hold pending the outcome of the investigation.

Details of the still-secret report on the foundation's affairs will be delivered to the Nordic donors by Greg Nott, the South African lawyer representing Danchurch Aid. (259)

They will remain under wraps until Dr Boesak has been informed of the result at a meeting in Cape Town on Thursday when he and foundation officials will be given the opportunity to discuss any allegations.

A representative of the Swedish International Development Agency, will fly to South Africa for the meeting, according to Danchurch's general secretary, Christian Balslev-O'lesen.

The outcome of Thursday's discussions will determine whether any meetings will be held with government officials and whether the report will be released. ST 5/2/95

In January two members of Danchurch Aid met Deputy President Thabo Mbeki in Berlin to brief him about their investigation. They told him that outside auditors were looking at the foundation's books.

Dr Boesak has denied any personal involvement in the alleged misappropriation of funds.

Nepotism and corruption plagued tourism forum

(259)

By JACOB DLAMINI

THE National Tourism Forum was launched two years ago with the aim of getting blacks involved in the tourism industry. But this week the forum, headed by former ANC Youth League president Peter Mokaba, was dissolved amid allegations of corruption and gross financial irregularities

An inquiry, called to decide the fate of three directors suspended late last year following a damning report by auditors, will announce its findings on Tuesday.

The directors — Ngoako Maphala, Clive Strugnell and John Rothschild — were suspended after auditors found that two cheques worth R100 000 were deposited into an unauthorised account.

The demise of the organisation has divided the staff into two factions, one supporting ANC MP Mr Mokaba and the other backing Mr Maphala, the NTF's founder member and executive director

Tuesday's announcement will be the culmination of a series of scandals plaguing the NTF since its inception in May 1993

When it was formed only two of the forum's staff members, John Rothschild and Clive Strugnell, were experts on tourism The rest were activists drawn mainly from the ANC Youth League.

There was no employment policy. Staff members had no job descriptions and, by Mr Mokaba's own admission, the forum could have managed with far fewer employees than its complement of 21.

"There was never a limit on how many people we could employ and I believe we needed fewer workers than we had. We were also messed up by nepotism which increased employment without any value," Mr Mokaba said.

An official is alleged to have employed his sister-in-law as a cleaner and appointed his brother and nephew to jobs for which they were not qualified

The auditors' report established that the NTF received more than R3-million in donations between May 1993 and September last year But according to suspended marketing director Mr Strugnell, spending was not monitored by normal accounting methods.

Mr Strugnell said "Invoices were lost or ignored and there were no books kept. People acted on their own initiative. We put up with a lot because we were dedicated to the NTF's mission"

About 58 percent of the forum's expenditure went on salaries, which were never stable Chairman Mokaba, whose monthly salary was R16 500, was paid about R250 000 in one year. He earned R47 000 in November 1993 and R50 000 in May last year

Mr Mokaba said "Our salaries fluctuated a lot depending on whether management liked you"

The forum's chief mission was "to foster a culture of tourism among black South Africans" through research, workshops and policy development seminars

Mr Mokaba said "It's regrettable that we have no projects to show. We also held very few workshops and conferences."

The biggest conference ever organised by the NTF was a tourism convention held at Midrand's Gallagher Estate in February last year The convention was put together by Gillian Gamsy and attracted hundreds of delegates from all over the world.

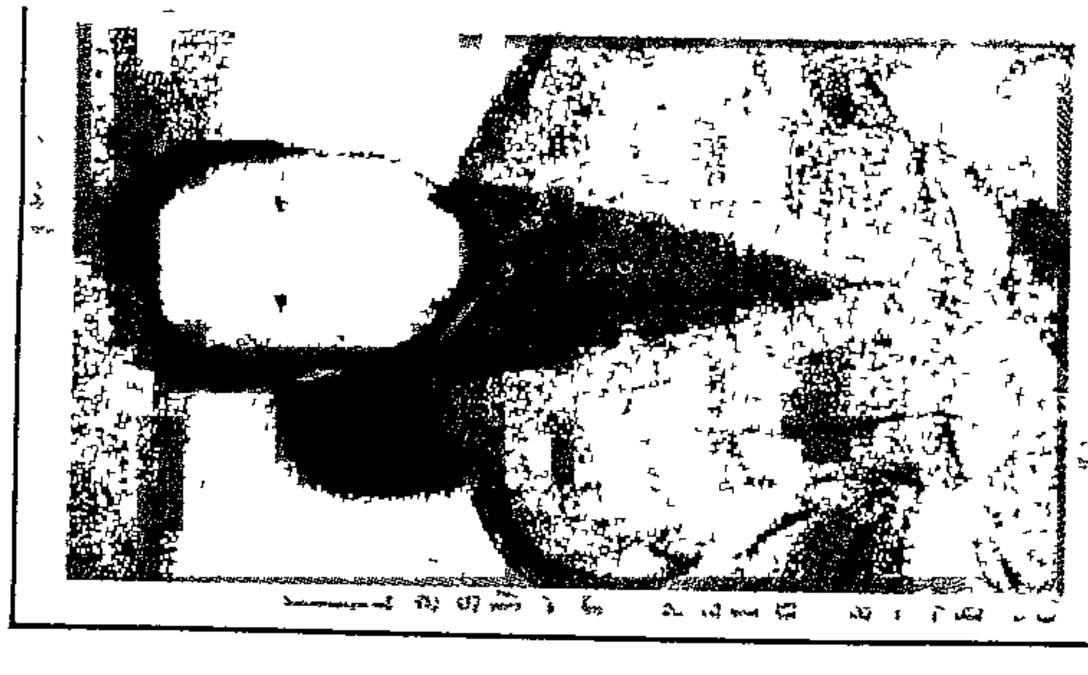
Mr Strugnell said "Mr Mokaba was advised by senior ANC members to approach Gillian Gamsy for help in organising the convention and that's how the two met."

Mr Mokaba claimed he had called in the auditors as he was unhappy with the way the forum was being run However, a member of the NTF, who declined to be identified, disputed this and said it was the council that resolved to call in the auditors after having been alerted to discrepancies

The council member accused Mr Mokaba of limiting the scope of the auditors' investigation and taking away Mr Maphala's powers as executive director.

Mr Mokaba has denied this He said "The whole thing has been a disaster but I'm sure we will come back as we need a structure that will look after black interests in the tourism arena"

ST 5/2/95



PETER MOKABA

Govt watchdogs to be shortlisted

CT 6/2/95 (259)

Political Correspondent

A SHORTLIST of super-watchdogs charged with exposing government corruption and protecting fundamental human rights in the new South Africa will be finalised this week

The Public Protector will probe maladministration, abuse of power by officials and corruption

The 11-person Human Rights Commission will enjoy wide-ranging powers to promote and guard the fundamental human rights enshrined in the constitution

The chairperson of an ad-hoc parliamentary committee and the ANC's chief whip in the Senate, Senator Bulelani Ngcuka, said at the weekend that President Nelson Mandela wanted the watchdog bodies up and running as a matter of urgency

A large number of applications had already been received and each political party would get the opportunity to nominate candidates for Public Protector and the Human Rights Commission

Shortlists would be finalised at a meeting on Friday and interviews for the positions would begin on February 22

Nominations must be approved by at least 75% of the members of the National Assembly and the Senate at a joint sitting

Tutu calls in cops

CT 7/2/95 (259)

Queries into trust

By WILLEM STEENKAMP

A "DISTRESSED and angry" Archbishop Desmond Tutu last night asked police to probe into a trust fund for child victims of apartheid administered by Dr Allan Boesak's Foundation for Peace and Justice (FPJ).

A statement issued by Archbishop Tutu and former Black Sash president Mrs Mary Burton, both trustees of the Children's Trust, said R423 000 donated in 1988 by American pop star Paul Simon "cannot be accounted for immediately"

Simon, who in the mid-1980s forged links with South African musicians for his hit Graceland album, toured the country in January 1992 and was entertained at Dr Boesak's Constantia home.

Archbishop Tutu's press spokesman Mr John Allen confirmed last night that the archbishop – who is in England – had learnt of the money's apparent disappearance at 6am yesterday and decided to draft the statement in conjunction with Mrs Burton.

The last audited financial statement of the trust was on February 28, 1991, which listed its cash resources as R467 354 – including R53 000 in administration costs paid to the FPJ for running the trust.

The last meeting of trustees was held more than two years ago

"A preliminary investigation has indicated that no immediate record of the whereabouts of the money is available

"We are distressed and angry that money which was set aside for child victims of apartheid cannot be accounted for immediately

"We have accordingly decided to ask the police to investigate," the statement said.

Last night police liaison officer Colonel Raymond Dowd said allegations concerning the funds had been made to police.

"We are now busy obtaining the necessary statements whereafter further steps will be decided," he said

HAPPIER TIMES . . . A beaming Dr Allan Boesak and his wife, Mrs Elna Boesak, chat to American pop star Paul Simon at their Constantia home on January 24, 1992, when Simon was in South Africa on his Graceland tour. Now there are allegations that R423 000 Simon donated to the Children's Trust, which was administered by Dr Boesak's Foundation for Peace and Justice, cannot be accounted for immediately

Picture: BENNY GOOL

'Mishandled' sum could top R2m

By CHRIS BATEMAN

THE amount of foreign funds allegedly mishandled by Dr Allan Boesak's Foundation for Peace and Justice (FPJ) could be nearly double what was originally cited.

This was revealed yesterday by sources close to the investigation.

Findings

The findings emerged as the final report of the Johannesburg lawyers appointed by the FJP's Scandinavian funders was handed over to Deputy President Thabo Mbeki's office late yesterday

The funders simultaneously began poring over the findings in Copenhagen, with a team of Johannesburg lawyers in Scandinavia to give them a full briefing about their "independent" probe.

Neither the lawyers nor Mr Mbeki's office were prepared to give any details until the entire "report back" process had been completed.

Speaking from Denmark, legal co-ordinator Mr Greg Nott declined to confirm that the contested amount was not R1,5 million, as originally reported, but involved a total of R2,5m.

This last amount was the total given to the FJP for social upliftment projects in poverty stricken and other disadvantaged communities

Much of the contested funds involve alleged house and cash loans to staff members of the FJP during the mid to late 1980s

The legal team so far have only confirmed that R1,5m of the funds are subject to their probe

Mr Nott said the Danish ministry of Foreign Affairs, Swedish embassy officials, the Olaf Palme International Centre and the Swedish, Danish and Norwegian NGO's were attending yesterday's Copenhagen briefing

"We've given them a short summary and they're now studying the report itself, after which we'll field questions," he said.

Mr Thami Ntenteni, personal assistant to Mr Mbeki confirmed his office received the report yesterday but said he expected Mr Mbeki to pass on his assessment of it to President Nelson Mandela only after tomorrow.

Tomorrow Mr Nott and his legal team arrive in Cape Town to give a full and final briefing of their findings to the FJP's board of trustees.

Full report

Dr Boesak's UN appointment to Geneva, due on February 1, was frozen by Mr Mandela pending the legal report.

A public statement on Dr Boesak's future and the full report are expected soon, possibly this week.

Tutu asks police to probe missing donation

CAPE TOWN — Archbishop Desmond Tutu has asked police to investigate the disappearance of R423 000 given to the Children's Trust by singer Paul Simon.

Tutu and Mary Burton of the Black Sash, two of the trust's trustees, said yesterday the trust was administered by Alan Boesak's Foundation for Peace and Justice

They said R423 000, from the proceeds of the Graceland tour, was deposited into an account in July 1988 in the trust's name

Investigations into Boesak's foundation indicated that the latest audited financial statement of the Children's Trust was dated February 28 1991. The trust's cash resources then stood at R467 354 The statement also reflected that the foundation had been paid R53 000 for handling the trust. A recent "preliminary investigation", had failed to establish the whereabouts of the money. (259)

"We are distressed and angry that money which was set aside for child victims of apartheid cannot be accounted for immediately," Tutu and Burton said.

Boesak's appointment as ambassador to the UN in Geneva has been suspended pending an investigation into allegations that the foundation misappropriated Danish aid money — Sapa.

30/7/95

Star 7/2/95

'Simon donation missing'

(259)

Cape Town — Another financial storm has erupted around Dr Allan Boesak and his Foundation for Peace and Justice.

Anglican Archbishop Desmond Tutu yesterday asked police to investigate the whereabouts of R423 000 donated by folk/rock star Paul Simon to a charity for apartheid-disadvantaged children in South Africa.

The money was supposed to have been administered for the Children's Trust by Boesak's scandal-hit FPJ.

"We are distressed and angry that money set aside for child victims of apartheid cannot be accounted for immediately. We have ... asked the police to investigate", said Tutu in a joint statement with FPJ trustee Mary Burton.

The foundation run by Boesak, Pretoria's ambassador-designate to the United Nations in Geneva, is already being investigated over the alleged mismanagement of Danish aid funds.

Boesak was due to take up office on February 1 but his appointment has been suspended until investigations

▶ To Page 3

Tutu calls for investigation

(259) Star 7/2/95

◀ From Page 1

into the Scandinavian funds are complete.

In their joint statement, Tutu and Burton said: "Paul Simon donated the proceeds of his Graceland tour to the Children's Trust for the benefit of children suffering under apartheid.

"We were among the trustees and R423 000 was deposited into a First National Bank account in July 1988 in the name of that trust. A preliminary investigation has indicated that no immediate record of the whereabouts of the money is available".

Boesak has denied he misused the Danish aid money, amounting to almost R4,2 million. He was not available for comment on the Simon funds — Reuter.

kwaNdebele's accounts slated

By BARRY STREEK
Political Staff

THE financial accounts of the former kwaNdebele government were so bad that they could not be relied upon, auditor-general Mr Henri Kluever said yesterday.

The audit findings "once again revealed significant shortcomings in internal control systems over a wide spectrum of the government's activities, and inadequately trained staff", he said in his report for the 1992/3 financial year

"These shortcomings were of such a nature and extent that this office could not rely upon the government's financial accounting systems and accounts (259)

"It should also be noted that, owing to the unsatisfactory state of affairs, the shortcomings reported on may not be exhaustive."

Among the "shortcomings" were:

- Five deputy ministers received R1,48 million for buying motor vehicles in October 1992 despite only being eligible for the money from April 1, 1993,
- Rentals, electricity, water and service charges had not been revised, tariffs were very low when compared to the cost of the services recovered, new tariffs were proposed but never implemented and tariffs were not published in the Government Gazette as required, CT 7/2/95
- Audits at magistrates' offices revealed unsatisfactory controls over receipts and licences and inadequate records of driver's licences, and
- There were "serious shortcomings" in the checking and control of expenditure vouchers.

A number of departments in kwaNdebele did even bother to reply to audit queries

Boesak: I'll come through

ARG 7/2/95

(259)

CONT

R423 000 probe asked for by Tutu, Burton

Staff Reporters

BELEAGUERED Allan Boesak was unaware until late yesterday that police had been called in to probe the whereabouts of hundreds of thousands of rands given to his Foundation for Peace and Justice for child victims of apartheid.

Speaking at his Constantia home today, Dr Boesak said he had had a meeting with Children's Trust trustees Anglican Archbishop Desmond Tutu and former Black Sash president Mary Burton last week at which it was decided to "get an independent auditor to look at our books and then act on this finding"

It had come to light that "money was missing from the Children's Trust"

"Next thing I heard was yesterday's statement. I hope everybody will give their full co-operation so we can get to [illegible]" he said

tions of foreign aid being lent to foundation staff to buy houses and cars. Estimates suggest that foreign aid allegedly mishandled by Dr Boesak's FPJ tops R2 million

A briefing on the contents of the report was also being held in Scandinavia, attended by top officials including the Danish minister of foreign affairs.

President Mandela, who earlier suspended Dr Boesak's appointment as ambassador to the United Nations in Geneva pending the outcome of the probe, is expected to be briefed on the report later this [illegible]

"Whatever is in the report handed to Mr Mbeki, all I'm hoping for is a fair hearing and an opportunity to respond.

"The Press has taken this thing and run with it and turned it into a trial by media The next step is to see if ANC people will distance themselves from me"

A police spokesman today confirmed the probe into the Children's Trust.

"We have received a complaint from Archbishop Tutu and Mrs Burton and it is being investigated," he said.

The Children's Trust was established to help children who had suffered under apartheid

The trust's last audited statement was dated February 28 1991, with cash resources listed as R467 345.

The statement showed R53 000 was paid to the FPJ for administration costs.

The trustees last held a meeting more than two years ago.

In a joint statement Archbishop Tutu and Mrs Burton said a preliminary investigation had indicated that no immediate record was available of the whereabouts of the mor[illegible]

Picture ROY WIGLEY, The Argus

TODAY'S PICTURE: Allan Boesak speaks to The Argus at his Constantia home.

ARGUS 7-2-95 (259)

The police probe focuses on R423 000 given to the FPJ by musician Paul Simon in 1992

Simon donated the money from the proceeds of his 1988 Graceland world tour.

In 1992 he was a guest at Dr Boesak's Constantia home

The launch of the police probe came as Deputy-President Thabo Mbeki today began studying the report compiled by lawyers acting for Scandinavian donors into how the FPJ spent their funds

The lawyers' report, handed to Mr Mbeki's office yesterday, includes allega-

Dr Boesak said today that when the Children's Trust was set up it was agreed it would be separate, but be administered by the bookkeeper for the FPJ.

"It seems that the same thing that happened to the money of the Foundation happened to the Children's Trust fund"

Asked whether the latest probe would have any effect on his posting as ambassador to the UN in Geneva — which is on hold — Dr Boesak said he had no idea.

"My desire is to get all the facts on the table and be given a chance to respond to all the allegations

"We are distressed and angry that money which was set aside for child victims of apartheid cannot be accounted for immediately

"We have accordingly asked the police to investigate."

Mrs Burton said today "I take the responsibility of being a trustee very seriously. We are responsible for what has become of the money and I am deeply concerned about that.

"If there is a likelihood that it has gone missing, I will feel very distressed. That's what needs to be established now."

She added "The FPJ's books have been subjected to an investigation (by the lawyers for the Scandanavian donors) and it has not been possible to get access to them We hope the money is safely there

"The money was given in response to reports of children in detention and children being maltreated, particularly in rural, 'unnoticed' areas, but by the time we began to administer the funds, there were no children in detention

"For this reason, a slightly broader definition of 'child victims of apartheid' was used," said Mrs Burton.

'This is the most difficult time of our lives ...'

JENNY VIALL
Staff Reporter

EMBATTLED Allan Boesak today described the "terrible burden" that allegations of financial irregularities had placed on his family, but said he was "a fighter" who refused to quit.

"I've lived through difficult times in all sorts of ways, but I don't think our lives have ever been this difficult," said Dr Boesak, speaking from his home inConstantia.

"The exposure in the Press has placed a terrible burden on my family. My mother is 83, and you can imagine the stress on her.

"One thing that bothers me is having to stay at home all day to be available to the investigating team.

"I've not been able to do creative work. I'm not used to doing nothing — it's strange and it's no good."

Dr Boesak said he did not know how he would survive this setback, but he had always believed God had a purpose for him.

"No matter what powers are ranged against me, and even though I might find it difficult to discern God's purpose at times, I will come through.

"I have very little left, no power, no place to manoeuvre, only my faith.

"Whatever happens, when I come through this I will be okay.

"I am a fighter — I will never curl up in a ball and say 'I give up'. I may get close to it, but it's not in my nature to give up."

Asked about his future, Dr Boesak said he had great confidence in the fairness and sense of justice of both President Mandela and Deputy-President Thabo Mbeki.

"I will await whatever judgment they make, and make decisions in the light of their decision," he said.

Outraged reaction follows report

259

BD 8/2/95

Legal inquiry finds Boesak misused funds

TIM COHEN

CAPE TOWN — A legal inquiry has concluded that ambassador-designate Allan Boesak substantially enriched himself from donor funds. The finding has drawn outraged reaction from opposition parties.

The inquiry on behalf of Danish donor organisation DanChurch Aid found that Boesak, whose posting to the UN in Geneva was suspended pending the report's publication, had prima facie acted unlawfully.

Sapa-AFP reports that the inquiry found the former church leader had "enriched himself substantially" at the expense of his Foundation for Peace and Justice The report was compiled by legal firm Bell, Dewar & Hall The firm's attorneys refused to disclose the contents of the report, which is to be released today

INGRID SALAGADO reports that Boesak said last night the report was one-sided and incomplete. "It was written without giving me the opportunity to respond to the allegations."

He would meet DanChurch representatives in Cape Town today to discuss the finding. Questions regarding alleged misappropriated funds donated by US singer Paul Simon should be directed to the Foundation for Peace and Justice's accountant, Freddy Steenkamp, he said. Steenkamp knew what had happened and should also take responsibility.

This followed reports that police are investigating a complaint laid by Archbishop Desmond Tutu about the disappearance of R423 000 donated by Simon to the Children's Trust The trust is administered by the Foundation for Peace and Justice

Lawyers involved in drawing up the report — which deals with allegations that Boesak mishandled more than R2m — and donor representatives yesterday held talks in Copenhagen.

ANC spokesman Jackson Mtembu said his organisation would comment only once it had seen the report, but the ANC had a strict policy on members taking financial advantage of their positions It would "not take kindly" to members who were involved in corruption

NP media spokesman Cobus Dowry said the latest disclosures were further proof that Boesak was not fit to represent SA abroad. The ANC had been "surprisingly quiet" about the recent disclosures

The ANC ought immediately to investigate accusations of financial maladministration and "extravagances" against other ANC members, including Peter Mokaba and Rocky Malebane-Metsing, as well as investigate Deputy Arts and Science Minister Winnie Mandela.

DP leader Tony Leon said the church probe was a damning indictment of the ANC and its commitment to transparency and high standards in public life

The report would damage government's image The real failure was that Foreign Minister Alfred Nzo "sat by passively" and did not initiate an investigation. It was left to a foreign church organisation to produce a "damning indictment" on Boesak

A Foreign Affairs spokesman said once the department had studied the report it would submit its findings to President Nelson Mandela's office on whether to proceed with Boesak's appointment.

'Boesak took funds'

By CHRIS BATEMAN

UNITED NATIONS ambassador-designate Dr Allan Boesak "unlawfully" and "substantially" enriched himself — buying a house, paying for renovations and settling his wife's debts — at the expense of the Foundation for Peace and Justice (FPJ).

This was one of several conclusions drawn in a report by Johannesburg lawyers probing the FPJ on behalf of the Danish donor organisation Danchurch Aid, which was "leaked" to the press yesterday

Dr Boesak's suspended appointment to the United Nations ambassadorship in Geneva now appears hopeless — although he emphasised yesterday that he had yet to give his version of events to the lawyers

"I have done nothing wrong I haven't stolen money," he said from his Constantia home last night.

A government decision on Dr Boesak's future is expected by the end of the week.

The probe concluded that Dr Boesak could give no "reasonable or plausible" explanation for "unlawfully appropriating to himself monies to which he was not entitled"

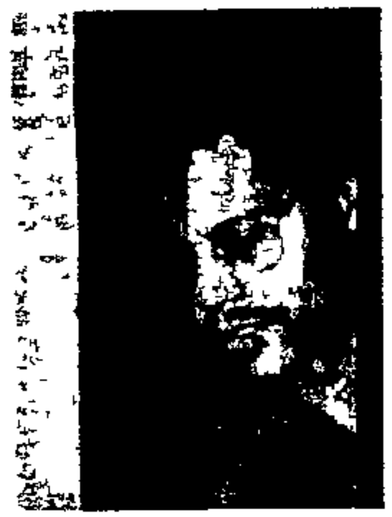
Other major findings were that.

- "Loans" had been taken by staff members "without reasonable expectation to repay",
- FPJ trustees carried out their duties in an "astounding, cavalier and reckless fashion",
- FPJ director Mr Freddie Steenkamp committed "serious criminal offences", including taking a "loan" of R800 000 from the foundation.

The probe found that Dr Boesak "has enriched himself substantially at the expense of the foundation

"His explanation to date is that he did not know how his financial affairs were being conducted

"He justifies a monthly income — far in excess of what can reasonably be expected plus numerous other benefits — by saying that he left his personal affairs to Mr Steenkamp," it said



NOT TALKING Mr Freddie Steenkamp at his home after it was learnt that he had received an R800 000 loan from the foundation

Pictures: BENNY GOOL

This, the report added, "forces one to the inescapable conclusion that, in the absence of plausible explanations by Dr Boesak, he has unlawfully appropriated to himself monies to which he was not entitled

"It will be necessary for him to give satisfactory explanations for a host of expenses which Mr Steenkamp has laid at (his) door, such as the settlement of (his wife) Elna Boesak's debts, the purchase of a new house and the renovations thereto and an extensive travel budget."

President Nelson Mandela is waiting for a briefing from Deputy President Thabo Mbeki who received a background report on Monday

His spokesman Mr Parks Mankahlana said last night that Mr Mandela would view any evidence of impropriety by Dr Boesak in a "very serious light"

Danchurch Aid teamed up with a Swedish and Norwegian funding agencies late last year to hire Johannesburg lawyers Bell, Dewar and Hall to probe the alleged abuse of R2,5 million in foreign funds donated to Dr Boesak's foundation

Speaking before the leak yesterday, Danchurch lawyer Mr Greg Nott said his team and top Scandinavian officials would fly from Copenhagen to Cape Town for an official briefing of the FPJ trustees today

Shortly before the report was leaked, Dr Boesak said he had seen it, but "as far as I am concerned, my trip to Geneva has been postponed, not cancelled", **WILLEM STEENKAMP** reports

Dr Boesak, speaking from his attorney's offices where a meeting was held yesterday afternoon to discuss the report, expressed concern that the report would be publicised before he could have an opportunity to respond to any allegations it contained.

Dr Boesak said that "Mr Mandela will have to hear my side of the story" before making any decisions regarding his future.

He was confident any such decision by Mr Mandela, which would involve Mr Mbeki and Foreign Affairs Minister Mr Alfred Nzo, would reflect "fairness and justice"

He said he had not considered his future if the posting was cancelled, but he would be "totally unemployed"

Dr Boesak denied reports that he was depressed concerning the allegations levelled at him, but he admitted that he and his "wider family" had suffered severely

"The past few months have probably been the most difficult time of my life," he said. "It's a very, very hard time, let's make no bones about it."

Danchurch lawyer Mr Greg Nott confirmed that in the course of their inquiries "a children's trust was uncovered" — a reference to the R423 000 donated by American pop star Paul Simon for child victims of apartheid administered by the FPJ

Police said yesterday they had begun an investigation into accusations that the R423 000 donated by Simon was "missing"

Anglican Archbishop Desmond Tutu said on Monday there was no "immediate" record of the whereabouts of the Simon funds, which the foundation was supposed to administer for the Children's Trust for apartheid-disadvantaged children

Police spokesman Colonel Raymond Dowd said last night: "We investigated the allegations and started taking statements Late last night we opened a criminal case docket.

"The charge will probably be fraud or alternatively theft through false pretenses or misappropriation "

Responding to this second probe, Dr Boesak said he would also like to know what became of the R423 000

AMBASSADOR? ... Dr Allan Boesak said at his Constantia home last night, after seeing a lawyer's report on the FPJ, that his posting to Geneva had been postponed, not cancelled. He had yet to tell his side of the story, he said

Picture: BENNY GOOL

CT 8/2/95 (259) CT 8/1/95

ENRICHED HIMSELF, SAYS REPORT

"I was the one who raised the money (for the trust)," said Dr Boesak, who is also a trustee of the Children's Trust.

A meeting of trustees, the first in two years, was held last week after investigations indicated that the money was "unaccounted for"

Dr Boesak said Mr Steenkamp, who was also the FPJ's accountant, "had told the investigators that something was wrong with the fund", but he could not say exactly what Mr Steenkamp had said.

"I was as angry and distressed as any other trustee when I found out (about the missing money). It's a shock on top of the other shocks revealed since December," Dr Boesak said.

The ANC said it would not tolerate any contravention of the party's code of conduct by its public representatives

An ANC spokesman said officials would study the report carefully and then decide what steps should be taken

The National Party said it was "scandalous that somebody who made out that he cared for the poor and the oppressed has apparently misused his position". Emotions and the hardship of people were exploited, MP Mr Cobus Dowry said

"The ANC has continuously supported Dr Boesak notwithstanding these accusations Not only Dr Boesak but also the ANC stands accused," Mr Dowry added

Police 'may shop masters'

By ANTHONY JOHNSON
Political Correspondent

OUTGOING police chief General Johan van der Merwe yesterday warned that individual policemen would shop their political masters unless they took the rap for human rights violations during the apartheid era.

In testimony to the Parliamentary Select Committee on Justice the retiring Commissioner of Police said rank-and-file policemen might implicate political leaders if they failed to acknowledge collective responsibility.

"Everyone should realise that if the leaders and commanders are not prepared to take collective responsibility for a system in which the individual operated, obviously the individual will have to defend himself in whatever way may be available," he said

In a written submission Gen Van der Merwe effectively threatened that the police would release documentation showing the political line of command if the leaders tried to duck their responsibility.

"Should the government fail to publicly and satisfactorily address the abovementioned issues the situation will most probably lead to the disclosure of documents and evidence relating to the direct or implied authority of government or political role players," he said

Gen Van der Merwe, supported by police advocate Mr David Gordon, asked the committee to change the draft Promotion of National Unity and Reconciliation Bill to ensure the proposed truth commission is able to probe the political background to violence committed during the apartheid era.

Mr Gordon said the entire executive or cabinet should be responsible for acts sanctioned by the executive which might have been unlawful or unconstitutional. He said there should be collective responsibility and superiors should have to answer for orders given expressly or by implication

He submitted that it was unlikely that any human rights violations were committed by individuals acting on their own.

"We are talking about people acting in concert and usually under some from of leadership or under orders," he said.

Mr Gordon proposed that commanders be able to make indemnity applications on behalf of, say, six or seven operatives, although the committee should feel free to question members of the group.

"Leaders should be able to speak on their behalf," he said.

"The police supported the provision in the Promotion of National Unity and Reconciliation Bill providing for closed door amnesty hearings, saying privacy will encourage and induce co-operation," Mr Gordon said.

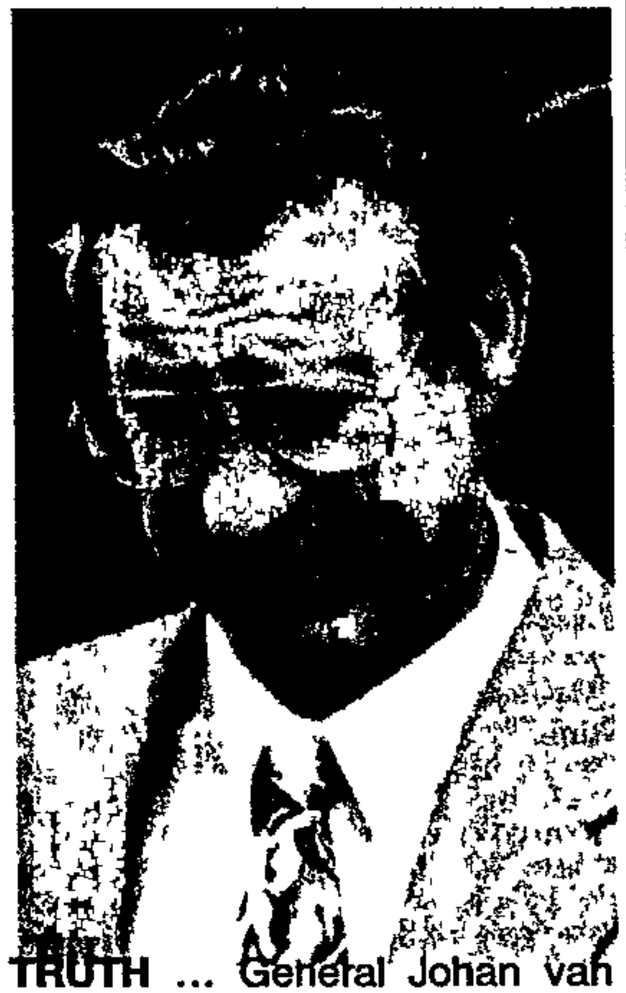
The closed doors clause would also prevent disgruntled individuals using the amnesty committee as a platform to make deliberately false or exaggerated claims.

Individuals who made claims outside the committee hearings would lose the "defamation privilege" enjoyed during actual proceedings

The SAPS was not opposed to a "swing-door" provision in terms of which those affected could apply to have their amnesty applications heard in public at the discretion of the amnesty committee.

"No one" was suggesting the process be marked by complete secrecy, Mr Gordon said

"It is a question of at what stage you make public the information. It would be the prerogative of the President to publicise the results However, it is important that constitutional protection be afforded to those who are granted amnesty to ensure they are not victimised or discriminated against. Senior and well-known people in the police service will fear recrimination and discrimination if they disclose the truth." CT 8/2/95 (254)



TRUTH ... General Johan van der Merwe after testifying before a truth and reconciliation committee. Picture: BENNY GOOL

Judging from the size of these phone bills, it seems as if Telkom has introduced a new autocratic telephone system.

BUSINESS BRIEF

Winnie 'favoured daughter's firm'

CT 8/2/95 (259)

Special Correspondent

JOHANNESBURG. — Queen of controversy Mrs Winnie Mandela is back in the spotlight in an entertainment industry row featuring her daughter, local entertainers and American promoters from the Whitney Houston Foundation.

Entertainment industry representatives claim Mrs Mandela used the banner and resources of the government to present her daughter Zinzi's private promotions company

Normally publicity-hungry entertainment business people are shy to have their names linked to the dispute, but say they are outraged at the behaviour of the Deputy Minister of Arts and Culture.

They say she abused her position to favour her daughter's company, while the minister says she is giving her daughter the same treatment anyone else would get.

Mrs Mandela, acting in her capacity as deputy minister, called a meeting of entertainment industry representatives in Pretoria on Friday, ostensibly to brainstorm issues with American concert promoters

People present said the meeting turned out to be the launch of a private company, Simunye — a joint venture between Ms Zinzi Mandela-Hlongwane, her husband Mr Zweli Hlongwane and Mr Sheldon Platt and Mr Toni Chambers of the Whitney Houston Foundation.

"I cannot believe the cheek of it. Mrs Mandela used taxpayers' money — my money — to present and launch a private company and then on top of it asked for my intellectual input," said one furious industry representative

Asked for comment yesterday, Mrs Mandela's office said "There is no relevance whatsoever in the fact that Ms Mandela-Hlongwane, who in fact set up the initial contacts with the promoters on her own initiative, is the daughter of President and Mrs Mandela "

People present at the meeting said the brainstorming session was to help Zinzi's company get a better idea of how to conduct business.

Toddlers, cat go joyriding

LONDON. — Joyriders who disarmed three security systems to drive off in a high-powered sports car were discovered by police to be the owner's sons, aged two and three, trying to give the family cat a trip round the block.

Dean and Ray Scott usually drive a battery-operated car. Their father said: "I'll have to get a burglar alarm on the house so the kids can't break out."

Last-ditch bid today to save crumbling career

Boesak on the ropes

(259)

Star 8/2/95

FORMER church leader 'bought house, settled wife's debts and funded extensive travels', probe finds

■ BY BRENDAN TEMPLETON and OWN CORRESPONDENT

Controversy-racked Dr Allan Boesak is expected to mount a last-ditch bid today to save what is left of his political and diplomatic career after damning findings that he "enriched himself substantially" with aid money

Boesak was this morning preparing to meet Deputy President Thabo Mbeki to discuss the report commissioned by Scandinavian donors Danchurch Aid The meeting would take place in Cape Town, sources said.

Ambassador-designate Boesak's political future is expected to be known by Friday when President Mandela will have been briefed by Mbeki.

Danchurch Aid ordered the investigation after a public outcry in Denmark over allegations that Boesak's Foundation for Peace and Justice (FPJ) had misused R2,7 million donated to it A copy of the inquiry's findings has been handed to Mbeki.

The report is due to be released publicly today, but its findings were distributed by the French news agency AFP yesterday

A decision on Boesak's ambassadorship to Geneva was expected to be made by the end of the week, a spokesman for Mandela's office said

The inquiry was carried out by Johannesburg attorneys Bell, Dewar and Hall

It found Boesak had "enriched himself substantially" at the expense of the FPJ.

Boesak had "unlawfully appropriated to himself moneys to which he was not entitled," the report said.

It also hit out at the foundation's trustees, criticising the "cavalier and reckless fashion" in which they carried out their duties.

Boesak also faces a probe into his Children's Trust after claims that almost R500 000 donated to it could not be accounted for

Last night the DP said the renewed scandal could be the "final straw" to sink Boesak's ambassadorial aspirations to Switzerland

▶ To Page 3

Boesak on ropes

◀ From Page 1

(259)

Star 8/2/95

The NP said it was scandalous that the ANC had continued to support Boesak despite the allegations against him

The ANC said it would not tolerate any contravention of the party's code of conduct by its public representatives

Last night Boesak told SABC TV the report was one-sided

He said he had not been given the opportunity to respond to the allegations, "so in fact my response to that report, to make that report complete, is not there"

Earlier yesterday, Boesak promised that "everybody will give their full co-operation so that we can get to the bottom" of the FPJ's missing funds.

He said he had been unaware until late on Monday that police had been asked to investigate the apparent disappearance of R423 000 from the Children's Trust

The money was donated by singer Paul Simon through the FPJ under the trusteeship of Archbishop Desmond Tutu and Black Sash president Mary Burton, who called in the police

Boesak could not be contacted for comment today. A Telkom official said the telephone at his Constantia home had been cut because the account had not been paid for some time

Sapa-AFP said yesterday's Danish church Aid report accused Boesak of using the FPJ's money to settle his wife's debts, to purchase a new house and to fund an "extensive travel budget"

The report also pointed a finger at FPJ director Freddy Steenkamp, who it said has already admitted taking a loan of R800 000 from the foundation and had committed "serious criminal offences"

PIC: PAT SEBUKO

'BOESAK GUILTY'

(259)

Sowetan 8/2/95

A LEGAL inquiry yesterday found that Dr Allan Boesak misappropriated money given to his aid agency by Scandinavian donors, throwing into further doubt his posting as South African ambassador to the United Nations in Geneva

The controversial former church leader had "enriched himself substantially" at the expense of his Foundation for Peace and Justice, according to the conclusions of the inquiry conducted by a Johannesburg legal firm for the Danish donor organisation Danchurch Aid. Boesak's UN posting was put on ice by President Nelson Mandela on January 5, pending the conclusion of the inquiry.

Mandela's spokesman, Mr Parks Mankahlana, said yesterday the President had not yet received a copy of the report, but a decision on Boesak's future would be taken before the end of the week

"Any form of irregularity involving a government official is a matter of concern to the President," Mankahlana said

Late last year, Danchurch Aid teamed up with two other funding organisations in Sweden and Norway to engage Johannesburg lawyers Bell, Dewar and Hall to probe the use of R2,7-million of foreign funds donated to Boesak's foundation.

The report, to be officially released today, hits out at the foundation's trustees, describing as "astounding" the "cavalier and reckless fashion" in which they carried out their duties.

It quotes a trustee, the Reverend Pierre van den Heever, as candidly acknowledging to the inquiry "We buggered it up."

The report says "loans" had been taken by staff members "without reasonable expectation to repay"

The foundation's director, Mr Freddy Steenkamp, has already admitted that he took a loan of R800 000 from the foundation.

"Freddy Steenkamp has committed serious criminal offences," the report says.

"Dr Boesak has enriched himself substantially at the expense of the foundation," it says. "His explanation to date is that he did not know how his financial affairs were being conducted by Steenkamp

"He justifies a monthly income — far in excess of what can reasonably be expected and numerous other benefits — by saying that he left his personal affairs to Mr Steenkamp," it says

"The fact that he is implicated by Mr Steenkamp — taken with the naivety of his explanations and the huge benefits derived by him — forces one to the inescapable conclusion that, in the absence of plausible explanations, Dr Boesak has unlawfully appropriated to himself moneys to which he was not entitled.

"To our mind he has offered no reasonable explanation for the attitude which he has adopted

"It will be necessary for him to give satisfactory explanations for a host of expenses which Mr Steenkamp has laid at his door, such as the settlement of (his wife) Elna Boesak's debts, the purchase of a new house and the renovations thereto and an extensive travel budget," the report adds — *Sapa-AFP*

● See page 6

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(259)
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● See page 6

Boesak at bay

Meeting accusers in last-ditch bid to save his political career

(259) 8/2/95 ARG

MICHAEL MORRIS, Political Correspondent
THABO MABASO, Staff Reporter, Sapa and AFP

CONTROVERSY-RACKED Allan Boesak was meeting his accusers today in a last-ditch bid today to save what is left of his political career after lawyers' findings that he "enriched himself substantially" with donors' funds.

The damaging report commissioned by Scandinavian donors Danchurch Aid was expected to be released in Cape Town today.

Dr Boesak was meeting representatives of Danchurch Aid and of the Johannesburg attorneys, Bell, Dewar and Hall, who drew up the report

The report finds that Dr Boesak "enriched himself substantially", using Foundation for Peace and Justice (FPJ) money to settle his wife Elna's debts, to purchase and renovate a new house, and to fund travel

Dr Boesak has described the findings as one-sided

Details emerged from the French news agency Agence-France Presse (AFP) which claimed it had a copy of the report.

The report is to be released after discussions between Danchurch officials, Swedish diplomats, Dr Boesak and other FPJ representatives

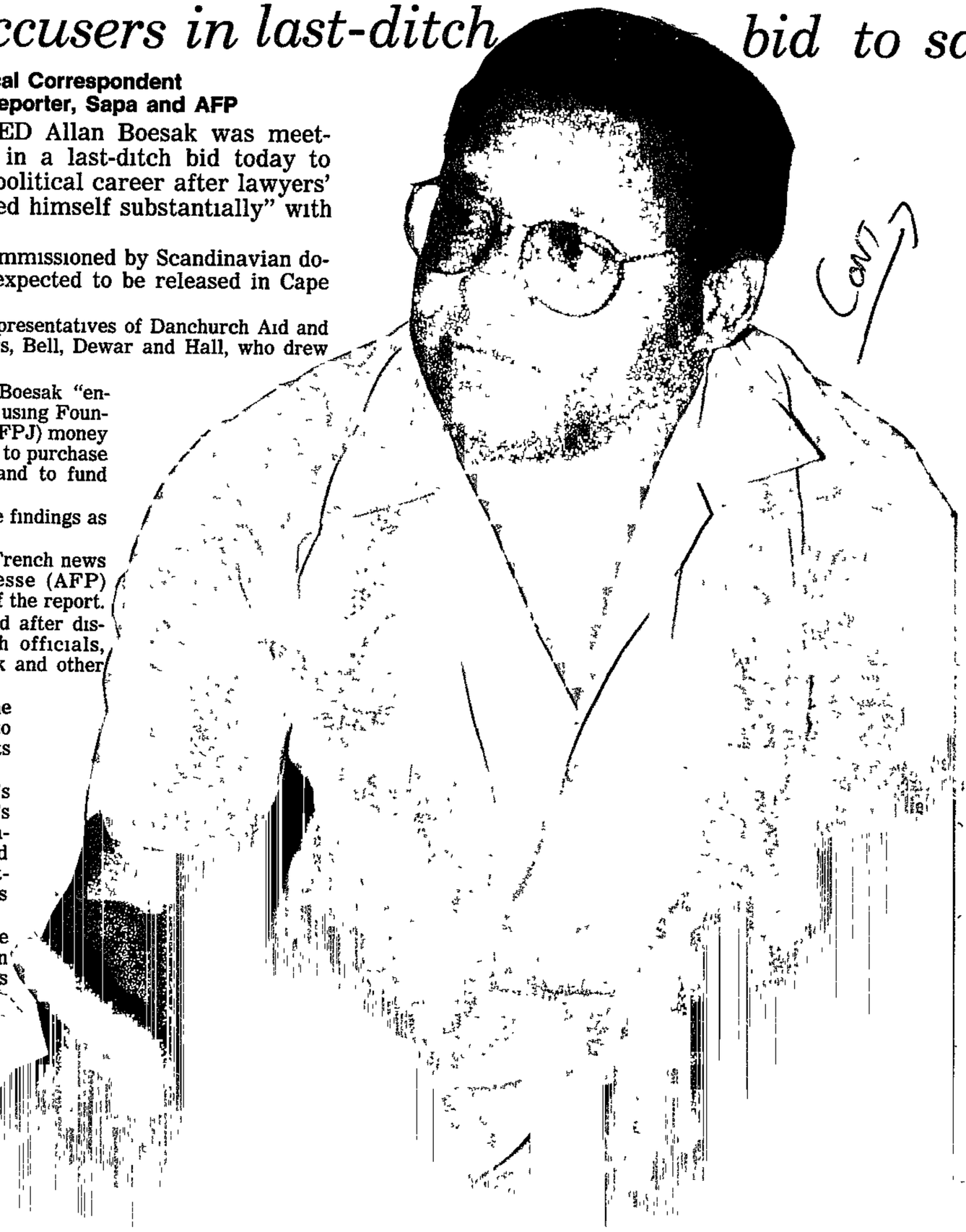
Mr Mbeki, who received the report on Monday, has yet to brief President Mandela on its contents.

A decision on Dr Boesak's appointment as South Africa's ambassador to the United Nations in Geneva — suspended in January pending the outcome of the investigation — is expected by Friday

Danchurch Aid ordered the probe after a public outcry in Denmark about allegations that the FPJ had misused more than R2-million donated to it.

As Dr Boesak's ambassadorial hopes appeared to be dim-

Editorial comment — page 16



Cont

MBEKI: Report

SIMON: Distressed'

TUTU: 'Painful'

Claims 'distress' Simon

CHEETAH HAYSOM
The Argus Foreign Service

NEW YORK. — Singer Paul Simon is distressed to learn of allegations that funds he gave for child victims of apartheid have disappeared, says his press agent

Dan Klores was commenting on the request by Anglican Archbishop Desmond Tutu for a police investigation of R423 000 allegedly missing from the Children's Trust

The trust was endowed by Simon with part of the proceeds of his Graceland Tour in the United States in 1988 and was intended at the time to benefit children who were being detained or imprisoned

Mr Klores said "We have no comment now We want the investigation to unfold and a conclusion reached and at that time we'll respond."

Asked if he knew if any of the money had actually reached any child victims of apartheid, Mr Klores said "It has never crossed our minds this money might not be going to those for whom it was intended."

The funds were from the proceeds of Simon's Graceland tour.

Tutu tells of his 'painful' decision

GARNER THOMSON
The Argus Foreign Service

LONDON. — Archbishop Desmond Tutu has spoken of the "painful and distressing" decision to ask police to investigate the alleged disappearance of money given by American singer Paul Simon.

His closeness to people involved in the scandal had caused him considerable pain and last night he urged that the matter be settled "as quickly as possible".

Archbishop Tutu, in Oxford preparing for an address to the Oxford Union, added that because of their long association, he hoped the investigation would clear Allan Boesak's name soon.

A spokesman for the archbishop said no comment was possible about the inquiry.

"Having agreed to report the matter to the police, the inquiry was set in motion after he (Archbishop Tutu) left Cape Town, and he is not on top of all the developments," the spokesman said.

back, saying the findings were one-sided and incomplete

They had been based on statements taken from "whomever the investigating team talked to", but he had not been given the opportunity to respond.

"What the Danes have been discussing, and the other donors, and what is on the table right now and what I will be confronted with today is an incomplete report, and in that sense is therefore decidedly one-sided," Dr Boesak said

The Danchurch Aid report, according to AFP, says that Dr Boesak "enriched himself substantially at the expense of the foundation".

"His explanation is that he did not know how his financial affairs were being conducted by (FPJ financial director Freddy) Steenkamp.

"He justifies a monthly income — far in excess of what can reasonably be expected, and numerous other benefits — by saying that he left his personal affairs to Steenkamp"

This, the report says, "forces one to the conclusion that, in the absence of plausible explanations by Dr Boesak, he has unlawfully appropriated to himself monies to which he was not entitled".

According to AFP, the report slams the foundation's trustees, saying the cavalier and reckless fashion in which they carried out their duties was "astounding"

It quotes one trustee, the Rev Pierre van den Heever, as candidly acknowledging to the inquiry "We buggered it up"

Journalists gathered outside Dr Boesak's luxury Constantia home early today, but were told by his wife Elna he was not available for comment

Later it was established he was with his lawyers in Athlone

When The Argus called at Dr Boesak's home last night, a woman said through an intercom at the security gate entrance that he was not in

The leaked report emerged a day after police confirmed they were investigating the apparent disappearance of R423 000 given to the Children's Trust — administered by the FPJ — by American singer Paul Simon.

The police probe was requested by trustees Anglican Archbishop Desmond Tutu and former president of the Black Sash Mary Burton

Police spokesman Raymond Dowd confirmed that "a docket involving theft of trust money, not fraud, has been opened"

"We are not investigating any specific person. We are investigating the alleged disappearance of money," he said

African National Congress spokesman Jackson Mthembu said "If there is any truth in the report, the ANC will not tolerate any of its public representatives going against the ANC code of conduct, either by misappropriating funds or enriching themselves as alleged"

National Party spokesman and MP Cobus Dowry said it was "scandalous that somebody who made out that he cared for the poor and the oppressed has appparently misused his position"

Western Cape premier Hernus Kriel said today he had taken note of the reports, "but I derive no pleasure from them" He said he was "thinking of Dr Boesak and his family"

Democratic Party leader Tony Leon said he was shocked, but not surprised.

SPEAKING OUT: Allan Boesak says the damaging report into funds donated by the Danish aid agency Danchurch Aid to his Foundation for Peace and Justice is "decidedly one-sided" and he has not been given an opportunity to respond.

Top detective to probe missing funds

Staff Reporter

POLICE have confirmed that top detective Rory Melnick has been appointed to investigate the apparent disappearance of R423 000 given to the Children's Trust by American singer Paul Simon

The fund was administered by Allan Boesak's Foundation for Peace and Justice, and the police investigation follows a complaint by trustees Anglican archbishop Desmond Tutu and former Black Sash president Mary Burton

Major Melnick, a highly experienced officer in the commercial branch unit in Cape Town, has also been involved in the Masterbond investigation

Govt reassurance on tenders

THEO RAWANA

THE Public Works Ministry and the Tender Board moved yesterday to allay big business fears that the review of government tender procedures would keep large contractors out of state contracts

Board chairman Jan Breytenbach and Ministry spokesman Simi Gounden told a news briefing in Pretoria yesterday that the national economic forum had agreed in April that the Tender Board chairman and vice-chairman would come from outside government. They emphasised that the private sector would be an active partner in the new tender system.

Launching a forum to look into tender procedures last month, government said the review would favour small- and medium-sized suppliers to ensure the economic empowerment of previously marginalised sectors BD 8/2/95

The forum, which would initially consist of parties from the public sector, was expected to draft interim procedures for emerging businesses by the end of next month. Non-governmental organisations would be invited to comment between April and June, and draft legislation would be drawn up by end-September

Reacting to the business sector's senti-

(259)

☐ To Page 2

Tenders

(259) BD 8/2/95

☐ From Page 1

ments that the task should be handled by a more broadly-based forum such as the National Economic, Development and Labour Council, Gounden said Nedlac would be involved in the second phase, after the public sector had achieved consensus on government's position, and the private sector had been invited to get involved.

"Business should not feel it will not be part of the policy change — its role comes in the second phase The issue will be taken to Nedlac, but we will need dedicated discussion from Nedlac we will need a focused input from it. Our priority is working to a tight deadline," he said

Breytenbach said the board's composition, as agreed at the national economic forum last year, would be 25% consumers, 25% expertise, such as the SA Bureau of Standards; 25% suppliers and 25% organised labour

Gounden said the guidelines set for the forum were simply a starting point "It is not government being prescriptive and trying to drive its own position. The aim is to broker consensus on key issues"

NEWS FEATURES *Former cleric and ANC activist can kiss his ambassadorial job goodbye*

The rise and fall of Boesak the orator

(259) sowetan 9/2/95

By Vuyo Bavuma
Political Reporter

■ TORN APART *Allegations of embezzlement of funds further dent former cleric's image:*

ON countless public platforms, orator Dr Allan Boesak always made a convincing case when he presented himself as the champion of the poor, down-trodden masses

With his speeches *à la* Martin Luther King, his commitment and deep-seated hatred of the "corrupt" apartheid regime could not be faulted

But today that image lies in tatters as a welter of evidence has been unearthed to show the former Western Cape ANC leader financed his high-living lifestyle with the money he had raised overseas on the pretext that it was for the poor

The investigators were called in by the funders from Norway and Sweden who donated money to Boesak's Foundation for Peace and Justice (FPJ) Ironically, at the height of last year's elections, Boesak mocked the National Party by exhorting primary pupils to start their day by saying "the National Party are crooks"

That was during the electioneering campaign — but now fingers are being pointed at him.

Without the phalanx of supporters who normally rush to his defence, the former director of the FPJ cuts a lonely figure as he pleads innocence amid what amounts overwhelmingly damning evidence against him

His never-say-die spirit is something he acquired in the hurly-burly of the struggle

Boesak entered politics in the early 1980s when the democratic anti-apartheid struggle was desperate for leadership as many were either in jail or in exile

With his fine oratorical skills and backing from the largely conservative coloureds, Boesak emerged as an asset that could draw apolitical followers to the struggle

Key patron

He was one of the key patrons to set up the now defunct United Democratic Front, a loose umbrella body of organisations.

True to form, Boesak became a formidable medium for the then banned African National Congress. Gradually his international stature grew — and there were rumours that he had almost become untouchable to the police

He became the president of the World Alliance of Reformed Churches and was instrumental in persuading the international body to declare apartheid a heresy In 1982 Boesak set up the FPJ as a vehicle to assist impoverished apartheid victims The body concentrated on the rural areas where it assisted development projects In 1985, at the height of the national uprising, Boesak organised a highly publicised march to "fetch" (President) Nelson Mandela, who was then jailed in Polsmoor Prison

The march, which attracted thousands of people, was banned but the popularity of Boesak's call was unmistakably enormous

In the same year, Boesak clashed with the police when he was briefly detained for trying to attend a funeral of alleged ANC guerillas in Guguletu. He was released on bail of R20 000 and the case was later dropped

Boesak's first encounter with controversy

Boesak ... his image is in tatters.

was when the police exposed his illicit affair with an employee of the South African Council of Churches, Ms Di Scott

But the anti-apartheid movement, though it knew privately that the police accusation contained grains of truth, backed Boesak to the hilt.

"Hands off Boesak" slogans were printed and the police were accused of launching a campaign to discredit leaders of the democratic movement The comrades' argument won the day But the same defence could not be mustered when it emerged that Boesak was involved in yet another illicit love affair with Elana Botha, a television personality.

He subsequently divorced his wife Dorothy, whom he had been married to for almost 21 years, and married Botha in a glittering wedding

Pressured by the church, Boesak was forced to terminate his church positions — in the Nederduitse Gereformeerde Sendingkerk as moderator of the church and as president of the World Alliance of Reformed Churches

No smooth tenure

In 1990 Boesak's political career shone when he was elected chairman of the ANC's Western Cape region But he did not have a smooth tenure as he clashed with the militant Tony Yengeni He was re-elected at the behest of Mandela, who argued that the ANC composition in the Western Cape should reflect the regional population make-up Accusations flew thick and fast that Boesak was brought in as ploy to lure the crucial coloured vote that the ANC desperately needed to run the region

In 1993 Boesak nearly resigned his chairmanship to return to the ministry However, the church turned down his application on the ground that he had held a political office

> **'Initially, the ANC backed Boesak ... but as the allegations grew, *the ANC quietly retreated* and left Boesak to face the music alone'**

This prompted Boesak to kiss and make up with the ANC — and he remained within the movement. In the run-up to the elections, the ANC put its head on a block when it elected the former cleric as the premier candidate despite objections from several quarters.

Critics argued that Boesak did not have a good grasp of democratic culture and had no empathy with the grassroots

Others argued that his lavish lifestyle did not augur well for a movement whose main support was among the poor The pro-Boesak camp counted on his charismatic and persuasive oratory — especially among the coloureds — to attract support for the ANC.

But the gamble backfired horribly.

Obscene songs

The expected coloured support did not flock to the ANC Instead, Boesak became the target of intense scorn in the coloured areas. Coloured NP supporters blared out obscene songs, denouncing Boesak for deserting a "*kleurlingvrou vir 'n wit vrou*" (a coloured wife for a white wife).

Just as the Boesak detractors had predicted, the ANC lost the elections in the Western Cape Though many reasons were cited, many people believed Boesak's leadership was one of the main factors After the elections, Boesak took up the post of the economic affairs minister and was also responsible for the Reconstruction and Development Programme in the region

In September he resigned his post as ANC chairman because he wanted to devote time to his regional parliamentary duties But activists privately said he knew he was not going to be re-elected

Later Boesak resigned from the provincial government as he fixed his eyes on a more prestigious job as ambassador to Switzerland.

Later last year, he was jolted by a flurry of allegations from an FPJ director that staff misused funds. The allegations included Boesak, who allegedly used R100 000 towards purchasing a house. Initially, the ANC backed Boesak and described the allegations as a vendetta against the "movement and Boesak"

But as the allegations grew, the ANC quietly retreated and left Boesak to face the music alone And after the damning disclosures, Boesak can kiss his ambassadorial job goodbye.

Boesak to face charges

Sowetan 9/2/95 (259)

THE CRISIS FOR MBATTLED ANC leader Dr Allan Boesak deepened yesterday when Scandinavian donor agencies announced plans to lay charges against him for allegedly misappropriating aid money

Boesak, chairman of the Foundation for Peace and Justice, yesterday met Danchurch Aid representatives at the Swedish embassy in Cape Town to discuss allegations that he "enriched himself substantially" with Scandinavian donations to the foundation

The allegations against Boesak, designated South Africa's permanent representative to the United Nations in Geneva, were made in a leaked report by Danchurch lawyers representing the Danish donor body that first blew the whistle on the alleged misappropriation of funds

Despite calls for him to step down from the UN post in Geneva from parties across the political spectrum, Boesak has refused to go quietly, saying late on Tuesday that he believed he would emerge from the crisis

Mr Cyril Ramaphosa, secretary-general of the African National Congress, said Boesak would face a disciplinary hearing of the organisation's top structure should the allegations against him be proved Boesak's lawyers criticised the report as "extremely shocking and irresponsible" and said that Boesak had not been given the opportunity to respond to the allegations

The report slammed the foundation's trustees, terming the "cavalier and reckless fashion" in which they carried out their duties as "astounding" The report said loans had been taken by staff members "without reasonable expectation to repay" Foundation director Mr Freddy Steenkamp has already admitted that he took a loan of R800 000 from the foundation "Dr Boesak has enriched himself substantially at the expense of the foundation," it said "His explanation to date is that he did not know how his financial affairs were being conducted by Steenkamp"

Boesak is reeling from further allegations that his foundation misused funds donated by singer Paul Simon Archbishop Desmond Tutu said that he had called in police after preliminary investigations showed no record of R423 000 donated by Simon to the Children's Trust.

Boesak 'misused R1m funds'

(259)

CT 9/2/95

By CHRIS BATEMAN and WILLEM STEENKAMP

DR ALLAN BOESAK misused R1 million in Nordic funding — and only a quarter of the R4,7m donated to his Foundation for Peace and Justice (FPJ) went to apartheid victims, for whom it was intended, Nordic funders said yesterday.

The other three-quarters was spent on homes, cars and entertainment for him and his six FPJ staff

The claims were outlined by Mr Christian Baslev-Olesen, secretary general of Danish Christian Aid, after a stormy two-hour confrontation with Dr Boesak, his lawyer and two other FPJ trustees in the Swedish embassy in Cape Town.

The Nordic funders said they would now lodge a formal complaint with the police against the entire FPJ staff and give police the findings of their report which attempts to detail how more than R2,7m went missing.

After the meeting Dr Boesak came out with guns blazing, blaming former FPJ accountant Mr Freddie Steenkamp for the foundation's financial predicament.

He also accused the Scandinavian funders of trying to make a "scapegoat" of him

The report, he said, was "a farce" and "a grave travesty of justice"

Dr Boesak was adamant that he was innocent of any wrongdoing, and vowed to "do everything in my power to restore my reputation".

"I never stole any money," he said He denied ever taking any of the Scandinavian donations "for my personal use"

Referring to the report, Mr Baslev-Olesen claimed that Dr Boesak himself misused R1 million, Mr Steenkamp another million and the remaining staff members R700 000 - all "for their own benefit"

Only "very limited attempts" were made to repay anything

Dr Boesak justified a personal monthly salary of R20 000 "on merit"

Mr Baslev-Olesen described Dr Boesak's entertainment expenses as "massive", and said Nordic funds paid for Dr Boesak's renovated Constantia home and an extensive travel budget.

A lavish Cape Town wedding reception for Dr Boesak and his television producer wife Elna Botha in 1991 was paid for out of Nordic funds

Dr Boesak had also alledgedly used some R120 000 of the funds to pay off the new Mrs Boesak's debts.

Child victims

Mr Baslev-Olesen said they had heard "nothing new" from Dr Boesak yesterday that satisfactorily explained where the millions went.

They said the FPJ also owed local financial institutions R750 000 in bonded movable and immovable property and queries had arisen over R423 000 donated by American rock star Paul Simon for child victims of apartheid.

Mr Johan Brisman, of the Swedish development agency Sida, said the funders would explore civil litigation to try to recoup what they could in property and vehicles, but added: "I'm afraid a lot of it was actually consumed"

The Scandinavian pair, accompanied by probe co-ordinator Mr Greg Nott, flew to Pretoria last night to brief Deputy President Thabo Mbeki

Mr Mbeki is due to report to President Nelson Mandela by tomorrow and a decision on Dr Boesak's frozen appointment as South Africa's UN ambassador in Geneva is expected by early next week, a presidential spokesman confirmed

The Nordic donors said the FPJ misuse left needy groups without the support their agencies intended to give them

Flanked by his wife at a press conference after the meeting, Dr Boesak said he would seek an urgent meeting either with Mr Mandela or Mr Mbeki and ask the President to order an independent investigation into the report.

He had harsh words for Mr Steenkamp, whom he described in a statement written before his meeting yesterday with the funders and the investigating team that compiled the report, as "the kingpin in this whole affair"

Mr Steenkamp — who also handled all of Dr Boesak's personal financial affairs — was "a man who has everything to gain by implicating me", he said

He accused the investigating team of shying away from acting against Mr Steenkamp because they wanted him to co-operate with the probe

"I trusted him implicitly

"There is no reason I should not have trusted Freddie Steenkamp

"I feel a very deep sense of betrayal

"He deceived me on almost on a daily basis"

He said his posting to Geneva was uncertain, and the funders' intention to take criminal and civil action meant that it would "probably" have to be postponed.

Mrs Boesak said she wanted to return to her previous career as a television producer, but she did not know if she could obtain employment.

She said she would have to "walk the long road back to credibility"

UNBOWED ... UN ambassador-designate Dr Allan Boesak emerges from his stormy meeting with Nordic funders yesterday

Nordic donors 'will institute criminal action over misused funds'

EDWARD WEST

BD 9/2/95

CAPE TOWN — The Nordic donors who funded Allan Boesak's Foundation for Peace and Justice said yesterday they would institute criminal action against those connected with the foundation and staff who were involved with the misappropriation of funds. (259)

This was confirmed by Danchurch secretary-general Christian Balslev-Olesen after a meeting between donors and Boesak at the Swedish embassy in Cape Town

Balslev-Olesen alleged Boesak had used donor funds to pay for his wedding reception a few years ago The biggest component of the missing funds was about R2,7m used for foundation staff loans, while the foundation's entertainment expenses were "massive" compared with those of other non-governmental organisations

The Nordic donors said yesterday queries raised during the investigation included payments linked to settling Boesak's debts, the purchase of his house and the renovations thereof, and his extensive travel budget Their findings indicated that employees of the foundation, including its director, had enriched themselves substantially at the expense of the foundation

Boesak denied last night that he used Danish aid money for his wedding or any improper purpose Appearing on SABC's Agenda programme, he said the R100 000 deposit for his house had been received from other people overseas and it had all been above board The team investigating the money had asked the foundation's accountant, Freddy Steenkamp, how certain money had been used and Steenkamp had said it was for Boesak's wife "They accepted Steenkamp's word without asking me or my wife," Boesak said

Balslev-Olesen said donors had not been able to get a satisfactory explanation for the missing funds The viability of civil action to recover money from the relevant parties would also be assessed

A damaging report into the issue, commissioned by donors Danchurch Aid and drawn up and investigated by Johannesburg attorneys Bell, Dewar & Hall, would be made available today

Johan Brisman of the Swedish Embassy said lawyers had been instructed to hand over the report to police

Brisman and Balslev-Olesen are scheduled to discuss the issue with Deputy President Thabo Mbeki in Pretoria today

Brisman said the foundation owed about R750 000 to financial institutions

Sapa reports Boesak said he would seek an urgent meeting with President Nelson Mandela to request that an independent person be appointed to evaluate the report. He was prepared to withdraw as SA's ambassador-designate to the UN in Geneva "not because I am pleading guilty, but because of the intolerable situation created by this whole matter"

● Comment. Page 12

Leratong Hospital in Krugersdorp on Saturday.

Act will have to go, lawyer

(259)

Sowetan 9/2/95

By Mathatha Tsedu, Political Editor

SECTION 205 of the Criminal Procedure Act would have to go if legislation was enacted to protect civil servants who exposed corruption in government, a Wits University lawyer told a media conference yesterday.

Addressing delegates to the Freedom of Information Act conference at Rhodes University, Grahamstown, Ms Lene Johannessen, said if the new Act granted protection to "whistle blowers" on corruption, there would be no need to subpoena journalists to disclose their sources "if those sources can then not be prosecuted".

The conference was opened by deputy president Thabo Mbeki on Tuesday night, who called for the transparency of the new government to be used to benefit and empower the broad public.

Mbeki said while journalists would also be able to access information freely and easily from state departments, the major focus of freeing information should be directed at citizens who would need information to use to benefit themselves and their communities.

The chairperson of the Task Team to draw up legislation on the Act, Ms Mojanku Gumbi, said the hard-won democracy could not depend on the "benign attitude of our rulers".

■ EASY ACCESS

Journalists would get information freely:

Boesak seeks Mandela's aid

Cape Town — Dr Allan Boesak and other Foundation for Peace and Justice (FPJ) members may face criminal and civil action over the alleged misappropriation of aid funds.

Boesak, who remains defiant, is seeking an urgent meeting today with President Mandela or Deputy President Thabo Mbeki to ask for an independent assessment of evidence against him

Mbeki is to meet a representative from Danish aid organisation Danchurch Aid in Pretoria today to discuss a damning lawyers' report on the FPJ

Star 9/2/95

Danchurch Aid and other donors met Boesak in Cape Town yesterday and released a statement saying that only a quarter of the money donated by Scandinavian countries to the FPJ was spent on intended projects, while the remainder was swallowed up by staff loans totalling R2,7 million.

"The donors have not found the explanation given (by Boesak) satisfactory," the statement said If a satisfactory response were not forthcoming, they would institute legal action, said the donors.

The statement said the FPJ, of which Boesak is the director, had given him and other staff members enormous loans over a period of five years Boesak received R1 million.

"The loans were used by the recipients for their own benefit. Only very limited efforts to repay the loans have been made," said the statement from Danchurch Aid, the Church of Norway's Council of Foreign Relations, the Olof Palme International Centre and the Swedish International Development Agency (Sida)

The statement said a lawyers' investigation into the FPJ

▶ To Page 3 (259)

Boesak pleads for fair hearing

(259) Star 9/2/95

◀ From Page 1

which the donors commissioned concluded that the trustees of the FPJ "acquitted themselves of their duties to account, to supervise and to avoid conflict of interests in a way that is characterised as 'astounding' ".

"The findings also indicate that employees of the foundation, including its director, have enriched themselves substantially at the expense of the foundation," it said.

Boesak said after two hours of talks with the Danish charity officials that they had made up their minds about the allegations before the meeting and he had not had a proper chance to put his side of the story

Last night, at an impromptu press conference at his Constantia home, Boesak dismissed the meeting as a farce and said he had not been given a fair opportunity to respond to charges detailed in a report commissioned by the donors.

"The meeting yielded nothing. Danchurch and Sida had already made up their minds to lay criminal charges against the foundation and myself.

"I was expected to respond in two days to a report which was compiled over three months"

Boesak said he would seek an urgent meeting with President Mandela or Deputy President Thabo Mbeki to request that an independent person be appointed to evaluate the report compiled by Johannesburg attorneys on behalf of the donors.

Boesak said he was prepared to withdraw as South Africa's ambassador-designate to the United Nations in Geneva "not because I am pleading guilty, but because of the intolerable situation created by this whole matter.

"Now that there is the possibility of criminal charges, which may be a long drawn-out process, my appointment to Geneva cannot go through until it is resolved."

He said Athlone lawyers Moosa and Associates were assisting him *pro bono*, "since I cannot pay them" — Political Staff, Reuter, Sapa.

Mystery of the missing millions

ARG 9/2/95 (259)

☐ *Danes ask: Where did the money go?*

JENNY VIALL
Staff Reporter

ONLY a quarter of the money donated by Nordic countries found its way to Foundation for Peace and Justice projects, while the rest — R2,7 million — found its way into the pockets of foundation employees

So accused a Danchurch Aid delegation at a Press conference after a meeting with Allan Boesak and two foundation trustees, Jan de Waal and clergyman Pierre van den Heever yesterday

It also emerged yesterday that funds from the FPJ were used to finance Allan and Elna Boesak's wedding reception

The Danchurch Aid delegation of Christian Balslev-Olesen, Secretary-General of Danchurch Aid, and Johan Brisman of the Swedish Embassy, said it was difficult to say how much of the loans could be recovered as some of the money had gone into property

Freddie Steenkamp, FPJ bookkeeper, owned property, but some of it was bonded

"A lot seems to have gone elsewhere," said Mr Balslev-Olesen

The FPJ had lent more than R2,7 million to its seven employees — R1 million had been lent to Dr Boesak and R1 million to Mr Steenkamp The FPJ had also bought cars for some of its staff

Staff loans had to be approved by two of the three members members of the staff, Dr Boesak, Mr Steenkamp and Lucille Fester

Dr Boesak had justified a monthly income of R20 000 on merit, said Mr Balslev-Olesen His official salary was R8 000 A "massive" amount had been spent on entertainment, "considering what an NGO would be expected to spend"

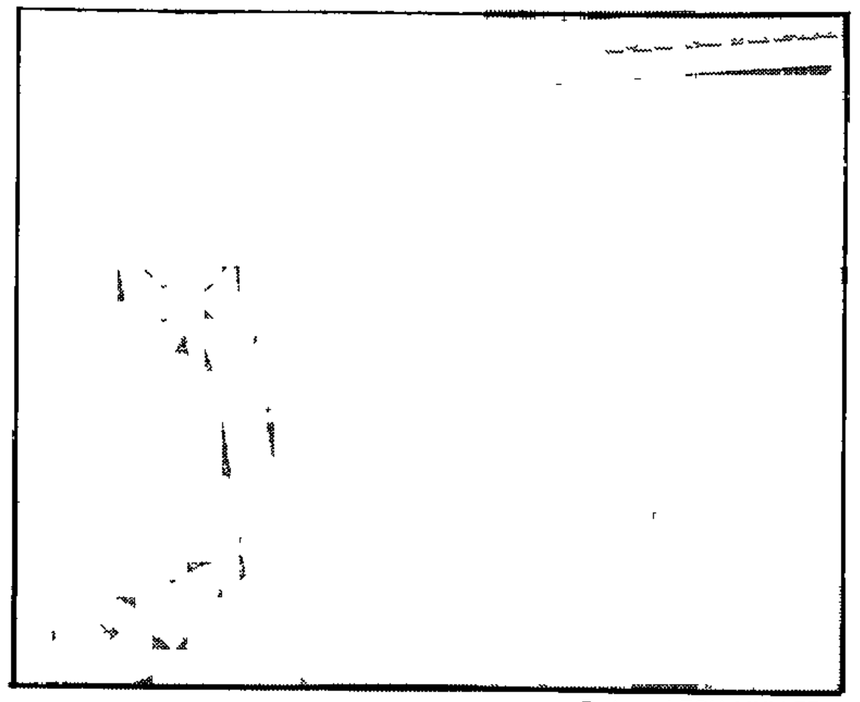
The Foundation was in debt to financial institutions to the tune of R750 000 Movable and immovable property had been bonded to secure this overdraft

It would not be possible to sell Elna Boesak's fully-equipped video studio as it was bonded to the bank, said Mr Brisman

Asked how this matter would affect Nordic aid, Mr Brisman said "We have a long history of supporting victims of apartheid, and in the past 100 percent control was not possible Today it is different

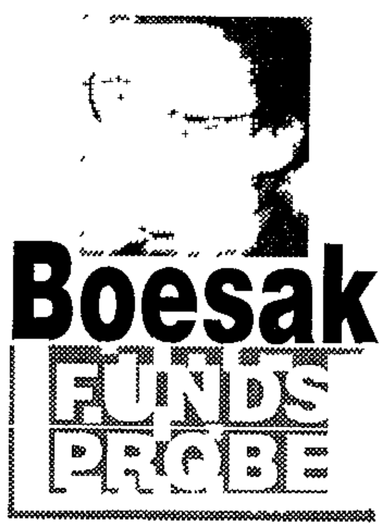
"We have increased our control procedures considerably Donor organisations are demanding stricter controls on accountability It is not because of what has happened, but because it is easier now

"The Nordic donors wish to express concern that needy groups have been left without support that the Nordic agencies had intended to give them," he said



Picture LEON MULLER

DELEGATION: Swedish ambassador Johan Brisman, left, with the Secretary-General of Danchurch Aid Christian Balslev-Olesen



Bookkeeper blamed for funding fiasco

MICHAEL MORRIS
Political Correspondent

FREDDIE Steenkamp, bookkeeper for the Foundation for Peace and Justice, has been saddled by his long-time associate Allan Boesak with virtually the entire blame for the funding fiasco.

Mr Steenkamp, who has been advised by his lawyers to remain silent, has already admitted taking a loan from FPJ funds

But Dr Boesak yesterday lambasted the bookkeeper for having "abused my trust".

He said he felt "a very deep sense of betrayal" over FPJ staff who took money without authorisation.

"These are people I trusted with my life.

"Freddie Steenkamp is a man I entrusted with my own financial affairs. He filled in my tax forms every year.

"The bookkeeper is someone who had come with me from the church I have known him for 15 years and I trusted him implicitly There was never any indication that I should not trust him "

Dr Boesak said he relied on Mr Steenkamp because "I seize up when I see figures. I hate these things".

He also charged that the investigating team commissioned by Scandinavian donors to look into the FPJ's affairs "have decided to take the word of someone (Mr Steenkamp) who is acknowledged to have taken funds, and who has everything to gain from implicating me".

He said Mr Steenkamp had told him at their last meeting that he had "speculated" with sums taken from the FPJ, but could not say why

"In retrospect," Dr Boesak acknowledged, "I should not have trusted people so much, I should have been a tougher boss . that's a lesson one learns only once."

Wide media coverage in Britain

GARNER THOMSON
Argus Foreign Service

LONDON — Allan Boesak's alleged misuse of charity funds has received wide media coverage in Britain where, until now, he has been hailed as a champion in the battle against apartheid

All the country's major newspapers publish reports on the alleged misappropriation of funds and one sees the incident as a major test for the Mandela government

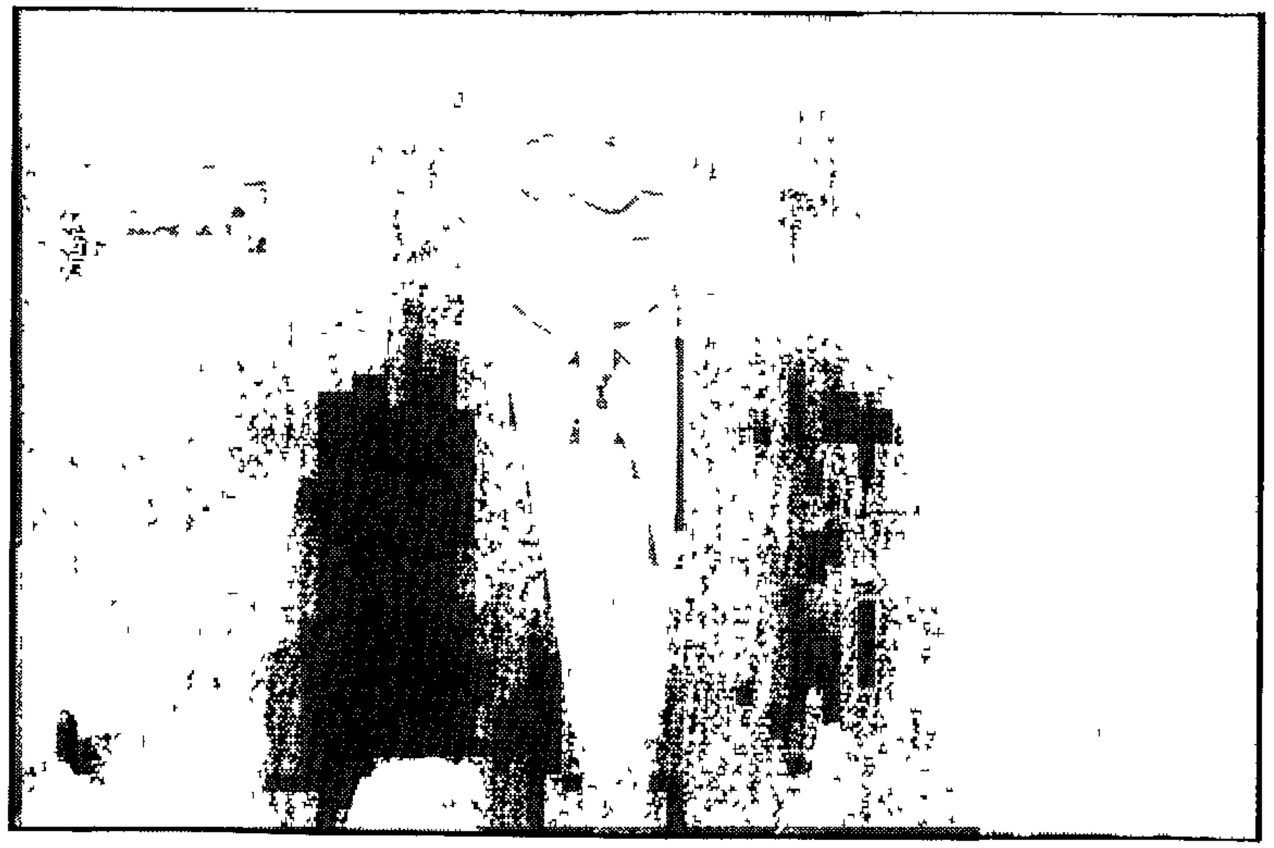
The Financial Times emphasises the report of a Johannesburg law firm which alleged that trustees of the Foundation for Peace and Justice had carried out their duties in a "cavalier and reckless fashion"

The Financial Times's report adds that police in Cape Town are investigating new allegations that a further R423 000 given by American singer Paul Simon has gone missing from the Children's Trust, a charity also administered by Dr Boesak

The Daily Telegraph's account covers six columns of its foreign news page and includes Dr Boesak's response that the report was "one-sided" and "incomplete"

The Guardian makes the news its second most important page one report under the headline "Graft claims put pressure on Mandela "

It says "Nelson Mandela is likely to be forced into his first action on corruption allegations bedevilling his government in the face of new charges levelled at his ambassador-designate to the UN, the Reverend Allan Boesak "



Picture LEON MULLER, The Argus

ON THE SPOT: Allan Boesak leaves the Press conference flanked by journalists

Danes give R1,5-m for SA victims

ANDREA WEISS
Staff Reporter

THE Danish government is giving R1,5 million to a presidential fund to compensate victims of human rights violations.

The money is part of a R400 million Danish aid package to South Africa to be provided over the next five years. The recipients will be victims identified by the truth and reconciliation commission.

The announcement was made today by Danish ambassador Alf Jonsson at a press briefing on the proposed truth commission by Justice Minister Dullah Omar

The ambassador declined to be drawn on the Allan Boesak affair, saying that was between Dr Boesak and DanChurch.

The R1,5 million compensation would be paid directly into the President's Fund and would be government-controlled.

In another indication of foreign support, Mr Omar said the investigative teams that would be needed during the truth commission might be helped by the European Community.

Mr Omar indicated that even those who were found guilty of violations might be extended a "healing hand", perhaps in the form of counselling.

"We are dealing with human beings and the healing of a nation as a whole," he said.

Boesak plea to Mandela

(Continued from page 1)

along the line who have to assume responsibility

"Dr Boesak said nothing new to Danchurch Aid today and had no satisfactory explanation for paying off Mrs Boesak's debts, the purchase of his house and renovations to it

"He accepted irregularities had taken place, but says he had no knowledge of and responsibility for them This is strange," said Mr Brisman

Dr Boesak said he would ask Mr Mandela to appoint an independent person to study the report and his own responses "to see whether that person comes to the same conclusion as the investigating team"

He said that the possibility of criminal action meant there would probably be a "long, drawn-out process and that means that Geneva (his posting there as ambassador to the UN) probably for the moment cannot go ahead"

He would not put pressure on Mr Mandela to confirm the appointment and would withdraw if asked by the president

His next course of action would depend on the outcome of police investigations

He said a court hearing might be welcome "In open court, maybe an objective measure will be used to find the truth "

His principle objective now was "to do everything in my power to restore my reputation and salvage my good name"

"I speak with anger in my heart and a lot of hurt," he said "I have spent most of my life fighting for justice, but now .. the justice I fought for is not meant for me"

Leratong Hospital in Krugersdorp on Saturday.

Act will have to go, lawyer

(259)

Sowetan 9/2/95

By Mathatha Tsedu,
Political Editor

SECTION 205 of the Criminal Procedure Act would have to go if legislation was enacted to protect civil servants who exposed corruption in government, a Wits University lawyer told a media conference yesterday.

Addressing delegates to the Freedom of Information Act conference at Rhodes University, Grahamstown, Ms Lene Johannessen, said if the new Act granted protection to "whistle blowers" on corruption, there would be no need to subpoena journalists to disclose their sources "if those sources can then not be prosecuted"

The conference was opened by deputy president Thabo Mbeki on Tuesday night, who called for the transparency of the new government to be used to benefit and empower the broad public

■ EASY ACCESS

Journalists would get information freely:

Mbeki said while journalists would also be able to access information freely and easily from state departments, the major focus of freeing information should be directed at citizens who would need information to use to benefit themselves and their communities

The chairperson of the Task Team to draw up legislation on the Act, Ms Mojanku Gumbi, said the hard-won democracy could not depend on the "benign attitude of our rulers"

Him & Her

CONT

ALLAN BOESAK: *'A grave travesty of justice'* (259)

ELNA BOESAK: *'Negative, damaging publicity'*

MICHAEL MORRIS
Political Correspondent
and JENNY VIALL, Staff Reporter

A DESPERATE but defiant Allan Boesak is making a final plea to President Mandela today for a fresh hearing as police prepare to investigate criminal charges arising from the Foundation for Peace and Justice scandal.

He is seeking a meeting with Deputy President Thabo Mbeki or Mr Mandela to ask for an independent assessment of the evidence

His plea came as the Scandinavian donors, Danchurch Aid, claimed that only a quarter of the money donated by Nordic countries to the FPJ was actually spent on intended projects, while the remaining 75 percent was swallowed up by staff loans totalling R2,7 million

The donors said the charges were so serious that police were being called in to investigate criminal charges and possible civil action

The full report was expected to be released in Johannesburg today

Mr Mbeki met representatives of the Scandinavian donors in Pretoria this morning A spokesman said no decisions were taken in the hour-long meeting

In a further development today, the FPJ's auditors, M Brey and Associates, denied Dr Boesak's claim on television last night that his pay package had been "determined by the auditors" or that, when donor funds were delayed "the auditors authorised a 'bonus' payment (or words to that effect) for him"

Dr Boesak — who seemed resigned to the fact that his ambassadorial posting to the United Nations in Geneva "probably cannot go ahead" — launched his desperate effort to clear his name after facing his accusers in a two-hour meeting yesterday afternoon

He dismissed the investigation as "grossly unfair and unjust and a grave travesty of justice", and slammed the report on it as incomplete, one-sided and bordering on grave irresponsibility

Dr Boesak's dismissal of the allegations against him followed the meeting with Danchurch Aid secretary-general Christian Balslev-Olesen and Johan Brisman of the Swedish embassy, who said he had not offered a satisfactory explanation

He said later this was a lie and described the meeting with the donors as farcical It was impossible to respond to a three-month investigation in two days

He had not been given an opportunity to defend himself during the investigation, and he and the FPJ were being turned into a scapegoat

Dr Boesak added that his lawyers viewed the damning report as pathetic, pitiful and generally not worth the paper it was written on

Insisting he had not stolen or misused donors' money, he continued to blame FPJ bookkeeper Freddie Steenkamp for the scandal

However, he acknowledged that "with hindsight, I should have tried to be a far better manager than I was"

Speaking after meeting Dr Boesak, Mr Brisman said "Such a serious matter has to go to the police

"We will institute criminal action against all people connected with the foundation who may be involved in the misappropriation of money

"We will assess the viability of civil action to recover money against relevant people indentified in the report."

Mr Balslev-Olesen noted "It's a tragedy that less than 25 percent of the money reached its target There must be people

(Turn to page 3, col 8)

ARG 9/2/95

Elna's road to credibility a hard one

MICHAEL MORRIS
Political Correspondent

ELNA Boesak has described the difficult challenge of regaining credibility after the "damaging publicity" given to the controversy over her husband's financial affairs.

She was keen to return to work as a producer — and would have to do so if Dr Boesak's ambassadorial posting fell through — but acknowledged the difficulties.

Wearing a blue sleeveless blouse and with her hair tied in a green floral scarf, Mrs Boesak was the picture of composure as she sat next to her husband at the press conference at their Constantia home last evening.

She spoke confidently when asked whether she would return to work if the Geneva posting fell through.

"That's what I have always wanted and would prefer."

But she added: "The question is, in the light of the negative and damaging publicity, would any one of your newspapers employ me? Or the SABC?"

She was "walking the road back to credibility" and would not set out to find a job in a way which might suggest she was merely "defending myself or my husband".

Mrs Boesak said she would want to be employed for being "a good producer".

"I would like to do that for the rest of my life," she said.

ARGUS
9-2-95

Picture LEON MULLER The Argus

SPEAKING OUT: Allan Boesak and his wife Elna face the Press after Nordic funders released a finding which blames him for misuse of aid funds.

Judge to probe civil service for possible irregularities

(259)

A commission of inquiry was established by Mr Acting Justice Jules Browde yesterday to investigate possible irregularities in the public service between April and September last year.

Browde said the investigation would encompass the volatile period before and after the April 27 1994 election during which people in the service "could have exploited the situation by improperly improving their own or other persons' positions".

The commission, comprising Browde and five other attorneys, is empowered to review and, if necessary, "reverse or alter" contracts, promotions and awards or benefits received during this period.

Star 10/2/95

Browde said it was imperative that anyone who was aware of such an irregularity should provide this information to a minister of the Cabinet — Staff Reporter

Judge warns on govt irregularities

PRETORIA. —Any irregularity found in the awarding of a government contract or appointment and promotion in the civil service between April, 1993, and September last year may lead to it being altered of cancelled, judicial commission chairman Mr Acting Justice Jules Browde warned yesterday.

He was speaking at the first public appearance here of the commission which was appointed by President Nelson Mandela last week.

The commission will have vast powers to review appointments, new contracts and promotions in the former TBVC and SA civil services between April 27, 1993, and September 30 last year.

In terms of the interim constitution, the six-man commission can only review cases brought to its attention by cabinet ministers or members of provincial executives. The public can ask a minister to raise suspected irregularities in the public service

Hearings would be held here and be open to the public. (~~251~~) (259)

The commission's brief might also include investigating large gratuities paid to public servants during the period. — Sapa

CT 10/2/95

'The day Boesak charm dried up'

Star 10/2/95 (259)

■ BY BRONWYN LITTLETON

The lawyers' report into money missing from two trusts run by Dr Allan Boesak states that Boesak was "charming, obliging and willing to assist" the investigation — until January 27

That was the day he discovered the lawyers had found out that money in a bank account for the Children's Trust Fund (CTF) had been moved into another Boesak organisation, the Freedom and Peace Foundation (FPJ)

The CTF account was emptied in 1992 and yet the FPJ charged it R10 280 in administration costs for the 1993 financial year.

Only one transaction was conducted for that fee — the one which emptied the account

The money was donated by the American rock singer Paul Simon to help child victims of apartheid Instead it was drained from the Children's Trust Fund account and used to repay loans for Boesak and other Foundation for Peace and Justice staff, according to the lawyers' report

The FPJ general ledger, kept by Freddy Steenkamp, shows that R447 111,99 was withdrawn from the CTF bank account and deposited in the FPJ account in April 1992, where it was credited to debtors' loans.

The sum was never reflected on the balance sheet because it was used against the debtors' loans — most of which

▶ To Page 3

Sash rejects Burton resignation

The Black Sash has refused to accept yesterday's resignation of its national president, Mary Burton She has offered to stand down from all trusts and boards due to the controversy over funds missing from the Children's Trust Fund She was a trustee of the CTF which was run by Dr Allan Boesak's organisation

Burton said this morning that she had decided to continue as a Black Sash trustee

Her resignation follows reports that R423 000 donated in 1998 to the Children's Trust by American singer Paul Simon had gone missing

Other trustees include Archbishop Desmond Tutu who, with Burton, asked police to investigate the CTF a few days ago

Burton said yesterday "The trustees of the Children's Trust had not been presented with a financial statement or an audited account since 1991 I ought to have demanded that the books be made available to us

I therefore believe that I must tender my resignation to other trusts and boards on which I serve "

Today she said she had not sought legal advice on her obligations as a trustee of the fund, but she had felt morally obliged to offer to stand down

Sheena Duncan, chairman of the Black Sash Advice Office Trust which yesterday unanimously rejected Burton's offer to resign, said Burton was "a wonderful, reliable trustee"

— Staff Reporter

Books reveal how money drained away

◀ From Page 1 (259)

were staff loans

The report of a legal firm's investigation into the affairs of the FPJ was officially released yesterday on instructions from the Danish donors, Danchurch Aid, who ordered the investigation Star 10/2/95

The books kept by Steenkamp (who also kept the books for the CTF) form part of the report. It concludes that Boesak "enriched himself at the expense of the foundation".

It does not separate "enrichment" from Danish funds to that from other sources, including Paul Simon's donation to CTF funds. Simon donated R423 000 from his 1988 world tour to the fund

The report confirms what is reflected in the books. "The staff loans accounts in this year (1992) were settled by transferring the sum of R447 111,99 from the Children's Trust bank account to this (the debtors' loans) account "

After writing off the staff loans, a debit balance of R62 153,91 remains in the ledger The lawyers could not find this recorded in the balance sheet

The money that went missing from the CTF is now the subject of a top-level police investigation.

The lawyers' report and FPJ books also indicate that money was drawn from other accounts and used by Boesak and his staff.

The Urban Discretionary account was opened by the FPJ and, when law firm Bell, Dewar and Hall began its investigation, Steenkamp said he had lost the cashbook, bank statements, deposit slips and most of the vouchers relevant to the account He later agreed to reconstruct the cashbook from those receipts he could find

The report says Boesak drew a total of R463 089 from this account and his wife Elna drew R149 773

The report states "It appears from explanations that money was used by Allan Boesak to repay debts owing by Elna Boesak for the purchase of a house in Constantia, for alterations to the house and for bond repay ments."

According to the report, Boesak later told lawyers investigating the case that the home had been bought as his status demanded such a home where he could entertain guests and dignitaries

Altogether, Boesak took about R1 million in loans from the various accounts administered by the FPJ Staff loans totalled R2,7 million.

The lawyers found no record of any repayments by Boesak, although small amounts were repaid by other staff members.

In 1993, R95 000 in respect of staff loans was written off to "conflict management project" expenses.

Another R58 000 in respect of staff loans was written off

Staff loans — which were taken out without any agreement over repayment — first became a feature of the records of the foundation in 1990

This was the year Steenkamp became a full-time FPJ staff member.

Boesak has dismissed the report as one-sided and said he had not been given a fair chance to respond to the allegations.

In a letter to Danchurch Aid director Christian Balslev-Olesen on January 31, Boesak attacked Olesen and his legal team saying "they did not care" and asking where was their "compassion" and "Christian honour"

"As I have told you, I am willing to pay for any mistakes I have made You and I know, and your team knows, I have not enriched myself

"Not often have I been treated with such arrogant contempt, or has my life been played with with such casual indifference.

"I shudder to think that my future, after all these many years and the threats of a white apartheid regime, is now in the hands of such people "

No plans to stop aid, say Danes

Cape Town — Denmark will continue its five-year, R400 million aid programme to South Africa despite a scandal over the reported misuse of anti-apartheid funds, Danish ambassador Alf Jönsson said yesterday.

He declined to comment specifically on a decision by Danish and Swedish aid agencies to call for a police investigation into the misuse of about R3,5 million donated to Allan Boesak's Foundation for Peace and Justice (FPJ)

Announcing the allocation of R1,5 million to a special fund for victims of human rights abuses under apartheid, Jönsson said Denmark remained determined "to contribute to the final closing of a dark chapter in the history of South Africa"

■ Auditors for the FPJ said yesterday they had accepted an apology from Danchurch Aid in connection with reports alleging they had falsified accounts to conceal unauthorised loans — Reuter

Karoo centres lost thousands in aid

(259) CT 10/2/95

By CHRIS BATEMAN

ABOUT 50 projects involving early learning centres in the Karoo lost "hundreds of thousands of development rands" because Dr Allan Boesak's Foundation for Peace and Justice (FPJ) misused Danish funding

This was said yesterday by Mr Christian Baslev-Olesen, secretary-general of Danchurch Aid, on the eve of his departure for Copenhagen

He was speaking just hours after he and Swedish development chief Mr Johan Brisman briefed Deputy President Thabo Mbeki, whom Mr Baslev-Olesen said "was eager to get our opinion and the full context" of their findings

The funding probe concluded that Dr Boesak personally misused R1 million, his financial director, Mr Freddie Steenkamp, another million and five other staff members a total of R700 000

Mr Baslev-Olesen expressed concern for "project holders" in the Karoo who "are suffering because of this (misuse of funds)", adding "we hope to return and look into specific projects that were supposed to get funds"

FPJ auditors Mustaq Brey and Associates yesterday denied suggestions by Dr Boesak on the SABC television programme Agenda that they had decided on his R20 000 a month salary package Mr Brey told the Cape Times he had also received a written apology on behalf of Danchurch Aid for an earlier allegation that his company had falsified the FPJ's financial reports

Mr Greg Nott, legal-coordinator of the Danchurch probe, confirmed sending the letter of apology and said the comment came as a result of a "misunderstanding" by his client

FPJ's Steenkamp takes cover after funders' report

CT 10/2/95 (259)

Staff Reporter

THE former financial director of Dr Allan Boesak's embattled Foundation for Peace and Justice, Mr Freddie Steenkamp, appears to have gone to ground.

Attempts to reach Mr Steenkamp, accused by the FPJ's Scandinavian funders of stealing R1 million and by Dr Boesak as being "the kingpin behind this affair", have proved unsuccessful The funders are considering action against certain FPJ employees

Burton resigns all positions

JOHANNESBURG — Black Sash national president Mrs Mary Burton resigned from all trusts and boards on which she serves yesterday, in the wake of reports that R423 000 donated in 1988 by US singer Paul Simon to the Children's Trust, of which she is also a trustee, has gone missing

The Children's Trust was administered by Dr Allan Boesak's Foundation for Peace and Justice

She said she felt responsible for not checking the trust's financial statements — Sapa

CT 10/2/95

(259)

From Page 1

The report states: "It appears from explanations that money was used by Dr Boesak to repay debts owing by Mrs Elna Boesak for the purchase of a house in Constantia, for alterations to the house and for bond repayments."

According to the report, Dr Boesak later told lawyers investigating the case that the home had been bought, as his status demanded such a home where he could entertain guests and dignitaries.

Altogether, Dr Boesak took about R1 million in loans from the various accounts administered by the FPJ. Staff loans totalled R2,7 million The lawyers found no record of any repayments by Dr Boesak, although small amounts were repaid by other staff members.

In 1993, R95 000 in respect of staff loans was written off to "conflict management project" expenses. Another R58 000 in respect of staff loans was written off to staff costs. Staff loans – which were taken out without any agreement over repayment – first became a feature of the records of the Foundation in 1990. This was the year that Mr Steenkamp became a full-time FPJ staff member

Dr Boesak has dismissed the report as one-sided and said that he had not been given a fair chance to respond to the allegations.

In an emotional letter to Danchurch Aid director Mr Christian Balslev-Olesen on January 31, Dr Boesak launches into an attack on Mr Olesen and his legal team. "You don't care. As I have told you, I am willing to pay for any mistakes I have made. You and I know I have not enriched myself.

Dr Boesak's political and diplomatic future is now in the hands of President Nelson Mandela, who was briefed by deputy president Thabo Mbeki yesterday.

His plea for a meeting with President Mandela to discuss his future has so far fallen on deaf ears. Mr Mbeki yesterday met with a representative of the Swedish International Development Agency (SIDA), one of the Scandinavian donors who have vowed to press charges against Dr Boesak and other staff members of the FPJ. (259) CT 10/2/95

WEEKLY MAIL & GUARDIAN
February 10 to 16 1995

FPJ trustees covered their backs

WM 10-16/2/95 (259)

A clause in the FPJ's trust was designed to indemnify its trustees. **Justin Pearce** and **Pat Sidley** report

THE trustees of Allan Boesak's Foundation for Peace and Justice attempted to indemnify themselves against allegations of fraud after R400 000 of Children's Trust money had already been removed from its account into that of the Foundation This is among the disclosures made in the evidence collected by lawyers investigating the financial affairs of the FPJ on behalf of its Scandinavian funders and released on Thursday

The foundation's legal papers constituting the FPJ as a trust were drawn up twice — at its formation in 1985 and again in 1991 They were altered again in 1993 to insert a clause in which trustees stated that they would not be liable for losses caused by "improper investments" made in good faith, or caused by anybody employed by the trust even if fraud was involved.

Among the trustees at that stage was Boesak, who may face criminal prosecution for his role in the misappropriation of the money

The investigating lawyers have slammed the conduct of the trustees who failed to ensure that the huge amounts of money involved did not go astray.The chairman of the board of trustees, Ds Jan de Waal, has previously told the *Weekly Mail & Guardian* that he did not believe the trustees could be held responsible for any problems that occurred in the running of the foundation And both De Waal and Boesak have tried to defend themselves by blaming the bookkeeper, Freddie Steenkamp, for the amounts missing

But the lawyers investigating the case on behalf of DanChurch Aid note in the 600 pages of documented evidence that the Trust Property Control Act is likely to preclude the validity of such an indemnity. They believe Boesak could not defend himself with the indemnity clause

In April 1991, according to the investigators, R447 111,99 was removed from the Children's Trust account, placed in the account of the FPJ and used to credit staff loans. Very little of this money was ever used by the children for whom it was intended, despite pleas to the trust for small amounts to feed starving and destitute children in townships.

In the year in which the foundation paid from the Children's Trust such small amounts as R1 200 for "children's reports" and R643,61 for the Bhongolethu Child Care Centre, the FPJ paid itself R53 066,02 as administration costs for running the Children's Trust books The report says Boesak, while initially co-operative with the investigation, suddenly appeared to become less co-operative early this year. The report suggests that it was the disclosure that the Children's Trust money had been diverted from its intended purposes that might have accounted for Boesak's lack of co-operation He had spoken to the investigating lawyers on December 23 1994 but declined an invitation to talk to them again on January 27 1995

According to the report, Boesak, together with Steenkamp and a Mr Mukadan of FPJ's auditors Mustaq Brey and Associates, decided two or three years ago to increase Boesak's monthly salary from R8 000 to R20 000 This decision was taken on the grounds that Boesak "had sacrificed a lot financially for the struggle" and that he had been offered overseas jobs which would have paid in excess of R20 000 a month.

A conscious effort was made to conceal the salary increase from the donors, and this was effected by paying Boesak's home bond repayments and other accounts from FPJ funds

Boesak had often said he would like an increase in the salaries of other low-paid FPJ staff but always told them there was insufficient funding for this

The report says the auditors were aware of the disappearance of money into "staff loans", but let this by on the understanding that these loans were a front for the funding of political activities. the "struggle bookkeeping" which channelled foreign funds to anti-apartheid activities in the 1980s On the books, these loans would be written off as expenses

The report confirms a *WM&G* report in January that Boesak and Steenkamp set up the Rural Ministries and Development Trust as a means of channelling funds to profit-making self-sustaining development projects

The RMDT was established at the request of the Cross Times Trust, which asked FPJ to help secure loans to capitalise development projects Since such funding did not fall within the scope of FPJ activities, Boesak and Steenkamp set up the RMDT without the knowledge of FPJ's overseas funders. At least R441 000 of FPJ money was channelled into RMDT projects, for the Kings Hotel project in East London and the San Sebastian residential development project in Cape Town

The report also indicates that the FPJ purchased a house in Guguletu which is currently occupied rent-free by senator Christmas Tinto.

It also tells of FPJ funds being used for a trip to Egypt for Allan and Elna Boesak, a trip to Altanta in the USA for Boesak's personal assistant Norman Michaels, and travelling expenses for ANC election campaigners

Among the other FPJ staff members who reportedly received "loans" from the FPJ are Boesak's secretary Lucille Fester and staffers Leslie Liddell and Sandra Vlotman, who last month went to the press with allegations of mismanagement at FPJ.

WEEKLY MAIL & GUARDIAN
February 10 to 16 1995

Human rights man tipped for public protector

WM 10-16/2/95

Gaye Davis in Parliament

FRONT-RUNNER for the post of public protector — who will stand between citizens and government corruption, maladministration and abuse of power — is Brian Currin, the former national director of Lawyers for Human Rights.

Democratic Party senator James Selfe said "hundreds" of nominations had flooded in for both the post of public protector and Human Rights Commission members.

"About 20 different institutions have nominated Currin for the post of public protector," he said.

A joint parliamentary committee, made up of one representative from each party in the assembly and the senate, was sifting through the nominations to see who qualified. The committee would draw up a list of nominees it wanted to interview and these hearings would be public, he said.

(259)

"The committee will then make its recommendations, to be approved by a 75 percent majority in both houses." The final appointment would be made by President Nelson Mandela.

The public protector will be appointed for a seven-year term and will have powers to issue subpoenae as well as search and seizure in investigating any abuse of power at any level of government. Also charged with resolving disputes, the public protector will make an annual report to parliament.

Selfe said he expected a public protector to have been appointed by mid-March and the Human Rights Commission — which will investigate and report on human rights violations — to be established soon after mid-April. Former DP MP Helen Suzman and Black Sash stalwart Mary Burton are among the nominees for the Human Rights Commission.

Kalako probe will be public

(259)

MICHAEL MORRIS
Political Correspondent

HEARINGS into allegations that Western Cape Environment Minister Lerumo Kalako misappropriated public funds during a trip to Australia will be open to the public and the Press. ARG 10/2/95

The commission of inquiry, headed by former Cape Attorney-General Niel Rossouw, will sit in open session at the Civic Centre on the Foreshore.

No date has been set for the start of the hearings, but it is likely to be next week.

The commission has until the end of February to complete its investigation and report to the provincial parliament.

Commission secretary Robby Vincent confirmed that the hearings would be open to the public and the Press.

The three-member commission was appointed by the regional parliament. Mr Kalako has denied any wrongdoing.

Tutu on Boesak and missing funds

ARG 10/2/95 (259)

Tutu on Boesak, funds

ARG 10/2/95

(Continued from page 1)

year period to Dr Boesak himself and to several other staff members

Dr Boesak has denied the allegations, and called the investigation one-sided and unjust

He has accused the investigators of racism and "security police tactics"

Foundation trustees Jan de Waal and Pierre van der Heever have also slammed the probe as "one-sided" for having depended solely on the word of foundation accountant Freddie Steenkamp.

But while Dr Boesak and colleagues have kept up a war of words against the investigation's findings, it seemed unlikely he would get a presidential audience to seek a fresh hearing

A spokesman for President Mandela said no meeting had been scheduled with Dr Boesak There is a suggestion, however, that a meeting might be arranged for the weekend

The president is to be briefed on the report next week and will consult lawyers before deciding on Dr Boesak's future

In a further development, Dr Boesak asked in a letter to overseas VIPs, including the head of the World Council of Churches and the Swedish premier, why "one of our people" had not been used in the investigation

He slammed the use of a white legal firm

Asked about Dr Boesak's allegations about the race of the investigating team, Archbishop Tutu said today he was sure that if there was any kind of bias in the investigation "it will come out in the wash"

Dr Boesak said an objective tribunal, using "our own" lawyers, should have been set up

The investigating team had used "security police tactics" and had played psychological games with him and his family

They had attempted to get him to crack and confess to things he had not done simply to escape the pressure

In a letter to Danchurch Aid director Christian Balslev-Olesen on January 31, Dr Boesak said "You don't care Even if here is no honour left, Christian, is here no compassion?

"As I have told you, I am willing to pay for any mistakes I have made You and I know, and your team knows, I have not enriched myself"

Mr Van den Heever and Mr De Waal said those implicated had not been given the chance to respond before the report was released

They said they had not enriched themselves

Political Staff, Sapa and Reuter

ARCHBISHOP Desmond Tutu has spoken of his deep concern about the R423 000 missing from the Children's Trust, and of Allan Boesak seeking to take up his ambassadorial post in Geneva "under a cloud".

Speaking on his return from Oxford, the archbishop said his chief concern was to find the Children's Trust funds.

He said in a statement on Monday that as one of the trustees of the fund he had asked the police to investigate the whereabouts of the R423 000 donated to the Children's Trust — and administered by

■ **Day of the fateful discovery: page 21**

Dr Boesak's Foundation for Peace and Justice — by singer Paul Simon following his 1988 Gracelands tour of South Africa

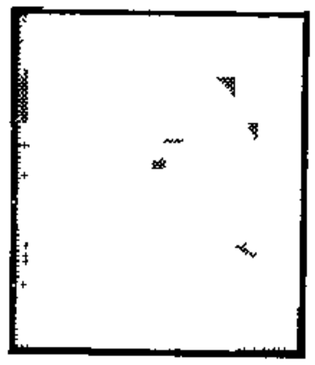
Archbishop Tutu also felt that Dr Boesak should not accept the Geneva post until the scandal over the alleged misappropriation of donor funds had been settled

"My own view is that his work would be hampered until everything is cleared

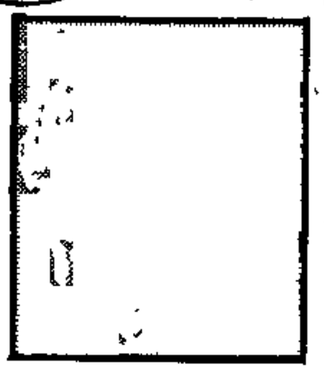
"I would've thought that you don't want to go into any important position with a cloud of this kind hanging over you"

He added that if everything were sorted out satisfactorily he thought Dr Boesak would be the ideal person.

"He's a very gifted person and that is



BOESAK: Under a cloud



TUTU: Deep concern

why my devastation and distress are so great

"Dr Boesak has played a tremendous role in our struggle and I would want to see him cleared I hope it will happen"

The archbishop said he was particularly anxious to get to the bottom of the missing Children's Trust funds, and to establish whether the money was recoverable

He felt the police were probably the best people to investigate this

He also felt co-trustee Mary Burton was being "too harsh" on herself in resigning her post on this and other charity organisations in which she was involved

"It's not her fault There has been no dereliction of duty on her part," Archbishop Tutu said

He said he was quite willing to meet Dr Boesak, who he expected to be at a meeting of the Children's Trust trustees called by chairperson Mrs Burton later today

Scandinavian donors said this week that Dr Boesak's foundation had given loans of more than R2 million over a five-

(Turn to page 4, col 8)

Weekend Argus SATURDAY

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Report says aid money diverted to ANC campaign

BOESAK

■ UNDER PRESSURE: Allan and Elna Boesak

'Creative bookkeeping'

ARGT 11/2/95 (259)

■ In yet another development in the Boesak saga, a lawyers' report suggests money intended for apartheid victims might have been used to pay for ANC election travel expenses last year.

GLYNNIS UNDERHILL
Weekend Argus Reporter

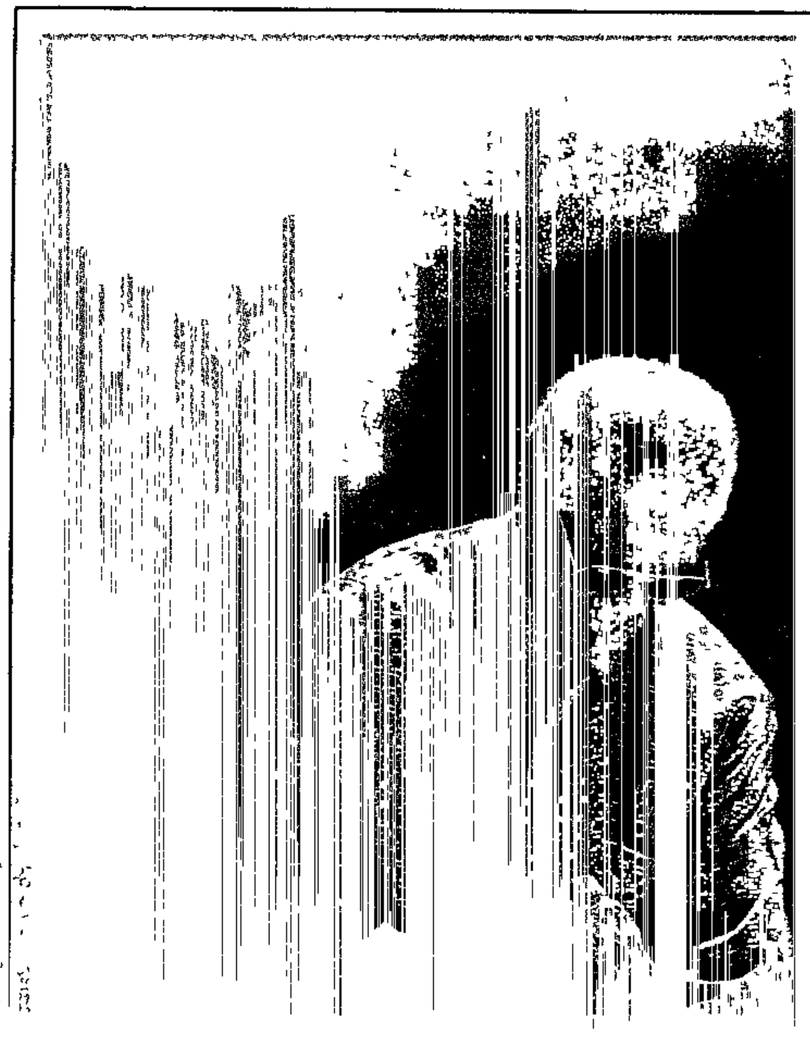
THE shock report on Allan Boesak's foundation has implicated the African National Congress in the row over the misuse of funds intended for social upliftment programmes.

Funds were diverted from the Foundation for Peace and Justice to finance travel by ANC campaigners during last year's elections, the former financial director at the foundation Freddie Steenkamp has claimed

The allegation about the ANC's campaign travel expenses is contained in Mr Steenkamp's statement to the Johannesburg lawyers investigating the financial irregularities at the foundation on behalf of the Nordic funding agencies

Only a quarter of the money donated by Nordic countries found its way to foundation social upliftment projects, while the rest — R2,7 million — allegedly found its way into the pockets of foundation employees, a delegation from the Danish aid organisation, Danchurch Aid, claimed this week

Mr Steenkamp alleged during the inquiry that he



Cape Town set to host 'world cup' of jazz

IAIN MACDONALD
Weekend Argus Reporter

CAPE Town is to host what could become the annual "world cup" of jazz, beginning in April this year, with a huge international jazz and blues festival

The Cape Town Jazz and Heritage Festival will take place in the city for five days each year from April 26 to commemorate South Africa's leap into world democracy

Festival details are to be released on Friday next week at a Press conference at which

□ **BRANFORD BREEZES IN:** Legendary US jazz musician Branford Marsalis will be in the city this week to launch Cape Town's international Jazz and Heritage Festival in April

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Lots of fun ideas for the kids

travelling expenses incurred by the foundation

A breakdown of figures to back his claim was not made available by Mr Steenkamp and it is not known what amounts of money he alleged were diverted to the ANC's travel arrangements

"When it appeared that travelling expenses appeared too high I would allocate certain sums to various projects so that it would appear reasonable," claimed Mr Steenkamp

Mr Steenkamp gave examples of his "creative bookkeeping" in this regard as

- Travel by Dr and Mrs Elna Boesak to Egypt
- Travel of ANC campaigners during the election

See pages 2 and 3

ANC executive committee member Tony Yengeni said yesterday that to his knowledge all funding for the ANC election campaign had come directly from ANC headquarters

"I know of no funds that were diverted from the foundation to the ANC election campaign"

Dr Boesak was director of the foundation and leader of the ANC in the Western Cape during the period under investigation, including the elections

Dr Boesak cancelled an interview scheduled with Weekend Argus yesterday and was not available to respond to the allegations

Danchurch lawyer Gregg Nott told Weekend Argus that that the funding of ANC campaign travel had been an 'aspect of analysis" but had not formed the thrust of the probe

But he confirmed that Mr Steenkamp had made claims about funds being diverted to the ANC, and had mentioned a trip to Namibia in this context

"There could have been blurring between ANC and upliftment projects We are waiting for explanations," he said

Mr Nott said that his firm of attorneys, Bell, Dewar and Hall, would be meeting with the Office for Serious Economic Offences next week

Dr Boesak had been asked repeatedly for explanations about detailed irregularities and had not provided satisfactory answers, he said

"Money doesn't just pour in and you say you can't remember where it came from We need the answers," he said

Rumours Dr Boesak had been shifted from his post as ambassador-designate to the United Nations in Geneva to a lower-profile government position could not be confirmed yesterday

Pictures LEON MULLER, The Argus

☐ **HOW I USED TO DO IT:** President Mandela shows more than 2 000 former inmates of Robben Island prison how he used to work at the limestone quarry during his time on the island. He was one of the many politicians, diplomats and former prisoners who attended a reunion at the island yesterday

■ **See pages 10 and 19.**

Jord Marsalis

The festival will feature musicians of the stature of Buddy Guy, Marsalis, as well as Buckwheat Zydeco, Hugh Masekela and two other major international stars who at present are concluding negotiations with the organisers

It will also draw on the wealth of talent in the South African and Cape Town communities, with broadcast rights already sold to an American TV company and with Japan's NHK national network and the SABC poised to enter the media fray

The festival was announced recently by Marsalis on the American NBC network's *Tonight* show, and organisers are currently negotiating with South African Airways as they expect a large influx of overseas visitors to the festival

Designed on the New Orleans and Montreal festival models, the Cape Jazz and Heritage Festival will include an initial three stages at the Green Point track plus food booths and some arts and crafts booths within the track area

Organisers have also committed themselves to a community outreach programme in which lunchtime concerts and music workshops with major international stars will take place

Festival co-ordinator Peter Feldman, from San Francisco, has been instrumental in organising about 40 similar festivals worldwide, including the prestigious Montreal and New Orleans festivals, and maintains the festival will be an ongoing, annual event designed to showcase not only international musicians, but Cape music, culture and cuisine to a world "highly interested" in the new South Africa

"We had to come in big right from the start because of the world television interest It wouldn't have made sense to start small, but I'm convinced that Cape Town can handle an event of this size

"We'll be reaching into the local community for those who have the knowledge of local music heritage and will hold the festival on an on-going basis

"It's a festival that will open up the city to the whole world, and the press conference on Friday is going to be relayed and expanded into the rest of the world in a big way," he said

He stressed that the festival would have a low public entrance fee on each day, and the fee would include access to all events in the festival area

Booking for the festival will open at Computicket outlets at the end of February Sponsors interested in the Cape Jazz and Heritage Festival can phone Peter Feldman on ☎ 439-1186

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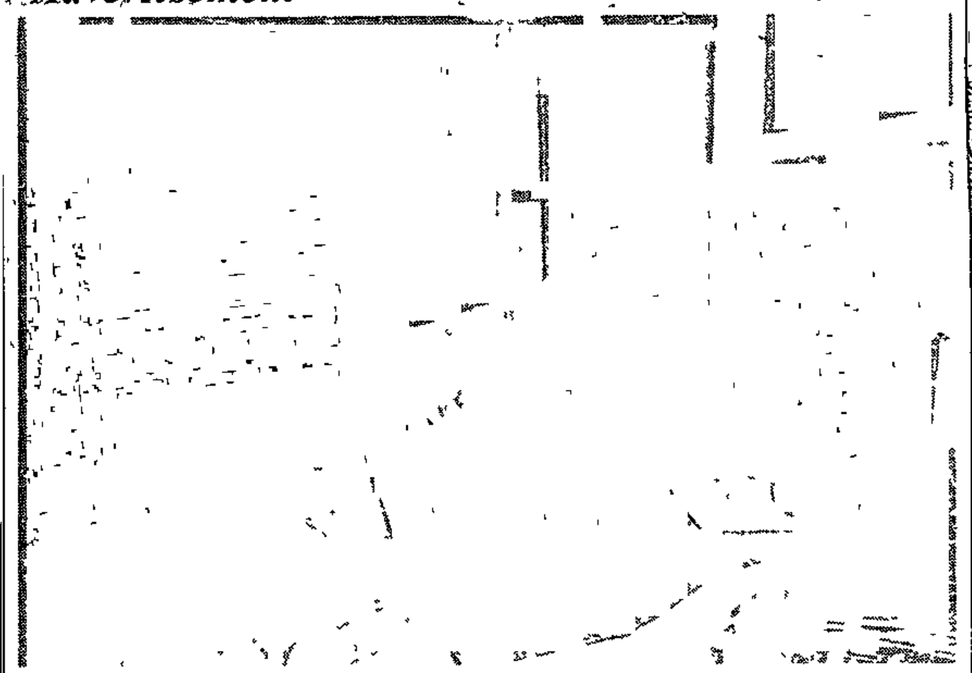

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SA football pools could bring huge payoffs for RDP

ARG 11/2/95 (297)

FOUR local and foreign organisations have joined forces in a bid to win the right to operate South Africa's first soccer pools

The consortium has pledged to contribute funds to the government's reconstruction and development programme if their bid succeeds

Consortium members are British pools giant Littlewoods (one of Britain's largest private companies), Argus Newspapers, the National African Federated Chambers of Commerce and the African Renaissance Group

Littlewoods' Chris Holmes said in Johannesburg on Friday his company donated more than £100 million (R555 million) to British sports and culture last year Thousands of punters enjoyed a slice of the year's pay-out of £200 million (R1,1 billion)

Even the taxman had had reason to smile, netting about £260 million (almost R1,5 billion), Mr Holmes said

NAFCOC's Mashudu Ramano said earlier this week "Fans will be able to win millions while helping to build a better South Africa

"The soccer pool will provide funds for sports development and social investment It will create jobs and business opportunities for thousands of people"

Littlewoods was also a winner in Britain last year With a turnover of more than £700 million (R3,5 billion), it was left with more than £140 million (R777 million) to pay expenses and clear a profit

Mr Holmes said Littlewoods had been eyeing the South African market for about 18 months and began negotiating with the Argus Group more than seven months ago

Initial market research was positive, but exact figures were not yet available The consortium hoped to begin operating by October if its bid was successful

However, this depended on parliament passing new gambling and gaming legislation and the bidding process being completed before the middle of the year

The consortium would need four months to establish itself

It was envisaged punters would bet R2 on eight South African and British matches to end in a 1-1 draw. They would have a choice of 58 games — Sapa

☐ **See page 8**

Fan pulls the plug on Boland

Weekend Argus Sports Reporter

A SPECTATOR pulled the plug on the Boland Cricket Board last night in the home team's first night match at their new home ground, Boland Bank Park against neighbours Western Province.

With the match poised, the lights on the pylons on the Wellington side of the ground inexplicably went dim. Technicians and security personnel discovered that a spectator had flicked a switch at one of the unguarded sub-stations inside the ground.

Western Province won.

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Boesak's fishing connection

(259) FISHING

ARG 11/2/95

JEAN LE MAY
Weekend Argus Reporter

■ The FPJ connection not only lost votes for the ANC in the April election but caused huge embarrassment to prominent ANC people.

ALLAN Boesak and his Foundation for Peace and Justice were in trouble with the community in the Western Cape long before the present crisis over the FPJ's Danish funding.

In particular, the FPJ's involvement in the fishing industry has led to enormous embarrassment for the African National Congress and for at least two of its most prominent personalities — Professor Jakes Gerwel, director-general in President Nelson Mandela's office, and Franklin Sonn, now South African ambassador in the United States.

The FPJ connection not only caused embarrassment, it lost votes for the ANC in the April election and could lose votes in the coming municipal elections.

Fishing people have had one of the rawest deals of any community under the lash of apartheid. Traditional fishermen were edged out of their livelihood by the strangehold on fishing quotas allowed the big fishing companies There were scandals which reached as far as the cabinet

So, when it became known that the director of the FPJ had formed a fishing company, suspicions were aroused — even beyond the fishermen themselves — that a new generation of fat-cats was about to plunder the marine resources at the expense of ordinary fishermen

The FPJ's links with the fishing industry were forged through Norman Michaels, foundation director (and later, when Dr Boesak became the regional Minister of Economic Affairs, his private secretary).

The FPJ claimed the credit for forming the now largely discredited fishing forum, which was established with the idea of getting fishing quotas for "disadvantaged" fishermen Mr Michaels was appointed as the FPJ representative on it

About the same time Mr Michaels, with Cape Town businessman Fred Robertson, formed a fishing company called SA Fishing Investment Company (Safic)

Weekend Argus established last year that Professor Gerwel, then still rector of the University of the Western Cape, and Mr Sonn, then still rector of the Peninsula Technikon, accepted invitations to become directors. Both subsequently withdrew for personal reasons — but their names remained, unknown to them, on records with the Registrar of Companies (Both names have since been removed.)

Safic was formed with the laudable intention of "restoring the rights of disadvantaged fisherfolk and empowering them economically"

However, it was not clear how this as to be done, since 70 percent of shares in the company were to be sold to NGOs, churches and trade unions and 30 percent to private individuals "such as activists, professional people, parliamentarians, black families, business people etc"

Weekend Argus was unable to trace any "fisherfolk" on the board of directors, nor any way in which they were to be empowered by the formation of the company.

Safic applied for a fishing quota and did not get it. It then borrowed R6 million from Metropolitan Life — of which Mr Sonn is a director — to buy one million shares in Sea Harvest, the major fishing company whose managing director, Eckhardt Kramer, is chairman of the fishing forum.

Then the row started When the ANC found out, the shares were sold and an ANC investigation was ordered. Mr Robertson said this was because "the deal was seen as compromising our position on the fishing forum"

But word had got out in the fishing communities The National Party made great play of it in its election campaign, and the ANC lost support where it had hoped to find it.

The ANC, and Dr Boesak, made haste to deny that he had personal connection with Safic.

But the damage was done, and this was only exacerbated when the result of the investigation was covered up — a cover-up described to Weekend Argus by a prominent ANC lawyer as "an outrage"

Who pays for a party?

(259) ARG 11/2/95

■ When the ANC Youth League's cheque for their 50th birthday bash at a Sandton hotel bounced, accusations began to fly.

JOHN PERLMAN
Weekend Argus Correspondent

JOHANNESBURG — When is a party party really a party party and when is it not? And when is it time to come to the aid of the party?

These are the questions at issue in a dispute between the Gauteng region of the ANC Youth League and a Johannesburg company which organised the league's 50th birthday bash at a Sandton hotel last December

Chris Muller, managing director of Hotel and Conference Connections, this week served the ANC Youth League (Gauteng) with a letter demanding R25 000, the cost of hosting 300 guests at the banquet and providing a three metre by three metre cake

Last month the Youth League sent Mr Muller a postdated cheque for R25 000, which bounced The organisation has, however, denied responsibility for the debt saying sponsorship of the event was to be organised by actress Vicky Kente, who appears in the TV series Egoli

Ms Kente could not be reached for comment yesterday In an earlier statement, she said the ANC had approached her "to get money for the party because I m a friend of the Youth league"

"We couldn't get any sponsor for the occasion and they then said they would pay half this month and the rest next month "

Mr Muller and his legal representatives are to meet Valentine Mbatha, the chairperson of the ANC Youth League (Gauteng)

Socks Khanyile, the Gauteng Youth League's Secretary for Finance and Projects, said "I believe in speaking to Chris (Muller) himself If he thinks he has to go to the newspapers that is his business "

In a letter to Mr Muller earlier this month, however, Mr Khanyile said the Youth League in Gauteng "was approached by Ms Vicky who offered to hold such a function for the League and to bear all the costs for such a function"

Mr Khanyile said the league had only issued the cheque to reassure Mr Muller and because Ms Kente had assured them that "the funds would be paid into our account in time for this cheque to be met"

"We wish to state categorically that we believe we were misled, and we are most unhappy about the manner in which we were duped into signing such a post-dated cheque We have instructed our lawyers to investigate the possibility of a fraud charge in this regard," Mr Khanyile said

"We wish further to state that we do not owe you any money and that attempts to force us into paying you money owed by a third party party (sic) — whether such attempts are through the use of smear tactics in the Press or through legal channels — will be vigorously resisted "

Mr Khanyile insisted that Mr Muller "return the post-dated cheque to us" and warned that "refusal to do so, considering the manner in which the cheque was obtained, cannot help but prejudice your case" If Mr Muller was willing to "work with us in this regard", Mr Khanyile said, "we are still prepared to assist you in obtaining payment from your debtor"

Mr Muller said he had "paid for the function up front" He said youth league claims that the function had been sponsored by Nedcor proved untrue when the company denied this was the case He said cancelling the function was considered but ruled out when the hotel said they would be liable for a 100 percent cancellation fee

Mr Muller said the outstanding debt had forced him to lay off three members of staff and to put on hold plans to expand his business to Pretoria

ANC plans to tighten controls on spending

JEAN LE MAY
Weekend Argus Reporter

AS controversy grows over graft in government, the African National Congress is taking immediate steps to clean up corruption in its ranks

Secretary-general Cyril Ramaphosa told Weekend Argus yesterday the national executive committee, at its meeting on February 26 and 27, will appoint a disciplinary committee which will report directly to it

The committee's duty will be to monitor and enforce scrupulous observance of the ANC code of conduct, he said

ANC cabinet ministers, deputy ministers, senators, provincial premiers and ministers, members of national parliaments and all government officials will be kept under scrutiny

A file for every individual will be opened and regularly maintained.

The national executive consists of President Nelson Mandela, Deputy President Thabo Mbeki, Mr Ramaphosa, Deputy Secretary-general Cheryl Carolus, National Treasurer the Rev Arnold Stofile and national chairman Jacob Zuma

Among the controversies that have dogged ANC members holding high office are the allegations that former ANC Western Cape leader Allan Boesak abused trust funds for private purposes and an allegation that Winnie Mandela, Deputy Minister of Arts and Culture, used her position to favour her daughter Zinzi's entertainment promotions company

Other ANC figures who are involved in financial controversy are Western Cape Environment Minister Lerumo Kalako and Peter Mokaba, chairman of the Parliamentary Tourism Committee

The code of conduct clearly lays down that elected members of assemblies "shall observe parctices that are free from corruption".

Government office "shall not be used to distribute favours or patronage nor to seek any personal favour or fortune", it says

Proved corruption will be grounds for instant dismissal, without prejudice to subsequent disciplinary action by the ANC

Ministers of the national goverment, premiers and provincial ministers must not have any part in profit-making ventures They must resign directorships and their shares must be held in "blind" trusts

All members of the assemblies are required to declare their assets and disclose positions from which there is a pecuniary benefit In particular, they must disclose all consultancies, shareholdings and directorships, and any financial benefit from these sources received by them or by their families

People to whom the code applies are required to sign an undertaking to observe it and to update financial information when necessary

Nissen: FPJ money not for personal use

GLYNNIS UNDERHILL
Weekend Argus Reporter

TOP ANC figures, including the Minister of Economic Affairs in the Western Cape and Western Cape ANC leader Chris Nissen, have expressed dismay at the handling of an SABC television news report last night which points to payments they received from the Foundation for Peace and Justice

Rev Nissen confirmed last night that he received financial support from the foundation during the period 1988 and 1993 The money received formed part of a foundation support programme and was never for personal use, he said

"The assistance played a crucial role in my church and community-related work This support was facilitated by the New World Foundation, a religious and charitable trust," said Rev Nissen

Provincial legislators in the Western Cape parliament documented as having received payments from the foundation under crisis/relief are Christmas Tinto, Johnny Issel and Vincent Diba Others whose names crop up under crisis/relief are Calvin Smith and Mr Neels ARG 11/2/95

John Neels, head of publicity and information at the South African Civic Organisation, said he was asked by the foundation to conduct research into the socio-economic priorities in rural communities For this and the completed report, he received expenses amounting to R2 500 for six weeks work

"I am appalled and outraged to learn that it has been suggested on television that I was involved in any impropriety involving allegations surrounding the Foundation for Peace and Justice," he said (259)

"Will everyone who has ever had any contact with the foundation be tarred with the same brush?" he asked

ANC used Boesak fund

Cash diverted for election expenses, claims ex-director

GLYNNIS UNDERHILL and SAPA

CAPE TOWN — Funds were diverted from the Foundation for Peace and Justice to finance travel arrangements of ANC campaigners during last year's general election, the foundation's former financial director, Freddy Steenkamp, has claimed.

And top ANC figures, including MEC for economic affairs in the Western Cape and Western Cape ANC leader Chris Nissen, also allegedly received payments from the foundation.

These payments are attributed to "crisis relief" in the foundation's ledger, which also mentions a payment of R500 for an ANC rally in 1990

Meanwhile, the Johannesburg law firm which conducted an inquiry into the affairs of Dr Allan Boesak's FPJ has been summonsed by the police's Office for Serious Economic Offences to hand over the foundation's books and financial statements

The summons followed a statement by Scandinavian donors that they had not ruled out the possibility of taking criminal action against foundation officials in view of the inquiry's findings that donor funds had been misappropriated

And in another development, foreign funding agency Danchurch Aid said in a statement last night that a number of donors had threatened to stop donations for development aid in the wake of the Boesak scandal.

Nissen said in a television news report last night that he had taken money from the foundation but that it was used for church and relief work.

Copies of the transactions are contained in the 600-page report but fail to explain the reasons for the disbursements

Statement to lawyers

Provincial legislators in the Western Cape parliament documented as having received payments from the foundation are Christmas Tinto, Johnny Issel and Vincent Diba. Others who allegedly received payments were Calvin Smith and John Neels

The allegation relating to travel expenses for ANC campaigners is contained in Steenkamp's statement to the Johannesburg lawyers investigating financial irregularities at the foundation on behalf of the Nordic funding agencies

Only a quarter of the money donated by Nordic countries found its way to foundation social upliftment projects, while the rest — R2,7 million — had found its way into the pockets of foundation employees, a delegation from Danchurch Aid claimed this week.

Speaking to SABC radio news from Denmark, Danchurch Aid general secretary Christian Balslev-Oleson said an extraordinary board meeting was planned to discuss the implications of the alleged fraud.

Balslev-Oleson said Danish non-governmental organisations had never before faced such a situation and might have to strengthen their control mechanisms for all development aid in future

Steenkamp alleged during the inquiry he had used his own methods of bookkeeping to hide the travelling expenses incurred by the foundation

A breakdown of figures to back his claim were not made available by Steenkamp and it is not known what amounts of money he alleged were diverted to the ANC's travel arrangements

"When it appeared that travelling expenses appeared too high I would allocate certain sums to various projects so that it would appear reasonable," claimed Steenkamp.

Examples of such "creative bookkeeping", Steenkamp said, were travel by Boesak and his wife Elna to Egypt and the travel expenses of ANC campaigners during the April election.

"These travel disbursements did not fall within the aims and objectives of the foundation," Steenkamp told investigators.

ANC executive committee member Tony Yengeni said yesterday that to his knowledge all funding for the ANC election campaign had come directly from ANC headquarters.

"I know of no funds that were diverted from the foundation to the ANC election campaign," Yengeni said.

Boesak was director of the foundation and leader of the ANC in the Western Cape during the period under investigation, which included the April election.

Boesak cancelled an interview yesterday and could not be contacted for a response to the allegations.

Danchurch lawyer Gregg Nott said the funding of the ANC campaigners had been an "aspect of analysis" but had not been the thrust of the probe.

He confirmed, however, that Steenkamp had made claims about funds being diverted to travel arrangements for ANC campaigners during the election.

Steenkamp had mentioned a trip to Namibia for that purpose, Nott said.

"The focus of the inquiry was the workings of the Foundation for Peace and Justice, how it was administered and how it ran," he said.

The amounts spent on travel arrangements for ANC campaigners could only be clarified by Steenkamp.

"There could have been blurring between the ANC and the upliftment projects. We are waiting for explanations," said Nott.

Nott said his firm of attorneys — Bell, Dewar and Hall — would meet the Office for Serious Economic Offences next week.

The OSEO would be conducting its own investigation and charges could be laid only once this was completed.

Nott said Boesak had been repeatedly asked for explanations for irregularities but had not provided satisfactory answers

Disgraced Boesak could face theft charges

By DESMOND BLOW and THEMBA KHUMALO

DR ALLAN Boesak and other prominent members of the Foundation for Peace and Justice could be charged with theft and fraud.

This emerged yesterday after the Office for Serious Economic Offences summonsed the Johannesburg law firm which conducted the inquiry into the affairs of the Foundation to hand over the FPJ's books and financial records on behalf of its Scandanavian donors.

Its main donors were the Danchurchaid of Denmark, the Church of Norway and the Swedish Olive Palm Centre

The lawyers' report also revealed that in August 1988 international artist Paul Simon donated R423 000 to a Children's Trust administered by Boesak and Archbishop Desmond Tutu, but this was removed from the trust to the FPJ fund in 1991. Archbishop Tutu this week said he was shocked that these monies were never used for the purpose they were intended

The FPJ inquiry revealed that although the junior FPJ staff members were not always paid on time because of lack of funds, their seniors were allegedly milking millions of rands from the donations It has also been disclosed that among the millions of rands allegedly misappropriated from the FPJ – which was set up to assist the victims of oppression through education and training – were funds used to cover the travel costs of ANC campaigners during last April's election These

■ To Page 2

What now, Elna? – Page 2

(259)

CP 12/2/95

More heat on Boesak

■ From Page 1

CP 12/2/95

travel disbursements did not fall within the aims and objectives of the Foundation

According to the inquiry report, various members of the ANC and several well-known personalities received money from the FPJ. These included ANC Western Cape leader Chris Nissen, Calvin Smith of the Northern Cape ANC, Senator Christmas Tinto, John Neels of the SA National Civic Organisation (Western Cape) and Johnny Issel, also of the ANC.

However, most of the funds misappropriated were paid to trustees or members of staff as "loans". Other money was allegedly lost through maladministration. The financial manager of the FPJ, Freddie Steenkamp, "borrowed" R700 000 and Boesak R650 000 in the two years preceding February 1994.

Millions of rands in "loans" were taken by Boesak, Steenkamp, Boesak's personal secretary Lucille Fester, and to a lesser extent by other employees. Almost R3 million of FPJ funds was apparently paid out in loans between March 1990 and November 1994 – and many were written off

Boesak used the money to buy a car, finance a house and do extensions to it, settle his wife Elna's accounts and pay for their holiday to Egypt

Yet, according to a trustee, Leslie Liddle, Boesak denied these allegations at a meeting in 1991 and it was minuted that the FPJ had not paid for his home in Constantia and that his car was a donation. However Liddle told the inquiry that during 1992 when Boesak and his wife Elna had marital problems, Elna showed Liddle an affidavit signed by Boesak showing that he had received a large housing allowance from the Foundation.

Other disclosures in the report were.

■ A "discretionary" account was opened in 1991 after discussions between Steenkamp and Boesak – and without the knowledge of the donors – to use money for business projects to help raise monies for the FPJ

■ R10 000 was paid for a visit to Atlanta by Boesak's personal assistant Norman Michaels, although the trip was not for FPJ purposes.

■ Steenkamp also said the FPJ secretly established the Rural Development Ministries Trust without the knowledge of some FPJ trustees to "raise funds for (the) FPJ".

■ Sekola Sello reports that President Mandela is expected to announce tomorrow whether Boesak takes up his posting as SA's Ambassador to the United Nations in Geneva.

Political comment and newsbills by K Sibiya, headlines and sub-editing by N Dreyer, both of 2 Herb St, New Doornfontein, Johannesburg

No-one exempt from commission

By RAY HARTLEY

EVEN cabinet ministers will not be safe from the scrutiny of the Browde commission, which will soon begin investigating irregular promotions made before and after last year's elections

The commission chairman, acting Justice Jules Browde, told a press conference in Pretoria that all complaints handed to him by cabinet ministers or their provincial counterparts would be investigated.

"This commission is entirely independent of any department of state, we're not obliged to anybody. If somebody knows something about a minister which reveals something irregular, that complaint may be taken to another minister," Judge Browde said

He said the commission had a wide mandate which covered·

- The conclusion or amendment of a contract;
- Any appointment or promotion,
- The award of "any term or condition of service or other benefit"

Judge Browde said irregularities reported to the commission regarding the payment of retirement gratuities were within the commission's mandate

Having investigated complaints, the commission had vast powers to "reverse or alter the contract, appointment, promotion or award", he said.

Wrongdoings in the period from one year before to six months after the April 1994 elections fell within the commission's scope

"The specific period encompasses the volatile period before and after the elections."

Advocates on the commission are Selby Baqwa; Leona Theron, Mokgadi Mailula, Nathan Poonan and Cecil Somyalo

(259) ST 12/2/95

ANC leader got house from FPJ

(259) ST(CM) 12/2/95

By AYESHA ISMAIL and GARY COLLINS

THE FORMER leader of the ANC in the Western Cape, Mr Christmas Tinto, received regular payments from Allan Boesak's Foundation for Peace and Justice, and he has also lived rent-free for the past two years in a house belonging to the organisation.

This was revealed in a 600-page document compiled by lawyers who investigated financial mismanagement by the Foundation for Peace and Justice on behalf of several Nordic aid organisations.

Payments made to Mr Tinto — totalling more than R12 500 — are listed in the FPJ's records as "crisis relief" They were paid to Mr Tinto, who is now an ANC senator, between December 1991 and January 1994

The foundation's financial statements also reveal payments of R2 500, on June 7, 1993, for "auto repairs", R3 100 to Standard Bank on June 1, 1993, and two other payments, on March 3 and April 30, 1993, for a "magnum", all made on behalf of Mr Tinto

According to the report, an amount of R16 247, which was drawn on the FPJ's bursary account, was also paid by the Foundation to "audit" Mr Tinto's house.

According to records at the Deeds Office in Cape Town, the foundation is the registered owner of the facebrick home at 94a NY147 Guguletu, which stands out among its less impressive-looking neighbours

Mr Tinto's house is listed in a statement by disgraced FPJ financial director Freddie Steenkamp, in a statement he made to the lawyers shortly before the organisation's scandal broke in December, as one of the foundation's assets

The house was bought on December 14 for R11 269 and subsequent bonds of R75 000 and R15 000 were registered on the house last year

A source claimed that the bonds were raised by the FPJ "as it was short of funds"

The report says Mr Tinto's house is bonded to Boland bank for a total of R90 000

On Friday, Mr Tinto's wife, Mrs Belelwa Tinto, insisted that the house belonged to her and her husband

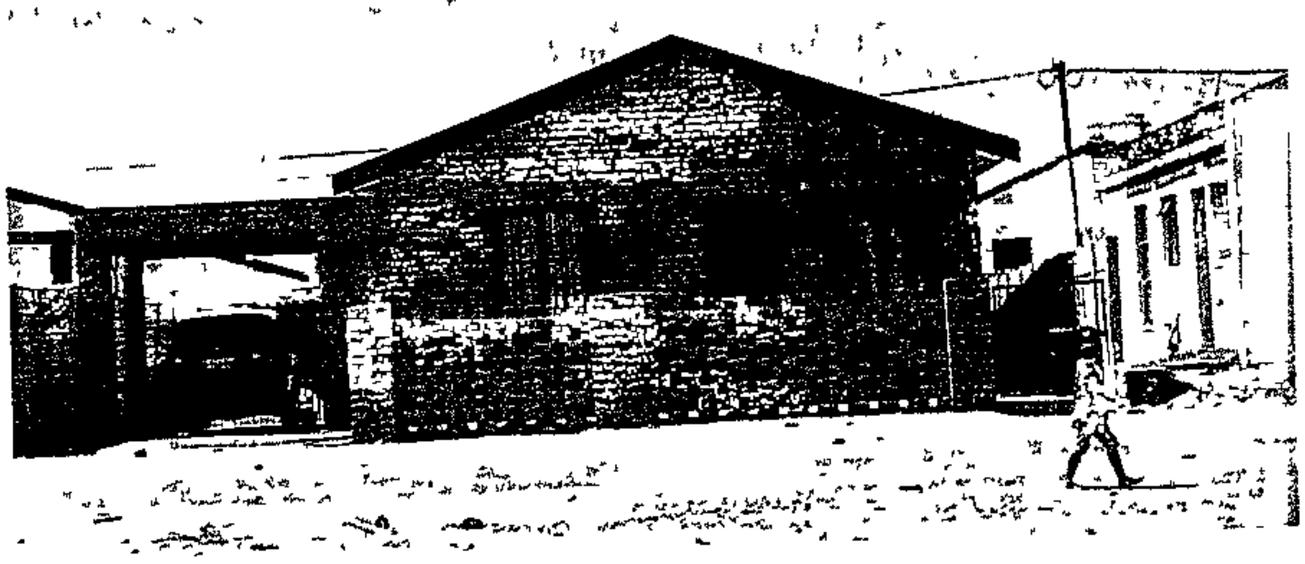
"We paid R75 000 for the house and it belongs to us We bought it through the foundation," she said

Mr Tinto is understood to have signed a deed of sale to buy the house from Boland Bank last week.

Mr Tinto, an ANC stalwart, is said to have supported Dr Boesak's successful bids for the leadership of the ANC in the Western Cape in 1991 and again in 1992

Dr Boesak succeeded Mr Tinto as ANC leader

Mr Tinto enjoys widespread support in Cape Town's black townships He did not make a bid for re-election in 1991 and was elected to ANC executive as an ordinary member without portfolio



RENT FREE ... Former leader of the ANC in the Western Cape Mr Christmas Tinto, right, has lived for free in this Guguletu house, which belongs to the Foundation for Peace and Justice
Picture: AMBROSE PETERS

When approached for comment yesterday, Mr Tinto denied receiving any money from the foundation and was adamant that the organisation had not paid for his house

"I never received any money from the Foundation for Peace and Justice

"The Foundation for Peace and Justice did not buy my house, I bought the house from the bank. If you have any questions ask (attorney) Essa Moosa, but I have no connection with the foundation," Mr Tinto said

Reverend Chris Nissen, the ANC's Western Cape leader, confirmed yesterday that he had received financial support from the FPJ between 1988 and 1993, although the FPJ's records show a payment of R2 500 on February 28, 1994

"The money was part of the foundation's support programme," a spokesman for Rev Nissen said yesterday

"This assistance played a crucial role in his church and community-related work"

Mr Johnny Issel, a Western Cape regional member of parliament, who is also listed in the report as having received payments from the FPJ, said yesterday "The money was for my political activities and not for my personal use"

Big spending spree by FPJ secretary

(259) (CM) ST 12/2/95

By AYESHA ISMAIL and GARY COLLINS

THOUSANDS of rands were paid out to exclusive clothing stores between 1990 and 1994 on behalf of staff members of Allan Boesak's disgraced Foundation for Peace and Justice.

Many of the payments were made on behalf of Lucille Fester, secretary to Dr Boesak, who was one of the authorised signatories for FPJ cheques.

While the accounts do not always give details on whose behalf payments were made, most were listed as having been made for LF (Lucille Fester).

'Allowance'

According to the report released this week compiled for Nordic aid agencies, Dr Boesak told them he had agreed to a "clothing allowance for Ms Fester".

The companies to whom payments were made — all for a minimum of R250 and often more — included Stuttafords, John Orr's, Garlicks, Hilton Weiner, Edgars, Truworths, Irene's Dress Boutique and Lace Boutique.

One payment was also made to Grays (clothing) for R26 700 on March 16 1990, but the accounts do not stipulate on whose behalf payment was made.

According to the lawyers' report, Ms Fester signed an acknowledgement of debt of R151 454,49 payable to the FPJ on demand.

● See page 3

Govt summons Boesak to Pretoria for meeting

(259) Sowetan 13/2/95

By Vuyo Bavuma
Political Reporter

THE fate of embattled former ANC leader Dr Allan Boesak hung in the balance yesterday as he was called to Pretoria for a meeting with Deputy President Thabo Mbeki to decide his future

Boesak met Mbeki and State legal advisers at the deputy president's official residence late yesterday, but the outcome was not known at the time of going to press.

At stake is how to defuse what is fast becoming a major political embarrassment for both the Government and the ANC, as fresh disclosures of financial mismanagement surface daily

Yesterday several ANC activists, including regional leader and Economic Affairs Minister Chris Nissen and Senator Christmas Tinto, were implicated in the scandal But all denied any wrongdoing

ANC and government sources said yesterday it was now a foregone conclusion that Boesak would not get the ambassadorial posting to Geneva, which was put on hold after the allegations that he had misused R2,7 million first broke early in December

President Nelson Mandela, who must make the final decision on Boesak's appointment, is expected to be briefed by Mbeki today following the meeting He is expected to announce his decision either tomorrow or on Wednesday

Meanwhile Tinto, a veteran former United Democratic Front leader, yesterday dismissed allegations that he was living in a rent-free house which was bought with funds from Boesak's Foundation for Peace and Justice

He told *Sowetan* he bought his R75 000 house towards the end of 1992 and the FPJ merely acted as surety Tinto said he was still paying a monthly bond of about R1 200 and had "never received any monies from the FPJ for personal use"

Decision on UN post is expected today

ADRIAN HADLAND

CAPE TOWN — President Nelson Mandela is expected to announce a decision today on Allan Boesak's pending appointment as SA's ambassador to the UN in Geneva.

Deputy President Thabo Mbeki, who met Boesak at the weekend, will brief Mandela on the talks and the legal firm report on alleged irregularities in the finances of Boesak's Foundation for Peace and Justice.

A presidential spokesman said at the weekend that Mandela wanted the question of the ambassadorial appointment, which was suspended until investigations into Boesak's finances had been completed, to be resolved as soon as possible.

He said it was unlikely Mandela would deal with additional claims implicating the ANC in the use of foundation funds during the election.

About R2,7m in social upliftment project donations from Nordic countries were allegedly misappropriated by foundation employees, according to a spokesman for donor Danchurch Aid.

Sapa reports ANC Western Cape chairman Chris Nissen yesterday denied he had received R2 000 a month from the foundation. He admitted getting R2 500 a year in "relief assistance" while working without pay for the ANC in the region.

Nissen, a Lutheran clergyman who is now

☐ To Page 2

Boesak

(259) BD 13/2/95

☐ From Page 1

Western Cape economic affairs minister, said the payments were arranged by Boesak's foundation and the New World Foundation. "There was an arrangement that they would support me from 1988 to December 1993."

His church had also received financial assistance from Boesak's foundation.

ANC Western Cape leaders met in Cape Town yesterday to discuss the alleged involvement of the party and several of its senior officials in the misappropriation of foundation funds for election campaign purposes, alleged by former foundation financial director Freddie Steenkamp.

Nissen said if the party had received money from the foundation it had probably submitted a request in the same way it would have for any other request. There was nothing "sinister" in the ANC receiving funds from the foundation.

Nissen said that while former ANC Western Cape chairman Christmas Tinto had received financial help from the foundation, Tinto had not lived rent-free in a house owned by it.

"We don't think there is anything sinister about the fact that ANC officials received support from the foundation. The foreign funders knew that the funds were being used to assist people."

Meanwhile, the Johannesburg law firm which investigated the affairs of Boesak and the foundation has been summonsed by the Office for Serious Economic Offences to hand over the foundation's books and financial statements.

The Scandinavian donors have not ruled out the possibility of instituting criminal action against foundation officials.

The report mentioned high salaries paid to foundation staff and noted that almost R3m was paid out in loans between March 1990 and November 1994. Large portions of these loans were written off.

Donations 'not sinister'

ANC meets over funds scandal

259

Star 13/2/95

Cape Town — Western Cape ANC leaders met in Cape Town yesterday to discuss the alleged involvement of the party and several of its senior officials in misappropriation of funds.

This followed allegations by Foundation for Peace and Justice former financial director Freddie Steenkamp to Danchurch Aid lawyers that the ANC's Allan Boesak had used funds for private use, and that the ANC had received funds for its election campaign

Regional ANC chairman Chris Nissen said that if the party had received money from the foundation, it had probably submitted the same kind of request sent to other organisations.

Nissen said there was nothing sinister in the ANC receiving funds from the foundation.

He denied he had received R2 000 a month from the FPJ, but said he had received R2 500 a year in relief assistance while working without pay for the ANC in the region

Nissen, a Lutheran clergyman who is also Western Cape MEC for Economic Affairs, said the payments were arranged by the FPJ and the New World Foundation, of which FPJ chairman Jan de Waal was a trustee.

"There was an arrangement that they would support me from 1988 to December 1993" He said his church had also received financial assistance from the FPJ

Western Cape ANC deputy chairman Phumzile Ngcuka said Boesak should be allowed to give his views, in public, of the scandal over missing funds.

"While we accept the investigation . . we are nonetheless concerned that Allan Boesak also be afforded the opportunity to state his side of the issue in public."

Scandinavian donors said that over a five-year period, the FPJ had given loans of more than R2 million to Boesak, the foundation's bookkeeper and several other staff members

Although Boesak has denied any wrongdoing, his appointment as SA ambassador to the United Nations in Geneva has been suspended until the scandal is cleared up.

■ Boesak insisted at a meeting with Deputy President Thabo Mbeki in Pretoria yesterday that he was innocent. Mbeki is to brief President Mandela today on the legal investigation into the FPJ Mandela is expected to make an announcement this week on Boesak's ambassadorial appointment. — Own Correspondent, Sapa-Reuter

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THE WORLD

Middle East obstacles

JERUSALEM. — Crisis talks hosted by US President Bill Clinton in an effort to revive flagging Middle East negotiations have revealed daunting obstacles still in the path of Arab-Israeli peace.

Booby trap kills 250

MOSCOW — Chechen fighters said they killed 250 Russian troops by blowing up a booby-trapped missile site as the war for control of their rebel region spread to the countryside from the ruins of battered Grozny

Snipers fray ceasefire

SARAJEVO. — UN peacekeeping officers have renewed their efforts to shore up Bosnia's ceasefire, battered by sniper attacks in Sarajevo and fierce fighting around the UN-declared "safe area" of Bihac town

Bells of remembrance

DRESDEN (Germany) — Tens of thousands of people packed the streets of Dresden to hear a unique requiem for its wartime bombing 50 years ago, played by bells in 46 churches across the city. Some 35 000 civilians died in the attack

UN starts Somali pullout

MOGADISHU. — Several hundred UN troops evacuated Mogadishu as the failed two-year mission to bring Somalia food, peace and government draws to its humiliating close

● Reports by Reuter.

THE NATION

Schoeman found shot

FORMER cabinet [illegible]

Boesak decides, Winnie explains

(259) ARG 13/2/95

Political Staff
Sapa and Reuter

ALLAN Boesak has offered to give up his posting as ambassador to the United Nations in Geneva, and Winnie Mandela has explained her controversial remarks about the government.

Dr Boesak is also to sell his house to settle the Foundation for Peace and Justice's debt to the bank.

Dr Boesak said in a statement that in view of the fact that the Office of Serious Economic Offences was investigating alleged misappropriation of funds from the foundation, "and not wanting to put undue pressure on the president and the government, I yesterday offered President Mandela my withdrawal from the ambassadorial post to Geneva"

He said the action by the Office of Serious Economic Offences represented a new, and "quite serious complication".

Dr Boesak, director of the FPJ, was found by an investigation commissioned by Scandinavian donors to have "enriched himself substantially" with

on his farm Witklip, in the Eastern Transvaal, near the spot where his teenage son committed suicide a few years before

Police said Schoeman, 67, a former transport minister, left his home at about 5am yesterday and drove into the surrounding mielie fields where he shot himself in the head

When he failed to return to the house, his wife contacted their son Kallie who found his father's body in his car at about 7am

● See page 15

2 die in family shooting

JOHANNESBURG — A man shot his girlfriend and her daughters here before turning the gun on himself Levern Reynecke, 7, and a 29-year-old man died.

THE CAPE

Airborne firefighters

THREE air force helicopters were called in to help fight a blaze that destroyed several hundred hectares of fynbos in the Limietberg mountains, near Wellington in the Boland

The blaze was caused by a braai fire in an unauthorised area

12 hurt in bus crash

AT least 12 people were injured in a bus accident on the N2 between Swellendam and Heidelberg after the bus developed engine problems, rolled backwards down a hill and fell into a ditch. The injured were admitted to Swellendam Hospital

● Reports by Sapa.

NEIGHBOURHOOD

In Southern Argus today.

● Four new classrooms, due for completion in mid-March, are being built at Camps Bay High School to accommodate the pupil population of 770, more than double the number of pupils for which the school was originally built

● The new production at the Masque Theatre will be *Anyone For Breakfast* by well-known playwright Derek Benfield

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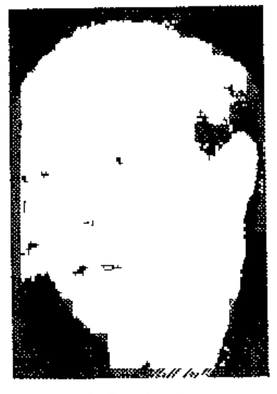
Let younger person take over — Acker

THABO MABASO
Staff Reporter



Nick Acker

NIC Acker, the Western Cape's regional police commissioner, wants to retire to let a younger person take over the job.

He said there were lots of competent young generals who could fill the job of regional commissioner.

Lieutenant-General Acker said he was due to have retired in three years, but decided to retire at the end of March to take advantage of an improved retirement package.

At a news conference at police headquarters in Cape Town today, he said there was no political pressure on him to retire.

He would support the choice of regional Police Minister Patrick McKenzie for the post of regional commissioner, but said he was against the appointment of a civilian to occupy the police hot seat.

Younger police officers should be encouraged to reach the top, he said.

He said his offer to withdraw was "not in admission of guilt" but was intended "to allow the process to be completed unhindered"

"I know I have nothing to fear and I continue to have confidence in President Mandela's sense of justice and fairness, and I want to publicly express my gratitude and admiration for the dignified way in which he, Deputy President Thabo Mbeki and the ANC (African National Congress) have handled the whole matter," Dr Boesak said.

He took this action with "a sense of great sadness" because he believed he could still serve the country and its people well.

"I remain willing should the President call upon me, and I thank him for the confidence he has had in me"

Dr Boesak said that having taken ultimate political responsibility for what had gone wrong with the FPJ and its staff, he had informed the trustees today that he would put his house on the market to help settle the foundation's debt to the bank

"Elna (his wife) and I are well aware that our lives are now extremely uncertain. We are grateful for the support of so many, and especially of close friends and our families from both sides They have truly been wonderful

"We are secure in our love, and firm in our faith in God in whose hands we entrust our future," Dr Boesak said.

In a further development, Winnie Mandela said today she had not intended insulting President Mandela or embarrassing the government by accusing it of paying more attention to appeasing whites than aiding blacks

In a letter to the president, a copy of which was obtained by Reuters, Mrs Mandela said she was merely "trying to assure the masses that the government and the ANC are aware of and concerned about the flaws that the government must still deal with"

"The impression of the people is that we neither care nor know about these things I was trying to correct that perception. If in so doing I created a different impression, that was not my intention.

"I have always been an honest and forthright member of the ANC. I have always tried to be equally faithful to the government, and I mean and remain so," Mrs Mandela said in the letter addressed to her estranged husband

She said Deputy President Thabo Mbeki had advised her that President Mandela was upset by her criticism and her intention in writing to the president was to clarify her motives

3 killed, 2 hurt as gas bottle explodes

The Argus Correspondent

JOHANNESBURG. — Three holidaymakers, including a young boy, were killed and two were injured when a fridge gas bottle exploded in a bungalow on Varsvlei game farm in the Northern Transvaal.

Police said two couples had been trying to remove a leguaan from beneath a gas fridge when the gas bottle overturned and exploded on Saturday.

Janine Marais, 25, her son, Francois, 3, and Tina Willemse, 33, were killed.

Mrs Marais's husband, Sergeant Marais, and Frikkie Swart were severely burnt and they are both in intensive care units in Pretoria hospitals.

Police did not know what caused the gas bottle to ignite, but heat of the explosion was intense enough to melt windows.

Sergeant Marais, who has third degree burns over 90 percent of his body, and Lance-Sergeant Swart were able to drive to Thabazimbi Hospital — about 30 km away — soon after the explosion.

Fundstrust: Marais denies fraud charges

Supreme Court Reporter

Jan Marais

TRUST Bank founder Jan S Marais has pleaded not guilty in the Supreme Court to seven charges, including fraud, relating to the now liquidated Fundstrust company

Dr Marais, a former member of parliament and "businessman of the year", is accused of defrauding Gilbeys by telling them money they had invested with Fundstrust was not fixed, while it was, and by maintaining that Fundstrust was solvent, when it wasn't

He is also accused of, among other things, offences under the Banks Act, the Financial Institutions Act and the Companies Act

Fundstrust was liquidated in November 1991 when it couldn't pay back R45 million to Gilbeys

One of its directors, Ansi Kamfer, fled overseas after she was charged with fraud while another director, Barrie Engelbrecht, was sentenced to an effective five years in jail.

After pleading, Dr Marais handed in a lengthy plea statement where he "emphatically" denied his guilt as charged

"I have had an unblemished business career since 1943 . it is absurd to think that I would, after 50 years in the business world, totally unnecessarily and in such a blatant and stupid manner commit such crimes as the State alleges I am guilty of"

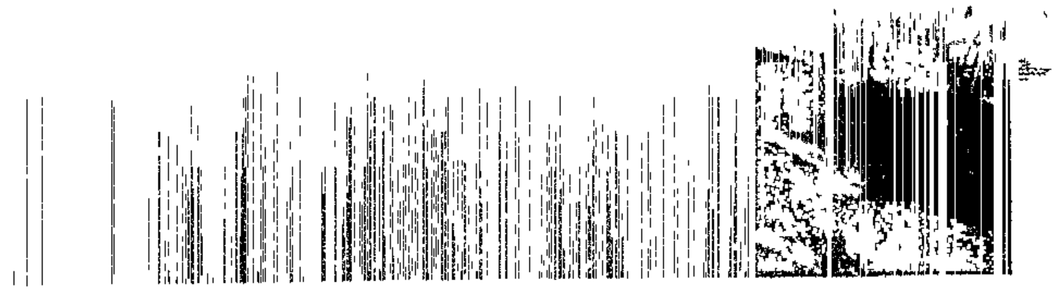
He said he had been approached by Engelbrecht and Ms Kamfer in 1983 about joining Fundstrust as a director

He said he was not involved in the day-to-day running of the company and his role was to act as chairman at formal meetings and as a consultant

"I was repeatedly assured over the years that the business of Fundstrust was being carried on properly"

Proceeding

Mr Justice Selikowitz is on the Bench Billy Downer and Gerhard Labuschagne appear for the State and Francois Murray and C Kruger appear for Mr Marais



LEAGUE CLASH: Defiant Winnie Mandela, left, who is at the centre of the African National Congress Women's League row, and Health Minister Nkosazana Zuma, one of 11 senior members who have resigned from the league in protest.

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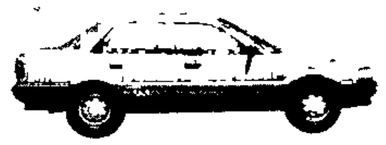
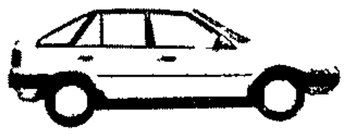


R170 72 pm 1992 TOYOTA COROLLA 1,3L GARDENS
Private use Driver aged 40
Maximum no claim bonus



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Boesak's political fate could be sealed today

(259)

CT 13/2/95

By ANTHONY JOHNSON
Political Correspondent

THE political fate of Dr Allan Boesak could be sealed at a meeting this morning between President Nelson Mandela and Deputy President Thabo Mbeki at the Union Buildings

The former ANC Western Cape leader made a last-gasp bid to save his political skin yesterday at a meeting with Mr Mbeki in Pretoria at which he protested his innocence in the foreign aid scandal rocking the Foundation for Peace and Justice

Barely a day after the Office for Serious Economic Offences summonsed the Johannesburg law firm that conducted the inquiry into the FPJ's affairs to hand over its books and financial statements, Dr Boesak told Mr Mbeki that he had not committed any wrongdoing

"Dr Boesak says he is innocent and has not enriched himself," the Deputy President's spokesperson, Mr Thami Ntenteni, said last night

A spokesperson for the President's office, Mr Parks Mankahlana, confirmed that Dr Boesak — who in the past has appealed for an audience with Mr Mandela to convince him of his innocence — will not be at this morning's Union Buildings meeting

Dr Boesak is understood to be planning a press conference in Cape Town today

Senior government sources said last night Dr Boesak's posting as ambassador to the United Nations in Geneva was "definitely out of the question"

His fate would depend on the extent to which he was judged culpable for the scandal enveloping the FJP and now implicating prominent ANC members

But some said that Dr Boesak would not simply be "thrown away" because the case against him did not appear to be "that cut and dried" It was possible he might be offered some lower profile position in government

Winnie in R500 000 ruckus

(259)

CT 14/2/95

THE row surrounding Mrs Winnie Mandela grew last night with claims that a R500 000 cheque given to her, as ANC Women's League president, by Pakistani Prime Minister Ms Benazir Bhutto at a league function soon after President Nelson Mandela's inauguration last year was not given to the league

The claim came as Mrs Mandela backed down yesterday from her accusation that the government was paying more attention to appeasing whites than aiding blacks She said it had not been her intention to embarrass the government.

According to former league executive member and now member of Parliament, Ms Baleka Kgositile, treasurer-general Mrs Adelaide Tambo was told the cheque was for other projects

A spokesman for Mrs Mandela said the money was not intended for the league but "specifically for upliftment projects in disadvantaged communities"

Mrs Mandela said yesterday the R500 000 presented to her by the government of Pakistan was for use at her discretion and had been issued to the account of a development project for informal settlements

The money was given to Mrs Mandela for use "at her discretion for the development of women in South Africa", Mrs Mandela's cabinet office said in a statement.

The cheque had been issued to the account of CAPP, "a development project active in upliftment programmes in the informal settlements around Johannesburg".

Mrs Tambo has since resigned from her post, a move which precipitated the resignation of 10 other national executive committee members of the ANC Women's league

They resigned over dissatisfaction with Mrs Mandela's conduct and lack of control over the league's financial affairs.

Responding to President Mandela's demand that she retract her statement or resign, Mrs Mandela said yesterday: "I have always been an honest and forthright member of the ANC. I have tried to be equally faithful to the government, and I mean to remain so"

She made the statement in a letter to Mr Mandela. Mr Mandela has read the letter, but has not indicated whether her public backdown goes far enough

"The President has studied the letter and referred it to Deputy President Thabo Mbeki," Mr Mandela's spokesman, Mr Parks Mankahlana, said last night.

"The President will make a statement after Mr Mbeki has looked into the matter."

Mr Mankahlana said this would be done in the next day or two

Mrs Mandela, the Deputy Minister of Arts, Culture, Science and Technology, was told to retract statements she made at the funeral of a Soweto policeman in which she criticised the government.

She was told that if she did not want to retract them, she should resign or be fired

Mrs Mandela said in her letter, which was released publicly, she wanted to clarify her motives and intentions when she criticised the new government for paying more attention to appeasing whites than aiding blacks

"First and foremost I must make it abundantly clear that it was not my intention to insult the President or to embarrass the government. I was merely trying to assure the masses that the government and the ANC are aware of and concerned about the flaws that the government must still deal with

"The impression of the people is that we neither care nor know about these things I was trying to correct that perception If in doing so I created a different impression, that was not my intention" — Sapa, Political Staff

APOLOGY ... Mrs Winnie Mandela writes a letter of apology

'Donations of R138-m lost': probe set up

A committee of nine leading politicians — two of them provincial premiers — is to investigate another case of foreign donations that have gone missing.

It was claimed during the Robben Island prisoners' reunion at the weekend that about R138 million donated by foreign governments to the Association of Ex-political Prisoners (AEPP) never reached the people it was meant to help.

A former AEPP employee has claimed that some of the money was used to buy houses and cars for staff of the association — with seven of the vehicles registered under the name of one senior AEPP official.

Documents substantiating the former AEPP employee's claims were produced during one of the sessions of the conference.

The session was told that none of the R138 million donated by foreign donors found its way to social upliftment projects.

(259)

Borrowed

Star 14/2/95

In addition, the session was also told that about R5 million earmarked for Eastern Cape AEPP projects had apparently not been used for these schemes.

The former employee said the loans had been given to staff members and that he himself had borrowed large amounts of money without repaying them.

He claimed some AEPP officials had used the money to finance their own businesses.

Angered by the allegations, the former detainees demanded a full explanation and immediate probe into the AEPP trust funds and urged that the culprits be held responsible

A potentially explosive situation was averted when the ANC's Ahmed Kathrada told the delegates to appoint a committee to investigate the AEPP.

Those appointed to serve on the committee were Kathrada, Tokyo Sexwale, Patrick Lekota, Dr Aubrey Mokoape, Dikgang Moseneke, Kwedi Mkhaliphe, Thandi Modise, Barbara Hogan and Jeff Radebe. — Own Correspondent.

Boesak now looking for a new job

MICHAEL MORRIS
Political Correspondent

ALLAN Boesak, now without an income, is expected to be looking for a new job.

He has not only lost his diplomatic appointment to the United Nations, but also his employment — at R10 000 a month — with the Department of Foreign Affairs.

He is selling his house to help pay Foundation for Peace and Justice debts.

President Mandela yesterday accepted Dr Boesak's withdrawal as ambassador-designate to the UN in Geneva, "as well as from his employ in the Foreign Affairs Department".

Last week, facing the Press after meeting his accusers from Danchurch Aid, Dr Boesak said he would have to find a job if his Geneva posting fell through.

"I will have to find a job. I have no other source of income," he said then.

He also disclosed that Athlone lawyers Moosa and Associates were assisting him *pro bono* "since I cannot pay them"

He indicated that his R10 000-a-month director's salary from the Department of Foreign Affairs was "a small amount, and a huge drop from what I was earning as Minister of Economic Affairs in the Western Cape cabinet. It is a difficult thing."

The fact that his wife, Elna, was not working either compounded the difficulty

● Dr Boesak earned about R20 000 a month as director of the controversial Foundation for Peace and Justice.

Lawyers for Danish and Swedish aid agencies found that he "enriched himself substantially" at the expense of the FPJ and its intended beneficiaries.

Police and the Office for Serious Economic Offences are investigating

● No replacement has yet been considered for Dr Boesak, says Foreign Affairs director-general Rusty Evans.

Mr Evans said the incumbent, Riaan "Koedoe" Eksteen, had agreed to stay on

Mr Eksteen had, however, been reassigned to another posting and the position in Geneva would eventually have to be filled.

(259)

It is understood that Mr Eksteen may become consul-general in New York or ambassador to Turkey.

ARG 14/2/95

Boesak withdraws from post

(259) CT 14/2/95

By CHRIS BATEMAN and DALE GRANGER

PRESIDENT Nelson Mandela yesterday accepted Dr Allan Boesak's withdrawal from his Geneva posting — which Dr Boesak offered to allow the (criminal) probe into his Foundation for Peace and Justice (FPJ) to "go unhindered".

Mr Mandela said he had received Dr Boesak's "request" to step down as ambassador-designate and resign from the Department of Foreign Affairs.

"I fully understand the reasons behind his request and accept it with regret," Mr Mandela said.

Dr Boesak has also put his Constantia home up for sale to help settle the FPJ's debt.

Fellow trustee Mr Jan de Waal said yesterday he had begun civil action to recover Danish money allegedly misspent by Dr Boesak and five FJP staffers.

BOESAK GIVES UP GENEVA HOPES — Page 2

Dr Boesak emphasised that his withdrawal was "not an admission of guilt".

As the Office of Serious Economic Offences was investigating the alleged misappropriation of FPJ funds, and because he did not want to put undue pressure on the President or the government, he had offered to withdraw from the ambassadorial post.

The civil probe by Scandanavian donors found that as an FPJ director Dr Boesak "enriched himself" with funds intended for underprivileged South Africans to the tune of R1 million.

Dr Boesak said the action by the Office of Serious Economic Offences represented a new and "quite serious complication".

Mr De Waal said he was not taking civil action against former employees Mrs Leslie Liddle and Mr Norman Michaels, as they had repaid debts.

Dr Boesak said of his "resignation" yesterday "I know I have nothing to fear and I continue to have confidence in President Mandela's sense of justice and fairness."

'ANC men got FPJ money'

(259)

CT 14/2/95

Political Staff

PROMINENT ANC members, including Western Cape leader Mr Chris Nissen and a predecessor of his, Senator Christmas Tinto, received money from Dr Allan Boesak's Foundation for Peace and Justice (FPJ) according to Danchurch lawyers

The 600-page Danchurch report named other recipients as top Northern Cape ANC member Mr Calvin Smith, Mr John Neels of the SA National Civic Organisation in the Western Cape and local MP Mr Johnny Issel

Mr Nissen has admitted receiving R2 500 a year from 1988 to 1993 from the FPJ and that the FPJ supported the ANC's election campaign in the Western Cape in the form of contributions to Dr Boesak's travel expenses

He was unable to say whether the funders were aware that their money was being used for these purposes

Asked whether he did not feel he was taking food from the mouths of children by benefiting from funds designed for them, he said. "The FPJ was for anti-apartheid work and that was in the line of duty."

Payments made to Senator Tinto totalled more than R12 500 between December 1991 and January 1994, and were listed as "crisis relief," the report said

Another R16 247 was drawn on the FPJ's bursary account, ostensibly to "audit" Mr Tinto's house on which the FPJ registered bonds of R75 000 and R15 000, although the home was bought for only R11 269

Mr Tinto's wife Balewa admitted that their house was bought through the foundation, but said she and her husband had applied for a bond to take it over

Mr Issel stressed that the money was for his political activities and not his personal use.

The ANC regional leadership said the "irregular financial practices" alleged to have occurred in the FPJ had to be understood against the backdrop of the struggle against apartheid

ANC deputy-chairperson Ms Phumzile Ngcuka said that while the ANC leadership "condemned all corrupt practices without reservation", during the apartheid era the liberation movement and its supporters often "had to resort to subterfuge" to get foreign funding into country.

"This required concealment, the use of intermediaries and disguised conduits to avoid detection by the state," she said

"We reject the suggestion that all persons who received support and maintenance during the darkest days of apartheid repression were engaged in corruption

"It is regrettable that, in a few cases, they created opportunities for corrupt practices," she added

Boesak gives up Geneva hopes

(259)

Staff Reporter

CT 14/2/95

DR Allan Boesak yesterday resigned his appointment as ambassador-designate to the United Nations in Geneva — and said he was selling his plush Constantia home to settle a R500 000 Foundation for Peace and Justice (FPJ) bank overdraft

Speaking from his home, Dr Boesak said he and his wife Elna were now unemployed and did not know where they would live in future His salary next month from the government would probably be the last for his current position

He also accepted responsibility for the FPJ affairs in his capacity as director, but continued to protest his innocence about the misappropriation of funds — which he again blamed on the foundation's financial director, Mr Freddie Steenkamp

He said his resignation followed his learning over the weekend that the Office of Serious Economic Offences was investigating the financial affairs of the FPJ This, he said, had made him realise the process could take a lot longer than envisaged, with the possible emergence of criminal charges

"It is with great sadness I offer to withdraw from my post to Geneva so as to give the process a fair opportunity to be completed I am doing so without admissions of guilt," he said

President Nelson Mandela accepted Dr Boesak's offer with regret, saying "I fully understand the reasons behind his request".

Winnie embroiled in row over donation

(259) BD 14/2/95

TIM COHEN

CAPE TOWN — Two ANC Women's League leaders who resigned at the weekend yesterday accused Arts and Culture Deputy Minister Winnie Mandela of not handing over a R500 000 donation to the league from Pakistani Prime Minister Benazir Bhutto.

The accusation came on the same day that Mandela struggled to hold on to her portfolio by defending comments she made which were critical of government. She also clarified the whereabouts of the donation in a statement late last night

Mandela yesterday sent a letter to President Nelson Mandela but failed to apologise or retract her comments which reportedly accused government of failing to address apartheid imbalances She said her intention was not to embarrass government or insult the President.

A presidential spokesman said last night the matter was not closed and Deputy President Thabo Mbeki would discuss the letter with her today.

Two of the 11 ANC Women's League executive members who resigned at the weekend, MP Baleka Kgosistile and Gauteng MP Lindiwe Zulu, said a R500 000 cheque given to league president Winnie Mandela by Bhutto had not been handed over to the league.

Winnie Mandela's office said the Pakistani ambassador had told her that a sum of $100 000 had been allocated for her to use at her discretion in developing underdeveloped SA communities On her advice, the cheque was issued to the account of CAPP, a development project active in informal settlements around Johannesburg. "These details can be confirmed with the Pakistani embassy," she said

Sapa reports that Kgosistile said the cheque was handed over at a league function soon after the presidential inauguration last year.

☐ To Page 2

Winnie

(259) BD 14/2/95

☐ From Page 1

Zulu said league treasurer Adelaide Tambo was told that the money was being used for housing projects, which was "puzzling" because nobody was aware of such projects. But in any event Mandela should have informed the organisation which would not necessarily have objected if the money was going to a good cause.

A spokesman for Mandela said the money was not intended for the league but was "specifically given for upliftment projects in disadvantaged communities"

Responding to an ultimatum that she retract comments that the ANC-led government had betrayed blacks, or resign, Mandela said: "I was merely trying to assure the masses that government and the ANC are aware of and concerned about the flaws that government must still deal with.

"The impression of the people is that we neither care nor know about these things. I was trying to correct that perception. If in doing so I created a different impression, that was not my intention.

"I have always been an honest and forthright member of the ANC. I have tried to be equally faithful to the government, and I mean to remain so."

Mandela is reported to have said at Warrant Officer Jabulani Xaba's funeral that President Mandela's "overindulgence" in reconciliation was "a weakness"

Mandela's spokesman declined to comment on the resignation of the 11 league executive members as no official notification had been received. The 11 have demanded that a consultative conference be held to resolve problems in the organisation and to draw up a plan of action.

Replacements for the 11 members — about half of the directly elected members of the executive — would have to be elected at the conference, although it is understood that Mandela's position will not be contested.

The controversy was sparked by Mandela's decision to involve the league in Road to Freedom Tours in defiance of a league decision not to proceed with the project. Members also complained of her generally "undemocratic behaviour"

● Comment: Page 16

Mandela accepts Boesak's resignation

TIM COHEN (250)

CAPE TOWN — President Nelson Mandela yesterday accepted the decision by Allan Boesak, who faces an investigation by the Office of Serious Economic Offences, to withdraw from his diplomatic posting to the UN in Geneva

Boesak said that since he had been the Foundation for Peace and Justice's director, he took responsibility for what had gone wrong and would put his house on the market to help settle the foundation's debt

It is understood the investigation into Boesak's affairs will be widespread and will include allegations that he enriched himself from the foundation's funds

Mandela said he fully understood the reasons behind Boesak's decision to withdraw from the position as designated permanent representative to the UN.

Presidential spokesman Joel Netshitenzhe said no decision had been made on a replacement. This decision would be made after recommendations had been received from Foreign Minister Alfred Nzo.

Whether Boesak would be eligible for other government positions depended on the outcome of the office's investigation

Boesak said his offer to withdraw was motivated by the fact that the office was investigating alleged misappropriation of funds from the foundation and his desire

BD 14/2/95 ☐ To Page 2

Boesak

(251) BD 14/2/95

☐ From Page 1

not to put undue pressure on the President and government.

The action of the office represented a new, and "quite serious" complication "I do this not in admission of guilt, but to allow the process to be completed unhindered. I know I have nothing to fear and I continue to have confidence in President Mandela's sense of justice and fairness"

☐ Business Day reported last week that First Bowring and Associates insurance brokers "contributed" nearly R400 000 into the foundation's urban discretionary account. First Bowring made these deposits since Boesak had cashed in his life insurance policies. We regret any embarrassment this may have caused First Bowring.

NEWS Popcrum

Winnie in R500 000 cheque dispute

259

Sowetan 14/2/95

A R500 000 cheque given to African National Congress Women's League president Mrs Winnie Mandela by Pakistani Prime Minster Benazir Bhutto at an ANCWL function soon after President Nelson Mandela's inauguration last year was not given to the league

SABC radio news reported yesterday that according to former league executive member and now Member of Parliament Mrs Baleka Kgositsile, ANCWL treasurer-general Mrs Adelaide Tambo was told the cheque was for other projects

A spokesman for Mrs Mandela — who is Deputy Minister of Arts, Culture, Science and Technology — said yesterday that the money was not originally intended for the league but was "specifically given for upliftment projects in disadvantaged communities"

Mrs Mandela's Cape Town office said in a statement yesterday the R500 000 was for use at her discretion and had been issued to the account of a development project for informal settlements

The money was given to her for use "at her discretion for the development of women in South Africa", Mrs Mandela's office said in a statement

The cheque had been issued to the account of CAPP, "a development project active in upliftment programmes in the informal settlements around Johannesburg", the statement said.

Meanwhile, the ANCWL executive members who have resigned confirmed yesterday they had handed in formal letters of resignation

Group spokesman Ms Lindiwe Zulu said these had been handed to secretary-general Ms Nosiviwe Mnisi — *Sapa*

I'll withdraw from post says Boesak

259

By Vuyo Bavuma
Political Reporter

GENEVA OFF Director to sell house to help the Foundation's debt:

Sowetan 14/2/95

CONTROVERSIAL former cleric Allan Boesak yesterday offered to withdraw from his ambassadorial post to Geneva because he did not want to put undue pressure on President Nelson Mandela and the Government

The embattled former ANC leader also said he would put his house in the posh Constantia suburb for sale to help settle the debts of his Foundation for Peace and Justice

Boesak's actions, which effectively buried his political ambitions, came after a meeting on Sunday with Deputy President Thabo Mbeki who advised him to withdraw from the post to end the saga that was damaging the ANC

Mandela yesterday accepted Boesak's offer to step down from his ambassadorial posting to Geneva, ending months of uncertainty following claims that he misappropriated Scandanavian donor funds

In a statement issued by his office, Mandela said he had received and considered a request by Boesak to withdraw his appointment

"I fully understand the reasons behind his request and accept it with regret," he said

Road to disgrace

Boesak's road to disgrace began in December when it was discovered that he had misused R2,7 million of the FPJ funds donated by Swedish and Norwegian agencies to improve the plight of apartheid victims The funders said they would lay a charge against the Boesak and the FPJ's employees

Boesak said at the weekend that he had noticed that the Office of Serious Economic Offences had taken a hand in the matter of the FPJ

"This action represents a new and quite serious complication Therefore, in accordance with my promise not to put undue pressure on President Mandela and the Government, I have offered President Mandela my withdrawal from the ambassadorial post to Geneva

"Since, I have as director of the FPJ taken ultimate political responsibility for what had gone wrong with the foundation and its staff, I have today informed the trust that I am putting our house on the market in an effort to help the foundation's debt to the bank."

R138-m in aid for prisoners 'missing'

Sowetan 14/2/95 (259)

By Sibusiso Mabaso

A HIGH-POWERED COMMITTEE consisting of two premiers and seven prominent political activists has been appointed to investigate claims that millions of rands belonging to the Association of Ex-political Prisoners were unaccounted for

The committee was formed after angry ex-political prisoners — attending the Robben Island consultative conference in Cape Town at the weekend — demanded to know what had happened to the AEPP and how the trust had spend funds donated by foreign donors

About R138 million was apparently donated by French, Australian and German donors The funds were to be used towards alleviating the social and economic plight of ex-political prisoners

Shock disclosure

The shock disclosure of the alleged misappropriation of AEPP trust funds was made by a disgruntled former employee of the organisation at the Robben Island conference, which brought together former political prisoners

The former AEPP employee later told the *Sowetan* in an interview that there were allegations that some funds had been used to purchase homes and cars for certain officials and employees of the organisation

He claimed that seven cars belonging to the AEPP had been registered under the name of a senior AEPP official

Documents substantiating the former AEPP employee's claims were produced during one of the plenary sessions of the conference The session was told that one of the R138 million donated by foreign donors found its way to social upliftment projects

In addition, the session was also told that about R5 million originally earmarked for Eastern Cape AEPP projects had apparently not been used for these schemes.

The former employee said loans had been given to staff members and that he himself had borrowed large amounts of money without repaying them

He claimed some AEPP officials had used the money to finance their own private businesses

Angered by the allegations, the ex-political prisoners demanded a full explanation and immediate probe into the AEPP trust funds and urged that charges of theft should be laid against the culprits

AEPP official Mr Naledi Tsiki, who was chairing the conference, was asked by delegates to respond to the allegations

"Comrades, it is important to take note of the fact that there are no other officials of the AEPP present at this conference to answer your questions," he told the conference

His utterances caused an uproar among the delegates, who immediatedly shouted Tsiki down

A potentially explosive situation was averted when the ANC's Ahmed Kathrada appealed for calm and told delegates to appoint a committee to investigate the financial affairs and activities of the AEPP

Those appointed to serve on the committee were Gauteng premier Tokyo Sexwale, Free State premier Mr Terror Lekota, Mr Ahmed Kathrada, Dr Aubrey Mokoape, Mr Dikgang Moseneke, Mr Kwedi Mkhaliphe, Ms Thandi Modise, Ms Barbara Hogan and Mr Jeff Radebe

Probe into funds claim

(From page 1)

been used to buy homes and cars for certain officials and employees of the organisation

He claimed that seven cars belonging to the AEPP had been registered under the name of a senior AEPP official (259)

Documents allegedly substantiating the former AEPP employee's claims were produced at the conference.

The former employee alleged that none of the R138 million donated by foreign donors found its way to social upliftment projects

In addition, it was claimed about R5 million originally earmarked for Eastern Cape AEPP projects was apparently not used for these schemes

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He claimed some AEPP officials had used the money to finance their own private businesses ARG 14/2/95

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"Comrades, it is important to take note of the fact that there are no other officials of the AEPP present at this conference to answer your questions," he said

His response caused an uproar among the delegates.

The ANC's Ahmed Kathrada proposed that a committee be formed to investigate the claims.

Those appointed to the committee were Gauteng Premier Tokyo Sexwale, Free State Premier Terror Lekota, Mr Kathrada, Aubrey Mokoape, Dikgang Moseneke, Kwedi Mkaliphi, Thandi Modise, Barbara Hogan and Jeff Radebe

Top-level probe into 'missing' funds for ex-prisoners

(259)

The Argus Correspondent

JOHANNESBURG — A high-powered committee of two premiers and seven prominent political activists has been appointed to investigate claims that millions of rands belonging to the Association of Ex-political Prisoners are unaccounted for.

The committee was formed after angry ex-political prisoners — attending the Robben Island consultative conference at the weekend — demanded to know what had happened to the AEPP and how the trust had spent funds given by foreign donors.

About R138 million was apparently donated by French, Australian and German donors The funds were to be used to ease the social and economic plight of ex-political prisoners

The shock disclosure of the alleged misappropriation of AEPP trust funds was made by a disgruntled former employee of the organisation at the Robben Island conference, which brought together former political prisoners.

The former AEPP employee later told the Sowetan in an interview that there were allegations that some funds had

(To page 5, col 8)

ARG 14/2/95

Pakistani aid for E Rand

CT 15/2/95

(259)

JOHANNESBURG — A development organisation that received R500 000 in Pakistani aid money from the ANC Women's League works only in the Phola Park squatter camp on the East Rand.

The cheque, given to ANCWL president Mrs Winnie Mandela by Pakistan Prime Minister Ms Benazir Bhutto last year, had been issued to the Co-ordinated Anti-Poverty Programmes, of which Mrs Mandela is chief executive — Sapa

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Mandela demands an audit by ANC of Women's League activities

TIM COHEN

(251) BD 15/2/95

APE TOWN — Deputy Arts and Culture Minister Winnie Mandela gave the $100 000 donated by Pakistan Prime Minister Benazir Bhutto for upliftment projects to an organisation which she heads.

In response to questions posed by former members of the ANC Women's League, Mandela said she presented the money to the Co-ordinated Anti Poverty Programmes (Capp).

According to papers presented in court recently, Mandela is Capp CEO.

Capp directors listed on the organisation's letterhead include businessmen Abe Nkomo, Gibson Thula and Khehla Mthembu, former Daveyton councillor Tom Boya; and former anti-apartheid campaigners Aubrey Mokoena and Moss Chikane. Approached to clarify Capp's activities, Nkomo would not comment. Mthembu said the board had met several times at Capp's office in Johannesburg, which it shared with Contralesa.

Thula said he was not aware that he was on the Capp board of directors. "This comes as a surprise to me."

At Capp's office, a Contralesa official said the organisation had vacated the office without leaving a forwarding address, although it periodically came to collect correspondence.

Mandela hit back at her accusers in the ANC Women's League, saying the money was never donated to the league by Pakistan's government. She said foreign diplomatic missions seldom gave financial support to political parties in countries in which they maintained their missions. To do so would be a breach of diplomatic convention and, accordingly, the league was automatically precluded from receiving the donation.

She said an attempt was made by the 11 league members who resigned at the weekend to discredit the league by suggesting she was involved in financial impropri[illegible]

Accordingly, Mandela said she demanded that the leadership of the ANC launch a full and transparent audit of the activities of the league, starting in 1990

"And I demand that the leadership of the ANC publish their findings in full I have nothing to hide"

The tone of her statement contr[illegible] sharply with an apology she submitte[illegible] President Nelson Mandela shortly be[illegible] the midnight deadline on Monday m[illegible] concerning comments she made about [illegible] government of national unity.

The letter was the second she submitte[illegible] The first was rejected by the President, who gave her until midnight to apologise for comments she made at the funeral of police officer Jabulani Xaba.

In the first letter she said her intention was not to embarrass the government of national unity, but in the second she apologised and accepted the censure which the speech occasioned. Mandela committed herself to the concept and practice of collective responsibility of the Cabinet and said she was prepared to serve the government loyally

The President accepted her apolo[illegible]

At the funeral she told mourners that government had failed to redress [illegible]cial imbalances in the workplace.

Malebane-Metsing linked to R14m loan

BD 15/2/95 (259)

MARK ASHURST

AFFIDAVITS submitted to the Pretoria Supreme Court implicate former Northwest agriculture minister Rocky Malebana-Metsing in the issue of an "irregular loan" of R14m by Northwest parastatal Agribank to a Jamaican businessman

The affidavits have been presented by the Bophuthatswana Agricultural Bank (Agribank) in support of an urgent application for the liquidation of the company set up by Jamaican businessman Norman Escoffery to buy North Hills Farm outside Pretoria last year.

Escoffery, who used the loan to set up Liberty Foods in September, has been detained by the aliens investigation unit since February 3 as an illegal immigrant Liberty Foods' principal client, Woolworths, indicated on February 9 that it could no longer trade with the company.

The affidavits, which are likely to form the basis of a provincial government inquiry into the loan, include a letter of reference, signed by Malebane-Metsing, which describes Escoffery as "the chairman of a reputable American company".

Former agriculture department director-general John Lamola is cited in the affidavits as conveying instructions from Malabane-Metsing to Agribank's former executive officer, Rod Cusens, to expedite the R14m loan to Escoffery

Lamola is cited by Cusens as "indicating that he had briefed the minister about the purchase of North Hills Farm and that I should extend whatever assistance is needed to Mr Escoffery". Bank files also record Cusens's "concern at the lack of time granted to investigate fully the . bona

☐ To Page 2

Malebane-Metsing

(259) From Page 1

fides of Mr Escoffery. It would appear that political interference/involvement is again affecting business decisions."

But Agribank suspects that Cusens is responsible for this "framed statement", since the R14m loan was processed on September 12 when, allegedly, "no loan had been approved nor had any contractual documents been concluded between Agribank and Escoffery" BD 15/2/95

Documentation was "prepared and signed several months after the amount of R14m, together with further amounts ... was paid". Agribank also alleges that Cusens intervened personally to guarantee a R2m overdraft facility from FNB for Escoffery, ignoring formal channels.

At the time of the loan, the powers of Agribank's board of directors were held in trust by Malebane-Metsing, to whom Cusens was directly responsible.

The Pretoria Supreme Court ruled on Friday that Northwest agriculture minister Johannes Tselapedi was not entitled to bring the application to liquidate Liberty Foods on Agribank's behalf, and postponed the case until February 28 to allow a new board of directors to bring the application.

Escoffery has paid one instalment of R250 000 on the loan, which was subsequently increased to R16,6m. A second payment was not honoured by his bankers.

Escoffery denies government's claim that the loan was "irregular", since the 1981 Agricultural Bank of Bophuthatswana Act, which lays down the procedure for granting loans, was bantustan legislation. He claims it is now invalid.

Malebane-Metsing, who was fired by Northwest premier Popo Molefe in November, returned to the provincial cabinet as Molefe's "special adviser" last month following intervention by the ANC national executive committee.

Mystery of all the missing millions

259

■ FILTHY RICH Azapo thinks many people are involved in swindling:

By Sibusiso Mabaso

Sowetan 15/2/95

ANC MP Mr Ahmed Kathrada, who is the coordinator of the newly appointed committee formed to investigate the financial activities of the organisation accountable for the disappearance of R138 million, said no one was certain what happened to the money

The Association of Ex-Political Prisoners was supposed to look after the social and economic plight of former prisoners with the money

Kathrada said he never followed the activities of the AEPP and was not a member

Gauteng premier Mr Tokyo Sexwale, who was also appointed to serve on the newly formed committee, was not available for comment.

His secretary said he was sick and asleep.

Kathrada said the AEPP and an organisation of former MK combatants were disbanded about three years ago and had their assets absorbed by an organisation that failed to get off the ground, the Centre for Community Development

According to *Sowetan*'s source, the CCD leased two farms in Umtata and Butterworth in the former Transkei homeland to establish development projects

Refused to speak

The former general secretary of the AEPP, Mr Naledi Tsiki, refused to speak to *Sowetan* yesterday because "you wrote a story which is very damaging to me as a person and to the AEPP as an organisation

"Your report does not reflect what took place at the conference (in the Cape) and I have no confidence that you will be able to effectively provide a correct reflection now on the phone"

In reaction, Pan Africanist Congress leader Mr Clarence Makwetu said he was hopeful the money would be found

Makwetu said it was the first time that he had heard of the AEPP fund and the committee appointed to investigate the missing funds should "leave no stone unturned"

Azapo spokesman Mr Strike Thokoana said "We are aware of people who are filthy rich yet they have never worked Where do they get the money from? "We think there are many other people involved in embezzling funds intended for specific projects"

Prisoners' association denies fraud

MDUDUZI KA HARVEY

NALEDI Tsiki, secretary-general of the Ex-Political Prisoners' Association has denied claims that organisation members misappropriated R138m contributed by foreign donors to help former inmates get jobs and generate income.

He said: "The report is malicious and inaccurate. We have never received donations exceeding R10."

He said he would call a news conference today where, he said, it would emerge that no money was misused: "We want to bring audited reports of our finances for all to see." (259)

During a consultative conference at the weekend members demanded an investigation of claims that millions of rands were not accounted for. BD 15/2/95

A committee including Gauteng premier Tokyo Sexwale, Free State premier Patrick Lekota, Ahmed Kathrada, Aubrey Mokoape, Dikgang Moseneke, Thandi Modise, Barbara Hogan, Dikgang Moseneke, Kwedi Mkhaliphe and Jeff Radebe was appointed to look into the association's finances.

Allegations were that funds were used to buy houses and cars, to grant loans without repayment, and that officials had used money for personal business.

Claims that money had come from German, French and Australian donors were denied by representatives of all three governments.

The Centre for Community Development took over the asociation's assets last year when donors decided that with the end of apartheid, they were no longer in a position to give money to the Ex-Political Prisoner's Association.

Centre director Stanley Mngadi said: "We worked to transform the association and we got the finances for this from the Development Bank of South Africa. I have no information at my disposal that shows money was misused."

Cut corruption like cancer, govt urged

CT 16/2/95

(257)

BENONI — The government should cut out corruption like a cancer because South Africa's success in establishing conditions for economic growth would largely depend on how it dealt with the issue, DP leader Mr Tony Leon said last night

He told a public meeting here, the cleansing and disinfecting process had to start from the top However, the signs so far were not reassuring

If the ANC could not see a conflict of interest between ANC MP Mr Peter Mokaba's chairmanship of the Parliamentary Portfolio Committee on Tourism and his private enterprise position which funded a R250 000 a year salary in the National Tourism Forum, "then it will choose never to see less glaring conflicts of interest than that"

If nobody in the government would take the rap for allegations of major maladministration in the Transkei, the government could hardly expect the public service not to misuse public funds,

Mr Leon said the bulwark against corruption was three-fold a free, inquiring press, a fearless and untainted parliamentary opposition, and an independent and powerful judiciary — Sapa

Winnie 'did give cheque'

ST 16/2/95

(259)

Special Correspondent

JOHANNESBURG — The organisation to which the Pakistani government pledged a donation last year has confirmed it received a cheque that was given to Mrs Winnie Mandela

Dr Sydney Gata, a director of the Co-Ordinated Anti Poverty Project (CAPP), said yesterday it was the only big donation the organisation had ever received

Mrs Mandela is a custodian and founder member of the organisation, but Dr Gata said she was no longer involved in running it

He said CAPP was involved with "zero-income" groups

ANC code of conduct dusted off after spate of high-level scandals

(259) BD 16/2/95

DAVID GREYBE

CAPE TOWN — The ANC will hasten to implement a strict code of conduct for ANC MPs and senators which has been dormant for five months, after a spate of scandals involving leading ANC figures

The ANC national executive committee will also appoint a disciplinary committee before the end of the month to deal with breaches of the "clean government" code

ANC MPs and senators at national and provincial level face "instant dismissal from government or Parliament" if found guilty of corruption, the code states A similar fate awaits anyone guilty of "public disagreement" with ANC policies

ANC sources said yesterday President Nelson Mandela had made it clear "the ANC needs to clean up its act". One source said: "Mandela is on a bit of a mission at the moment over the issue" The disciplinary committee would, unlike other ANC committees, report directly to the ANC's "top six" leaders, including Mandela "That shows how seriously the leadership is taking this matter," the source said.

ANC secretary-general Cyril Ramaphosa said the party was drawing up a full report on the code of conduct, to be presented to an executive committee meeting starting on February 25. It would also be released to the public

The report would list ANC elected members who had signed the code since its public unveiling in September last year, declared their assets, and given details of "all other positions from which there is pecuniary benefit"

An ANC source said the code had been delayed because the ANC leadership was preoccupied with organising the December national conference, because of the end-of-year break and because the new executive had not held a "normal" meeting since its election However, the delay had embarrassed the ANC in light of the controversies surrounding leading ANC figures such as Winnie Mandela, Allan Boesak and Peter Mokaba.

ANC MPs and senators had until October 8 last year to sign the code and declare their assets or forfeit their seats in the national or provincial parliaments.

Not all ANC elected members had signed the code by the deadline, a source confirmed yesterday However, late submissions would still be accepted

The code also stipulates that ANC Cabinet Ministers and provincial premiers must surrender directorships and hand over shares to a trust. They may not play "any active role" in profit-making institutions MPs and senators have to disclose any gifts received which exceed R200 in value They also have to disclose any position held in organisations, companies and boards of directors from which they benefit financially

● See Page 10

Trustees must expect to have responsibilities

(259)

BD 16/2/95

Financial scandals involving aid money have put the spotlight on the duties of trustees. In this article, an advocate looks at their responsibilities, powers and liabilities.

AS the name applies, a trustee is someone placed in a position of trust. Like a company director, a trustee is also in a position of control.

By signing a cheque, he can see to it that trust funds are paid away, and he similarly exercises his powers by ensuring that monies due to the trust are in fact paid to it.

The trustee does these things for the benefit of others — the beneficiaries. Because they depend on him to act in their interests and not in his own, he is placed in this position of trust, and is called a trustee.

But unlike a director, the trustee is not in an enterprise intended to pursue profit. His beneficiaries are not shareholders, and he does not have the responsibility of ensuring that business operations are conducted to their best advantage. But the trustee has the greater duty of preserving trust assets — as opposed to turning them into profit — and using them to the advantage of those for whom the trust was established This means a trustee has a greater duty of care in the exercise of his functions, and his liability to those for whom he acts is more extensive than the duty of the director to his company.

A trust is an arrangement whereby ownership of property is, through a trust instrument, made over or bequeathed to a trustee, or a beneficiary, to be administered by the trustee for the benefit of those designated in the document. The trustee is by definition in a position of control. He occupies a "fiduciary" position, and his duty to account for his conduct as trustee is extensive

How extensive? A vague, though descriptive answer is very extensive.

Students of company law will remember the case of Regal (Hastings) Ltd v Gulliver (1942). In this case the directors of a company were called to account for a profit they made on the sale of shares they had bought in a subsidiary company.

The directors had bought these shares in order to satisfy the demand of a creditor that the capital of the subsidiary be brought up to a certain level. The function of the subsidiary was to facilitate the acquisition of premises and so help expand the business operations of their company.

This co-operative move on the part of the directors (which, of course, they were not bound to make) left them with a profit on the sale of the shares The court held that so extensive was the fiduciary duty of a director that the directors should account to their company for the profit they had made It did not matter that their motives were pure, nor that what they did had any beneficial effect for their company

If this is an indication of the extent of the fiduciary duty of a director, then so much the greater is the duty of the trustee.

The textbooks tell us that a trustee has many duties. He must take control of the trust property, make an inventory, collect debts due, preserve trust property, free trust property from burdens, invest trust funds without delay, obtain a reasonable return on capital, open a bank account, retain a reserve of assets, and so on The net is cast wide.

But of greater importance than all the administrative duties of a trustee are the following:

- ☐ Trustees must act jointly in order to bind the trust, unless the trust deed authorises action by a smaller number of trustees. Conversely, all the trustees may be sued for a wrong committed by one of them, even though the others did not participate in committing the wrong
- ☐ A trustee must actively seek out information of the state of the trust property, and not just wait for information to be given to him. The Trust Property Control Act (No 57 of 1988) requires a trustee to act with care, diligence and skill which can reasonably be expected of a person who manages the affairs of another.
- ☐ A trustee may delegate the execution of trust duties to another, including the administration of the trust, but this will not exempt the trustee from liability for the acts of other trustees, nor from the duty of supervising the work of the person to whom the work has been delegated.
- ☐ A trustee must render an account of the fund he administers, showing the income and expenditure of the trust and its investments of funds.

These duties may, of course, be affected by the terms of the trust instrument — the document in which the terms of the trust are set out. For example, it may be provided that a trustee is not liable for the breach of trust of his co-trustee. But in the absence of such a provision, a trustee is liable.

Putting the matter somewhat informally, the law says that if you assume the office of a trustee, expect to assume duties. This is no titular post. It is a position of power and of control, and those who assume it must accept the responsibilities that go with that position.

This fairly strict form is no doubt a far cry from the conceptions of those who so often assume the position of trustee. It is indeed a further cry from those who assume such positions with the view that control is all, and the beneficiary an afterthought in the grander design of the trust.

Leon warns ANC on corruption laxity

■ BY ESTHER WAUGH
POLITICAL CORRESPONDENT

Cape Town — Corruption in government should be cut out "like a cancer", but signs of such measures have not been reassuring, according to DP leader Tony Leon

Addressing a public meeting in Benoni last night, he said such a cleansing should take place in a thorough and systematic way from the top downwards.

Star 16/2/95

"If the ANC cannot see a conflict of interest between Peter Mokaba's chairmanship of the parliamentary portfolio committee on tourism and his private enterprise position which funded a R250 000-a-year salary in the National Tourism Forum, then it will choose never to see less glaring conflicts of interest than that," Leon said.

The DP leader said President Mandela and the ANC leadership faced an acid test in dealing with "transgressors".

He said there were a host of "proven and admitted, others pending and unclear" allegations against top-ranking ANC officials.

"If he (Mandela) and the ANC leadership are not seen to be ruthless and determined in stamping out instances of personal corruption and advancement through office, then South Africa will be inexorably on the slide-path towards becoming another Third World slag heap," Leon said.

259

Prison aid group denies R138-m fraud

259

■ BY BONGIWE MLANGENI

The Association of Ex-Political Prisoners yesterday denied that the organisation had received R138 million from donors and used the funds for personal benefit.

AEPP general secretary Naledi Tsiki said the organisation had raised just more than R5 million since it was formed in 1990. "We have no idea where the figure of R138 million comes from," he said

According to a newspaper report earlier this week, R138 million was donated by international donors to uplift ex-political prisoners, but some funds were used to buy homes and cars for certain AEPP members

The newspaper also said a committee had been formed at the conference of ex-political prisoners in Cape Town last week to investigate misappropriation of funds at the AEPP

Tsiki admitted that it had given loans of about R6 000 to staff members

He said that of the approximately R5 million donated, about R4 336 427 had been fully audited and could be accounted for The remaining R1 069 467 was still being audited and the report would be out by the end of March

Star 16/2/95

NATION

The Argus

Group says it got Pakistani donor cheque from Winnie

The Argus Correspondent

JOHANNESBURG — The organisation to which the Pakistani government pledged a donation last year has confirmed it received a cheque that was given to Winnie Mandela by the Pakistani High Commission

Sydney Gata, a director of the Co-Ordinated Anti-Poverty Project (CAPP), said yesterday he was not sure what projects the money was used for, but it was the only big donation the organisation ever received.

Winnie Mandela was chief executive of CAPP last year and remains a custodian and founder member, but Mr Gata said she was no longer involved in the day-to-day running of the organisation

CAPP was involved in upliftment programmes in "zero-income" groups, particularly in squatter camps, he said ARG 16/2/95

Pakistani High Commissioner Aneesuddin Ahmed said a cheque of $100 000 (about R360 000) was made out to CAPP and handed to Mrs Mandela last year

This followed a meeting between Mrs Mandela and Pakistani Prime Minister Benazir Bhutto, at Mrs Mandela's Soweto home on May 11 1994, the day after President Mandela's inauguration

Mrs Bhutto had pledged the donation to Mrs Mandela for any organisation with which Mrs Mandela was involved (259)

Members of the ANC Women's League charged that the money went missing and was in fact intended for their cause The organisation lost 11 executive members last week amid controversy over the whereabouts of the money

But a source in the league said it was the launch of the Road to Freedom tourism project which precipitated the 11 resignations rather than the money question

The joint multimillion rand project was launched by Mrs Mandela and actor Omar Sharif at a glittering function in Johannesburg last week.

The league source said the project was unanimously rejected when Sharif proposed it in October last year but was later allegedly signed in secrecy by Mrs Mandela and four other league members

● See page 23

ALAN ROBINSON (259)
reports from LONDON

Corruption stench abroad could choke off RDP aid

IT is the word the new South Africa never wanted to hear. The word that would taint the miracle that has transformed a despised racist state into a gleaming democracy of tolerance, peace and unlimited promise. ARG 16/2/95

But now that word is in the headlines of the foreign press, it is heard nightly on television newscasts from London to Stockholm and it peppers the radio bulletins from France to the Netherlands

In the eyes of millions, be they racists or realists, the word "corruption" is synonymous with Africa Fraud, bribery, theft, embezzlement .. the story of emerging Africa is laced with tales, some true, some apocryphal, of corruption.

Tanzania, Zambia, Zaire, Kenya, Uganda the list of countries and their despots caught up in profiteering while millions of their people starved is endless Now South Africa is being added to that list

And South Africa, the land of hope and forgiveness, the newly laundered land that was to be the jewel of a great continent, can ill afford the consequences The ambitious Reconstruction and Development Plan, on which the whole future of the country rests, cannot succeed without the inflow of billions of rands of foreign capital. Dollars, deutschmarks, sterling and francs are the lifeblood of the RDP, but the mere suggestion of corruption could be the ligature that stifles its last breath.

And that, regrettably, is what nervous foreign investors, cagey governments and cautious entrepreneurs are beginning to hear

The antics of Winnie Mandela have long been played back to a world audience that has shaken its head occasionally, clucked sympathetically now and again and generally hoped the silly woman would go away

But this week came an avalanche of reports, not about inciting the masses with her rhetoric, but infuriating her colleagues in and out of government over her handling of money from Pakistan, her promotion from her ministerial office of a private family money-making project, her venture into tourism with actor Omar Sharif

South Africa-based foreign journalists, in reporting all this back home, have recalled, too, the deputy minister's mysterious diamond-gathering trips, her stately homes, her odd friendships

section two

Corruption at the heart of the revolution

Winnie stops short of full apology to Mandela

Boesak quits with pledge to clear his name

THE INDEPENDENT

Winnie in new scandal over Bhutto cash

And when the Mandela reports coincide with detailed coverage of the Alan Boesak affair, the handout merchants, the potential investors and the well-meaning charitable institutions who can and must play such a crucial role in the RDP cannot help but hang back

Of course, corruption is not new to South Africa Arguably, it was much, much worse in the latter days of the white regime, with pardons and indemnities being produced just as fast as rands and reserves vanished

Nor is corruption endemic only in Africa The European Union, one of the most vital of South Africa's potential new sponsors, is riddled with it Italian cows, slaughtered in 1992, still produce milk three years later, juicy apples still hang enticingly from English apple trees long since grubbed out, "free range" French hens still roam in cages little bigger than shoeboxes.

But Africa remains, fairly or unfairly, an especially sensitive area and probably only an actuary could determine how much this week's headlines abroad have cost South Africa in lost aid

"Corruption at the heart of the revolution" screams a headline right across a full page in Britain's respected Independent newspaper A subsidiary headline announces that "sleaze now threatens the new order in South Africa" The Guardian cannot be accused of racism or right-wing bias, but even it is moved to carry a prominent report under the headline "Winnie adds to Mandela's woes in corruption rows" And The Times weighs in with nearly half a page on the "distress" of South Africa's "ageing leader" and the Boesak allegations

Holomisa challenges Mandela over funds

(259) ARG 16/2/95

Picture HANNES THIART, The Argus

FIGHT BACK: Bantu Holomisa at the Press conference today at which he dismissed allegations of corruption against the former Transkei government.

MICHAEL MORRIS and TYRONE SEALE, Political Staff

IN a challenge to President Nelson Mandela, former Transkei leader Bantu Holomisa said today Mr Mandela's claims that former homeland officials had stolen millions if not billions of rands "hold no water" until verified.

He accepted that Mr Mandela's remarks during a recent visit to the Eastern Cape had been made on the advice of his officials, but added. "The allegations by the president can never be regarded as the last word on this matter until an investigation has tabled its findings."

He had no idea of the status of the Eastern Cape government's investigation, but he welcomed the probe.

His comments follow a warning from Mr Mandela that the government intended taking a new and tough line against indiscipline and corruption, and that ministers and deputies had to adhere "to the letter" to government policies and decisions

Speaking at a Press conference today, General Holomisa — Deputy Minister of Environment Affairs in Mr Mandela's cabinet — also challenged Mr Mandela and the government of national unity to

- Deal with "straightforward pending cases, such as that against (hotel magnate Sol) Kerzner"
- Investigate allegations of financial corruption and misappropriation against the former National Party government He would soon "table facts and figures" about this.

General Holomisa said "I hope that when we implement the president's clean-up crusade, we will deal with straightforward pending cases such as that against Kerzner"

He also said he would soon "table facts and figures on how millions of rands were corruptly used by the National Party government and I expect the government of national unity to come up with a programme of action after I have tabled statements which will implicate the NP government"

He said the government and parliament should approach this issue "holistically, not piecemeal".

General Holomisa dismissed allegations that his government had run up a R300 million overdraft, saying Transkei's deficit fluctuated widely as a result of varying financial transfers from the South African government

"It is not of Holomisa's government's making," he said.

The closing balance of the Transkei's books at the end of July last year showed a deficit of R307,4 million.

The books showed that when his government left office in May last year, the closing deficit was R44,1 million

He said Deputy Finance Minister Alec Erwin had indicated to him since that some South African government funds intended for Transkei "were never transferred" and that the region was "terribly under-financed by the National Party government"

"As if the government realised its mistake, by the end of December 1994, the closing balance of the deficit was R98 million," General Holomisa said.

● See page 12.

Cosatu warns of corruption

CT 17/2/95 (259)

JOHANNESBURG — The Congress of South African Trade Unions (Cosatu) warned last night that corruption and mismanagement had to be dealt with otherwise the new government would begin to take on the hue of the old

Cosatu general-secretary Mr Sam Shilowa said a reputation of corruption would seriously impair the credibility of the new democracy

It would also undermine reconstruction and development, which hinged on clean and accountable government

Decisive action had to be taken to address allegations of corruption and public representatives had to apply the highest standards

Any form of mismanagement required decisive action and those found guilty of malpractice could not remain in office as was the case under the NP government

Cosatu said it welcomed the statement by President Nelson Mandela indicating that the government was serious about acting against corruption — Sapa

SACC support for Boesak

(259) CT 17/2/95

JOHANNESBURG — The South African Council of Churches pledged support yesterday for Dr Allan Boesak, saying he "has been a friend of many years who shared with this council in the struggle against apartheid"

The council added, however, there was no excuse for the misuse of funds "given for the relief and development of the poor who have in consequence suffered, nor a reason for not investigating to find the truth"

The Office of Serious Economic Offences is investigating alleged misappropriation of funds from the Foundation for Peace and Justice of which Dr Boesak was the director

The council assured Dr Boesak of its continued "prayers and care", but urged that investigations be conducted urgently and that "charges, if they are to be made, be brought soon and the truth be made known" — Sapa

Deputy minister challenges Mandela

Prove it, says Holomisa

(259)

Star 17/1/95.

FORMER Transkei leader says the president's statement on missing millions holds no water

BY ESTHER WAUGH and PATRICK BULGER

Cape Town — Former Transkei military ruler Bantu Holomisa yesterday challenged President Mandela to prove his allegations of corruption in the now-defunct homeland.

The Deputy Minister of Environment Affairs and Tourism said he would welcome and co-operate with an investigation.

Holomisa categorically distanced himself from other high-ranking ANC officials whose names had been linked to corruption allegations.

It was unclear last night what action, if any, the president would take against the deputy minister, whose challenge came days after Deputy Minister of Arts, Culture and Science Winnie Mandela was asked to apologise for criticising the Government of National Unity.

A spokesman for the president's office said Mandela was expected to study Holomisa's statement, which had been delivered to the president.

In a clear challenge to the GNU, Holomisa said allegations by Mandela that millions, if not billions, of rands had been stolen by former Transkei officials "held no water".

Holomisa said Mandela's allegations could never be regarded as "the last word on the matter" until the findings of a judicial commission of inquiry had been tabled.

Deputy President F W de Klerk told a media briefing yesterday that suggestions of corruption commissions were a smokescreen. Allegations of corruption should be investigated and procedures to stop corruption should be constantly reviewed

Holomisa called for an investigation into the former National Party-led government's finances.

Bantu Holomisa . . . called for an investigation.

He said those guilty of corruption in former Transkei had been charged in court, and the GNU's clean-up crusade should first deal with "straightforward cases like Sol Kerzner".

Holomisa would be tabling facts and figures during this parliamentary session that would show how "money had been used corruptly by the National Party government".

He challenged the Eastern Cape government to launch a commission of inquiry into former Transkei's finances — a measure announced last year by the provincial legislature

Holomisa said nothing had happened about the proposed commission since it was announced.

He confirmed that the former Transkei's cash-flow projection for 1994/95, which was published last month, showed that last July it had a deficit of R307 million

However, when he left the former homeland government in May, the deficit was R44 million.

He said Deputy Minister of Finance Alec Erwin had personally investigated the former Transkei's cash flow and had told him that some of the monies had never been transferred from Pretoria, and that the region had been "terribly underfunded".

Holomisa denies mismanagement of funds

ADRIAN HADLAND

CAPE TOWN — Deputy Environment Minister Bantu Holomisa lashed out at President Nelson Mandela yesterday, accusing him of making unfounded allegations of widespread corruption in the former Transkei. (259)

Holomisa told a news conference the ANC had been "shy" in admitting that delivery of reconstruction and development programme projects had taken second place to servicing an inherited R220bn government debt.

Mandela said in the Eastern Cape recently that millions, and possibly billions, had been stolen by officials of the former Transkei government. BD 17/2/95

Holomisa said while Mandela had obviously been briefed by officials, his allegations could not be regarded as "the last word on this matter".

Until a judicial commission of inquiry had completed its investigation, any accusations against Transkei officials or himself would not hold water, he said.

Holomisa, who was voted into the ANC's national executive committee last year as its most popular member, denied any financial mismanagement while he headed the homeland's military council. For

□ To Page 2

Holomisa

(259) BD 17/2/95

□ From Page 1

years, the NP government stifled Transkei's development through underfunding and the late transfer of funds, he said.

Since the late 1980s, Transkei had registered a budget deficit of between R30m and R50m as a result of these delayed transfers. Finance Department figures indicated Transkei's deficit was R44,1m at the time of the military council's dissolution in May last year, compared with a deficit of R307,4m at end-July.

He said he would be disclosing details in Parliament soon which would show how the NP had "misused" millions of rands while in government. He would call for full explanations concerning what the inherited R220bn debt involved.

Not even the Cabinet knew how much money had been borrowed by the previous government or for what reasons, he said. It was not ethical to expect the present government to service a debt whose details were not even known by the Cabinet.

If government was serious about transparency, it should investigate the debt as well as outstanding "straightforward" cases such as Sol Kerzner's involvement in Transkei casino deals. He called on government urgently to complete its investigation into alleged financial irregularities in Transkei

Board member defends Winnie

(259)

BD 17/2/95

TIM COHEN

CAPE TOWN — Deputy Arts and Science Minister Winnie Mandela had not misused funds from the Co-ordinated Anti Poverty Programme, but was in fact owed money by the development body which had been backed by two blue-chip companies, board member Sidney Gata said yesterday.

Gata said the only major contributions in the programme's two-and-a-half-year existence were made by Pakistani premier Benazir Bhutto (R360 000), Anglo American (R25 000), South African Breweries (R18 000), the Taiwanese Embassy (R20 000) and the Israeli Embassy (R3 000).

Mandela had contributed about R500 000 out of her own pocket for a car, an office in the Phola Park squatter area, office equipment and other items, he said

Gata said he fully expected that when the accounts were handed over to the newly established management board, the full amount of money donated by the Pakistani government would be available to the organisation. He was responding to allegations by a former programme employee who said, on condition of anonymity, that the programme had not undertaken a single project other than the distribution of tents donated by Anglo American to residents of Phola Park, which was "botched".

The source alleged that the organisation was a "tool" in Mandela's hands, saying she had exclusive control over the organisation's funds. Employees were paid by Mandela in a "haphazard" fashion.

Gata denied the allegation and said there were certain accounts to which Mandela did not even have signing rights.

He rejected allegations that the programme's organisation was "haphazard", saying the new management board would ensure the organisation was properly run.

Gata denied that no proper accounts of the programme were kept, saying an audit of the organisation was currently under way and would be available within the next few weeks. The programme was a small organisation aimed at co-ordinating activities rather than actually becoming involved in construction work.

Nevertheless, it was involved in a community needs assessment survey and co-ordination services that would ultimately result in serviced sites for 4 300 families. About 200 sites were already completed and 400 others were under way, he said.

He had no knowlege of the programmes's involvement in the hiring of aircraft.

Public's relevance debated

MARK ASHURST

ARGUMENT over the relevance of public opinion to the deliberations of the Constitutional Court dominated its second day of hearings as those in favour of retaining the death penalty gave evidence yesterday.

Emphasising the mandate of the Court to promote the "values of an open and democratic society", Witwatersrand Attorney-General Klaus von Lieres und Wilkau said general opinion in society supported the death penalty and perceived it to be a valid deterrent against crime.

He was arguing against the State for death row prisoners Themba Makwanyane and Mvuso Mchunu, who claim the death penalty in Section 277 of the Criminal Procedure Act is unconstitutional.

From the bench, Judge Laurie Ackermann said the court should "have regard for the concept of what is a desirable and undesirable society". Other judges questioned whether the court should distinguish "values" from "opinions" and whether there was any constitutional obligation to consider public opinions.

Black Advocates' Forum representative Francis Davids said the interim constitution may not reflect the values of all SA. Von Lieres und Wilkau said there was no statistical evidence the death penalty was an effective deterrent. But the public belief the death penalty was a deterrent was evidence enough to support this theory.

He cited an October 1994 survey by the Human Sciences and Research Council which found support for the death penalty was 42% among Southern Sotho speakers, 79% for Afrikaans speakers, 68% for English, 66% for Zulus and 54% for Xhosas.

Giving evidence for retired civil engineer Ian Glauber, Emanuel Zar SC said Section 277 had flaws but should not be the only legal basis for the death penalty.

The right to life enshrined in Article 9 of the constitution obliged the state to implement the death penalty if it proved a deterrent, said Zor. But Judge Ismail Mahomed said rights were granted to the individual vis a vis the state. Section 9 guaranteed "the right not to have the state kill you," he said.

BD 17/2/95

☐ Sapa reports from Cape Town that Deputy President FW de Klerk said the 300 prisoners now on death row should be given clemency to rid the debate on capital punishment of emotions.

NGOs reel under Boesak's blows

(259) WM 17-23/2/95

Justin Pearce

SOUTH AFRICA'S non-governmental organisation (NGO) community is reeling from the shockwaves of the allegations of theft and fraud made against Dr Allan Boesak's Foundation for Peace and Justice (FPJ).

Last week's revelations of the scale on which money disappeared undetected from the FPJ have prompted NGO trustees to re-examine their roles and duties seriously

Trustees of various organisations who spoke to the *Weekly Mail & Guardian* agreed that they had failed to keep an adequate watch on the books of their various organisations.

"We need people who are there because of their financial skills, and such people need to share their skills," said Mary Burton, who announced her resignation from all trusteeships after R423 000 disappeared from the Children's Trust of which she was a trustee

Burton said accounting skills were not the first priority for donors when selecting trustees. "There is a desire for people who are known to the donors and can give them confidence "

In the case of Boesak, many observers have remarked that this blind confidence in someone with the right political credentials was what enabled the disappearance of FPJ money

Former Pan Africanist Congress vice-president Dikgang Moseneke said there was a limited number of "pet names" — figures who were approached again and again to give credibility to charitable projects These people were already overloaded with work and could never do justice to their duties as trustees Moseneke, who is now chairman of the board of Telkom, said he received one or two requests each month to serve on the board of a business or charity

Archbishop Desmond Tutu is one person who is much in demand as a trustee. His secretary, John Allen, said it was important to distinguish between the roles of a trustee and a patron. if Tutu does not have time to play an active role as an organisational trustee, he will allow his name to be associated with the trust as a patron if he endorses the aims of the organisation

Others criticised the separation between organisational trustees, who are ultimately responsible for the organisational funds, and the management which takes the day-to-day decisions.

Probe ordered into claims of staff shenanigans at official residences

Wild parties at Mandela's place

CONT

ARG 18/2/95 (259)

■ When the cat's away the mice will play — and that's what appears to happen when President Mandela is absent from his official mansions.

WILLEM STEENKAMP
Weekend Argus Reporter

WILD parties have been held into the wee hours of the morning at President Nelson Mandela's two official residences in Cape Town and Pretoria while he has been away.

These serious allegations have rocked the President's office and led to an in-depth investigation into the staff shenanigans at Genadendal (formerly Westbrooke) in Cape Town and Mhlamb-'bomvu (formerly Libertas) in Pretoria

Party-goers allegedly binge on the President's best wines and food and enjoy the full splendour of the sumptuous residences — which both belong to the state and are furnished and supplied at taxpayers' expense

And, besides supping on presidential delicacies, it has also been alleged that party-goers have been commandeering state vehicles to transport them to and from the residences

Parks Mankahlana, a spokesman for Mr Mandela, said the President had not been aware of these alleged incidents and would have put a stop to them immediately if he had known staff members were abusing their positions

Mr Mankahlana said an in-depth investigation had been launched as a matter of urgency some time ago and that a disciplinary hearing would follow if necessary

In a recent letter received by Weekend Argus, a government source alleged that the parties held in Mr Mandela's absence had been taking place at both Mhlamb'bomvu in Pretoria and Genadendal in Cape Town

Several names of staff members and a man with different aliases, whose father had apparently served a prison term on Robben Island, were mentioned in the letter

When this information was made available to Mr Mankahlana he confirmed that the President's office was aware of the allegations and that an investigation had been launched

Apparently these parties have been the subject of heated conversations at several get-to-

Picture LEON MULLER, Weekend Argus

☐ **EYE PROBLEMS:** President Nelson Mandela rubs tears from his eyes during his speech in parliament yesterday

Concern over Nelson's eyes

WILLEM STEENKAMP
Weekend Argus Reporter

CONCERN is growing over the condition of President Nelson Mandela's eyes after staff members requested photographers not to use flash guns around him

Special care is also taken not to point powerful television lights directly at Mr Mandela during interviews

Yesterday Mr Mandela took off his glasses at least 12 times during his speech at parliament to wipe away tears

Mr Mandela's eyes were initially damaged on Robben Island when working in the lime quarry Apparently the tear ducts of Mr Mandela's eyes were blocked

At the reunion of former inmates at Robben Island two weeks ago, staff members called on photographers not to use flashlights when taking pictures of Mr Mandela

Since Mr Mandela's eye operation, his eyes have been seen to water and have become particularly sensitive to bright or harsh lights

Mr Mandela has taken to wearing dark glasses whenever he appears in bright sunlight

But staff members moved quickly to quash rumours that Mr Mandela's eyesight was deteriorating, saying the operation on his eyes had been successful, but that his eyes were still in a recovery stage and were therefore highly sensitive to sharp light

Olympics: Ackerman reconsiders

WILLEM STEENKAMP
Weekend Argus Reporter

IN a shock development Cape Town's "Mister Olympics", Raymond Ackerman, is to reconsider his role in Cape Town's bid for the 2004 Olympic Games

He is considering resigning following criticism and a move by some city officials to usurp the power of the official Olympic Bid Committee

And in a separate move and without any brief from the official Olympic Bid Committee, four senior municipal officials are flying to Barcelona today

Mr Ackerman said he was aware of this, but was not prepared to comment on the reasons for the trip The officials could not be reached for comment

Mr Ackerman, co-chairman of the Olympic Bid Committee, said he had spent millions of his own money on the Olympic dream and had little support when he mooted the hosting of the 2004 Games more than four years ago

"But now that the dream has become a reality there are some destructively minded people out there who suddenly want high positions in the Olympic Bid Committee"

Earlier Mr Ackerman told municipal reporter Andrea Weiss "I am not a quitter I haven't threatened to resign, but there are enormous problems."

He told Weekend Argus "I am going to reconsider my position this weekend I have no political aspirations and do not need the aggravation If people want me to go, I will go"

Referring to recent criticisms on his and the Olympic Bid Committee's role, Mr Ackerman said officials in other Olympic cities like Atlanta had warned him that this would happen as time ran out for the bid

Mr Ackerman also said that when it came to bidding for the Games a strong leader was necessary to run and co-ordinate the bid He said he was not an egotist, but neither was he prepared to be limited by bureaucratic interference

"It is a great pity that there are negatively minded people out there who are levelling unfounded criticisms at the Olympic Bid Committee We should rather all unite and make sure that Cape Town is indeed successful in it's bid to host the 2004 Olympic Games"

Mr Ackerman said there was tremendous support in the international community for Cape Town's bid He had been overseas six times on official business for the Olympic Bid Committee

Referring to criticisms that the Olympic Bid Committee was not as representative as it should be, Mr Ackerman said this was simply not true

He said an Olympic board of directors would in any event be appointed soon on which all the major role players would be represented with the support of numerous task groups which were appointed to ensure Cape Town was succesful in its bid

Mr Ackerman said that depending on circumstances, he would issue a full statement on Monday

ARGUS

18-2-95

gethers of civil servants and the fear has been expressed that damage could be done to historical pieces of furniture in both residences, which house expensive works of art and valuable furniture.

Mr Mankahlana refused to give further information on the alleged parties or to disclose any new information which may have come to light during the investigation.

"We do not want to prejudice the investigation by releasing more information at this stage. But if these allegations prove to be correct, the necessary steps will be taken against those involved," said Mr Mankahlana.

Deputy Minister Winnie Mandela this week remained embroiled in a row with members of the ANC Women's League over, among other things, paying donors' money into her shadowy and unaudited Co-ordinated Anti-Poverty Programmes. Now there are new allegations that she has used her ministerial office to pursue the organisation's interests through a number of intriguing business deals

CASE 1

Winnie uses office to favour contractor in R22,5m dispute

ST 19/2/95

(251)

By CLAIRE ROBERTSON

DEPUTY Arts and Culture Minister Winnie Mandela used her ministerial office and status in a bid to pressure a regional services council to settle a legal wrangle with a private electrical contractor.

It would have cost taxpayers at least R22,5-million if she had succeeded.

The Pretoria RSC refused to bow to her wishes — and won the case during arbitration.

Writing on ministerial letterheads, she reminded the RSC chairman that she was a "minister of the government that employs you" and stated that it was the "policy" of the ANC government to seek out-of-court settlements in such matters.

Mrs Mandela wanted the contractor, Costa Livanos, to work on a project for her welfare organisation, the Co-ordinated Anti-Poverty Programmes A CAPP spokesman confirmed Mr Livanos had agreed to build the organisation a shop in Phola Park as part

COSTA LIVANOS

use of public funds to fight the case, and concluded: "Prima facie it seems that the opinions and advice of your legal representatives have at all times been incorrect and costly

"I am very unhappy that after giving you a decent opportunity to clear the government's case you have contentiously avoided my questions and you have clearly underestimated our commitment to

"shocking" and said the RSC had "unnecessarily prolonged the duration of this arbitration in an attempt to out-litigate and bankrupt Livanos".

Two weeks later the arbitration decision was handed down — the RSC was not liable but the Atteridgeville council was liable for unspecified damages.

Co-ordinated Anti-Poverty Programmes consultant Dr Sidney Gata suggested it was the RSC officials and their legal counsel who had benefited from the marathon legal proceedings — estimated to have cost in the region of R5-million — and said the government was "very grateful to Mrs Mandela for her handling of this matter"

This week Mrs Mandela's private secretary in the Ministry of Arts and Culture, Alan Reynolds, attempted to distance Mrs Mandela from the matter

"The minister is not involved," he said. When asked to explain her letters, he replied. "That was all before my time."

But the Sunday Times was yesterday shown a letter, signed by

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Mrs Mandela wanted the contractor, Costa Livanos, to work on a project for her welfare organisation, the Co-ordinated Anti-Poverty Programmes. A CAPP spokesman confirmed Mr Livanos had agreed to build the organisation a shop in Phola Park as part of the electrification project.

Mrs Mandela last year wrote to the RSC chairman, Peter Smith, asking him to settle out-of-court with Mr Livanos, who claimed he was owed R22,5-million in damages by the RSC and some R50-million by the Atteridgeville Town Council for breaking his contract.

The case arose after the council re-tendered Mr Livanos's contract to electrify Atteridgeville homes because, they said, he had failed to meet his undertakings in time.

It eventually went to arbitration after a series of court cases — during one of which the RSC was slated as "uncooperative and disdainful" by the Appellate Division.

Mrs Mandela stepped in while arbitration between the RSC, the council and Mr Livanos was under way She asked to meet the RSC on two occasions to review the case, but missed the meetings

Mr Smith wrote to her in August, pointing out that to use public funds to settle with a man who claimed, at that stage, R28-million against a broken contract worth only R8,1-million would be "embarrassing and scandalous"

He wrote. "It is the opinion of the (legal advisers of the RSC) that the claim of Livanos is unfounded and that it is for this reason that he is exploring other avenues with a view to coerce the RSC into a settlement."

A month later Mrs Mandela wrote back. "Is it your contention that, as a Member of Parliament and thus a custodian of public funds and public welfare, and furthermore, as a Minister of the Government that employs you and your legal advisers, I have no right to hear this case or to take it to Parliament and cabinet?"

She repeatedly referred to the

COSTA LIVANOS

use of public funds to fight the case, and concluded. "Prima facie it seems that the opinions and advice of your legal representatives have at all times been incorrect and costly

"I am very unhappy that after giving you a decent opportunity to clear the government's case you have contentiously avoided my questions and you have clearly underestimated our commitment to transparency within the ANC-led government.

"We have the capacity to launch a 'truth commission' in respect of public expenditure."

She wrote another letter on October 27, again on a ministerial letterhead, in which she described actions of the RSC legal counsel as

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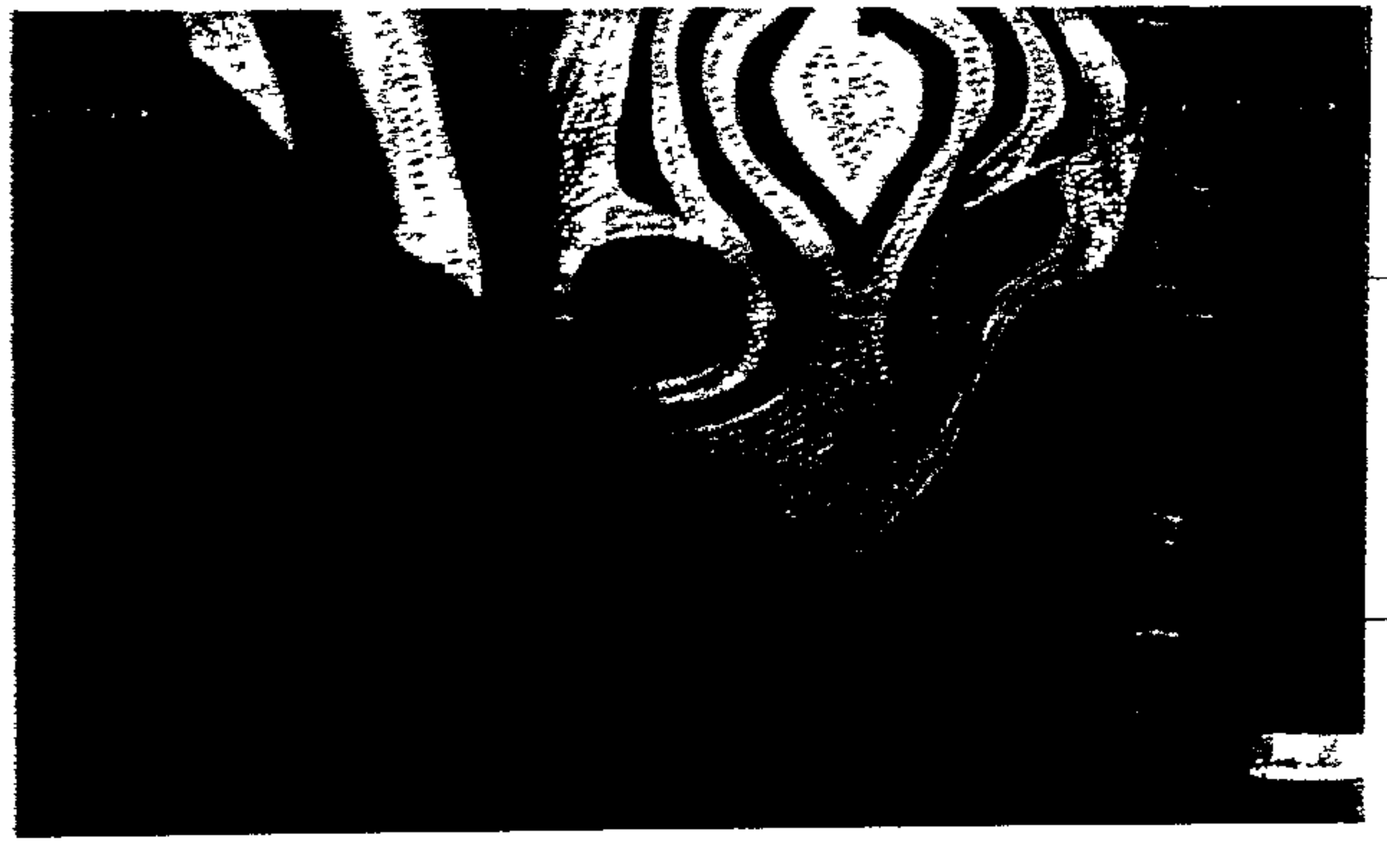
"The minister is not involved," he said. When asked to explain her letters, he replied. "That was all before my time."

But the Sunday Times was yesterday shown a letter, signed by Mr Reynolds and dated January 24 this year, in which he requested a meeting between Mrs Mandela and the chairman of the Pretoria Metropolitan Council to discuss Mr Livanos's claims.

The council is due to discuss Mr Livanos's case when it meets this week.



ALL SMILES . . . Winnie Mandela at the opening of Parliament on Friday Picture ERIC MILLER

Registrar's ultimatum to poverty relief body

By NICOLA KOZ

WINNIE Mandela and her poverty relief organisation, the Co-ordinated Anti-Poverty Programmes, have been given less than a month to submit financial statements to the Registrar of Companies in Pretoria after falling foul of the Companies Act.

A Registrar official confirmed on Friday that the development organisation had failed to abide by the Act, which stipulates that all Section 21 companies — companies not for gain — must submit financial statements.

The Registrar's office posted a letter to the organisation on Friday demanding the statements.

The organisation has to lodge the relevant documentation within 14 days of receiving the letter If it fails to do so, the Registrar will hand the matter to the police for investigation

Mrs Mandela set up the poverty relief programme in 1992 "to contribute to the process of development and empowerment of disadvantaged communities"

The organisation appears not to have kept records of donations, but it is believed Mrs Mandela has received at least R426 000 from foreign embassies and local businesses.

For the past two-and-a-half years, the organisation has concentrated its energy on a housing project in Phola Park on the East Rand

The Registrar official said the organisation should have been audited "at least once" since it was officially registered in January 1993

The organisation's auditing firm, Pema Lakha and Associates, has refused to divulge any details about its client's finances on several occasions, on the grounds that such information is confidential

But an employee at the firm said in December that the organisation had never been audited

It was also established this week that R360 000 donated by Pakistani Prime Minister Benazir Bhutto, which Mrs Mandela says she gave to the poverty relief organisation, was intended for a number of South African women's organisations

Mrs Mandela invited several women's organisations to her Orlando, Soweto, home to meet Mrs Bhutto in May last year.

According to those present, Mrs Bhutto said the money was to be channelled through the ANC Women's League and that all interested organisations could benefit by applying to the league for a portion of the funds.

One of the women present at the meeting, former director of Operation Hunger Ina Perlman, said on Friday she had been under the impression that "the cheque was to go towards women's development in South Africa". (259)

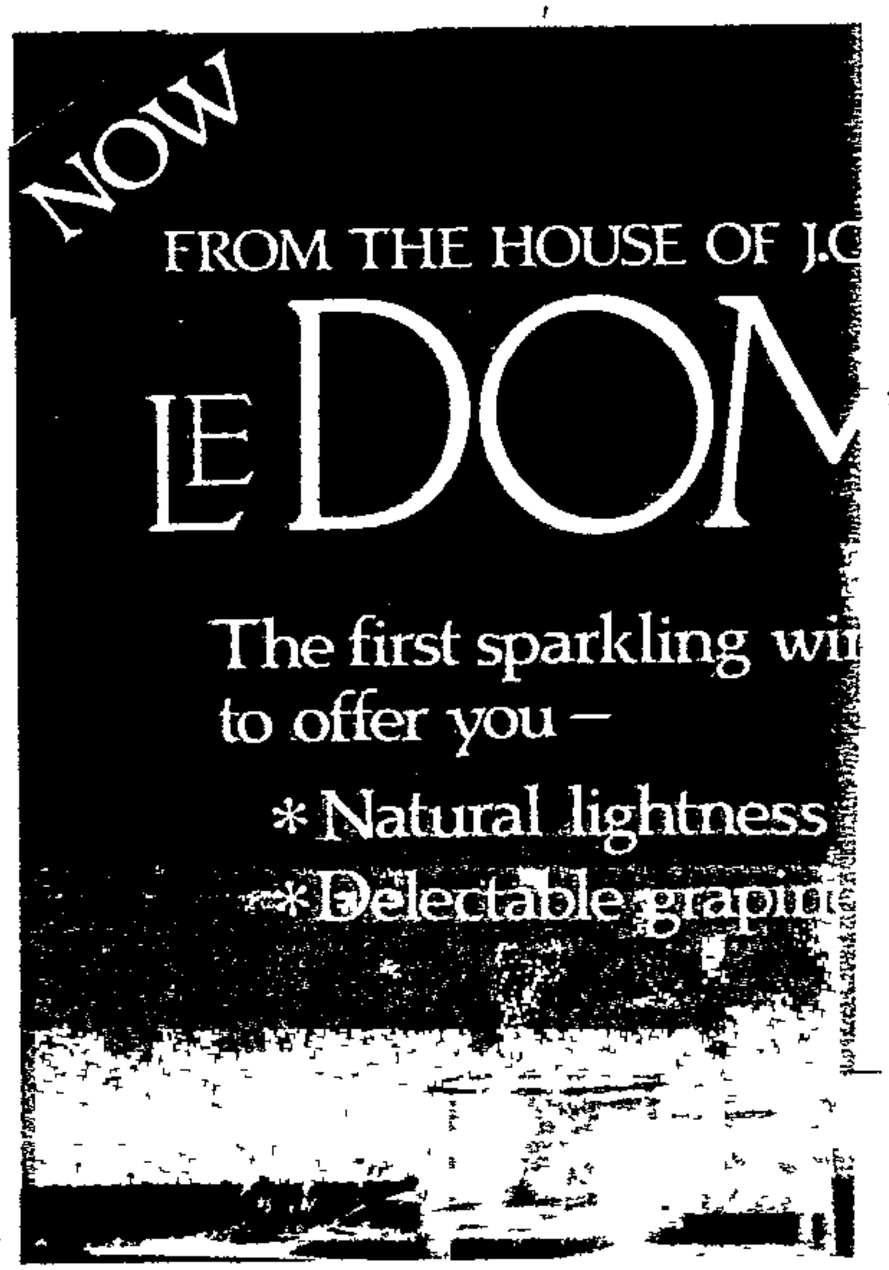
She said her recollection was "vague" but she was certain the cheque was to be given to the league "on the assumption and in the hope that the money would become available to other groups" (297) 258

A former member of the league's executive, Baleka Kgositsile, said this week that the donation had not been handed to them.

However, Mrs Mandela's office said the money had been given to her "to be used at her discretion for the development of underdeveloped communities", and she had decided to give it to her poverty relief organisation.

ST 19/2/95

One error earns reader R5 000



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ST 19/2/95

New probe into state contracts

ST 19/2/95 (259)

By MARLENE BURGER

POLICE are investigating allegations of theft and bribery against at least 10 officials employed by the Department of Public Works

This follows the discovery of widespread corruption in the department by a seven-man team appointed to probe irregularities in the awarding of lucrative state contracts.

The department is responsible for providing government with services and equipment ranging from gardening and paper clips to office space and housing.

The team, headed by the department's chief director of administration, was appointed on the instructions of Public Works Minister Jeff Radebe.

A 14-page memorandum to Mr Radebe, which the Sunday Times has in its possession, shows that, in the Pretoria regional office alone, overpayments and fraudulent contracts for maintenance and cleaning services cost taxpayers R3,7-million between May 1990 and November last year.

During the same period, the department recovered R442 036 from contractors who had been overpaid or paid for work they had not done. However, another four contractors have been declared bankrupt and one has died, leaving little hope of overpayments being recovered.

All the contractors involved in irregularities have been blacklisted by the State Tender Board.

Of the 16 plumbing, electrical, air-conditioning and building contractors listed in the memorandum, four are being investigated by the police in connection with fraud and tax evasion.

The owner of one concern, Gideon's Plumbers, has already been convicted on several fraud charges and fined a total of R6 000.

Between February 1990 and May last year three department officials were also found guilty on criminal charges.

In February 1990, a senior property administration clerk, A R Handford, was fined R750 (or six months) and sentenced to 18 months in jail. He was found guilty of trying to bribe the owner of an office block needed by the department and of concealing his criminal record.

In April 1991, T van Kruiselbergen, head of the cleaning services section in the Pretoria office, was fined R3 000 (or 12 months in jail) and sentenced to two years' imprisonment suspended for five years after being found guilty of fraud. He had submitted false quotations and invoices to the value of R571 681,03 for cleaning services provided by several firms all owned by the same person.

The senior general foreman in the department's Bloemfontein office, G J Kymdell, was given a suspended three-year sentence and 30 months' correctional supervision in May last year after he was found guilty of stealing paint worth R55 916. He subsequently pleaded guilty to misconduct at a departmental inquiry and his dismissal is under consideration.

The 10 officials under investigation are from the Pretoria, Cape Town, Johannesburg and Bloemfontein offices, but preliminary reports show that irregularities have also occurred in Kimberley and Port Elizabeth.

Mr Radebe said this weekend he had given instructions for an in-depth probe into all possible irregularities. "This department is committed to transparency and we are determined to stamp out corruption," he said

The first part of a report by independent auditors Ernst and Young, appointed last year to review all contracts awarded in the past five years, will be released in a fortnight.

(259)

Wild-parties charge brings swift denial

By EDYTH BULBRING

ST 19/2/95

PRESIDENT Nelson Mandela's office moved swiftly yesterday to deny press reports that wild parties had been in full swing during the President's absence from his official residences in Cape Town and Pretoria.

Director-General for the President's Office Jakes Gerwel said in a statement yesterday that the impression created by the reports was false.

Only one member of the President's household staff was subject to disciplinary proceedings

Mr Gerwel said the information the President's Office had so far gathered did not come near suggesting that these activities may have taken place on the scale implied.

The person who faced disciplinary action was a senior member of the household administration, a source in Mr Mandela's office said yesterday.

It has been alleged that the staff member, who supervises the President's residences, had been drinking on duty with some friends.

In his statement Mr Gerwel said: "The office regards these reports as irresponsible as they could negatively affect the performance of the overwhelming majority of the household staff."

ST 19/2/95

Lawyers tell Boesak and staffers to repay 'loans'

(259)

By AYESHA ISMAIL

LAWYERS acting for the Foundation for Peace and Justice have begun civil proceedings to recover "loans" granted to former staffers, including Dr Allan Boesak.

This week letters were sent to five of the foundation's former staff members, instructing them to repay the money.

The foundation also filed an application, which will be heard in the Cape Town Supreme Court tomorrow, for the sequestration of the estate of the foundation's former financial director, Freddie Steenkamp, who signed an admission of debt for over R750 620.

Lawyers decided to apply for the sequestration after Mr Steenkamp told them he could not repay the money.

A firm of attorneys commissioned by the foundation's donors to investigate the abuse of funds said in a report last week that more than R2-million was used for staff "loans" over a period of five years.

The report said Dr Boesak drew R463 089, and his wife, Elna, R149 773.

Former foundation staffers who were sent letters this week include Lucille Fester, who had signed an acknowledgment of debt for R151 454,49; and the secretary who blew the whistle on Dr Boesak, Sandra Vlotman, who signed an acknowledgment of debt for R28 464,48.

Both told the lawyers that the acknowledgments they signed were not a true reflection of what they owed.

The lawyers have also written to a former staff member, the Rev Calvyn Smith, demanding the repayment of R80 000. Mr Smith has disputed the amount.

Bashier Waglay, the attorney acting for the foundation, confirmed on Friday that Dr Boesak, who this week withdrew from his posting as ambassador to the UN in Geneva, had sold his Constantia home for R800 000.

Foundation trustee, the Rev Jan de Waal, said yesterday the money from the sale would be used to cover the foundation's debts.

Oseo inquiry looks at 28 cases

Corruption probe into R9-bn losses

Star 20/2/95

(259)

BY JOVIAL RANTAO

Dr Allan Boesak's Foundation for Peace and Justice (FPJ) and Jamaican businessman Norman Escoffery are among the 28 individuals and organisations being investigated by the Office for Serious Economic Offences (Oseo) for fraud and corruption involving about R9 billion.

Oseo director Jan Swanepoel, SC, told The Star his office had also been investigating accounts for a secret defence force project for the past 18 months.

"Our investigators will trace how the money from the SANDF account was spent We have to find out if the money was indeed spent for the purposes disclosed to us."

Undercover

Swanepoel could not give the exact amount involved in the investigations, but said it could be "millions" but a secrecy clause precluded him from disclosing details about the project.

Referring to the Boesak inquiry, Swanepoel said his team of advocates, supported by commercial branch police, began investigating the financial affairs of the FPJ on February 10, following a request from a Johannesburg-based firm of attorneys

He explained that the FPJ and not Boesak was the subject of the investigation which follows allegations that R2 million received from Scandinavian donors was misappropriated

Two weeks ago the Oseo, at the request of the North-West government, initiated an investigation into a R14 million loan granted by Agribank to Escoffery to run a Johannesburg-based food-processing company

Swanepoel said his office's brief was to determine whether the loan made was irregular.

Former North-West MEC for agriculture Rocky Malebane-Metsing, who has been implicated in the granting of the loan, will be interviewed by the Oseo team if necessary.

At the time the loan was granted, the powers of the Agribank board of directors were held by Malebane-Metsing.

The North-West government has already applied for the liquidation of Escoffery's company, Liberty Foods. The case has been postponed to February 28.

Swanepoel said his office would not investigate officials of ANC MP Peter Mokaba's now-defunct National Tourism Forum, who were allegedly involved in financial wrongdoings, until someone laid a complaint

"We're understaffed and cannot take on cases until we're requested to investigate," Swanepoel said

▶ **On the track of executive crooks – Page 11**

R110m school book probe in Northwest

BD 20/2/95

(259)

AMANDA VERMEULEN

A NEW scandal has surfaced in the Northwest province involving the alleged purchase of R110m worth of school books by a man said to have been posing as education department secretary.

Department sources said at the weekend Prof A Labuschagne allegedly acted without authorisation from the department in ordering R110m worth of school textbooks for the province. He was also accused of drawing up a blacklist of publishing firms which had questioned the procedures he had been following.

Northwest education director-general Job Mokgoro on Thursday launched an investigation into the matter, the sources said. It would probe alleged irregularities in the purchase and distribution of school textbooks by Labuschagne, who had sent letters to various school book publishers claiming to be the acting secretary of education Labuschagne was last week barred from entering the department's premises

Education department specialist services director Noah Lekubu said Labuschagne had never been acting secretary, nor was he a government official Education assistant director-general Danny Tlhoaele said the only role Labuschagne had performed for the department was adviser to its strategic management team, which was disbanded in December

The department's public relations officer, Keitumetse Semakane, said there appeared to be some financial irregularities in the book purchases allegedly authorised by Labuschagne

The Publishers' Association of SA on Friday sent a letter to Northwest education minister Mamokoena Gaoretelelwe outlining allegations against Labuschagne. Association chairman Stephen Johnson alleged Labuschagne had threatened to blacklist several publishers when they had asked him to clarify certain orders.

"One tenderer asked Labuschagne for clarification on a book order but this resulted in the R800 000 tender being given immediately to another individual in direct contravention of Tender Board regulations. Another publisher who queried procedures was threatened with permanent blacklisting if he persisted with his queries," Johnson said in the letter.

Several publishers who had dealings with Labuschagne declined to be named or comment for fear of reprisals following the blacklisting threats

Johnson said more than half the successful tenderers were not recognised book dealers with credit records One of the tenderers, M Aarson of Education and Stationery Services, was previously an em-

☐ To Page 2

School books

(259) ☐ From Page 1

ployee of the University Bookshop which was liquidated last year, leaving a R14m debt to the publishers who were suppliers of the University Bookshop.

BD 20/2/95

Johnson said Labuschagne had claimed the Education Department had allocated R110m for school books, but when this amount was queried, the department said it had only R6m in its coffers.

"The orders placed for books amount to R110m and both the tenderers and publishers are now concerned that payment for the supply of books will not be met."

Labuschagne could not be contacted for comment. An official in his office, who identified himself only as Du Toit, refused to comment and terminated the telephone conversation when he was asked to pass on a message to Labuschagne

Modelled on Britain's Serious Fraud Office, the Office for Serious Economic Offences (Oseo) has made considerable progress in nailing fraudsters. ***Jovial Rantao*** *reports*

On the track of the executive crooks

(259) Star 20/2/95

The Ned Geref Kerk Synodal Centre in Pretoria, where the Goldstone Commission held its inquiry into third-force activities, now houses South Africa's supersleuths — "The Untouchables" — the top men and women recruited to curb economic offences through speedy and effective investigations

Armed with powers to subpoena witnesses, conduct searches, and even arrest suspects, officials of Oseo have succeeded in cases which would have taken the police, who suffer from acute resource shortages and lack of expertise, months or even years to resolve.

Oseo director Jan Swanepoel, a former deputy attorney-general for the Witwatersrand, said the success of his team and the pace at which this had been achieved showed that co-operation between advocates, auditors and the police, in this case officers of the SAPS commercial branch, could produce quick and tangible results

"From day one we worked as a team. We have 18 advocates, 13 police officers — from the rank of brigadier to sergeant — and use teams from firms of auditors We also have the co-operation of the office of the auditor-general"

Swanepoel and his men operate with a budget of R8,8 million, but have been involved in fraud or theft cases involving billions of rands Anyone, from the man in the street to the country's top businessmen and politicians, would be investigated if implicated in any economic crime, he vowed

The team reports to Justice Minister Dullah Omar.

One of the cases currently before court as a direct result of successful investigations by members of Oseo is that of an elderly American couple charged with attempting to defraud Nedbank of R1,9 billion.

The investigation into theft and fraud by former Independent Electoral Commission officials took only five weeks, and ended in arrests Three people have appeared in court on charges of fraud

Oseo has also started investigations into the affairs of the Foundation for Peace and Justice, following allegations that the ANC's former Western Cape leader, Dr Allan Boesak, embezzled about R2 million from Scandinavian donors

Also investigated was Norman Escoffery, a Jamaican businessman who was allegedly involved in an "irregular" loan of R14 million with former North-West MEC for agriculture Rocky Malebane-Metsing.

Current big cases include an investigation into Supreme Holdings, involving R320 million, and Tollgate Holdings, in which R350 million is involved

Swanepoel said his team did not always investigate fraud cases. The team probed anything from foreign exchange contraventions to tax evasion, from contravention of the Customs Act to money laundering.

In the course of their investigations, the teams travel extensively around the country and overseas. Teams have been to Hong Kong, Australia, Taiwan and most European countries

While most foreign countries have given Swanepoel's teams their co-operation, they once encountered a problem in Canada where, when trying to obtain access to bank records of an account held by a South African, they were told that there was no treaty of co-operation between the two countries

"That's about the only problem resulting from years of isolation while other countries were entering into treaties However, we are working on an Act of law which would empower us to sign treaties with our other countries," Swanepoel said

Oseo would like to probe allegations of corruption in former homelands, but has been hamstrung by a lack of human resources and the fact that the Oseo Act of 1991, which established the organisation, is not yet applicable in these areas

"We have had requests from the Northern Transvaal and Ciskei, and there was nothing we could do but refer the case to the police We don't have a backlog because we don't take on cases that we cannot attend to immediately," Swanepoel said.

After investigations had been completed, reports were sent to the Ministry of Justice and the attorney-general's office for his decision. Oseo had experienced frustration with delays in the attorney-general's office

"The attorney-general, because of a backlog, normally takes weeks and months to get around to a case, go through it and make a decision," Swanepoel said, citing a case which was submitted in March last year Eleven months later, the attorney-general's office was still working on the charge sheet

Members of the public are welcome to report cases to Oseo, which will then use its discretion in deciding whether or not the case should be investigated Swanepoel said normal criteria included the amount of money involved, the complexity of the case, public interest in the matter, and its urgency

"We also start investigating when asked to do so by the minister or when we identify a case which we think is worth probing When reporting a case, members of the public will be interviewed and asked to provide evidence or clues They have a right to have a legal representative during the interview"

Swanepoel said his team's most frustrating moments were when, after months or years of investigation to get a suspect into court, he was given bail and fled the country "That, when it happens, really hits the team very hard.

He had this message for South Africans "Be careful of any foreigner saying he wants to donate money to the RDP fund, because they may be international fraudsters seeking a way in They may ultimately leave with more money than they donated"

Chief of The Untouchables ... Oseo director Jan Swanepoel. PICTURE PIETKE VISSER

FPJ bookkeeper 'withdrew funds fraudulently'

Supreme Court Reporter

FREDDIE Steenkamp, former bookkeeper for the Foundation of Peace and Justice, "fraudulently" withdrew money from the foundation's accounts, according to court papers.

This emerges from papers used todayin the Supreme Court for Mr Steenkamp's sequestration. The application was brought by the trustees of the Foundation for Peace and Justice.

In papers one of the trustees, Jan de Waal, said a decision was taken on February 10 to sequestrate Mr Steenkamp.

He said Mr Steenkamp, of Lovenstein, had been the foundation's bookkeeper from 1991 to May last year.

"While in the foundation's employ, Mr Steenkamp without any authority, alternatively fraudulently, withdrew money from the foundation's acccounts."

He said the exact amount of money withdrawn was not yet established but Mr Steenkamp had admitted he was liable to the foundation for more than R750 000.

He said the foundation had demanded that the money be repaid. Mr Steenkamp had responded by proposing to pay off R3 000 a month, raise a R275 000 overdraft and purchase for R300 000 one of the foundation's properties which is bonded for R206 000, to use the excess of R94 000 to pay off the debt He said Mr Steenkamp's liabilities exceeded his assets by R500 000 (259) ARG 20/2/95

He said Mr Steenkamp had not paid his bonds on all his properties and the foundation feared Mr Steenkamp might "alienate his assets".

Mr Acting Justice Weinkove provisionally sequestrated Mr Steenkamp to March 15.

Winnie: New set of misconduct claims

ARG 20/2/95 (259)

☐ 'Interfered with job appointments'

CLIVE SAWYER
Political Correspondent

THE government is probing a fresh series of claims of misconduct by Deputy Minister of Arts and Culture Winnie Mandela

Reports at the weekend alleged Mrs Mandela had used her position to interfere with appointments to the Gauteng government

And auditors' reports on the financial statements of the National Tourism Forum, headed by African National Congress MP Peter Mokaba, are to be handed to the government early this week

Officials are also studying documents related to the saga of former ambassador-designate Allan Boesak and allegedly misspent Danchurch Aid funds

Deputy President Thabo Mbeki cited these examples, along with the judicial commission into the affairs of the former Transkei government, as evidence that the government was not soft on corruption

But he emphasised it would not act without being sure of its facts.

Mr Mbeki said he was aware there had been misgivings in some quarters after President Mandela had told parliament the government would not allow itself to be pushed into a witch-hunt

Mr Mandela said there would be a dispassionate and systematic approach to investigating claims of corruption

Speaking at a press briefing today, Mr Mbeki said it was incumbent on the government to investigate claims before acting "even if the story looks convincing".

This did not mean the government would sweep allegations under the carpet

The government had taken a decision some time ago that there would be a code of conduct for ministers

At the weekend a meeting between the leadership of the ANC and its Women's League failed to resolve a row about Mrs Mandela's alleged undemocratic leadership and claims of misspending of funds donated by the Pakistani government.

Mr Mbeki said he had believed the Pakistani donation of R500 000 had been given to Mrs Mandela to use at her discretion for projects to uplift women, rather than to the Women's League.

Asked why the ANC had failed to report back on the outcome of a probe of Mrs Mandela's alleged involvement in diamond dealing, Mr Mbeki said Mrs Mandela had some time ago given a complete briefing to ANC spokesman Jackson Mthembu.

Mr Mbeki said he had expected that Mr Mthembu would have communicated the outcome of the probe by now

"I will ask him what he has done."

He said he did not know the outcome of an investigation into the ANC social welfare department, of which Mrs Mandela is the former head

Trustees act over 'illegal' FPJ loans

(259)

CT 21/2/95

By DAN SIMON

THE estate of former Foundation for Peace and Justice (FPJ) accountant Mr Freddie Steenkamp was provisionally sequestrated in the Supreme Court yesterday after legal proceedings were instituted by the FPJ trustees.

Mr Steenkamp, who now works as a Bellville estate agent, owes the foundation R750 000 which had been received from Scandinavian donors.

In papers, FPJ board of trustees chairman Mr Jan de Waal said a meeting between him, Dr Allan Boesak and Mr Pierre van den Heever resolved to sequestrate Mr Steenkamp's estate after it became clear he was insolvent.

"While in the foundation's employ, Mr Steenkamp, without any authority, withdrew monies from the foundation's accounts."

'Admitted'

He said that although the exact amount owed by Mr Steenkamp was not yet known, Mr Steenkamp had admitted that he was liable for R750 620, which he had undertaken to repay.

Mr De Waal said Mr Steenkamp indicated that while he was not in a position to pay the full amount, he would arrange to pay the trustees R275 000 before the end of the first week in February, but had failed to raise the money.

Interested parties have until March 15 to provide reasons why the order should not be made final.

Bill to foster autonomy

THE Finance Ministry yesterday tabled a bill to strengthen the independence of the auditor-general and bring his office into line with the constitution

Deputy auditor-general Mr Bertie Loots said the new bill incorporated most of the provisions of the existing Auditor-General Act

"It refines the existing legislation and strengthens the independence of the auditor-general and his office," he said — Reuter

(259) CT 21/2/95

Wild parties' at Mandela's home

Staff at official residences probed

WILLEM STEENKAMP

Star 21/2/95 (257)

CAPE TOWN — President Nelson Mandela's office has been rocked by serious allegations of wild parties lasting until the wee hours of the morning at his two official residences in Cape Town and Pretoria.

The presidential office has launched an investigation into the staff shenanigans at Genadendal (formerly Westbrooke) in Cape Town and Mahlamba'ndlopfu (formerly Libertas) in Pretoria.

Partygoers allegedly binge on the president's best wines and food and enjoy the full splendour of the sumptuous residences, which belong to the State and are furnished and supplied at taxpayers' expense

And besides gorging themselves on presidential delicacies, it has also been alleged that partygoers have been commandeering State vehicles to transport them to and from the residences

Not aware of goings-on

Parks Mankahlana, spokesman for the president, said Mandela had not been aware of these goings-on and would have put a stop to them immediately if he had known staff members were abusing their positions

Mankahlana said an urgent investigation had been launched and that a disciplinary hearing would follow if necessary

In a recent letter received by WeekendStar from a government source it is alleged that these parties held in Mandela's absence took place at both Genadendal and Mahlamba'ndlopfu

Names of several staff members and a man with different aliases whose father had apparently served a prison term at Robben Island were mentioned in the letter When this information was made available to Mankahlana he confirmed that the president's office was aware of the allegations and that an investigation had been launched

Apparently these parties have been the subject of heated conversations at several get-togethers of civil servants and the fear has been expressed that damage could be done to historical pieces of furniture.

Both residences are repositories of expensive artworks and valuable furniture

Mankahlana refused to give further information on the alleged parties or to disclose any new information which had come to light during the investigations

"We do not want to prejudice the investigation by releasing more information at this stage

"But if these allegations prove to be correct, the necessary steps will be taken against those involved," he said

Code of conduct in the pipeline for Ministers

DAVID GREYBE

CAPE TOWN — Work was nearing completion on a strict policy and disciplinary code of conduct for all Cabinet Ministers and their deputies in the government of national unity, President Nelson Mandela's office said yesterday. (259)

Government sources said allegations of corruption against top officials such as Winnie Mandela and Bantu Holomisa and the recent Cabinet crisis over indemnities underlined the need for such a code.

Presidential spokesman Parks Mankahlana said the code might be broadened "to guide" political parties in government and not only individuals. BD 21/2/95

The government code of conduct has little to do with the much-vaunted ANC code of conduct to be implemented soon. The government code will draw on international coalition experiences concerning parties' "rights and duties".

Deputy President Thabo Mbeki told a news briefing yesterday the code would "ensure that all of us behave in a fit and proper manner". It would usher in "a more proactive" government approach to, among others, allegations of corruption against government officials, he said.

Mankahlana said the code would once and for all clarify "such grey areas as to what extent a minority party can criticise government". This was of particular concern to the NP and Inkatha Freedom Party. The code would strive to strike a balance between the smaller parties' wish to play an opposition role "without undermining government collectivism".

Deputy President FW de Klerk told a separate news briefing that as long as a commitment existed within government to seek consensus there was no risk of the NP pulling out. The issue was how parties could play a dual role of "co-operating constructively while being competitors".

"Where consensus cannot be found parties must be allowed to differ publicly."

Boesak bookkeeper is sequestrated

(259) Star 21/2/95

Cape Town — A former bookkeeper of Allan Boesak's Foundation for Peace and Justice implicated in the misuse of Nordic aid funds was provisionally sequestrated in the Cape Town Supreme Court yesterday

Freddie Steenkamp, a bookkeeper at the FPJ from 1991 until May last year, has been implicated by Boesak in a scandal involving the aid money

The court application against Steenkamp was brought by the FPJ trustees, including chairman of the board Jan de Waal, who said in an affidavit that Steenkamp was in charge of keeping all the accounts as well as signing cheques and making payments.

"While in the foundation's employ Steenkamp, without any authority, alternatively fraudulently and wrongfully, withdrew monies from the foundation's account," De Waal said.

He said the total amount was unknown but in December Steenkamp had admitted to owing the FPJ R750 620 The foundation has been unsuccessfully trying to recover the money since Steenkamp acknowledged his liability

De Waal said Steenkamp had offered to raise an overdraft of R275 000 against his assets but the FPJ had been informed he had been refused overdraft facilities.

"Steenkamp has failed to state the full extent of his assets and the foundation believes that he is, in fact, concealing his assets," De Waal said.

The FPJ believes Steenkamp has interests in four properties and investments of more than R[illegible]

De Waal asked the Supreme Court to sequestrate Steenkamp so that a trustee could be appointed to investigate his assets.

Acting Judge Leslie Weinkove granted a provisional order of sequestration against Steenkamp until March 15, when the order is to be made final unless Steenkamp contests it.

Boesak withdrew as South Africa's ambassador-designate to the United Nations in Geneva last week. He said he would sell his luxury Cape Town home to repay some of the money which aid agencies have said went missing from the FPJ, but denied he was guilty. — Reuter.

Govt will crack down on corruption, says Mbeki

(259) Star 21/2/95

■ BY PATRICK BULGER
POLITICAL CORRESPONDENT

Cape Town — The Government would deal with corruption in its ranks in a firm and unequivocal manner, Deputy President Thabo Mbeki said yesterday

Mbeki acknowledged that there had been "some misgiving" about President Mandela's guarded approach to corruption during his opening of Parliament speech on Friday

But Mbeki said he hoped "there is appreciation of the fact that it becomes incumbent on the Government to investigate the truth of allegations before it acts"

He said the Government did not find it strange that a Danish aid agency had had to commission an investigation into the affairs of Dr Allan Boesak.

Mbeki said two firms of auditors were inspecting the books of the disbanded National Tourism Forum, headed by ANC MP Peter Mokaba.

In the case of Transkei, a judicial investigation was also proceeding.

The Government would also examine new allegations against Deputy Arts, Culture, Science and Technology Minister Winnie Mandela.

These were also investigations into funds missing from the ANC's welfare department headed by Mandela and the row over a Lear jet she allegedly hired to fetch diamonds from Angola.

President Mandela, speaking at a ceremony at his Tuynhuys office where he signed a co-operation agreement with Swedish Prime Minister Ingvar Carlsson yesterday, said the Government would take steps to allay Scandinavian fears over misuse of money those countries had channelled to non-governmental organisations.

If the allegations about Boesak's misuse of aid money proved true, the Government would take disciplinary steps, he said.

Court freezes Steenkamp estate

Sowetan 21/2/95

(259)

By *Sowetan* Correspondent

TRUSTEES ACT FPJ believes its former bookkeeper is hiding assets:

FREDDIE STEENKAMP, FORMER bookkeeper of the Foundation of Peace and Justice, "fraudulently" withdrew money from the foundation's accounts

This emerges from court papers used yesterday in the Supreme Court for Steenkamp's sequestration The application was brought by trustees of the Foundation for Peace and Justice

In papers, trustee Mr Jan de Waal said a decision was taken on February 10 to sequestrate Mr Steenkamp

He said Steenkamp, of Lovenstein, had been the foundation's bookkeeper from 1991 to May last year and was now an estate agent

He said Steenkamp's duties with the foundation included keeping all financial accounts, liaising with banks and signing cheques

He said the exact amount of money withdrawn was not yet established, but Mr Steenkamp had admitted that he was liable to the foundation for more than R750 000

Pay back

He said the foundation had demanded that the money be repaid Steenkamp had responded by proposing to pay off R3 000 a month, raise a R275 000 overdraft and purchase for R300 000 one of the foundation's properties, which is bonded for R206 000, and to use the excess of R94 000 to pay off the debt

De Waal said Steenkamp's liabilities exceeded his assets by R500 000 He said Steenkamp owned or had interests in four properties, had a fixed deposit for R50 000 and R3 000 worth of shares

He said Steenkamp had not paid the bonds on all his properties and he said the foundation feared Mr Steenkamp might "alienate his assets" if he was not sequestrated

"The foundation believes Mr Steenkamp is concealing his assets and a trustee would be in the best position to trace such assets"

Mr Acting Justice Weinkove provisionally sequestrated Steenkamp to March 15

Tug of war over Phola Park development scheme

Winnie-linked firm in trouble

21/2/95 (259) Star

■ BY JO-ANNE COLLINGE

Co-ordinated Anti-Poverty Programmes (Capp), with which Deputy Minister of Arts, Culture, Science and Technology Winnie Mandela has links, is engaged in a tug of war with the New Housing Company (Newhco) over a 4 000-site development in Phola Park on the East Rand.

Newhco said that contrary to the picture created in the media, Capp could not take credit for digging a single trench or laying a solitary pipe in the Phola Park redevelopment scheme

All this work had been done under the auspices of non-profit company Newhco, which was approved as developer by the regional housing board in mid-1994.

But, with about 200 serviced stands already completed by Newhco, Capp had written to the Gauteng Housing Board asking that it be allowed to take over as the approved developer.

Negotiating

"Capp has been dealt a raw deal It was there in Phola Park before Newhco," said Capp spokesman Dr Sydney Gata. "On that project, Capp has spent a lot of money and not got a cent in return."

Newhco MD Rod McGillivray made it clear that his organisation would not be happy simply to hand over the entire project

He said, however, that before Capp's request to become developer of the entire project, the two organisations had been negotiating for Newhco to proceed with the servicing, while Capp would take over provision of top-level structures

Housing board chairman Martin van Zyl said the board had considered Capp's bid and decided to invite it to put forward a proposal on developing the top structures only.

He stressed that the board wanted to find a solution that was "violence-free".

This consideration was particularly pertinent in Phola Park, where Planact, the first private organisation involved in redevelopment of the area, was virtually driven out when members of the development committee were murdered

It was after this that Capp entered Phola Park. However, Capp had insufficient resources to carry out the actual work, and its name did not feature on the subsidy application to the housing board last year.

The State subsidy scheme required that developers had substantial working capital, since subsidies were paid only after completion of work.

In the wake of Capp's receipt of about R360 000 from the Pakistani government, spokesmen gave the impression that it was actually providing services and housing in Phola Park

The Phola Park project is but the latest of several controversial ventures which have been associated with Deputy Minister Mandela.

■ Capp has been cited by the Registrar of Companies for failing to file financial statements required of close corporations

■ It was alleged in a Sunday newspaper that Winnie Mandela had tried to influence a legal wrangle between local government and a private contractor known to her.

■ The police commercial crime unit, investigating multimillion-rand fraud and theft charges against businessman Martin Radloff of Professional Builders, says it has documents which could implicate Winnie Mandela.

■ Her invitation, on official stationery, to music industry representatives to meet two American promoters and deal with her daughter Zinzi's company, Simunye, caused outrage

Yesterday, however, Deputy President Thabo Mbeki said the Government was not involved in any probe into her activities "From the Government's side, there was nothing to investigate," Mbeki told reporters at a briefing in Cape Town.

He added, however, that the Government had yet to consider media allegations made at the weekend.

GNU action awaits corruption probes

(259) Sowetan 21/2/95

By Ismail Lagardien

THE Government is waiting for the outcome of investigations into the questionable operations of Mr Peter Mokaba, Dr Allan Boesak and Mrs Winnie Mandela before it can act

This was confirmed by Deputy President Mr Thabo Mbeki yesterday in response to a question relating to malpractice allegations against the three and Major-General Bantu Holomisa, the former Transkeian ruler

Mbeki was addressing a media conference, the first of the traditional week-long series of briefings at the start of the Parliamentary session

He was asked specifically to comment on remarks made by President Nelson Mandela in his State of the Nation Address last Friday that the Government would "root out corruption" and deal with the matter "firmly and unequivocally"

Mbeki said the President was serious when he said this, but that there were investigative processes under way involving members of Government which had to run their course

"The National Tourism Forum has appointed two firms of auditors to go through their accounts We are expecting to get copies of those reports at the beginning of this week

"That report was supposed to have been ready last Friday So we will be looking at these reports.

"With regard to the Transkei, the Government has appointed a judicial commission to go into those matters of alleged corruption. So we have to await completion of that particular process to see what comes out of it," Mbeki said

About renewed allegations of Mrs Mandela's involvement in questionable business deals, Mbeki said "Those matters we will be getting to today "

New Bill strengthens hand of auditor-general

CAPE TOWN — The Finance Ministry tabled a Bill yesterday to strengthen the independence of the auditor-general and bring his office into line with the interim constitution.

Deputy auditor-general Bertie Loots said in an interview the 20-page Auditor-General Bill incorporated most of the provisions of the Auditor-General Act.

"It refines the existing legislation and strengthens the independence of the auditor-general and his office."

Loots said the Bill, which had still to be approved by the parliamentary standing committee on finance, introduced four main changes:

- It deleted from the existing Act certain founding provisions which were now contained in Articles 191 to 194 of the constitution, including the definition of the auditor-general's powers;
- It enabled the auditor-general to report to provincial legislatures and not, as at present, only to the national Parliament on the audit of provincial accounts;
- It increased the auditor-general's authority to report on secret accounts, which should increase the transparency of the Budget; and
- It determined that the Audit Commission would set the conditions of employment and salary of the auditor-general.

(259) BD 21/2/95

"The Bill will expand public scrutiny of the country's special accounts and increase the protection against abuse," Loots said.

The Bill proposes that the auditor-general should report on the Secret Services Special Account, the Defence Special Account and the Secret Services "with due regard to the special nature of the accounts".

It adds, however: "The reporting of unauthorised expenditure or other irregularity shall not be so limited, except in respect of the disclosure of facts which will be to the detriment of the national interest."—Reuter.

Inquiry: R15m loan 'not legal'

(259)

MMBATHO. — Former North-West agriculture minister Mr Rocky Malebane-Metsing acted in disregard of the law when he instructed the province's Agribank to grant a R15,5 million loan to Liberty Foods Manufacturing.

This finding was made public by the internal commission of inquiry launched by the North-West department of agriculture into the transaction which took place last year.

The office of North-West Premier Mr Popo Molefe said the government had referred the matter to the Office for Serious Economic Offences. CT 22/2/95

Mr Molefe said he accepted Mr Malebane-Metsing's resignation.

He also denied allegations that he was behind a plot to murder Mr Malebane-Metsing.

Mr Malebane-Metsing did not give evidence to the commission. — Sapa

Kalako: 'Lost' papers raise alert

(259)

CT 22/2/95

By CHRIS BATEMAN

THE "first inkling" of possible fund misuse during a ministerial fact-finding mission to Australia late last year came when a case containing all documentation had been reported "lost"

This was testimony by Admiral Martin Kramer, chairman of the Interim Western Cape Tourism Board (WCTB) to the commission of inquiry into allegations that Environment and Tourism Minister Mr Lerumo Kalako abused funds during and after a two-week mission in November last year

The commission, appointed by Western Cape Premier Mr Hernus Kriel, is based mainly on allegations by Mr Nick Malherbe, WCTB member and erstwhile "adviser" and travel companion to Mr Kalako

His allegations include that Mr Kalako

- Made private telephone calls home from Australia totalling R2 000,
- Failed to return travellers' cheques totalling R2 014,
- Failed to attend (or was regularly late for) meetings in Australia,
- Paid out of his entertainment allowance for a Kelvin Grove birthday party organised and thrown for him by Mr Malherbe,
- Exhibited conduct unbecoming a government minister

Officials of the Department of Nature Conservation are expected to testify to further claims that Mr Kalako mismanaged his department and its finances

The commission resumes hearings this afternoon under its chairman, former Cape attorney-general Mr Niel Rossouw

'Get tough on corrupt officials'

CT 22/2/95

(259)

ANC chief wants code of conduct

ANC secretary-general Mr Cyril Ramaphosa yesterday told the government to stop "soft-pedalling" on corruption

Speaking during a debate on the presidential speech at the opening of Parliament, Mr Ramaphosa said all elected officials should be made to sign a code of conduct enforced by an independent body

"A national code of conduct will go a long way to ensuring that we get rid of this cancer . we must set up measures that we all become more accountable to our people They deserve it"

But Mr Ramaphosa criticised the media for focusing on reports of corruption in the ranks of the ANC and the government, while failing to "expose the more serious acts of corruption in the corporate sector"

Money was leaving the country through transfer pricing, tax evasion and insider trading deals, he said

"Millions are being milked out of the country daily."

During his address Environmental Affairs Minister Dr Dawie de Villiers slammed the tendency of some to "claim that if you are caught with your hands in the money bag of an institution or a trust, you are innocent because of apartheid"

"Corruption, whether in the service of the state in the days of apartheid or in the struggle against apartheid, remains corruption and must be dealt with resolutely and decisively"

● Last night Gauteng Premier Mr Tokyo Sexwale said the Gauteng legislature would introduce its own set of rules of conduct to prevent high-level corruption

"We want the community to have confidence in us and join us in a fight against corruption in whichever spheres of government it is found," he said. "Current codes are not strict enough"

He said Gauteng parliamentarians would immediately begin preparations to set in place stringent rules of conduct for all provincial officials

"We will be particularly strict on those senior officials and parliamentary members who have been entrusted with large sums of money"

● Eastern Transvaal Premier Mr Matthews Phosa yesterday criticised rioting police officers for scaring off foreign investors and said he backed President Nelson Mandela's pledge to erase corruption from government

Sexwale seeks anti-graft code

(259)

■ BY JO-ANNE COLLINGE

Gauteng Premier Tokyo Sexwale has pledged to introduce a code of conduct for his cabinet and top civil servants which will go further than any existing code in preventing corruption.

At a press conference yesterday, Sexwale elaborated on an answer he had given earlier in the legislature to the DP's Peter Leon as to what steps he intended taking to stop possible graft in government

The premier said he would use the occasion of the official opening of the legislature next month to make known the main thrust of a new code of conduct which would apply not only to MECs but to officials who controlled large amounts of money.

"We want to run a very clean government in this province," Sexwale emphasised

Urging members of the public to come forward with any evidence they had of corruption in Gauteng, Sexwale promised. "We are ready to act against any form of corruption that may surface in the province" But anonymous innuendo was not a basis for action.

Tokyo Sexwale

However, he responded favourably to Leon's suggestion that legislation similar to the US's Ethics in Government Act — introduced in the wake of president Richard Nixon — should be contemplated in Gauteng

STAR 22/2/95

Bold steps to root out corruption

Cape Town — All elected public officials should be obliged to conform to a national code of conduct enforced by an independent body to root out corruption, ANC secretary-general Cyril Ramaphosa said yesterday.

Opening the debate on the president's opening address to Parliament, he said bold steps were needed to deal with corruption

"A national code of conduct will go a long way towards getting rid of this cancer."

Elected officials at the national and provincial levels should be disciplined, honest and loyal

He praised the media for reporting corruption in the public sector, but said not enough attention was given to corruption in the corporate sector.

Ramaphosa also warned that no leader or party should mobilise any section of the South African people to undermine the October local government elections — Sapa.

Ramaphosa slams corporate corruption

(259) ARG 22/2/95

Political Staff

AFRICAN National Congress secretary-general Cyril Ramaphosa says the media should expose corporate sector corruption, which totals billions of rands, in the same way it pursues claims of corruption by politicians

In the national assembly debate on President Mandela's opening speech yesterday, Mr Ramaphosa supported Mr Mandela's crackdown on corruption and called on the media to expose "more vigorously" corporate sector corruption involving "not thousands but billions of rand"

He said the corporate world was ungovernable in terms of tax evasion, insider trading and dealing.

Millions of rands left the country daily on this basis. In many cases large amounts of public money were involved.

Mr Ramaphosa called for urgent steps to make it obligatory for all elected public officials to adhere to a national code of conduct

He said "for the sake of the masses" measures had to be established to make all elected officials more accountable

Democratic Party leader Tony Leon said the government needed to deal far more decisively with those in its ranks who "practise a pervasive, corrosive type of corruption, those who look on connectons and public office as the road to riches, and those who interfere with fair competition by exploiting their party political positions".

"Sooner, rather than later, we need a stringent set of principles and guidelines to bind each holder of public office to disallow the holding of financial interests that conflict with the performance of duty; that curb the soliciting of gifts of largesse and which safeguard against the use of public office for private gain

"It must be strict, it must be compulsory and it must be policed."

● In a statement last night the National Party said Mr Ramaphosa's call for an independent institution to check on public officials and instances of corruption was a device to draw attention from the ANC's "growing embarrassments".

Each party had to narrowly follow its own code of conduct, the NP said

Rocky denies ordering illegal loan

CT 23/2/95 (259)

PRETORIA — Former North-West agriculture minister Mr Rocky Malebane-Metsing yesterday denied unlawfully instructing Agribank to grant a R15,5 million loan to Liberty Foods Manufacturing

He also disputed a claim that he had declined to testify before a provincial inquiry. "I do not accept the conclusion of this inquiry and it is a blatant lie that I was ever invited to testify"

The commission on Tuesday found that Mr Malebane-Metsing acted "in disregard of the law and (Agribank) procedures"

North-West Premier Mr Popo Molefe's office has referred the matter to the Office of Serious Economic Offences — Sapa

Minister 'disappeared with woman'

CT 23/2/95

By CHRIS BATEMAN

OUTGOING Minister of Environmental Affairs, Nature Conservation and Tourism Mr Lerumo Kalako changed an internal Australian flight booking "at the last minute" and disappeared with a woman companion until the next morning, a commission of inquiry heard yesterday.

This was claimed by Mr Nick Malherbe, who was with Mr Kalako on a fact-finding mission to Australia last year.

Testifying before a commission chaired by Mr Niel Rossouw, Mr Malherbe outlined incidents in which he alleged Mr Kalako was either late or missed appointments

He said Miss Jenny Hollander had befriended their tour party and driven them to the state parliament in Perth.

Soon afterwards Mr Kalako had told him he would not be attending a dinner organised for them and would catch a later flight, which he did.

At the Freemantle ferry Miss Hollander had joined Mr Kalako. "We didn't see him until the next morning when we left," Mr Malherbe said

Mr Rossouw said his commission was confining itself to allegations made by Mr Malherbe in his official report to the Interim Western Cape Tourism Board — which did not include mismanagement of his department or its finances

A report in yesterday's Cape Times said Department of Nature Conservation officials were expected to testify to claims that Mr Kalako mismanaged his department and its finances (259)

NEWS IN BRIEF

259

Graft investigation

POLICE were investigating allegations of theft and bribery against at least 10 officials in his department, Public Works Minister Jeff Radebe said in Parliament yesterday. B/23/2/95

This followed an investigation by a task group into irregularities in the awarding of state contracts, he said. In the Pretoria regional office R3,7m had been lost over three years in overpayments and fraud. An independent auditors' report on state contracts over the past five years would be released in about 10 days.

Code would inhibit abuse of office — Asmal

ADRIAN HOWLAND

CAPE TOWN — A code of conduct should be introduced for all elected representatives as well as senior public servants, Water Affairs Minister Kader Asmal said yesterday. (259)

Debating the President's address, Asmal said the code should provide for the disclosure of interests by all people holding public office or employment.

"The principle of disclosure is central to any process of supervision, for the powerful light it sheds inhibits abuse of office and breach of trust." 6021412/95

Special machinery should be established to check up on all elected public representatives as well as committee chairmen, senior public servants and senior executives of state and parastatal bodies. Anyone who could be subject to pressure to provide favours by virtue of their office should be included in the code's dragnet.

Disclosure should be undertaken on an annual basis while information on children and spouses should also be available to Parliament.

"Special systems must be set up to ensure that gifts and patronage, in whatever form, are declared." Outside income, shares, directorships, land holdings, gifts of property or services, travel, accommodation, consultancies and public contracts should all be disclosed

"Codes of conduct should have statutory weight in government tender procedures." While a public protector would soon be appointed to investigate alleged corruption, measures should be taken "to put, and keep, our own house in order".

Rocky could face charges

By DAN DHLAMINI (259)

THE North West province government has handed the findings of an internal inquiry on the Rocky Malebane-Metsing loan scandal to the Office for Serious Economic Offences.

CP 26/2/95

The internal inquiry, ordered by the new MEC for Agriculture Rev Johannes Tselapedi, revealed shocking allegations of how the loan of R15,5 m was granted to a foreigner by the North West Agricultural Bank on the advice of former North West MEC for Agriculture Malebane-Metsing

This could lead to the prosecution of Malebane-Metsing and senior Agribank officials following the disclosure earlier this week that the loan to Liberty Foods Manufacturing Company was "irregular"

City Press was able to establish that the "irregularity" occurred when an Afro-Jamaican alien, Norman Escoffery, an exective of Liberty Foods, was granted the R15,5 m without any documents being signed and merely on instructions from Malebane-Metsing over the telephone.

It is alleged that despite the fact that legal opinion had been sought prior to the granting of the loan, this was disregarded by this senior official.

Senior Agribank manager Bob Muir, senior official Malik Mather, and a junior official, A K Shaiknag, were allegedly pressurised into signing the cheque even though the managing director, Rod Cusens, was the one who was supposed to sign it.

The internal inquiry commission's chairman, Dr Anis Karodia, told City Press that after listening to evidence from 27 witnesses the commission came to a conclusion that the loan was irregular and that Malebane-Metsing, in disregard for the law and laid-down procedures, instructed Agribank to grant the loan to Liberty Foods.

He said Malebane-Metsing declined to testify before the commission

This was however denied by Malebane-Metsing, who claimed he was never invited to the hearing.

The commission has established that a number of senior Agribank employees are implicated in the transactions, which it is said are not only "grossly irregular, but also border on crime"

Liberty Foods Company, which is situated at North Hills Farm north of Johannesburg on the way to Brits, is in fact in the Gauteng Province

Karodia said although Shaiknag was "to an extent" not involved in the saga, he and the other two senior bank officials, Muir and Mather, who were all exonerated by the internal disciplinary committee, could still face the music if criminal charges were brought against them

'R7,8bn paid in commissions'

CT 24/2/95

(259)

Minister says he has secret files

By BARRY STREEK
Political Staff

ASTONISHING claims, allegedly based on secret documents, that the Nationalist government paid out R7,8 billion in commissions on financial deals and used Military Intelligence funds to pay coloured MPs were made yesterday by former Transkei leader Mr Bantu Holomisa

In a speech that stunned NP parliamentarians, he said his papers showed that Deputy President F W de Klerk was "fully aware" of these transactions

He named four people — former government official Dr William Fourie, Mr Nico Botha, a former Treasury official, Mr Chris le Roux, and "a certain Mr Greg Rossmarch" — as being involved in these deals

Mr Holomisa also said his documents showed that the Defence Force had launched a secret campaign, Project Vallex, to remove the United Democratic Front from the community

The NP said in a subdued statement afterwards that it did not always react to Mr Holomisa's allegations, but all state finances had been under the auditor-general's control

"If Mr Holomisa has evidence of maladministration or corruption he ought to give it immediately to the police for investigation," the NP said in a statement issued by MP Mr Cobus Dowry

He added that every time Mr Holomisa was in trouble, he resorted to making unsubstantiated allegations to take attention away from this own problems

Mr Holomisa said the documents in his possession detailed the use of hundreds of millions of rands of state funds in waging dirty tricks from 1986 to the 1994 financial year

Substantial commissions had been claimed from the NP government for financial deals and the papers in his possession suggested that there had been a cover-up

The amount involved was about R7,8 billion

Mr Holomisa said a large sum of money for the coloured MPs was paid through Military Intelligence, as reflected in the memorandum approving the expenditure signed on March 25, 1986 by General Jannie Geldenhuys and Vice-Admiral Putter

"These projects also give a detailed insight into the amounts expended through church front organisations and how Christianity was corruptly abused for political gain among blacks and coloureds by the NP government"

The State Security Council, headed by former president Mr PW Botha, had authorised the violent project to eliminate the UDF and Mr De Klerk had been a member of the council at the time

Back code of conduct — Asmal

(259)

CT 24/2/95

By BARRY STREEK

A CODE of conduct for all elected representatives at national and provincial level should be firmly supported, the Minister of Water Affairs and Forestry, Professor Kader Asmal, said yesterday.

Where allegations of wrong-doing were shown to be true, the most stringent measures should be taken against perpetrators, whoever they were, he said in a speech in Parliament during the debate on President Nelson Mandela's opening speech.

"There must be scrupulous adherence to the code of conduct that exists for elected members of the ANC, including provisions covering assets and gifts for cabinet ministers, resigning directorships, and placing shares and other property in 'blind trusts'."

The proposal by ANC secretary-general Mr Cyril Ramaphosa should also be supported.

"Such a code should provide for the disclosure of interests by all people holding public office or employment. The principle of disclosure is central to any process of supervision, for the powerful light it sheds inhibits abuse of office and breach of trust."

Mr Asmal said special machinery should be set up to cover members of the cabinet, deputy ministers and elected public representatives. There should be a code of conduct for all elected chairpersons of committees, special advisers, public servants in designated positions, directors and senior state executives.

Sacob wants wide powers for AG

(259) ARG 24/2/95

☐ *Aims to fight corruption at all levels*

COLIN DOUGLAS, Business Staff

GREATER powers should be given to the Auditor-General in the new constitution in order to combat corruption at all levels of government, the South African Chamber of Business (Sacob) is urging

Presenting the chamber's submission to the Constitutional Assembly's subcommittee on financial institutions and public enterprises, Sacob Vice President Philip Krawitz and Director Raymond Parsons have called for the amendment of the interim Constitution to broaden the scope of performance audits

"The Auditor-General should be permitted to conduct performance audits at all levels of government, and in statutory bodies, as he deems fit in the public interest — he should not be limited in his discretion to conduct performance audits in respect of any office under his review"

Currently the constitution provides that performance audits — which evaluate the efficiency of resource usage — may be conducted only at the request of the president or parliament

Sacob has also proposed that the Auditor-General should not only have access to books and information, but should have the additional power to obtain explanations from officials involved in the department under audit

Performance audits last year by Auditor-General Henri Kleuver revealed widespread financial mismanagement in several government departments and institutions

But members of the committee said Sacob's proposals did not belong in the constitution, and some suggested the removal from the constitution of all reference to performance audits

"We need to think about how much should go into the constitution and how much into legislation — there are things that have gone into the current constitution that perhaps shouldn't be there," said committee chairman and African National Congress MP Rob Davies

Democratic Party MP Ken Andrew said "The Auditor-General is obliged to do regulatory audits of government departments, and does not have the capacity to do performance audits on the same basis, nor are performance audits fundamental to his job"

Mr Andrew suggested that performance audits be made the responsibility of another government department by way of legislation, and warned against "constitutionalising everything you like"

Sacob's other submissions included the safeguarding of the Reserve Bank's independence, the obligatory publication of recommendations of the Financial and Fiscal Commission and the recognition of the independence of the revenue authorities

Code on way soon for MPs

(259)

Star 25/2/95

ESTHER WAUGH
Political Correspondent

CAPE TOWN — The Cabinet was finalising a code of conduct for parliamentarians which would be "firmly applied"

"The threat that corrupt norms implanted by apartheid may survive and overwhelm us as we set about building on new values, is one that alarms us," President Mandela told a joint sitting of the National Assembly and Senate yesterday

Frequent references were made by the National Party about allegations of corruption among senior ANC members during the four-day debate on the president's opening speech to Parliament on February 17

Succumb

ANC speakers, in turn, reminded the NP of corruption and maladministration in the previous government

Water Affairs and Forestry Minister Kader Asmal and Constitutional Assembly chairman Cyril Ramaphosa called for a code of conduct for parliamentarians in their speeches

Asmal told Parliament on Thursday that it was understandable that the NP "with its record of abuse of human rights and corruption" would resort to attack as the best form of defence

Asmal conceded that at "every step of the way, temptations are laid in our path"

"It takes resoluteness not to succumb to ways of working which have become the norm, in which old pals are promoted, business is offered to some people in exchange for favours, commission deals changes hands," the minister said

Mandela called for corruption to be removed not only from Government circles but also political parties and the private sector

However, he committed himself again to "our insistence on due process"

Priority is given to Boesak investigation

(259) ARG 25/2/95

GLYNNIS UNDERHILL
Weekend Argus Reporter

THE Office for Serious Economic Offences (OSEO) indicated this week it was giving top priority to its investigation into the financial irregularities at Allan Boesak's Foundation for Peace and Justice

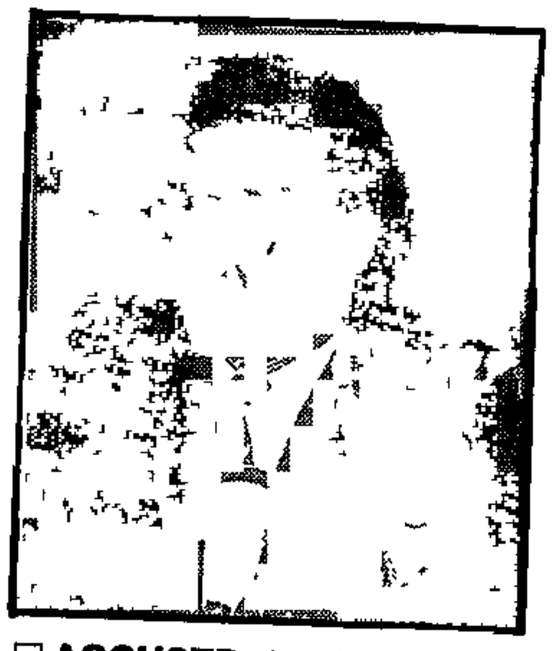
Tommy Prins, assistant director of the OSEO, said it was impossible to say how long the investigation would take but would hopefully be completed "as soon as possible"

"At this stage, we don't have a cut-off date," he said

If the OSEO investigation decides that a criminal offence has taken place, the case will be handed over to the attorney-general for a decision on who to prosecute and on what counts, said Mr Prins.

Nordic funding agencies created a furore when they appointed a firm of lawyers to investigate the financial irregularities at the Foundation for Peace and Justice after R2,7 million in donor funds went missing.

South Africa's former ambassador-designate to the United Nations, Dr Boesak, was accused in the lawyer's report of enriching himself with foreign funds while acting as director of the Foundation for Peace and Justice



☐ **ACCUSED:** Dr Allan Boesak awaits OSEO findings.

Dr Boesak has claimed consistently he is innocent on all charges He resigned his government post to await the outcome of the investigation by the OSEO

Mr Prins is being helped by two senior police officers in the high-profile investigation

The OSEO, which is government-funded and falls under the umbrella of the Department of Justice, decides to take on a case by considering four factors, he said

These are the amounts of money involved, the complexity of the case, the public interest in the case and the urgency These all contribute to its decision to take on a case, said Mr Prins

Meanwhile, the provisional trustees appointed to the estate of former financial director of the Foundation for Peace and Justice Freddie Steenkamp by the Master of the Cape Town Supreme Court have not ruled out an inquiry

Provisional trustee Bernard Gutman said that, according to information available, Mr Steenkamp's assets total R862 000 while his liabilities amount to about R1,4 million.

"I will be consulting the estate's creditors and the insolvent (Mr Steenkamp) in the near future to determine the further administration of the estate," said Mr Gutman

Winnie's head on the block today

By EDWARD MOLOINYANE and TAMMY MBENGO

(259)

CP 26/2/95

THE heads of Winnie Mandela and Peter Mokaba are expected by ANC insiders to roll at the ANC National Executive Committee meeting in Cape Town today

Corruption and the ills besetting the government are said by ANC sources to feature high on the agenda of the meeting – chaired by President Nelson Mandela – which started at the University of Cape Town yesterday.

Sources within ANC circles in Cape Town confirmed an NEC meeting was being held to address

■ To Page 2

Winnie to go?

CP 28/2/95

(259)

■ From Page 1

corruption in government ministries, the Winnie Mandela saga and a host of other issues within the organisation.

The meeting, which ends today, was held behind closed doors.

It is believed that those who are likely to get the chop after deliberations include ANC MP Peter Mokaba and Deputy Minister of Arts and Culture Winnie Mandela.

An ANC insider said Winnie – who is on an overseas trip – is likely to be fired on her return. – SaFrika News.

Winnie faces day of reckoning this week

(259)

By CHERILYN IRETON and RAY HARTLEY

DEPUTY President Thabo Mbeki said yesterday that a decision on whether deputy minister Winnie Mandela should remain in the government would be made this week.

He was responding to questions asked in Brussels on reports from senior ANC sources that President Nelson Mandela had decided to fire his estranged wife for defying his order that she cancel a trip to West Africa.

Mr Mbeki was in Brussels to attend a conference organised by the Group of Seven, the body of seven wealthy countries that discusses world economic policies.

He said that no decision had yet been taken on Mrs Mandela's future and the matter would be discussed on his return to South Africa from the US on Saturday.

"We sent a message to her at the beginning of last week saying she should not travel — originally to the US and subsequently to West Africa — because of all the things we needed to discuss back home," he said.

"On Thursday, as I was getting ready to leave for Brussels, I was told she had left to go to West Africa. I had discussions with President Mandela and we decided to deal with the matter on my return from the US as we needed to speak to her anyway."

The ANC source who claimed a decision had already been taken to fire Mrs Mandela said no announcement had yet been made because the president wished to tell her of his decision himself on her return.

Mrs Mandela was scheduled to return to South Africa on March 6, but her private secretary has been trying to get her back earlier. She has been visiting Ghana, Burkina-Faso and the Ivory Coast.

Two weeks ago, Mr Mandela ordered Mrs Mandela to retract her criticisms of the government or resign.

Mrs Mandela rescued her job by issuing a humiliating apology for her remarks.

The ANC's national executive, which met in Cape Town over the weekend, was scheduled to discuss another controversy involving Mrs Mandela — her behaviour as president of the ANC Women's League.

Eleven members of the league's executive resigned after Mrs Mandela went ahead with her Road to Freedom venture with actor Omar Sharif in defiance of an executive ruling.

ST 26/2/95

Meanwhile, disclosures in last week's Sunday Times that Mrs Mandela had used her office to try to force the Pretoria Regional Services Council to settle a R22,5-million claim by an electrical contractor who had offered to do free work for one of her charities are said to have angered Mr Mandela.

Copies of two letters to the council from Mrs Mandela written on official government stationery were circulated to members of Parliament by DP MP Mike Ellis, who has called for the matter to be debated in the house.

ANC sets up disciplinary probe

CT 27/2/95

By CHRIS BATEMAN

THE ANC's national executive committee (NEC) yesterday set up a tough new disciplinary body to probe breaches of the party's constitution and codes of conduct following several controversies involving top party members

Emerging from a two-day session at the University of the Western Cape, the party's top policy-making body ordered all members of its feuding Women's League "without exceptron" to hold an urgent meeting to resolve differences

The NEC also rescinded an earlier decision that Mr Rocky Malebane-Metsing be made a special adviser to the premier of the North-West Province, Mr Popo Molefe Mr Malebane-Metsing's case has been referred to the disciplinary committee for its "immediate attention"

The setting up of the disciplinary body follows controversies involving top ANC members including Mrs Winnie Mandela, Dr Allan Boesak, Mr Peter Mokaba and Mr Rocky Malebane-Metsing

Although an NEC statement did not name Mrs Mandela — at the centre of rows involving the league and her conduct as a deputy minister — it warned that anyone absent from the league meeting (including the 11 who resigned) or who failed to "cooperate" would be "penalised"

NEC spokesman Senator Jackson Mthembu said his party would not be "frog-marched by the media to do a witch-hunt on our own comrades — we will also protect members against unfair accusations"

He emphasised that the committee was not a response to media pressure but a "very transparent mechanism" to enable members to "make their side known instead of relying of press reports"

The disciplinary committee will be chaired by Minister of Water Affairs and Forestry Professor Kader Asmal

Its other members are Dr Nkosazana Zuma, Mr Alec Erwin, Ms Ruth Mompati, Mr Wilton Mkwayi and Dr Zola Skweyiya.

It could also be expanded to include non-NEC members of the ANC.

"The role of the committee includes investigating any activity or conduct by members in breach of the ANC constitution and codes of conduct," a statement said

No decision had been taken on whether hearings would be open to the media

The committee could conduct hearings, make findings and apply appropriate penalties where necessary in terms of the ANC constitution.

"The committee has been charged with conducting hearings in regard to a number of current allegations against some ANC members.

"The committee has been instructed to report back to the National Working Committee for decisions on these questions by a date to be set by the NWC "

The NEC said it was also essential that steps be taken to improve ethical conduct in all spheres of society, including the private sector

Turning to the Inkatha Freedom Party walkout from Parliament last week, the NEC said "This kind of brinkmanship is not calculated to present a positive picture internally and externally of growing national stability in South Africa "

President Nelson Mandela yesterday flew to Pretoria ahead of today's important meeting with the security establishment to discuss ways of containing any violence in kwaZulu/Natal in the aftermath of the IFP's surprise withdrawal from Parliament last week.

Mr Mandela, who had earlier attended the NEC meeting in Cape Town, flew back to Gauteng yesterday afternoon for top-level talks with his political lieutenants and top security generals to make contingency plans to deal with "any eventuality"

Although the president agreed to an unsuccessful two-hour-long meeting with IFP leader Chief Mangosuthu Buthelezi and Deputy President and National Party leader Mr F W de Klerk in Cape Town on Friday afternoon, he is understood to be impatient with what he considers to be the IFP's "dangerous brinkmanship and holding of the country to ransom"

Reliable government sources said yesterday Mr Mandela does not consider the IFP walkout as a crisis "He does not think that it needs to pre-occupy the minds of South Africans," said one source

However, Mr Mandela is understood to be concerned about the possibility of a deteriorating security situation in the country, hence his meeting with "securocrats" in Pretoria today

(259)

WINNIE'S FUTURE IN THE BALANCE

– PAGE 2

ANC sets up body to administer discipline

BY MONDLI MAKHANYA
POLITICAL REPORTER

The ANC yesterday responded to the plethora of corruption charges facing it by appointing a high-powered committee to administer discipline in the organisation.

The six-member committee is to be headed by Water Affairs Minister Kader Asmal. It will have powers to investigate members, conduct hearings and penalise ANC members who breach the ANC's constitution and code of conduct. (259)

It includes three other Cabinet ministers. STAR 27/2/95

"This committee's work is going to go to the soul of the ANC. We are not going to launch McCarthyite witch-hunts but we want to obliterate corruption before it becomes a norm in the ANC," said a national executive committee member

The committee would also counsel members in order to help them avoid "the pitfalls inherent in the lobbying and other commercial activities of the private sector and other forces"

The committee will begin by investigating the allegations of corruption against ANC members

The only case mentioned by name was former North West agricultural MEC Rocky Malebane-Metsing, whose case will receive "immediate attention"

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Main R

R3,7m fraud uncovered in govt department

CT 28/2/95 (259)

Special Correspondent

PUBLIC Works Minister Mr Jeff Radebe has uncovered fraud and corruption of R3,7million — which he believes to be only "the tip of the iceberg" — in his department.

The corruption, committed between 1990 and the end of 1994, was uncovered by an internal investigation ordered by him last July

Mr Radebe yesterday said he was studying the report by the investigating team, and was considering expanding the investigation.

Since the start of the probe, 10 officials of the Department of Public Works have been suspended and the police have been officially requested to investigate charges of theft and bribery against them.

The 12-page report handed to Mr Radebe details several cases in which department officials allegedly forged invoices and authorised payment for work which was not done, or was only partly completed. The investigation showed that in some cases invoices had been altered to show higher prices than were paid

The alleged fraud was reported to the police and the Receiver of Revenue, the report said

Additional losses were suffered because a former department official, T van Kruiselbergen, falsified quotations and invoices Van Kruiselbergen was found guilty on six counts of fraud in 1991 The state attorney has been asked to recover R571 681,03 from him

The report said that a seven-member team has been appointed to investigate whether there were any irregularities committed at regional offices Preliminary investigations in Kimberley, Port Elizabeth, Pretoria, Cape Town, Johannesburg and Bloemfontein have shown evidence of irregularities

Since the uncovering of irregularities, several measures have been introduced in the department. These steps included checking all invoices before payment.

The names of companies which have acted irregularly have been submitted to the State Tender Board to be noted on a black list.

revealed

Star 28/2/95

(259)

R3,7-m fraud

Public Works Dept paid R261 142 for job not done

■ BY ESTHER WAUGH
POLITICAL CORRESPONDENT

OFFICIALS allegedly forged invoices authorising payment for work that was not done

Cape Town — Public Works Minister Jeff Radebe has uncovered fraud and corruption worth R3,7 million in his department which goes back to the previous government

He believes the internal investigation he ordered last July has uncovered "only the tip of the iceberg" of frauds committed between 1990 and the end of 1994

Radebe told The Star yesterday he was considering expanding the investigation So far, 10 officials in his department have been suspended and the police have been asked to investigate charges of theft and bribery against them

The 12-page report details cases in which department officials are alleged to have forged invoices authorising payment for work which was never done

In a case involving Gideon's Plumbers, R60 288 was paid for services which the report says were not rendered, the money was recovered "by way of an offset"

Over-payments of R261 142 were made to Protea Plumbers from March 1990 to July 1992 for work not done or partly done In this case R228 859 still owed for services that were rendered was being retained by the department to offset its losses

The report says R251 610 was recovered from Taurus Electrical Services for work the company was paid for but did not do

The investigation showed that one company, Cold Control, had bought spare parts from suppliers and had then altered the invoices to show a higher price than was paid for them

"On June 24 1994 it was approved that the existing four contracts be cancelled from that date He (person in Cold Control) was given written notice of this and the alleged fraud was reported to the South African Police Service, as well as to the Receiver."

Cleaning equipment bought from Lever Columbus by the Pretoria regional office of the department could "not be found"

The report said "The investigation into the lost equipment has almost been finalised and 22 of the 23 machines that were 'lost' have been found Attempts are still being made to find the remaining machine"

The department lost R571 681 because "certain officers" neglected to acquire proper quotations and tenders for the supply of cleaning services.

"In those cases where quotations were indeed obtained, these were acquired from several firms that belonged to the same owner The firms concerned consequently asked exorbitant prices that resulted in the said loss," the report said.

Additional losses were suffered because a former department official, T van Kruiselbergen who headed the sec

▶ To Page 3

Fraud un

◀ From Page 1

tion which dealt with the administration of cleaning services, falsified various quotations and invoices

Van Kruiselbergen was found guilty on six counts of fraud on April 8 1991 The State Attorney has been requested to recover R571 681 from him

Checking

(259)

The report said a seven-member team had uncovered several irregularities at the regional of-

Star 28/2/95

covered

fices in Kimberley, Port Elizabeth, Pretoria, Cape Town, Johannesburg and Bloemfontein as well

Since the uncovering of irregularities several preventative measures have been introduced by the department

These steps included the checking of all invoices prior to payment and the termination of contracts with companies which have acted irregularly in the past

Their names have been submitted to the State Tender Board to be noted on a black list

Fund misuse inquiry ends

B/28/2/95

CAPE TOWN — The inquiry into the alleged misuse of public funds by Western Cape sport and recreation MEC Lerumo Kalako ended yesterday.

The inquiry was launched following allegations by Nick Malherbe, a Western Cape Tourism Board representative, that Kalako, then the tourism MEC, misused public funds while abroad.

Giving evidenee Kalako said Malherbe had been responsible for the finances on their trip to Australia.

Kalako admitted making personal telephone calls, but said he had paid for the calls on his return.

He said he was under the impression that the watch he had bought was covered by his allowance.

He added he had not beeen involved in any of the arrangements for his birthday party and had ordered a cheque to be cancelled after he heard his department was to pay.

The inquiry's findings will be made public after they have been submitted to premier Hernus Kriel next week. — Sapa.

Focus on AEPP

Part of the missing R138 million given to the Association of Ex-Political Prisoners was used by MPs to purchase homes and business interests, reports **Sibusiso Mabaso**:

(259) Sowetan 28/2/95

AFTER RELEASE from prison, ex-political prisoners were confronted with various challenges concerning survival and as a result they decided to form an organisation to look after their social and economic plight

These multiple and diverse challenges, often created by their imprisonment, led to the formation of the Association of Ex-political Prisoners

Many ex-political prisoners found it difficult to adjust to the outside world after their release from prison

The AEPP was formed in 1990 and its main purpose was to minimise the social and economic hardships faced by ex-prisoners throughout South Africa

Its main objectives were to develop facilities to place newly released prisoners in employment and provide material assistance to the needy families of prisoners

The AEPP has been funded by overseas donors since its inception and sources close to the association recently claimed about R138 million was apparently donated by French, Austrian and German sources

The stunning revelations that AEPP was unable to account for about R138 million was uncovered at the reunion conference of former political prisoners held in the Cape about two weeks ago

Earmarked for schemes

A closed session was told by a former employee of the AEPP that about R5 million originally earmarked for AEPP projects had apparently not been used for these schemes

Several former political prisoners have told *Sowetan* that they knew nothing about the existence of the AEPP

Five former political prisoners admitted to receiving assistance from the AEPP, but said they were disappointed at the amount

The organisation was also rocked by claims that staff members had borrowed large amounts of money without repaying them

A former employee of the AEPP told *Sowetan* in Cape Town that some AEPP officials had used the money to finance their own businesses

He also told *Sowetan* in an interview that there were allegations that some funds had been used to buy homes and cars for certain officials and employees of the organisation

An investigation by *Sowetan* into the alleged scam found that prominent members of Parliament are involved in the embezzlement of R138 million

According to a reliable source, part of the R138 million may have been used by Government MPs to purchase business properties both inside and outside the country

Ahmed Kathrada looking into the financial activities of the AEPP

The source told *Sowetan* that one of these government officials has four chicken outlets in Gauteng

Another has two chain stores, including a bakery in the Cape

According to a source the private businesses bought with AEPP funds included liquor stores, houses and luxury cars

Assassinated

Recently it was claimed that a former Umkhonto we Sizwe cadre and official of the AEPP, Willie Sekete, was assassinated a few days after he had apparently threatened to expose the alleged embezzlement of funds within the organisation

AEPP secretary-general Mr Naledi has dismissed reports that officials of the organisation had embezzled AEPP funds as unfounded

ANC MP Mr Ahmed Kathrada, who is the coordinator of newly appointed committee formed to investigate the plight of ex-political prisoners and the financial activities of the AEPP, told *Sowetan* that no one was certain what happened to the AEPP

Disbanded

Kathrada said he was informed by a colleague that the AEPP and an organisation of former MK combatants were disbanded about three years ago and had their assets absorbed by an organisation that failed to take off the ground, namely the Centre for Community Development

Top politicians 'signed code of conduct'

BD 28/2/95 (259)

DAVID GREYBE

CAPE TOWN — Top ANC members Winnie Mandela, Peter Mokaba and Bantu Holomisa, embroiled in allegations of corruption and financial mismanagement, had signed a strict ANC code of conduct, ANC sources said yesterday

The three had also provided the ANC with detailed reports of their financial affairs as required under the code, the sources said after the ANC national executive committee meeting at the weekend.

At least one of the three signed the code only after allegations of misconduct appeared in the media. Sources confirmed, however, that not every ANC elected official had signed the code. There was no record that Allan Boesak or Rocky Malebane-Metsing had done so.

The committee agreed to further delay implementing the code, unveiled more than five months ago, to give officials who had not signed it a last chance to do so. A new deadline would be set soon

ANC sources attributed the poor performance of ANC officials, particularly at provincial level, mainly to administrative problems in getting signed copies of the code to the ANC head office in time for the executive meeting At national level only about two-thirds of the 312 ANC MPs and senators had signed the code.

However, sources said the delay would not affect the work of a tough disciplinary body set up at the weekend to investigate breaches of the code and the ANC constitution. One of the body's first tasks would be to investigate the Malebane-Metsing case in the Northwest.

Sources said other ANC officials facing probes were Winnie Mandela and Mokaba.

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1995

MARCH — MAY

POLITICS

No ANC disciplinary measures against trio

(259)

■ BY PATRICK BULGER
POLITICAL CORRESPONDENT

Cape Town — The ANC yesterday denied that three prominent members would be brought before its newly formed disciplinary committee chaired by Water Affairs and Forestry Minister Professor Kader Asmal

Information secretary Senator Jackson Mthembu said the ANC "has no evidence of wrong-doing or corruption" involving Bantu Holomisa, Winnie Mandela and Peter Mokaba.

"The ANC has not at any stage said there will be investigations of corruption against these leading members of the organisation," he said, adding that the media had "charged and sentenced these members for corruption. The ANC takes strong exception to the conduct of the press in this regard"

He said the mismanagement of funds in the former Transkei homeland was a matter for the Government of National Unity.

At the weekend, the ANC's National Executive Committee established the disciplinary committee consisting of Asmal, Health Minister Nkosazana Zuma, Deputy Finance Minister Alec Erwin, Public Service and Administration Minister Zola Skweyiya, MP Ruth Mompati and Senator Wilton Mkwayi.

The matter involving former North West agriculture MEC, Rocky Malebane-Metsing, has been referred to the committee.

Asmal played down the disciplinary aspect of the committee He said it was an "early warning system" that would guide newly elected ANC public representatives who faced temptations from lobby and interest groups.

However, the committee would examine "prima facie" cases where there was evidence of corruption, abuse of office, and the granting and seeking of sexual favours, Asmal said.

Star 1/3/95

(259)

ANC commitment to clean government

The ANC was committed to clean government and it was this Government's responsibility to bring what was legal closer to what was ethical, chairman of Parliament's Joint Finance Committee Gill Marcus said yesterday. — Sapa.

Star 1/3/95

Police raid Mandela's home, office

Searches linked to corruption, fraud claims

The Argus Correspondent

PRETORIA. — Police raided several properties connected to Winnie Mandela today as part of a top-level investigation into allegations of fraud and corruption involving millions of rands.

Commercial Crime Unit head Lieutenant-Colonel Antonie Botha confirmed that he was heading the investigation into the activities of a company called Professional Builders and the Co-ordinated Anti-Poverty Project (CAPP), of which Mrs Mandela is the chief executive.

CAPP, a non-government organisation, was set up with the aim of helping people living in the most deprived conditions, namely in informal settlements and squatter camps around Johannesburg. Questions have been raised about its capability of delivering on projects as promised

It is understood that police are investigating allegations that Mrs Mandela used her position in government to acquire building contracts for Professional Builders. Professional Builders were awarded building contracts on CAPP projects

Detectives looking for documents raided the CAPP offices in Braamfontein, Mrs Mandela's house in Orlando, Soweto and nine other sites in Pretoria and Johannesburg The searches began at about 7am and were scheduled to be completed by noon

A total of 40 policemen, both uniformed and detectives, used 20 cars in the raids, which were a culmination of two weeks of investigation by five senior policemen and three advocates from the Transvaal Attorney-General's office

At 8am and 9am, police started searching and removing documents from places in Pretoria and Johannesburg respectively Places raided in Pretoria included a plot in Klerkshood near Rosslyn, Lombardy's Restaurant in the Willows, Lynwood Extension, and Concilium building in Technopark, Pretoria

About 10 policemen raided the CAPP offices in Braamfontein They rummaged through the drawers and cabinets and loaded papers and files into boxes The policemen said they were investigating fraudulent activity between CAPP and Professional Builders

Colonel Botha said no-one had been arrested this morning, but arrests would follow shortly He would not speculate whether Mrs Mandela faced possible arrest and added that the office Mrs Mandela used as Deputy-Minister of Arts, Culture, Science and Technology had not been searched

Mrs Mandela is in West Africa and is due to return on March 6

The investigators would look into the destination of $100 000 (about R360 000) donated to CAPP through Mrs Mandela from the Pakistani government last year The money was the subject of intense media speculation after members of the ANC Womens' League claimed it was meant for their cause.

Colonel Botha could not give a figure of the amount of money involved in the investigation until all the necessary books had been collected, but said it was "millions of rands"

"I don't know anything about it," he said

Police had not visited the Cape Town office

Mr Reynolds confirmed that Mrs Mandela was due back in South Africa on Monday after visiting Ghana, Ivory Coast and Burkina Faso She is attending the Pan-African Film and Television Festival in Burkina Faso

He said the investigating team was assembled last week on orders "from the top" after he had approached the commissioner with information relating to alleged fraudulent deals between CAPP and Professional Builders

● Mrs Mandela's private secretary, Alan Reynolds, said from Mrs Mandela's Cape Town ministerial office that he was not aware of the police search

Corruption: Mokaba says he is innocent

The Argus Correspondent (259)

ANC MP Peter Mokaba, facing allegations of corruption, has told the ANC he is not guilty of any wrong-doing in the National Tourism Forum

In a 36-page report to ANC secretary-general Cyril Ramaphosa, sent on February 20, Mr Mokaba, a former president of ANC Youth League, detailed his own investigation into alleged corruption in the forum.

He said his investigation into the forum's finances began in February last year when he persuaded the body to employ an accountant, Ian Pierce

ARG 1/3/95

He said he further demanded that an audited statement be prepared for the forum's council "so that I could leave the NTF with a clear position as regard finances".

On March 2, last year, a moratorium was placed on employment by the forum. Two days later, Mr Mokaba called a meeting of directors to raise "concerns about financial discipline and accountability".

He alleged maladministration "of the worst kind" existed in the organisation

Nepotism was rife he said, with people being employed at random, "without need and in defiance of council decision and myself to place a moratorium on employment".

He said salaries, promotions and demotions "fluctuated and were illogical".

POLITICS

DP, NP call for probe on corruption

(259)

ARG 1/3/95

TYRONE SEALE
Political Staff

THE Democratic Party and National Party have called for thorough investigations of allegations of fraud and corruption within the government.

This follows Public Works Minister Jeff Radebe's announcement that fraud and corruption of R3,7 million had been uncovered in his department.

William Mnisi, DP senator and the party's spokesman on public works, commended Mr Radebe for instituting an investigation

Mr Mnisi said the NP bore sole responsibility for this corruption

"We urge all other ministers to institute similar investigations to expose any other instances of fraud and corruption committed under NP rule"

David Chuenyane, NP spokesman on public works, called for a thorough probe into Mr Radebe's findings

Clean govt 'vital' — Tokyo

CT 1/3/95 (259)

JOHANNESBURG — Gauteng Premier Mr Tokyo Sexwale yesterday emphasised the need for strong and effective local government, saying it was vital that inequalities under apartheid be reversed

Opening the inaugural session of the Provincial Inter-Governmental Forum in Kempton Park, he also called for clean government

The forum, the first of its kind in SA, will have a consultative nature and will ensure a working relationship between the provincial government and new local government structures in Gauteng

Mr Sexwale said the Gauteng government managed budgets of between R10 and R12 billion

"Local government is at the coalface of delivery It is the tier of government that is closest to the people and must be at the cutting edge of transforming ideas and slogans into reality", he said "We need strong and effective local government at the frontline of delivery"

Mr Sexwale also expressed serious concern at voter apathy in registering for the local government elections in October, and urged a campaign for voter education He said that only five percent of the estimated voters had registered in Gauteng's municipal areas — Sapa

Mokaba to ANC: I was not guilty

Political Staff (259)

ANC MP Mr Peter Mokaba, facing allegations of corruption, has told the ANC that he was not guilty of any wrong-doing in the National Tourism Forum (NTF)

In a report to ANC secretary-general Mr Cyril Ramaphosa, Mr Mokaba detailed his own investigation into alleged corruption in the NTF

His investigation began in February last year when he persuaded the forum to employ accountant Mr Ian Pierce

He said he further demanded that an audited statement be prepared for the NTF's council "so that I could leave with a clear position"

On March 2, 1994, a moratorium was placed on employment Two days later, Mr Mokaba called a meeting of NTF directors to raise "concerns about financial discipline and accountability"

He said NTF executive director Mr Ngoaka Maphala was "playing hide and seek" with the auditor and that maladministration "of the worst kind" existed in the organisation

The organisation's books were "seized" when Mr Maphala left on a trip to the US

Mr Pierce telephoned Mr Mokaba in Cape Town on November 8 last year to query several cheques drawn for amounts of up to R45 000

Mr Mokaba asked the council to institute investigations with independent auditors to refute or verify his findings and those of Mr Pierce

'Media lied about me'

ANC MP Mr Peter Mokaba has accused the media of conducting an "orchestrated and deliberate" campaign against him CT 1/3/95

In a report to Mr Cyril Ramaphosa, Mr Mokaba said the press "lied" about the ANC's conference in December and President Nelson Mandela's proposals for the movement's national executive committee.

"They got hold of the first list which did not have my name and claim that it was the president's move to exclude me from the NEC".

ON GUARD: A heavily armed policeman stands guard outside Winnie Mandela's house in Soweto

LOOKING FOR EVIDENCE: A policeman passes a box of papers into Winnie Mandela's house while others sift through possible evidence in a search of her Soweto home and office during an investigation into bribery allegations.

Winnie 'outraged' by raid

(259) Argus 2/3/95

CLIVE SAWYER
Political Correspondent
and Sapa

A FURIOUS Winnie Mandela, facing renewed calls for her dismissal as a deputy minister, says she is outraged by the police raid on her Soweto house.

The raid by police, who were seeking evidence related to allegations of unlawful business deals, has intensified the heat on the government to clarify Mrs Mandela's future.

She is reported to have cut short her unauthorised trip to [illegible] Africa, and to be returning [illegible] South Africa today

[illegible] statement released in Abidjan, Ivory Coast, she said she was outraged by the raid.

"I am told that the police jumped over the walls and used their own keys to unlock the doors, since the house was empty at the time

"They did not contact my daughters, and they searched the house in the absence of any family member or legal representative."

Allegations by the police had left her astounded and unspeakably angry

"I find myself back where I was before 1990 I survived those times, and I will survive these times as well with the support of my people."

Mrs Mandela said the police action was part of a campaign to discredit her.

President Mandela has indicated no decision on Mrs Mandela's future will be taken on the basis of allegations. Deputy President Mbeki would deal with the matter on his return to South Africa on Monday.

In a statement last night, the ANC said it was disturbed by the allegations against Mrs Mandela, but considered the investigation a police matter

DP spokesman on safety and security Douglas Gibson said his party was sure the attorney-general would be guided by the principle that no one was above the law

The National Party said Mrs Mandela should be suspended pending the outcome of the police investigation.

The ANC Youth League said it was outraged by the search of her home

A police statement said "documents relating to allegations of fraud and corruption" had been seized in searches at several premises in Johannesburg and Pretoria, including Mrs Mandela's home.

Police spokesman Dave Harrington said the allegations against Mrs Mandela included.

- She had used her influence and position to ensure contracts were awarded to Professional Builders
- Mrs Mandela had allegedly "used her influence and position to ensure contracts for Professional Builders in exchange for financial gains"
- An amount of R75 000 was allegedly paid to Mrs Mandela via CAPP for ensuring the Ironside project went to Professional Builders. She was also to receive R32 000 a month once the project had been allocated, police alleged.

Mrs Mandela's lawyer, Templeton Mageza, said agreement had been reached with the police that documents seized in yesterday's raids would be handed to Johannesburg's chief magistrate for safekeeping, pending a court challenge on their status by Mrs Mandela.

Losses in state pension system could be astronomical

R2-bn lost to corruption

Star 2/3/95

■ POLITICAL STAFF

At least R2 billion is lost to corruption in the state pension system every year.

This was disclosed at a press briefing yesterday by Cassim Saloojee, chairman of the National Assembly committee on welfare and population development.

The figure, given to him by the department of finance, represented only the former republic.

In-depth investigation, including in the former TBVC states, was needed.

"The loss of funding could be astronomical."

Saloojee, an ANC MP, said the figure had been cited by the department of finance in response to pressure for a bigger welfare budget.

The officials had said steps should be taken to recover funds lost to corruption.

"What astonishes us is that this abuse has been going on for some time and we cannot understand why nothing was done."

His committee would ask for a commission to investigate the abuses and recommend steps to prevent them.

Examples of abuses included false medical certificates being used to claim disability grants.

Saloojee told the briefing the new government had inherited a welfare system designed to benefit a minority. A complete review of the system was needed.

Legislation, including that on child care and social assistance, should be transformed.

Saloojee said his committee intended making full use of changes to the parliamentary committee system which would allow it a greater say in initiating legislative reforms.

A meeting of national and provincial ministers of welfare and top officials had at the start of this year accepted that the entire welfare system should be changed.

The national ministry had accepted they would not impose reforms from above.

Saloojee backed a campaign by social workers for higher wages. However, he also said emigration by social workers had cost the country dearly.

Because of poor salaries, social workers lacked motivation and a sense of prestige.

Working conditions and salaries of these workers should be improved dramatically, he said.

President Mandela expected to sack his estrange

Winnie flic

Raids to continue around country

BY BRONWYN LITTLETON

As police and advocates pored over confiscated documents today, detectives prepared for more raids around the country on a paper chase of alleged fraud and corruption by Winnie Mandela and others

Police spokesman Captain Dave Harrington said today that three advocates from the Attorney-General's office had been seconded to the police commercial crime unit to sift through piles of documents seized during yesterday's raids on Mandela's Orlando, Soweto home and 11 other locations, mainly in Pretoria.

He said tenders would be urgently invited for private sector auditors to compile a report for the Attorney-General to decide on prosecution The report could take at least six weeks to complete

Harrington said more raids around the country were likely, but senior police sources said detectives would soon be heading for areas outside Gauteng to continue their investigations One possible destination was Mmabatho

On hearing of the raids while on an unauthorised trip to West Africa, Mandela immediately ordered her lawyers to make an urgent application to the Rand Supreme Court for an interdict barring police from removing documents from her Orlando house, on the grounds that they did not have a valid search warrant

The application is to be heard today and — as a temporary agreement between Mandela's lawyers and police — all documents seized from the house have been sealed in the Johannesburg chief magistrate's office.

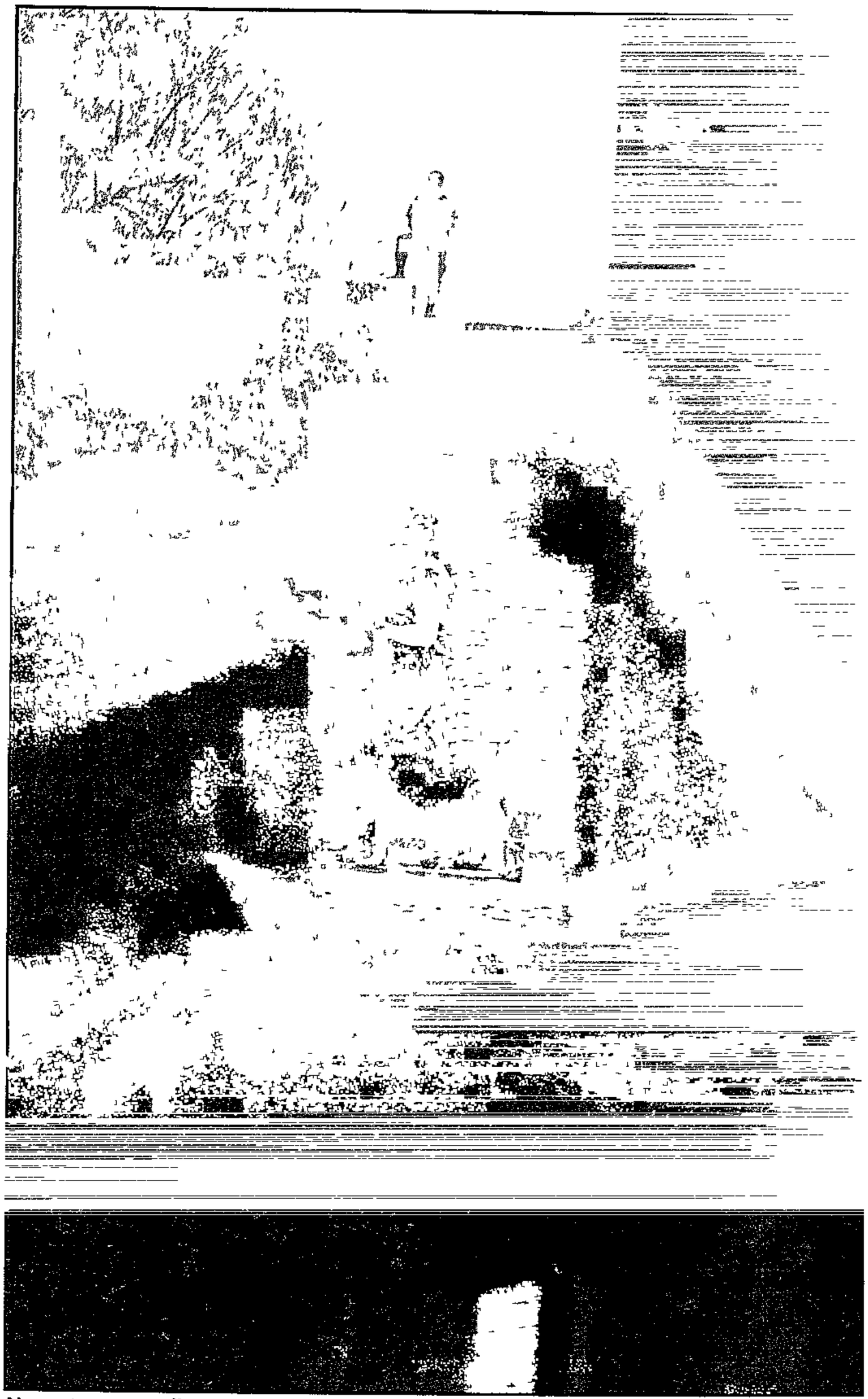
The sealing does not affect documents taken from other locations raided yesterday

As the drama surrounding the Deputy Minister of Arts, Culture, Science and Technology unfolded yesterday, police alleged Mandela was paid at least R75 000 to use her position and influence to ensure that building contracts for low-cost housing were awarded to a company with which she had close links

It is understood yesterday's raids were approved by Police Commissioner George Fivaz after the necessary warrants and documentation were completed by the commercial crime unit.

No one has yet been arrested in connection with the investigation, but police intend handing their docket over to the Transvaal Attorney-Gener-

▶ To Page 3



No entry . . . police guard the premises of Winnie Mandela's Orlando West home while their colleagues search the house yesterday. PICTURE ANTON HAMMERL

d wife

s home

(259) STAR 2/3/95

ANGRY deputy minister cuts short West African trip after police raid on her home

■ BY PATRICK BULGER and MONDLI MAKHANYA

Cape Town — An "outraged" Winnie Mandela is due back home today to deal with the surprise raid at her Orlando West, Soweto, home yesterday, and the premises of several organisations with which she has connections

Members of her family have confirmed to The Star that she is returning early from her tour of West Africa.

She was expected to arrive at Jan Smuts Airport this morning on an Air Afrique flight from either Abidjan or Nairobi, and sources close to her said she would proceed straight to her home and not to her ministerial offices in Pretoria or Cape Town

The embattled Arts, Culture, Science and Technology Deputy Minister said in a statement from Abidjan that she would cut short her official visit "and return home to deal with the issues which have now arisen"

She said the allegations the police have made against her leave her "astounded and unspeakably angry"

Her lawyer, Templeton Mageza, told The Star. "Never before in South Africa has any minister or deputy minister been treated like this"

The Star was reliably informed yesterday that President Mandela will dismiss his estranged wife from the Government of National Unity on her return.

Severe pressure . . Winnie Mandela speaks out.

Sources close to the president say he was fully briefed about the police investigation shortly before she left for West Africa last week, but he was not briefed immediately before yesterday's dramatic raids

The president had said he would not do anything to stand in the way of the investigation, and the law must take its course, the source said, adding "If she hadn't gone to West Africa, she would have been dismissed last week already She will be dismissed when she returns'

Mrs Mandela has been embroiled in controversy both before and since her appointment as Deputy Minister of Arts, Culture, Science and Technology, an appointment which was widely seen as an attempt to restrain her, given her grassroots support and the potential threat she could pose to the Government

At a press conference after yesterday's Cabinet meeting, both Cabinet secretary Jakes Gerwel and presidential spokesman Parks Mankahlana said the raids had not been discussed at the fortnightly Cabinet meeting

Gerwel said he had been told of the raids during the course of the morning and had conveyed the news to President Mandela.

Approached for comment on The Star's information about Mrs Mandela's pending dismissal, senior presidential spokesman Joel Netshitenzhe would only say the president was studying the matter

However, Mankahlana said the president and Deputy President Thabo Mbeki wanted to see Mrs Mandela when she returned and when Mbeki came back from Brussels

The ANC said it was "terribly disturbed by the allegations levelled against Mrs Mandela" but felt the issue to be a police matter at this stage

An ANC national executive committee member said there was a growing feeling that an end should be brought to "the Winnie Mandela soapie".

ANC sources said there were moves to have her case brought before the organisation's newly established disciplinary committee

The NP called for Mrs Mandela's suspension pending the outcome of the police probe

"So far, Mrs Mandela has time and again emerged victorious after challenging President Mandela. She succeeded in creating the impression that she was untouchable," the NP said.

DP safety and security spokesman Douglas Gibson said the search "must surely be unprecedented in South Africa"

conduct conformed with

CONT →

Paper chase to continue

(304A) 259

◀ From Page 1

al's office for a decision on prosecution.

At a Pretoria news conference after the swoop, Harrington said the Co-ordinated Anti-Poverty Project (CAPP) — of which Mandela is chief executive officer — made use of a Pretoria-based company called Professional Builders (Pty) Ltd for the construction of low-cost housing.

Projects

CAPP, a non-governmental organisation, was set up with the aim of providing low-cost housing in squatter areas around Gauteng.

Police mentioned three projects being investigated: one at Ironside near Vereeniging, another at Phola Park on the East Rand and a third at Soshanguve near Pretoria.

Police alleged that people in positions of authority at the Transvaal Provincial Administration, the Bophuthatswana National Development Corporation and CAPP "were paid sums of money as well as other favours" to facilitate the approval of tenders.

It is further alleged that other building contractors were not given the opportunity to tender.

"It is also alleged that Ms Zinzi Mandela (Hlongwane) was to receive 50 percent of shares in Professional Builders, with Mrs Mandela's personal physician also receiving a number of shares, thus giving Mrs Mandela, via these two proxies, control over Professional Builders," said a commercial crime unit statement.

Police alleged that "the management of Professional Builders bribed certain banking officials to approve bonds for applicants who did not qualify".

Impossible

According to police, Mandela was paid R75 000 "via CAPP" for ensuring that the building contract for the Ironside project was awarded to Professional Builders.

Colonel Antonie Botha, head of the commercial crime unit, said yesterday it was impossible to estimate the total sum of money involved in the alleged scam, but he put it at "millions of rands".

Star 2/3/95

ON GUARD: A heavily armed policeman stands guard outside Winnie Mandela's house in Soweto

LOOKING FOR EVIDENCE. A policeman passes a box of papers into Winnie Mandela's house while others sift through possible evidence in a search of her Soweto home and office during an investigation into bribery allegations.

Winnie 'outraged' by raid

(259) ARG 2/3/95

CLIVE SAWYER
Political Correspondent
and Sapa

A FURIOUS Winnie Mandela, facing renewed calls for her dismissal as a deputy minister, says she is outraged by the police raid on her Soweto house.

The raid by police, who were seeking evidence related to allegations of unlawful business deals, has intensified the heat on the government to clarify Mrs Mandela's future.

She is reported to have cut short her unauthorised trip to Africa, and to be returning South Africa today

statement released in Abidjan, Ivory Coast, she said she was outraged by the raid.

"I am told that the police jumped over the walls and used their own keys to unlock the doors, since the house was empty at the time.

"They did not contact my daughters, and they searched the house in the absence of any family member or legal representative."

Allegations by the police had left her astounded and unspeakably angry

"I find myself back where I was before 1990 I survived those times, and I will survive these times as well with the support of my people."

Mrs Mandela said the police action was part of a campaign to discredit her

President Mandela has indicated no decision on Mrs Mandela's future will be taken on the basis of allegations. Deputy President Mbeki would deal with the matter on his return to South Africa on Monday.

In a statement last night, the ANC said it was disturbed by the allegations against Mrs Mandela, but considered the investigation a police matter

DP spokesman on safety and security Douglas Gibson said his party was sure the attorney-general would be guided by the principle that no one was above the law

The National Party said Mrs Mandela should be suspended pending the outcome of the police investigation.

The ANC Youth League said it was outraged by the search of her home

A police statement said "documents relating to allegations of fraud and corruption" had been seized in searches at several premises in Johannesburg and Pretoria, including Mrs Mandela's home.

Police spokesman Dave Harrington said the allegations against Mrs Mandela included.

- She had used her influence and position to ensure contracts were awarded to Professional Builders
- Mrs Mandela had allegedly "used her influence and position to ensure contracts for Professional Builders in exchange for financial gains"
- An amount of R75 000 was allegedly paid to Mrs Mandela via CAPP for ensuring the Ironside project went to Professional Builders. She was also to receive R32 000 a month once the project had been allocated, police alleged.

Mrs Mandela's lawyer, Templeton Mageza, said agreement had been reached with the police that documents seized in yesterday's raids would be handed to Johannesburg's chief magistrate for safekeeping, pending a court challenge on their status by Mrs Mandela.

Winnie showdown

MANDELA REACTS

PRESIDENT Nelson Mandela today said a statement on the political future of his estranged wife, Winnie, was not imminent.

He told journalists at Tuynhuys he could not act merely on allegations, but could if they were proved

He said yesterday's raids on Mrs Mandela's house and offices were a matter between the deputy minister and the police. It would be improper for him to interfere.

"I would not even interfere if the police raided my own house in the course of a legitimate inquiry."

Deputy-President Thabo Mbeki, due home on March 6, would deal with the situation, he said.

■ More reports, pictures pages 2 and 3

(259) ARG 2/3/95

Political Staff

THREE advocates and an auditor will scrutinise documents seized in the Winnie Mandela corruption probe and more police raids are imminent.

As the police investigation proceeded today, a furious Mrs Mandela cut short her West African tour and caught a late night flight from Abidjan to Johannesburg to face the biggest crisis of her public career.

While she was airborne her lawyers were due to proceed with a Supreme Court action to challenge the validity of search warrants used in the raids on her Soweto home and 11 other locations.

Police said today that the attorney-general had seconded three advocates to the investigation task force to scrutinise the seized documents and that tenders would be called for a private sector auditor to join the investigation.

But, they said, Mrs Mandela would not be questioned or arrested when she landed in Johannesburg later today, accompanied by her lawyer, Nomhle Malefane, and officials of the department of arts, culture, science and technology, of which she is deputy minister.

It would be "at least six weeks" before police would be in a position to question

ANC REACTION

"We are terribly disturbed by the allegations levelled against Mrs Mandela but the issue is a police matter at this stage. The ANC will monitor the police investigations and will also discuss the allegations within its constitutional structures."

NAT REACTION

"So far, Mrs Mandela has time and again emerged victorious after challenging President Nelson Mandela. She (has) succeeded in creating the impression that she was untouchable."

DP REACTION

"Mrs Mandela is becoming

But, they said, Mrs Mandela would not be questioned or arrested when she landed in Johannesburg later today, accompanied by her lawyer, Nomhle Malefane, and officials of the department of arts, culture, science and technology, of which she is deputy minister.

It would be "at least six weeks" before police would be in a position to question her, a spokesman said.

Meanwhile, by agreement with her lawyers, the seized documents were placed in the custody of a magistrate pending the outcome of the Supreme Court action.

According to sources close to President Mandela, she is to be suspended or dismissed soon after her return.

Senior government officials said today that Mr Mandela had been fully briefed about the police investigation that culminated in dramatic raids on his estranged wife's home in Orlando West, Soweto and offices in Johannesburg yesterday.

He was given the briefing shortly before she left for West Africa late last week, but he was not told beforehand of yesterday's police raids.

On being briefed on the police investigation, the president had said he would do nothing to stand in the way of the investigation and that the law would have to take its course, the source said.

"If she hadn't gone to West Africa, she would have been dismissed last week already. She will be dismissed when she returns," the source said.

Mrs Mandela has been embroiled in controversy before and since her appointment, which was widely perceived as an attempt to restrain her, given her much-vaunted grassroots support and the potential threat she could pose to a government in the process of social upliftment.

At a briefing after yesterday's fortnightly cabinet meeting, cabinet secretary Jakes Gerwel and presidential spokesman Parks Mankahlana said the raids had not been discussed.

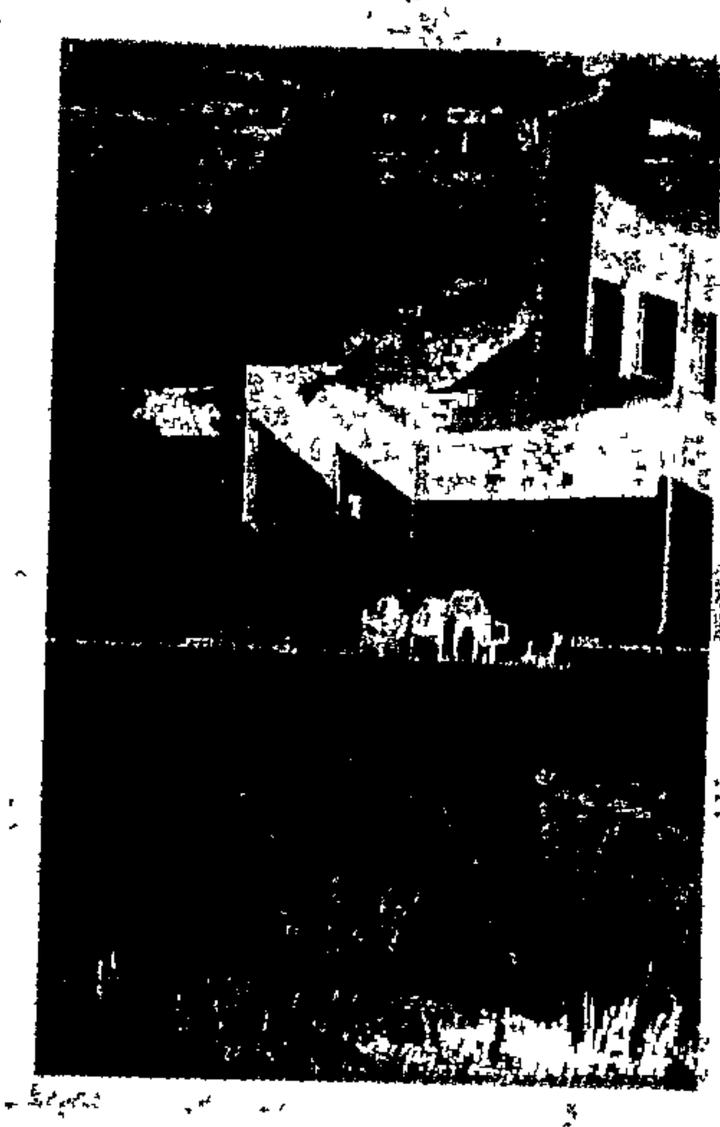
Professor Gerwel said he was told of the raids during the morning and that he had conveyed the news to Mr Mandela.

"This was news to the president," he said, adding that the government was waiting for a full report on the matter.

creating the impression that she was untouchable."

DP REACTION

"Mrs Mandela is becoming a liability and political embarrassment. The president must act now and fire or suspend her until the investigation is over."



WINNIE'S HOUSE RAIDED: Police keep guard outside Winnie Mandela's Orlando home while investigators search the premises.

Approached for comment about The Argus's information regarding Mrs Mandela's dismissal, senior presidential spokesman Joel Netshitenzhe said the president was studying the matter.

FACING THE PRESS: Winnie Mandela and her lawyer speak to reporters in Abidjan.

Mr Mankahlana said the president and Deputy President Thabo Mbeki wanted to see Mrs Mandela when she returned from her West African trip and when Mr Mbeki returned from Brussels.

"That they would love to have a chat with her is certainly the case," said Mr Mankahlana.

In reaction to the raids, the African National Congress said it was "terribly disturbed by the allegations levelled against Mrs Mandela", but considered the issue to be a police matter at this stage.

"The ANC will monitor the police investigations and will also discuss the allegations within its constitutional structures with a view to taking appropriate action should the allegations and police investigations prove to be correct."

An ANC national executive committee member said there was a growing feeling in the organisation that finality should be brought to "the Winnie Mandela soapie".

According to senior ANC sources, there are moves to have Mrs Mandela's case urgently brought before the organisation's newly established disciplinary committee chaired by Water Affairs and Forestry Minister Kader Asmal.

"People have been talking one on one and saying that you cannot have one person dragging the ANC's name through dirt every week like she does.

"She must be dealt with soon and even if she is found innocent, she needs to be told in very certain terms to stay away from controversial behaviour," said one source.

The National Party called for Mrs Mandela's suspension pending the outcome of the police investigation.

The party also said the search at the deputy minister's home was the first step in a long time indicating that no South African was above the law.

"So far, Mrs Mandela has time and again emerged victorious after challenging the president. She (has) succeeded in creating the impression that she was untouchable," the NP said in a statement.

Democratic Party safety and security spokesman Douglas Gibson said the search "must surely be unprecedented in South Africa". The decision, he said, could only have been taken "after extremely careful consideration and in the light of very weighty evidence"

Mrs Mandela was becoming a liability and political embarrassment. He called on Mr Mandela to fire or suspend her until the investigation was over.

Leeson, wife held in Germany

FRANKFURT. — An international search for Barings trader Nick Leeson ended today when he was detained at Frankfurt airport, apparently on his way to Britain, German police said.

Police at the airport said they were alerted by the media to Leeson's possible arrival on a Royal Brunei Airlines flight and boarded the aircraft when it landed.

The Singapore-based trader, linked with the collapse of the 233-year-old British investment bank Barings, was travelling in his own name with his wife Lisa.

"They were detained and taken into custody," a police spokesman said at Frankfurt airport."

● Reports that a South African financial institution had lost R1 billion in the collapse of Barings were denied today by major bankers and life assurers. But Old Mutual confirmed that Barings held a small proportion of its £600 million (about R3 000 million) Guernsey-based unit trust and that the fate of this money was unknown.

Nick Leeson

Old Mutual's South African unit trust and policyholders are unaffected — Reuter.

● See page 23.

INVESTIGATING TEAM: Colonel Antonie Botha, left, head of the Commercial Crime Unit, and police spokesman Dave Harrington, brief the media on the Winnie Mandela case in Pretoria

Police expand Winnie probe beyond Gauteng

CONT → ARG 2/3/95 (259)

The Argus Correspondent

PRETORIA. — Police will today expand their intensive fraud and corruption investigation into Winnie Mandela's Co-ordinated Anti-Poverty Programme's links with local low-cost housing construction companies

A special investigation task force spearheaded by Commercial Crime Unit (CCU) commander Colonel Antonie Botha will today take the investigation beyond Gauteng's borders in pursuit of a paper-trail which may link the Deputy Minister of Art, Science, Culture and Technology to irregularities

Highly placed officials in CAPP, the former Transvaal Provincial Administration and Bophuthatswana National Development Corporation may also be implicated during the course of the investigation

The task group consisting of three advocates at the Attorney-General's office and five specialist SAPS investigators are following up information supplied by anonymous sources and information gleaned from piles of documents seized during 10 dramatic raids in Pretoria and Johannesburg yesterday

It is understood the raids were approved by national Police Commissioner George Fivaz after the necessary warrants and documentation were completed by the CCU

Police believe top officials may have been paid undisclosed sums of money as well as other favours to facilitate the approval of tenders

Police spokesman Captain Dave Harrington said further allegations that other building contractors were not given the opportunity to tender for contracts that were awarded to one company, Professional Builders, were being investigated

Colonel Botha said contracts awarded to Professional Builders for low-cost developments in Soshanguve, Phola Park and Ironside in Vereeniging were being investigated.

Allegations being investigated by the police includes charges that Mrs Mandela received R75 000 from Professional Builders via CAPP for securing a contract for the Ironside housing project in Vereeniging Police are also investigating allegations that she was to receive R32 000 a month once this project had been allocated

It is also alleged Mrs Mandela's daughter Zindzi Mandela-Hlongwane received a 50 percent share in Professional Builders which, along with the shares her personal physician was to receive, gave Mrs Winnie Mandela control of the company by proxy

Other houses searched during the raids which started at 7 30 am yesterday included those of Vic Daniels and his son JJ — directors of Professional Builders, the premises of Professional Builders and Promabuild.

Other matters being investigated include a sum of R500 000 donated by Pakistani Prime Minister Benazir Bhutto The ANC Women's League says the money was meant to come to the league but Mrs Mandela has said Mrs Bhutto gave it to her to use according to her discretion for disadvantaged communities and she gave it to CAPP

Mrs Mandela's links with another Pretoria businessman, Martin Radloff, are also being investigated Mr Radloff was also a director of Professional Builders and is presently facing charges of fraud

Police stressed they were not conducting a witch-hunt against Mrs Mandela and that normal legal procedures, including the obtaining of search warrants, had been followed

Colonel Botha stressed that no arrests have been made and once the investigation had been completed the docket would be handed to the Attorney-General for a decision on whether to prosecute

ARGUS 2-3-95

NO ENTRY: Winnie Mandela's Johannesburg office is guarded by policemen as they sift through documents.

Police allege bribe of R75 000

(259)

ANC 'to act' if Winnie is proved guilty

BD 2/3/95

MARK ASHURST and TIM COHEN

THE ANC promised last night to take appropriate action against Winnie Mandela if police allegations that she accepted payment from building companies to help them secure official housing contracts proved correct.

This followed yesterday's police raid on the Soweto home of the Deputy Arts and Culture Minister Police alleged that she accepted payment from building companies — using her influence in return to secure them housing contracts from the Transvaal Provincial Administration and the Bophuthatswana National Development Corporation It was understood last night that she was flying home from the Ivory Coast.

Opposition parties called for her suspension pending the outcome of police investigations, while the ANC said it was "terribly disturbed" by the allegations.

About 40 armed police officers raided Mandela's Orlando home and those of Northwest-based company Professional Builders directors Vic and JJ Daniels Eight other associated premises were also raided, police said

Police alleged Mandela used her influence as Co-ordinated Anti-Poverty Programme (CAPP) CEO to secure housing contracts at Vereeniging and Phola Park in return for payment from building companies. But CAPP director Sydney Gata dismissed the raid as "part of a campaign against Mrs Mandela"

Contrary to a police statement, Gata said his home had not been searched and he had not been contacted by investigators. He said CAPP — which was formed in 1993 to provide developers with data on disadvantaged communities — had no involvement at Vereeniging Its Phola Park project was still at a planning stage and "has not even gone to tender yet".

Police commercial crime unit spokesman Capt Dave Harrington emphasised investigations were at a preliminary stage, but said the raids were based on substantial evidence "Our credibility is on the line The allegations are grave."

Safety and Security Minister Sydney Mufamadi had been fully briefed on the investigation. President Nelson Mandela had also been "broadly briefed that police were investigating the TPA and the Bophuthatswana development corporation but had not been informed of plans to search the home of his estranged wife, presidential spokesman Joel Netshitenzhe said.

Police said they were probing claims that Mandela had received R75 000 via CAPP in return for "ensuring" the Vereen-

☐ To Page 2

Winnie

(259) BD 2/3/95

☐ From Page 1

igeng project; that Mandela's personal physician, and her daughter Zinzi, would each receive 50% shares in the company in return for building contracts; and that Professional Builders had bribed banking officials to approve bond applications.

Well-placed sources said police were acting on information received from Professional Builders' former operations manager Martin Radloff. There was "no clarity" on whether Radloff would be charged, Harrington said.

A spokesman for the Pakistan High Commission in Pretoria, which last year donated $100 000 to CAPP after Pakistan Prime Minister Benazir Bhutto visited [illegible] ndela, said CAPP's activities were "an SA issue . . . we aren't a monitoring agency". The commission had briefed the Pakistan government on allegations by former ANC Women's League members that Mandela had mishandled Capp finances, but no response had been received.

ANC sources said last night it was difficult to imagine how Mandela could retain her post given the variety of transgressions she had apparently perpetrated.

Mandela's personal secretary Alan Reynolds described the raid as "very irregular". Mandela was being subjected to a process of harassment in an attempt to discredit her, he said. "Everybody knows she is out of the country, there is no need for massive force."

Reports that police were sitting on the roof and walls of Mandela's home yesterday afternoon had led to Mandela instructing lawyers to seek a Supreme Court interdict for their removal. DP safety and security spokesman Douglas Gibson described the search of Mandela's home as "unprecedented in SA". If the ANC failed to consider disciplinary action against her, the disciplinary committee "might just as well disband".

Meanwhile, Cabinet Secretary Jakes Gerwel said the President did not have prior knowledge of the raid and had simply taken note of it. Gerwel said he had received no indication that Winnie Mandela's position would be affected.

Presidential spokesman Parks Mankahlana said Deputy President Thabo Mbeki and Mandela would discuss various issues with her on her return

Mankahlana was referring to the outstanding issue of Mandela's unauthorised visit to Ivory Coast.

Saloojee calls for probe of corruption in state pension fund system

(259) BD 2/3/95

TIM COHEN

CAPE TOWN — Parliamentary welfare committee chairman Cas Saloojee called yesterday for a commission of inquiry into the annual loss of between R1bn and R2bn from the state pension fund system.

Saloojee, an ANC MP, said an in-depth investigation of the provision of pensions was necessary because of the astronomical losses caused primarily by state officials' corruption.

Welfare Minister Abe Williams agreed that an investigation was necessary. He said Saloojee's speculation that as much as R2bn could be involved was unlikely, but it was known that about 10% of the R11bn state pension payout was lost to robbery, fraud and corruption. He would not speculate on whether recipients or state employees were mainly responsible.

Saloojee said the R2bn figure had been supplied by Welfare Department officials who were giving evidence before the parliamentary committee on welfare and population development.

He said he was astonished that the abuse had been going on for some time and nothing had been done about it. It was also necessary to attempt to recover the missing funds.

It appeared that the fraud was carried out mainly at payout points by state officials who underpaid recipients and pocketed the difference, he said.

It is understood that some state officials have been convicted in connection with corruption at pension payout points. Williams said the department was going to experiment with a new system of payouts in the Western Cape.

Research on the issue had been undertaken by groups such as the Black Sash. These bodies ought to be given an opportunity to present their evidence before a commission, Saloojee said.

Sapa reports Saloojee said examples of abuse of the system included the use of false medical certificates to claim for disability grants. There was a need for a complete transformation of the system.

The department's arguments for a larger budget allocation were undermined by the large scale of fraud and corruption.

Finance Department officials argued that the Welfare Department would not require additional funds if fraud and corruption were wiped out.

The Welfare Department spent 86% of its R12bn budget on pension payouts, leaving only 14% for genuine social services.

Saloojee said he did not want to see the state pension system undermined because in many cases people depended on the payouts for survival.

However, the department also wanted to have a functioning welfare system. A transformation of the welfare system was necessary and a new pensions system was being discussed.

NEWS Officials stole massive amounts from aged fur

Pension payout fraud of R2 billion

Sowetan 2/3/95

By Vuyo Bavuma
Political Reporter

■ **AGED VICTIMS** A more in-depth probe will uncover greater losses:

THE Government lost more than R2 billion in the past three years because of fraudulent actions in pension payouts, parliamentary chairman of the Welfare, Population and Development Portfolio Committee Mr Cassim Saloojee said yesterday.

Saloojee told a Press briefing in Cape Town that it was important that the corruption be stopped immediately so that the Government could deliver a comprehensive welfare policy for all.

The crimes were committed by unscrupulous officials who defrauded illiterate people at the payout points Other officials stole the funds at magisterial offices before they were distributed to the aged.

Others defrauded the Government by using forged medical certificates to collect disability grants to which they were not entitled The R2 billion figure, given to Saloojee by the Department of Finance, represented only the former administration of Mr FW de Klerk.

More in-depth investigation

He said a more in-depth investigation, including the former TBVC states, was needed.

"The loss of funding could be astronomical," Saloojee said.

Saloojee said these criminal actions had brought tremendous hardship on many families of the aged, who were solely dependent on the monthly pensions

The welfare committee invited submissions from the public to help to combat this and formulate proposals to fight any future misdeeds.

Saloojee said these pension crimes had prevented any possible increase in the pensions of the aged and disabled, which are presently insufficient to support most of them.

With this gross misuse of the taxpayers' monies, it is difficult for the Government to improve the quality of life of the aged and disabled.

"That's why we should take urgent steps to stop this corruption. If we succeed in eradicating this corruption, the Government will have the means to increase the aged's pension allowances," Saloojee said.

Suspect builders got loan from Bop

(259) Star 3/3/95

■ BY BRONWYN LITTLETON

The Bophuthatswana National Development Corporation (BNDC) has confirmed that it loaned money to Professional Builders, whose links with Winnie Mandela are the subject of a police investigation

But the loan was not repaid and BNDC had applied for liquidation of the building company

While police were on their way to Mmabatho yesterday, intending to search the BNDC offices, the corporation's lawyers informed police that the documents they were looking for were in Johannesburg and they were welcome to them.

Police alleged on Wednesday that officials from the BNDC, the former Transvaal Provincial Administration and the Co-ordinated Anti-Poverty Programme — of which Winnie Mandela is chief executive — had taken financial kickbacks to ensure that low-cost housing contracts went to Professional Builders

Police said the documents seized in Wednesday's raids were part of a paper trail linking Mandela and others to corruption and fraud.

In a statement yesterday, BNDC manager Solomon Malebye said the BNDC had lent money to one of its subsidiaries which, in turn lent money to Professional Builders Bop (Pty) Ltd.

Police spokesman Captain Dave Harrington confirmed that Professional Builders was originally registered in the former Bophuthatswana homeland

Its directors include Pretoria businessmen Vic Daniels and J J Daniels as well as Martin Radloff, who skipped bail in Botswana 12 years ago after being charged with fraud. He now faces similar charges in South Africa.

Malebye denied that any BNDC officials had taken bribes to secure tenders for Professional Builders

In another development yesterday, it was revealed that Winnie Mandela's personal adviser, Dr Sydney Gata, is a brother-in-law of Zimbabwean President Robert Mugabe Gata said yesterday his relationship to Mugabe was "irrelevant".

Police incorrectly reported that Gata's house had been searched on Wednesday.

■ Harrington confirmed last night that an F1 hand-grenade and a number of rounds of ammunition were found in an outhouse when police searched Mandela's home on Wednesday, reports Sapa.

He stressed, however, that there was nothing to link Mandela with this find.

rt from

YAZBEK

ater he collapsed while competing in the Vivo 15km night-race at Randfontein on Wednesday. — Sapa.

Minister admits fraud in welfare

(259)

CT 3/3/95

Political Staff

FRAUD was taking place in the social grants system, the Minister of Welfare, Mr Abe Williams, said yesterday — but he seriously questioned whether this was as high as R2 billion

He also said the extent of the fraud had not been officially established by his department

Mr Williams responded yesterday to a statement on Wednesday by the chairperson of the National Assembly's Portfolio Committee on Welfare, Mr Cassim Saloojee, that the department had admitted R2bn had been lost to corruption in welfare payments

Mr Saloojee said the actual losses could be far worse because of the exclusion of the four homelands and that they could be "astronomical"

Mr Williams said he and the nine health and welfare ministers accepted the fact that there was fraud in the present social grant system.

Because he seriously questioned the R2bn estimate, he asked Mr Saloojee or the Department of State Expenditure to supply him with concrete evidence

His department, together with the provincial departments, was busy with programmes to eradicate fraud

A new Social Assistance Act had been passed and the regulations were being finalised, and the different pension systems within the provincial governments were being rationalised into one system per province

Uniform application forms, administration processes and the upgrading of computer and payment systems were also receiving attention

A central data base was also being developed

Police probe possible Bop, Winnie link

CT 3/3/95 (259)

POLICE confirmed yesterday that they were investigating possible relations between the Bophuthatswana National Development Corporation and Professional Builders, the company with alleged links with Mrs Winnie Mandela.

Police had been on their way to the BNDC's offices in Bophuthatswana when a call from the corporation's attorneys had been received offering the BNDC's full co-operation

The BNDC admitted yesterday that it had lent money to Professional Builders. As the loan had not been repaid, the BNDC had now applied for the building company to be liquidated.

Police alleged on Wednesday that officials from the BNDC, Transvaal Provincial Administration (TPA) and Co-Ordinated Anti-Poverty Project (Capp) — of which Mrs Mandela is chief executive — had taken financial kickbacks to ensure that low-cost housing contracts went to Professional Builders.

In a statement yesterday BNDC manager Mr Solomon Malebye denied that any BNDC officials had taken bribes to secure tenders for Professional Builders.

Police said yesterday that an F1 hand grenade and a number of rounds of ammunition were found in an outhouse when they searched the home of Mrs Mandela, Deputy Minister of Arts, Culture, Science and Technology in Orlando, Soweto, on Wednesday.

Police spokesman Captain Dave Harrington stressed, however, that there was nothing to link Mrs Mandela with this find.

Mrs Mandela's Orlando house and 11 other sites around Gauteng were raided and documents seized.

Police said the documents were part of a paper trail linking Mrs Mandela and others to corruption and fraud.

In another development yesterday, it was revealed that Mrs Mandela's personal adviser, Dr Sydney Gata — whose Bryanston, Sandton, home was part of the police raids on Wednesday — was a brother-in-law of Zimbabwean President Robert Mugabe.

Mrs Mandela flew back yesterday.

● See Page 2

HANDS OFF... President Nelson Mandela at his residence in Cape Town after promising to stay out of the police investigation of his estranged wife Winnie, Deputy Minister of Arts and Culture. Mr Mandela said her future would depend on the outcome of the inquiry. Picture: AP

Scrap Fundraising Act — MP

CT 3/3/95 (259)

By BARRY STREEK
Political Staff

THE controversial Fundraising Act should be scrapped, the chairperson of the National Assembly's Portfolio Committee on Welfare, ANC MP Mr Cassim Saloojee said

He said yesterday the law was introduced in the 1980s to control anti-apartheid organisations and should be abolished immediately

Mr Saloojee, who stressed he was talking in his capacity as an ANC member, said non-governmental organisations should be accountable for any funding they received, but not controlled

The ANC felt the Fundraising Act should be scrapped immediately, he said

However, a structure should be created for these organisations to account for the money they received, with regular audits

"The important thing is not control, but to create conditions so that we know who is giving and receiving money and how these organisations are spending the money," Mr Saloojee said

The non-governmental organisations had a huge role to play in establishing civil society and they should get every encouragement However, they should also be accountable for what they did

Obstacles should not be placed in the way of organisations raising money

Mr Saloojee added he hoped the Fundraising Act would be scrapped within months

He said a technical committee had been appointed to investigate the issue

Task force to probe 'homeland irregularities'

A special audit task force has been established to investigate "serious financial irregularities" in the former homelands, Auditor-General Henri Kluever said yesterday. The task force will co-operate closely with a judicial commission set up to investigate financial irregularities in the Transkei after President Mandela alleged that "millions — if not billions — of rands" were missing

□ □ □

The NP has requested an urgent meeting with National Assembly Speaker Dr Frene Ginwala to discuss a code of conduct for her. The NP caucus meeting yesterday "strongly condemned" her apology for crimes committed by her countrymen against Mozambique

□ □ □

About 170 applications have been received by the Ministry of Safety and Security for the position of ministerial spokesman which became vacant following the departure of Craig Kotze A selection committee has been created to draw up a short-list of candidates — Reports by Political Staff

(259) Star 3/3/95

Surprise for Mufamadi

(259) WM 3 9/3/95

Stefaans Brummer

THE detailed information on Winnie Mandela's alleged corruption supplied by police immediately after their raid on her house and other premises came as a surprise to many, not least of them Safety and Security Minister Sydney Mufamadi

Police tend to play their cards close to their chest in investigations relating to corruption and fraud, lest their case be prejudiced in court But even as the police action continued at Mandela's house on Wednesday, police spokesmen made detailed claims about her having received R75 000 in bribes and that R32 000 a month more would have been coming her way

A source close to Mufamadi said he was surprised by the amount of information supplied straight away by police investigators, but speculated that police wanted to make it clear from the start that they were not "dealing with something flimsy; that they were not just reacting to a rumour"

Police spokesman Captain Dave Harrington, who was responsible for much of the original release at a press conference on Wednesday, confirmed this had

■ To PAGE 4

A surprise for Mufamadi

WM 3 9/3/95

■ From PAGE 3 (259)

been part of the reason. "We stuck out our necks reasonably far on this one, but we did it with the back-up of evidence. It was to show that we were not just again harassing her. We wanted people to see our actions (in raiding the properties) were justified."

Harrington confirmed he and some colleagues had been called in by Mufamadi after the press conference, and that Mufamadi wanted to know how much they had told the media and why. "But he was satisfied with our explanation." He said Mufamadi had known of the search warrants and that the raids had been planned, but he had not known the specific time.

Harrington added that the police were satisfied they could back the information they had handed out so far with documentation; even documents received before the raid. He said police were surprised "the type of thing said on the documentation had been committed to paper at all".

Code of conduct for ANC public officials

(259)

CT 3/3/95

ANC members holding public office in Parliament and provincial legislatures will forfeit their positions if found guilty of corruption, according to a code of conduct released yesterday.

The code also prohibits them from using their positions for self-enrichment or patronage

"All members of the assemblies shall declare their assets to the organisation and describe all other positions — from which there is a pecuniary benefit"

Surrender

They must disclose all consultancies, share holdings and directorships, or any form of pecuniary benefit they or their families get from an external source

Although the code was adopted by the NEC on November 12 last year, ANC secretary-general Mr Cyril Ramaphosa did not know how many members had signed the code

Government ministers, provincial premiers and provincial executive councillors shall not play any active role in profit-making institutions They must surrender their directorships and place their shares in blind trusts

Mr Ramaphosa is to establish a register of financial interests

Elected members shall register any gift worth more than R200

The code also compels ANC elected members to contribute part of their salaries to the party through a compulsory stop order, and prohibits them from any other full-time employment while serving in the executive or legislatures

Commitment

ANC members would forfeit their places on the ANC election list if they refused to sign the code of conduct, or if they refused to disclose their gifts or interest in companies within one month of the code's promulgation

Elected ANC members must show a commitment to eradicating all forms of discrimination and implement affirmative action in their work

The code prohibits the party's elected officials from using their positions to court or demand sexual favours — Sapa

Builder's family is left in the dark

(259)

ST 5/3/95

By PETA KROST

THE family of the Belgian builder at the centre of a police investigation into allegations of fraud involving Winnie Mandela were shocked this week to learn of his double life.

The wife and youngest son of Professional Builders owner Vic Daniels, 53, had no idea about his connections to Winnie Mandela and her friends.

Mr Daniels had become close friends with Mrs Mandela and her friend, commodities broker Hazel Crane, who was said to have introduced him to many important business contacts.

Mrs Daniels said she also knew nothing of her husband's friendship with an 18-year-old woman he visited regularly in the worker's compound of the Lombardy restaurant he owned in Pretoria.

Workers at the compound said he often arrived on week nights to visit Josephine Dipuo, an unemployed woman from Brits.

Restaurant employee and compound resident Dora Sibanda told how Mr Daniels, who nicknamed the young girl "Poppetjie", had given the girl money for a fridge, a television set and "beautiful" clothes.

The Sunday Times tried to contact Miss Dipuo, but she was away.

Both Mrs Daniels and her son JJ, 28, said they heard about the police investigation in news reports.

"I not only know nothing about the corruption and fraud charges, but all the names my father was supposed to be involved with are totally alien to me," said JJ.

He was amazed that his name had also been dragged into the scandal. He said he had resigned from Professional Builders in September after being a director for five years.

JJ and Mrs Daniels said Mr Daniels had never mentioned Mrs Mandela's name and they were surprised when he was invited to her birthday party last year.

Alone at her luxury house this weekend, Mrs Daniels said she only realised there were "big problems with the business" when the police arrived at her home on Wednesday morning.

"I was having coffee with a Belgian friend when about six policemen came to gather the company's documents — but Vic never brought them to the house," she said.

She said she believed that her husband could be found "at Mrs Crane's house", which she had never visited. She did not even have Mrs Crane's telephone number.

JJ said he believed his father was an honest man who was "too often introduced to the wrong people. This is not the first time. My father is very easily convinced.

"I haven't spoken to my father since I heard — it is as difficult for me to contact him as it is for the media," he said.

Of the low-cost housing projects that were named this week in connection with the fraud investigation, JJ said he recognised only one, Ironsyde in Vereeniging.

"My father has been involved with Ironsyde for about two years but I don't think anything has been finalised.

"We wanted to start marketing it last year but we were stopped," he said.

Mr Daniels was an established builder in Lenburg, Belgium, before emigrating to South Africa in 1982.

He set up Professional Builders six years ago — the second building company he had started since his arrival in South Africa.

JJ and his brother, Danny, went into the building trade, but only JJ was given shares in the building company.

Housing projects on shaky ground

(259) (~~[illegible]~~) ST 5/3/95

By RAMOTENA MABOTE

NOT a single home has yet been built at the Ironsyde development near Vereeniging — the building project at the centre of police investigations into Winnie Mandela.

But it was established on Friday that Mrs Mandela's alleged business partner, Vic Daniels, was granted a tender for the development of the land early last year.

Theresa Engelbrecht, an official of the Meyerton town council, confirmed that Mr Daniels had tendered for the development of the land on behalf of Professional Builders.

She also confirmed that up to 600 houses were to be built on the land.

However, Mrs Engelbrecht said there had been objections to the granting of the tender to Professional Builders and the matter was now being reviewed.

She said that last week Mr Daniels had told her that he was no longer in a financial position to develop the property.

Meanwhile, NICOLA KOZ writes that Mrs Mandela has been given a last chance to deliver her long-promised housing plan for shack dwellers in Phola Park on the East Rand.

The Gauteng housing board has given her until Friday to present a workable housing proposal for the project — or it could come to a standstill.

The R55-million housing project, which began in May 1991, has fallen apart several times.

Now Mrs Mandela is launching her third attempt to find new backers for the project.

So far, 500 sites have been provided with services.

BS FOR HE TOYI TOYIS

By SEKOLA SELLO

So where DID yesterday's heroes of the people get their BMWs and homes in Constantia?

(259)

CP 5/3/95

THE ANC has been in power for less than a year, but already a series of damaging corruption scandals have surfaced, undermining the good intentions of President Mandela's government. So far allegations have been levelled at a handful of prominent individuals and certain provincial administrations, but the rot will spread unless the government acts decisively.

WHETHER or not deputy Art, Culture, Science and Technology Minister Winnie Mandela received kickbacks to influence tenders from some building contractors is a question of law

And whether the latest round of allegations, coming so soon after a string of controversies and culminating in this week's police raids on Mandela's home and some of her offices, signifies the end of her chequered political career, is also moot

Political rivals of the one-time "Mother of the Nation" – recently dubbed the "Queen of Controversy" – are already rubbing their hands in glee at the prospect of her fall

But in the greater scheme of things the conviction or otherwise of Winnie and her political demise – if this comes to pass – would not be an earth-shattering event

The real question that should be excercising the minds of most South Africans in the light of these allegations – and repeated rumours about misdemeanours by senior government officials – is what kind of governance are we going to get under

who are former political prisoners are alleged to have misappropriated foreign funds meant for ex-political prisoners – to the tune of a staggering R138 million

It is claimed that part of the money was used to

It is believed this change was linked to the Australian allegation – although Western Cape Premier Hernus Kriel has denied this

Then, of course, there was the major scandal surrounding the Foundation

of the now closed National Tourism Forum.

It is estimated that Peter Mokaba – the super-radical of the young lions – earned about R250 000 per year as chairman of the NTF

Boesak's lavish life-

cials were given R60 000 each to renovate their houses It is also alleged that the provincial government held a party which cost taxpayers R500 000. No one has yet denied these allegations

In what were formerly Lebowa, Venda and Gazankulu, the preference for the shiny black Mercedes Benz is reaching epidemic proportions

Winnie Mandela

EYE OF A STORM ... The "Queen of Controversy", Winnie Mandela, jetted back to South Africa this week to defend allegations of corruption.

movement, the African National Congress

The ANC came to power on a massive populist bandwagon They promised clean administration, a government closer to the people and one which is transparent and accountable

These are the standards against which they are expected to be judged by the millions of people who put them into power Political rivals will also be watching them closely to see if they live up to these self-imposed standards

Sad to say, even at this early stage – they have been in government for less than a year – recent events do not inspire confidence

Apart from the Winnie affair, it does appear as if things are not kosher in some upper ANC echelons

Some leading lights individuals and to set up some of them in business One individual, who is very prominent in the movement, is said to have used the money to open up fried chicken outlets

A high-powered committee, headed by former ANC Robben Islander and now MP, Ahmed Kathrada, was recently established to investigate what happened to the Association For ex-Political Prisoners (AEPP) funds

But few people expect this committee to finger any high-ranking official

An ANC luminary in the Western Cape, Lerumo Kalako, was not so long ago embroiled in a controversy over improper use of funds while on an official visit to Australia Kalako was later removed from his portfolio as MEC for Tourism and made MEC for Sports and Recreation

headed by Allan Boesak, who is the former ANC Western Cape chairman

Funds donated by Scandinavian countries which were given to the FPJ and which were meant for the poor in the region were instead channelled to other areas – like paying Boesak a very high salary (estimated at about R20 000 and, at times, even more per month), furnishing and renovating his house in upmarket Constantia, and for financing overseas trips Other FPJ officials like Freddie Steenkamp borrowed huge amounts (R700 000 in Steenkamp's case) which, it later emerged, they had no intention or means of repaying

Another example of how the high and mighty in the days of the struggle paid themselves high salaries concerned officials

days was always a source of concern to some of his comrades in the United Democratic Front and the Mass Democratic Movement But then, a number of people leading UDF and MDM-linked non-government organisations were also living high on the hog

How they managed to maintain these lifestyles while serving organisations which, by definition, were neither wealthy nor income-generating, is a matter for conjecture

Today, some of these individuals hold senior positions in governemt

This newspaper receives a constant stream of letters complaining about corruption, nepotism and jobs-for-pals in some of the regions controlled by the ANC

In the North West province it is alleged that some government offi-

late that to get anywhere in the Free State you need to be an ex-UDF/-MDM member and to be well-connected Such claims are also levelled at the Eastern Transvaal government

Some of these allegations could well be unfounded They could be propaganda from disgruntled people who used to live it up during the homeland days

So far the administration of Tokyo Sexwale in Gauteng and Manne Dipico in the Northern Cape have not been tainted

While allegations have been levelled at regional administrations, so far the central government has not received any flak

Greater powers for the regions are necessary, but it looks like Pretoria will have to keep a hawk's eye on the provinces

Allan Boesak

HIGH-FLYER . . . But Dr Allan Boesak had to withdraw as ambassador-designate to the UN after a messy scandal involving his Foundation for Peace and Justice.

Peter Mokaba

SUPER-RADICAL? . . . Peter Mokaba's National Tourism Forum collapsed because the money ran out. Yet he paid himself a salary of R250 000.

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ST 5/3/95 (259)

The Crane connection

By NICOLA KOZ

WINNIE Mandela and Hazel Crane are a curious couple.

One is an anti-apartheid stalwart and queen of the struggle, the other, a wealthy Johannesburg commodities broker

But despite their diametrically opposed cultural backgrounds and dramatic differences in appearance — Winnie with her exotic African designer outfits; Hazel, a petite powerhouse dripping with diamonds — they are bosom buddies

When Winnie is in trouble, Hazel is there to support her When Winnie needs financial backers for her charity endeavours, Hazel finds them.

Both have had their share of personal problems Both have seen the courtroom from the dock and both have raised children without husbands.

They met when Hazel joined the ANC Women's League four years ago

Their friendship became public last year when it was disclosed that Hazel and her Israeli lover, Shai Avissar, had bought a luxurious Cape Town house worth R675 000 for Winnie to use during parliamentary sessions

Hazel said she and Shai had bought the house as a gift after taking pity on Winnie because of her "bare cupboards and fridge".

During the presidential inaugural celebrations in May last year Hazel gave Winnie a black and gold lace outfit designed by Spero Villioti.

In October, she organised a surprise 50-something birthday party for Winnie at the luxurious Pageview, Johannesburg, home of Fatima and Dawwood Mall. There to celebrate the occasion were guests from Kuwait, Saudi Arabia and Lebanon.

Also invited was Dr Sydney Gata, who is married to Robert Mugabe's sister. He is linked to Winnie's Coordinated Anti-Poverty Programmes (CAPP).

But Winnie's relationship with Hazel might be one that she will yet regret. Whenever she hits the headlines over some scandal, Hazel's name is somehow linked

Hazel is well-connected in diamond and gem circles She was convicted of illegal diamond buying in August 1993. Shai recently settled a legal battle out of court allegedly involving a fistful of missing gems. Hazel was the one summonsed by a Nelspruit gem-cutting works which made the allegations, but he said he was responsible for the missing stones and she was not involved.

Winnie is also embroiled in a diamond-buying saga. She allegedly hired a Lear jet to fly CAPP representatives to Angola to pick up a package of diamonds from President José Eduardo Dos Santos. Foster Webb Air Charter is suing Winnie for allegedly not paying for the jet's hire

Hazel was present at the closed meeting held at Winnie's Soweto home last May at which a R360 000 cheque was donated by Pakistani President Benazir Bhutto.

The cheque was allegedly meant to be distributed among a number of women's organisations, but Winnie has been accused of putting the money into CAPP's account.

When Winnie was made treasurer of the Congress of Traditional Leaders of South Africa in December and moved all the equipment from the congress's offices to CAPP's office in Braamfontein, Johannesburg, Hazel was there to help.

She instructed the Sunday Times, which arrived unexpectedly, to fax her a list of questions which she would pass on to Winnie. The fax was this week seized by police at Winnie's residence.

Hazel recently denied working for CAPP or the traditional leaders' congress. She said she had never been paid a salary by CAPP or the congress.

STAND BY ME . . . Winnie's pal Hazel Crane with her lover, Shai Avissar Picture: COBUS BODENSTEIN

"Winnie is a very busy lady When I can help out, I do," she said. "I don't see anything wrong in doing so. I often receive faxes on her behalf and she picks them up from my house in her spare time."

Hazel is indirectly linked to a housing development in Phola Park on the East Rand in which CAPP is involved. She introduced Winnie to Kharafi Investments, a Kuwaiti firm that is offering to finance the project.

Martin Radloff — the man involved in the latest fraud allegations levelled at Winnie — mentions Hazel's name in connection with a company of which he is a director, Professional Builders.

In a written statement to his lawyer in November last year, Mr Radloff claimed that Winnie arranged through Hazel for representatives of Professional Builders to meet entrepreneurs, including an M A Kharafi, to discuss joint construction projects. He claimed that 10 percent of all profits generated by any joint ventures were supposed to be channelled through Hazel and CAPP to charity

Mrs Crane refused to be interviewed by the Sunday Times this week.

Boesak staff face claims for millions

259

BY PATRICK BULGER
POLITICAL CORRESPONDENT

Former employees of Dr Allan Boesak's Foundation for Peace and Justice, including Boesak himself, have been served with claims totalling several millions of rands, sources close to the investigation said yesterday.

The trustees are claiming amounts of up to R1,5-million from the employees who were given "staff loans" out of aid money donated by Scandanavian church organisations. The organisations are now demanding their money back.

Boesak has sold his Constantia, Cape Town, home for a reported R800 000, of which R500 000 was owed to the banks.

He has indicated that he will pay the remainder over to the FPJ trustees, the source said.

Entire

ARG STAR 7/3/95

Boesak is being held responsible for the entire amount outstanding on the basis that he should have known what was happening in his organisation.

The source said the employees were questioning the amounts the trustees were claiming from them.

An estimated R1,5-million is reportedly being claimed from former FPJ financial director Freddie Steenkamp.

The FPJ debacle ended Boesak's hopes of becoming South Africa's first ambassador to the United Nations in Geneva.

Meanwhile, the investigation being conducted by the Office for Serious Economic Offences is proceeding, according to the investigator advocate Tommy Prins.

He could not say when details of a likely course of action were likely to emerge.

PRESIDENT'S OFFICE DENIES WRITING APOLOGY

Fivaz orders probe into raid on Winnie's home

CT 7/3/95

(259)

POLICE chief Commissioner George Fivaz yesterday ordered an investigation into last week's police raid on Mrs Winnie Mandela's Soweto home.

The top-level probe was announced as efforts to arrange a meeting between the Deputy Minister of Arts and Culture and Deputy President Thabo Mbeki over Mrs Mandela's unauthorised West African trip continued

ANC spokesperson Senator Jackson Mthembu said late yesterday that Mr Mbeki was still trying to set up a meeting with Mrs Mandela, who in turn was seeking an audience with President Nelson Mandela

Both Mr Mthembu and presidential spokesman Mr Parks Mankahlana yesterday denied that Mr Mandela had written the letter of apology which Mrs Mandela signed after earlier criticisms of the government.

However, Mrs Mandela's personal secretary Mr Alan Reynolds said yesterday the contents of a newspaper report, which claimed Mrs Mandela had not written the apology herself, were "substantially correct"

It was reported yesterday the apology was written by a four-man committee headed by Mr Mbeki

Members of that team were Mr Mbeki, presidential spokesman Mr Joel Netshitendzhe, ANC Parliamentary Chief Whip the Rev Arnold Stofile and Deputy Environment Affairs Minister Mr Bantu Holomisa

Mr Holomisa, who had defended Mrs Mandela and pointed out that her criticism was not new, was not present when the letter was drafted because "he had something else to attend to"

But sources said the committee took some time to find Mrs Mandela, and she sent her February 13 apology — written by herself — to President Mandela before she had seen the "apology" drafted by the Mbeki committee

Meanwhile, Commissioner Fivaz said he had decided to institute a top-level investigation into the raid on Mrs Mandela's home following widespread criticism of the search

"The purpose of the investigation will be to examine and report back on the manner and style of the search at Mrs Mandela's home, as well as of searches conducted at other premises, and to make recommendations on how police searches are to be conducted in future

"To ensure a credible investigative process, I have also directed that this probe be conducted by my national inspectorate "

Mr Fivaz's spokesperson, Lieutenant-Colonel Joseph Ngobeni, said the commissioner was informed of the raid beforehand

About 40 policemen, investigating allegations of corruption and fraud, last week searched Mrs Mandela's home and other properties connected to her, and confiscated various documents

Mrs Mandela has challenged the validity of the search warrant used in the raids Her Rand Supreme Court application will be heard on March 14

The spokesman also said Mr Fivaz would study Democratic Party claims that Mrs Mandela was linked to a string of unsolved crimes

Lt-Col Ngobeni said Mr Fivaz had already seen documents provided by DP leader Mr Tony Leon detailing the alleged crimes, which took place in the late 1980s

Mr Leon raised the unsolved crimes, to which Mrs Mandela was allegedly linked, in Parliament last year He said at the weekend he expected to meet Mr Fivaz to discuss the allegations this week

The unsolved cases include that of Lolo Sono, a potential witness in the Stompie Seipei case who went missing in 1988

CONTROVERSIAL: Mrs Winnie Mandela, in the centre of controversy over her West African trip and the police investigations against her

● Safety and Security Minister Mr Sydney Mufamadi has said he had no prior knowledge of last week's police raid on Mrs Mandela's house and said "the dramatic conduct" of the police during the raid was "uncalled for"

He said he had directed Mr Fivaz to investigate the modus operandi followed by the police during the raid However, Mr Mufamadi said the police did not need the permission or approval of the minister to carry out a search — Political Correspondent, Sapa-Reuter

Winnie eases tension

Star 8/3/95 (259)

Wins Round 1 as police fail to produce affidavit

■ BY KAIZER NYATSUMBA
PATRICK BULGER
and CHERYL HUNTER

Despite her earlier refusal to meet Deputy President Thabo Mbeki to resolve official differences, Winnie Mandela has been persuaded to hold the talks and they'll meet either today or tomorrow

The Star has been reliably informed that she has come under increasing pressure from members of her immediate family to make herself available for the talks which will probably centre on her unauthorised visit to West Africa.

That trip was cut short last week after her Soweto home was raided by armed police searching for documents

Sources close to the deputy arts minister told The Star this morning that Mandela would most likely meet Mbeki before he leaves tomorrow for a United Nations summit on poverty in Copenhagen

The sources say Mandela felt "terribly betrayed by the Government she serves in" because of the police raid which had severely embarrassed her while she was abroad. Her refusal to meet the deputy president was because he "now feigned ignorance of some of the things she now stands accused of"

FAMILY persuades Mrs Mandela to meet Deputy President Mbeki after all

The sources say Mandela had been "deeply hurt" by the fact Mbeki had told the public he wanted to meet her over the allegations of corruption made against her, "when she had reported fully to him on at least one of these things as far as two years ago"

She had sent documentation to Mbeki, Justice Minister Dullah Omar and his predecessor Kobie Coetsee about businessman Costa Livanos's long-standing dispute with the Pretoria Services Council

"Now that she is accused of having abused her office, Thabo is not standing up to say he had been briefed about the whole thing," said one source

Mandela yesterday issued a statement saying the controversy surrounding her position had now "assumed the proportions of a national crisis which requires the intervention of the president", with whom she asked for a meeting on February 21 before her Africa trip

Meanwhile the State was yesterday embarrassed by its failure to produce at a time set by the Rand Supreme Court a crucial affidavit It is believed this affidavit prompted the armed and "dramatic" police search of her home and other premises last week in connection with allegations of fraud.

Collapse

It now appears that the State's case against her could collapse while the national Police Commissioner, George Fivaz, has ordered an investigation into the manner in which what's been called "an

▶ To Page 3

Winnie eases tension

Star 8/3/95 (259)

◀ From Page 1

apartheid-style" raid was conducted

Fivaz's spokesman Colonel Joseph Ngobeni said earlier today that the commissioner's office was "in the dark" as to why the affidavits had not been handed to the court yesterday afternoon as agreed by both sides last week.

"We are waiting for this information ourselves, but the matter is with our legal team and I cannot comment on that process," he said

Commenting on rumours, Ngobeni said: "The commissioner is definitely not going to apologise for the raid. We are just waiting for facts at this point"

As the political drama continued to unfold, State attorneys missed a 4pm deadline to hand over replying affidavits to Mandela's legal team

Several options

The deadline arose from her application to the Rand Supreme Court last week to have the search declared illegal. Mr Justice Nugent postponed the matter until Tuesday but ordered the State to reply to Mandela's legal team by 4pm yesterday

Her legal representative, Templeton Mageza, told The Star that the State had approached him shortly before the deadline to ask for an extension. He said negotiations on the issue were continuing and that "several options" had become available to the defence team

Mandela's legal team indicated on Friday that it would ask the judge to set aside magistrate I Olivier's decision to grant the search warrant to the police That decision was based on an affidavit supplied by the police.

Mandela's legal team indicated that the failure to produce the affidavit, which would have set out the police's reasons for wanting the search, had considerably weakened the State's case.

Mandela's spokesman, Alan Reynolds, was delighted at the turn the court case had taken.

"It looks like the allegations against her will amount to nothing," he said.

Reynolds said Mandela was not interested in seeing Mbeki, either about the fraud allegations or her unauthorised visit to West Africa. She wanted to see the president to clear up the mess.

More ammunition was added to the case against the State when the Congress of Traditional Leaders of South Africa, of which Mandela is an executive member, argued that the warrant had not included its offices and that the search of its offices had therefore been illegal.

Contralesa said the police action was "high-handed and barbarous. More than anything, the incident was orchestrated to generate as much publicity as possible in order to embarrass Mandela.

"The police involved are either plain foolish, illiterate and have no conception of a constitutional order which commands all organs of state to act in terms of the law at all times, or they were just being malicious," added Contralesa

Mandela cancelled a trip to Johannesburg yesterday, remaining in Cape Town. Mbeki's attempts to meet her met with no success.

Mbeki's spokesman Ricky Naidoo said Mandela was refusing to meet Mbeki Mbeki would shortly meet with President Mandela to decide how to take the matter further.

Winnie now ready to talk

◀ From Page 1

search warrant in order to create a case against our client," Mageza said

The Star understands that the long-awaited Mandela-Mbeki meeting will take place in Johannesburg this afternoon, and that the deputy minister will be accompanied by her children and her legal team

Government sources yesterday indicated that the president had reached a decision on the deputy minister's future in the Government of National Unity, but this would not be made known until she had met Mbeki and given him her side.

In his statement yesterday, Fivaz said "misperceptions" had arisen over the search warrant, the approval for which "lay squarely within the jurisdiction of the Department of Justice and the relevant magistrate.

"It was therefore up to the magistrate concerned, and not the police, to decide whether the search warrant should have been issued or not.

"Police thus merely applied for the search warrant and, once issued, such a warrant is an order of the court and must be implemented by the police.

"It must also be emphasised that the court proceedings concerning the validity of this search warrant by no means detract from the gravity of the related allegations being investigated by police," he said.

He added that his statement was not a criticism of the Department of Justice, but an explanation of police procedure

Mandela's spokesman, Parks Mankahlana, said earlier that the Government was determined to resolve the matter in a way that was consistent with its commitment to firm government and discipline.

(259) Star 9/3/95

'Pathetic' blunder in Mandela search warrants, says police source

DAVID GREYBE

CAPE TOWN — The police warrants used to search Winnie Mandela's Soweto home and Johannesburg office last week were technically defective, a senior police source disclosed yesterday.

He said he would not be surprised if there were defects in the dozen or so warrants used to search other premises linked to the police probe of fraud allegations against Mandela

The source said "The error was so pathetic it is almost unbelievable" He declined to elaborate, but added that the faulty warrants would be replaced

The State's administrative bungle could result in the courts returning seized documents to Mandela on Tuesday when the case comes before the Rand Supreme Court, further delaying the police probe.

Mandela's lawyer, Templeton Mageza, said last night the State had finally produced the vital affidavit which prompted the police search of her premises last week, one day after an agreed deadline He was confident that the Rand Supreme Court would on Tuesday set aside the search warrants to allow both sides to study the legal documents.

Meanwhile, sources close to the Deputy Arts and Culture Minister confirmed that she had changed her mind and agreed to meet Deputy President Thabo Mbeki.

Earlier in the day President Nelson Mandela dismissed his estranged wife's demand for a meeting over the controversy surrounding her position in government He said Mbeki was dealing with the matter "and I am sure he will not find it necessary for anyone else to intervene"

Mbeki's spokesman, Ricky Naidoo, stressed that the Deputy President wanted only to discuss Mandela's defiance of a presidential order not to undertake an official trip to West Africa He would not discuss the fraud investigation until it had run its course BD 9/3/95

Mandela had not yet officially informed Mbeki's office that she would meet him If she did, he expected the meeting to take place before Mbeki left on Sunday on an official trip to the Netherlands

The disclosure of the search warrant blunder coincided yesterday with an attempt by National Police Commissioner George Fivaz to blame the Justice Department and the issuing magistrate

Fivaz said the approval and issuing of the search warrants "lay squarely within the jurisdiction of the Justice Department and the relevant magistrate". It was up to the magistrate, not the police, to decide whether the search warrants should have been issued Court proceedings over the validity of the search warrants "by no means detract from the gravity of the related allegations being investigated by police", he said.

● Comment. Page 16

been received of the 2,9-million distributed.

Cape schools crisis tackled

ADRIAN HADLAND

CAPE TOWN — The growing influx of students from the former Transkei had placed immense pressure on the Western Cape's education system, President Nelson Mandela said yesterday. BD 9/3/95

Mandela, who visited various educational institutions in the province earlier this week, met regional premier Hernus Kriel in an attempt to speed up the resolution of problems being experienced by schools and pupils in the province.

The meeting followed demonstrations at Parliament and threats of further mass action.

Mandela said among the problems were shortages of school space, while many schools in Cape Town were either unused or under-used; a textbook shortage; and "completely inadequate" school facilities.

This had been exacerbated by the migration of students from the former Transkei, he said.

Corporation is cleared

KATHRYN STRACHAN

AN inquiry into allegations of fraud and racial discrimination at the Bophuthatswana National Development Corporation has given the organisation a clean report. (259)

The Khumalo commission found there was no corruption, dishonesty, fraud or misappropriation of funds for personal gain at the corporation.

It also found there was no substance to claims and accusations of racial discrimination during the awarding of contracts or promotions.

The allegations were made by the corporation's staff committee, which also reported victimisation of staff. Members of the staff committee could not be reached for comment.

Northwest finance minister Martin Kuscus said his government supported the outcome of the inquiry.

The report had been debated extensively at a special cabinet sitting last week, and would be discussed further when it was formally tabled later this month. BD 9/3/95

He said the next step was to appoint a new board for the organisation which would be renamed the Northwest Development Corporation.

The commission recommended that a more representative board be appointed, and a body be set up to deal with staff problems.

Enabling legislation would be tabled to facilitate the restructuring of the corporation.

Campaign Communications

Graft charges unfounded, probe of ex-Bop body finds

(259) Star 9/3/95

Mmabatho — The Khumalo commission of inquiry into alleged irregularities in the former Bophuthatswana National Development Corporation has cleared the corporation of all allegations pertaining to it

The accusations included fraud, racism; victimisation of staff; discrimination in staff recruitment, selection and placement, and inconsistencies in the application of policies.

The corporation, now known as the North-West Development Corporation Ltd, said in a statement "The commissioners concluded, inter alia, that there was no corruption, no dishonesty, no fraud and no misappropriation of funds for personal gain at the corporation".

It said MEC for Economic Affairs Abraham Venter had requested the corporation's current board of directors to implement recommendations put forward by the commission.

These included the disbandment of the interim management committee, the establishment of a body to deal with staff complaints and the appointment of directors more representative of North-West communities.

The commission's full report will be tabled at the provincial legislature later this month together with a draft Bill pertaining to the corporation's affairs — Sapa.

Blunders throw Winnie a lifeline

WM 10-16/3/95 (259)

Winnie Mandela gets a fresh chance as heavy-handed police actions give her the advantage, writes **Gaye Davis**

BLUNDERS on the part of police and justice department officials in the raid on deputy minister Winnie Mandela's Soweto home have tossed her a political lifeline and forced the ANC and the government to back off from taking swift action against her

Mandela's attorney Templeton Mageza told the *Weekly Mail & Guardian* yesterday the affidavit on which Magistrate I Olivier based his decision to grant police a warrant to search her home was "illegal" and amounted to "a fishing expedition" It stated that in order to prove a *prima facie* case against Mandela, searches were necessary to seize documents, Mageza said

Mageza claimed this was illegal "They were saying to him they had no evidence of any crime having been committed but wanted to create a case by going to search A magistrate must first be satisfied there is evidence of an offence having been committed before granting a warrant "

Minister of Safety and Security Sydney Mufamadi, cited as first respondent in the supreme court action Mandela launched to have search warrants declared invalid, had meanwhile not filed opposing affidavits by Tuesday's deadline "The police are not opposing the case," Mageza said

A copy of the disputed affidavit was to have been delivered to Mageza by Tuesday's deadline It was delivered a day late and unsigned, Mageza said "This morning we were given another copy of the affidavit, this time bearing a signature," he said yesterday He said the Commissioner of Oaths who attested the affidavit was in fact a police major who had himself been involved in the raid

Mageza said Mandela had considered launching a Constitutional Court action on the basis that her rights had been violated by an invasion of her privacy Mageza said "We no longer consider this will be necessary "

Senior ANC members were this week decrying the highly publicised "Rambo-style" police raid and reports that search warrants were defective as "an absolute disaster"

Deputy President Thabo Mbeki will be meeting Mandela in Pretoria this afternoon His spokesman, Thami Ntenteni, said yesterday "The deputy president will listen to Mrs Mandela and hear her views on the matter," he said While the discussion was expected to be "broad-ranging", it would focus on her controversial trip to West Africa, apparently in defiance of President Mandela's express orders not to do so

"Mrs Mandela will raise issues herself — she has a point of view No decision can be taken before the meeting For example the police raided her house with all the drama that that entailed and now we read in the newspapers that they don't have a case," Ntenteni said "The deputy president will aproach the matter with all due objectivity " He would then report back to President Mandela

Mandela's private secretary Alan Reynolds said this week the row about the trip was "artificial" and tied in with an "orchestrated campaign" to discredit her, which had now backfired

The raid and the wealth of detail given by police to the media detailing documents seized — including details of Mandela's grocery bills — had won her support from "ordinary South Africans who feel this was a violation of her rights," Reynolds said

He said Mandela was advised by the ministry of foreign affairs to go to West Africa on November 11 after applying to do so on October 30 last year

Winnie Mandela: Hats off to a true survivor

PHOTOGRAPH ELLEN ELMENDORP

Meanwhile, the legend continues

Bruce Cohen

WINNIE MANDELA may have angered Nelson and upstaged Thabo, but she's been thrilling the northern suburbs of Johnnesburg with an urban legend of epicurian proportions

The rumour started last November and goes something like this: Winnie and party of 10 or so arrived at the famed Ile de France restaurant in Bryanston, owned by award-winning chef Marc Guebert. After a lavish meal of caviar and French champagne, the bill was presented.

"We don't pay," was the legendary response.

Then, according to those who don't know, the restaurateur locked the front door, with the Winnie party inside, and called the cops.

And here the story gets really rich: finally a very senior policeman arrived and paid for the meal, allowing Winnie and her party to go their merry way.

In the proper tradition of a Winnie legend, this story has a bitter twist: the next morning the restaurant manager was met at the door of Ile de France by a group of young thugs who beat the hell out of him.

Marc and Irene Guebert say they have been flooded with enquiries by patrons and the media. "The rumour started in November and then died down after Christmas," said Mrs Guebert. "But now that Mrs Mandela is in the limelight again, it's taken off and every newspaper and radio station in town has been phoning us. We even had the AWB checking it out."

Fact of the matter, says Mrs Guebert, is that Winnie Mandela has never dined at the Ile de France

The toughest PR job in the world

Justin Pearce

ALAN REYNOLDS looks worried. It's Wednesday afternoon, and he's just heard that a Johannesburg newspaper has run a headline announcing a meeting between Winnie Mandela and Thabo Mbeki Neither he nor Mbeki's office appears to know anything about the meeting — yet the calls are pouring in

"One of those things," he says resignedly. "Stuff like that will happen "

No one envies Reynolds' job right now He is the *de facto* public relations officer for South Africa's most talked-about deputy minister, Winnie Mandela, and he freely admits he would rather be on a beach than behind a desk

Suntanned and casually dressed, Reynolds looks a misfit in the burnished corridors of 120 Plein Street. He recalls that his open-necked shirts prompted a veteran civil servant to remind him that his job carried a clothing allowance "I went out and bought two new pairs of Levi's "

Before taking up his appointment with the ministry, Reynolds was a full-time gardener in Oudtshoorn: "I was deep in the throes of plotting a lavender hedge when I got a phone call offering me the job "

Officially, his job is that of Mandela's private secretary — "I thought I was just going to do typing" — but the work has ended up entailing a lot more than that

"Quite apart from being the deputy minister, she is a kind of Elizabeth Taylor as well — she gets fan mail "

Dealing with fan mail is one thing But deputy ministers do not have the privilege of employing media liaison officers, which means that Reynolds has spent the past few weeks on the front line of South Africa's hottest news story: the allegations of corruption and misconduct that have been piling up against Winnie Mandela

He feels though that being thrown in at the deep end may have had its advantages "I'm not skilled in politics — which means that all I do is tell the truth It's not necessarily a bad position to be operating from "

He speaks without a trace of smugness — and the fact that he can say something like that without blinking indicates a deep loyalty — even reverence — towards Mandela While other ministerial staff will refer to their bosses as "the minister", Reynolds almost invariably refers to Mandela simply as "she" — and you can almost hear a capital "S" on the pronoun

At first sight the rapport between Alan Reynolds and Winnie Mandela seems incongruous — the fiery politician meets the laid-back beach bum — yet in another way it makes sense Winnie Mandela has never been one for toeing party lines, and Reynolds too is anything but a political hack He dabbled in politics as a student at the University of Natal "but I didn't fit in well enough for all that"

Not fitting in was evidently an experience that equipped him well to work for a deputy minister who has been reprimanded by the president for her criticism of government policy

But it was at university that Reynolds met Professor Fatima Meer, a long-standing friend of the Mandelas He accompanied Meer when she visited Winnie Mandela during her exile in Brandfort — and was immediately impressed by the fortitude which Mandela displayed in spite of the harrowing treatment she received from the state It was an impression that lasted

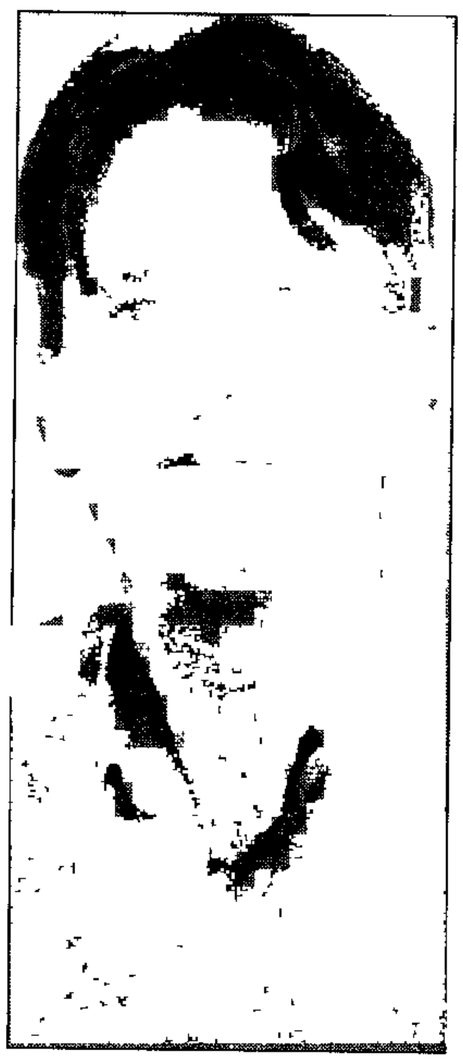
"She's an incredibly brave person, but an incredibly gentle and kind person," Reynolds insists "She has been forced to fight, as one of the few people who would publicly support the ANC during its banning And she has the strength to challenge even the new order when necessary "

He is convinced that the recent media onslaught against Mandela is based on no more than rumour, and is ultimately the work of individuals who since before Nelson Mandela's release from prison have been trying to destroy what political influence his wife holds

This week's news that police were unable to produce the affadavit which supposedly justified the raid on Mandela's home provided only a qualified sense of satisfaction

"I wish I could feel vindicated — but I feel absolute fury over what we've been through these past three weeks "

The fan mail addressed to Winnie Mandela is still stacked high in his tray When the phone stops ringing, he hopes to get round to opening it



Alan Reynolds: From gardener to ministerial secretary. PHOTO NIC BOTHMA

Minister in court tussle over dagga

WM 10-16/3/95

Environmentalists have threatened to interdict the police minister unless he puts a stop to a Natal dagga-spraying operation, reports **Eddie Koch**

A COALITION of civic organisations yesterday threatened to interdict Police Minister Sydney Mufamadi unless his commissioner stops the narcotics bureau from spraying large areas of KwaZulu Natal with a dangerous herbicide designed to stamp out the province's dagga industry.

"Police are using helicopters to spray some 200 000 hectares of the province with a herbicide called Round Up in order to kill dagga crops in the area

"The problem is that the substance is highly toxic to humans and the police have no way of informing people in the area about the dangers," says Chris Albertyn from the Environmental Justice Networking Forum

The environmental pressure group claims indiscriminate spraying of the herbicide over rural settlements infringes the human rights of civilians in the area Albertyn faxed Police Commissioner George Fivaz yesterday saying his organisation intended to apply for a supreme court interdict against the police minister unless the narcotics bureau stops the operation immediately

The EJNF has been joined by Earthlife Africa, the Wildlife Society of Southern Africa, the South African National Civics Organisation and a range of rural development organisations

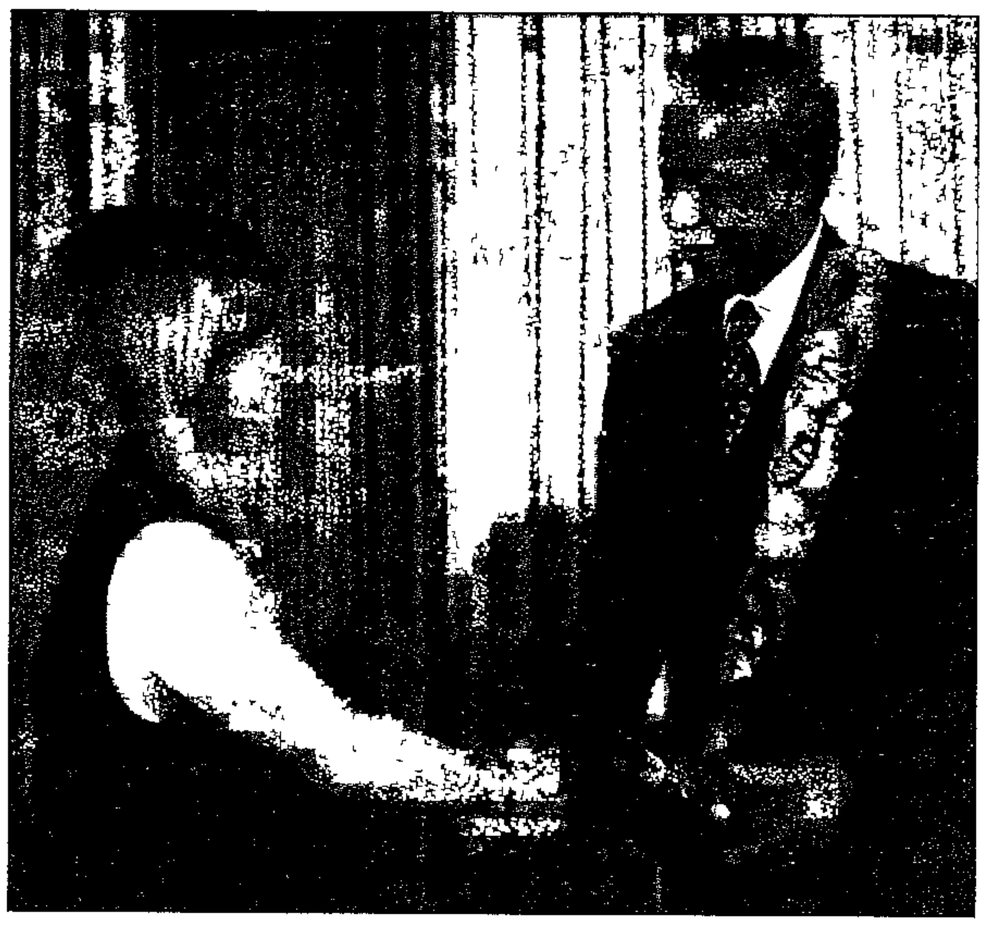
"We wish to make it clear that in directing this demand to you we are not taking issue concerning the illegality of the cultivation of dagga," says the letter to Fivaz

"We view the matter in so serious a light that unless we receive an undertaking that the South African Narcotics Bureau will immediately desist from the aerial spraying of dagga with herbicides we will apply to the Supreme Court for an urgent order to prevent the spraying which we view as hazardous "

According to the Pesticide Action Network, an international organisation opposed to the use of dangerous agricultural chemicals, strict controls are required to prevent the ingredients of Round Up from damaging the health of people living in the area

Crops must be left for a number of days after being exposed before they are harvested and livestock should not be allowed into the contaminated area "There is no way the police can inform people about the dangers or implement these controls with this type of spraying," says Albertyn

A police spokesma said the matter had been handed to deputy commissioner general Zolisa Lavisa "He will look into the complaint and issue a comment later "



President Nelson Mandela presented the prestigious Henry J Kaiser Family Foundation Award for excellence in health journalism to the Weekly Mail & Guardian's Pat Sidley this week. Sidley was cited for 'the consistency and originality of her reporting (and) her accomplishments as an investigative journalist' The newspaper was congratulated for its 'proud record of opening for public debate important public policy issues'. At the same ceremony in Cape Town, the president presented the Nelson Mandela Award for Health and Human Rights to Mankuba Ramalepe, of the Ithuseng Community Association in the North-Eastern Transvaal, and Charlotte Webb Collins of the Memphis Regional Health Centre in the US

PHOTOGRAPH NICK BOTH' IA

New posts at WM&G

ANTON HARBER has been named sole editor of the *Weekly Mail & Guardian*.

Harber has been co-editor since the paper's launch a decade ago The other co-editor, Irwin Manoim, has been appointed to head the planning for a new publishing venture that is part of the *WM&G* group's development plans.

"Changes in South African politics and society have presented unique and exciting opportunities and the *WM&G* is extraordinarily well positioned to continue its growth and to develop new media interests," said managing director Mike Martin

"Our newspaper has always been ahead in anticipating change and will continue to provide leading South Africans with critical and quality information through the newspaper and the new media projects we are developing

"We are very excited about the opportunities and challenges which Anton and Irwin will face in their new positions," he said

"No matter how different people are, we all have something in common "

Sandile Mthembu talks about

leaving home.

"The best moment of my life was when I heard I'd won an athletics scholarship to America The worst was arriving there not knowing anyone One very homesick evening I ended up in a pub looking for a Bols That's when I met my first American friends I now realise people the world over are basically the same We all have something in common Even if it's just the taste for Bols "

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WEEKLY MAIL & GUARDIAN
March 10 to 16 1995

Kader Asmal's clean-up team

(259)

Will Kader Asmal's new disciplinary committee be able to curtail the 'corrupt and hungry elite' that has put the ANC into a tailspin? **Eddie Koch** reports

WM 10-16/3/95

KEY members of the ANC are holding thumbs that a new high-powered disciplinary committee, headed by Water Affairs and Forestry Minister Kader Asmal, will be able to pull the party out of the tailspin it has been tossed into by the Winnie Mandela debacle and other corruption scandals

The ANC's inability to contain activities of what one member calls "a corrupt and hungry black elite" inside the movement reached crisis proportions this week as Mandela defiantly challenged ANC leadership over a series of allegations that she has used her ministerial position for self-enrichment.

The ANC national executive committee (NEC) met two weekends ago and urgently nominated five senior members to sit on a disciplinary committee that will enforce the organisation's code of conduct.

Asmal, described by one source as the ANC's "moral policeman", was appointed as chairman Two other ministers, Alec Irwin and Nkosazana Zuma, sit on the committee along with ANC stalwarts Ruth Mampati, Penuel Maduna and Wilton Mkwayi

Sources in Asmal's office say the minister is determined to turn the committee into an effective mechanism to stamp out irregular activities that have been tearing at the ANC in recent months The committee has already met to discuss allegations that Rocky Malebane-Metsing used his office to ensure a multimillion-rand agricultural loan and it played a key role in having the ANC firebrand removed from public office in the North-West province

The creation of the committee is designed to put some teeth into a document that was vaunted as a symbol of the organisation's commitment to clean government when adopted by the NEC in November last year — but effectively failed to prevent the scandals that have caused the ANC to lose the moral high ground around issues of state corruption in recent months

Under the heading "clean government", the code states that all ANC members elected to the national assembly, the senate or the provincial parliaments "shall at all times observe practices that are free from all forms of corruption".

It adds "Government office or parliamentary posts shall not be used to distribute favours or patronage nor to seek or obtain any personal fortune or favour."

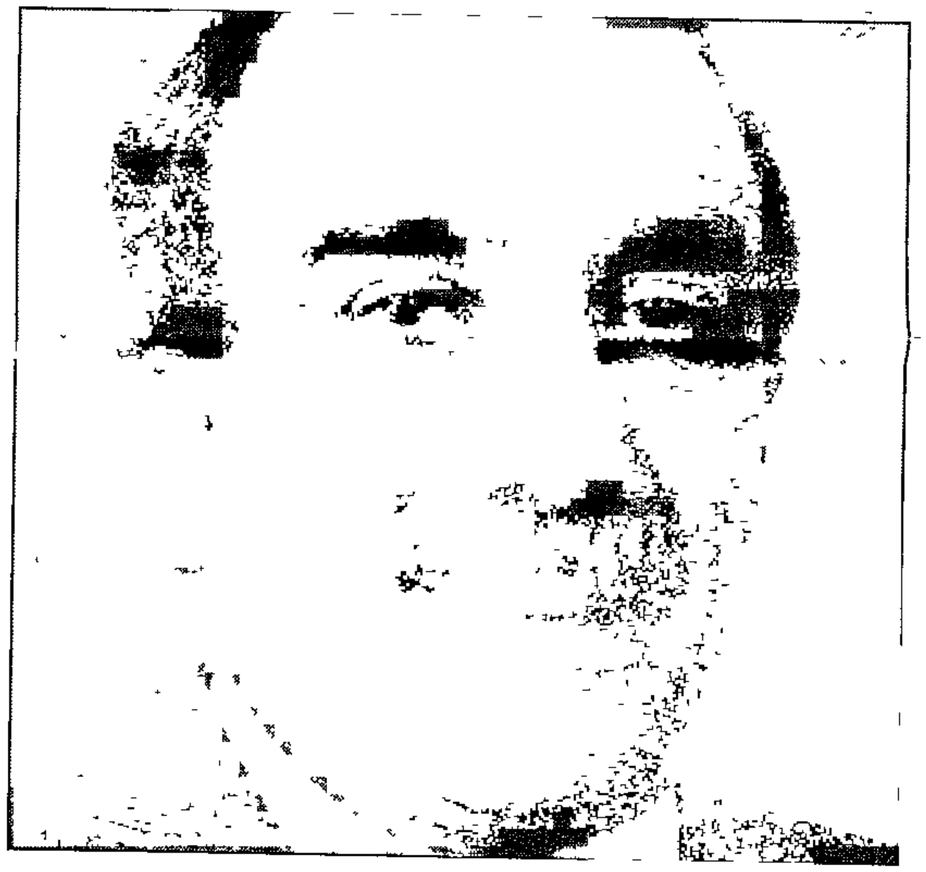
Other key provisions of the code of conduct oblige all elected members of these assemblies to

- Declare all assets and describe all positions outside parliament — including board membership and directors posts — from which they derive financial gain "In particular, they shall disclose all consultancies, shareholdings and directorships for any form of pecuniary benefit received by them or their family from an external source "
- Register any gifts which exceed the value of R200 in a register to be set up in the office of the ANC secretary general. This register will include all other financial details in respect of elected members and will be available to the NEC for scrutiny.
- Refrain from acting as a lobbyist or public relations consultant for any agency or company that operates outside parliament.

"Ministers of the national government, premiers and provincial executive councillors shall not play any active role in profit-making institutions. They shall surrender directorships and their shares shall be held in 'blind trusts'," it adds

Mandela's recent involvement in a range of commercial ventures are clearly in breach of this clause — and will provide a vital test of the efficacy of the new committee

All members of the ANC are required to sign the code Refusal to do so, and breaches of its ethics, provide grounds for instant dismissal from the government or parliament.



Kader Asmal: 'Moral policeman' determined to stamp out irregularities

Asmal's determination to put teeth into his new committee is reflected in a speech he made to parliament soon after he was nominated to head the committee. "I direct these remarks to you, my brothers and sisters We should cure the problems the previous order has left us, and not become part of that system which we inherited."

"Corruption impedes the government's ability to deliver It is therefore essentially a reconstruction and development issue . There should therefore be no abuse of office for personal gain or, as the ANC's code of conduct lays down, no elected member shall use his or her position to court or demand any form of favour."

> "The code will have to be implemented against members who carry support from powerful constituencies"

Wilmot James, executive director of the Institute for Democracy in South Africa (Idasa), told the *Weekly Mail & Guardian* the committee would provide a huge boost for the ANC's effort to curb the renegades in its ranks.

But he noted that the code suffers from two serious defects it is silent on the issue of members who have been involved in criminal acts — "a complex issue given the way crime and politics have been intertwined in South Africa's history" — and it does not have legislative backing to ensure compliance with its provisions.

"The code is a useful start, but it is absolutely vital that it be adapted and passed into law by parliament so that it covers all holders of political office at national and provincial levels "

A key flaw is that the code will have to be implemented by a political party against members who sometimes carry support from powerful constituencies within the organisation — a dilemma graphically demonstrated in the Winnie Mandela case

"It is precisely for this reason that such a code needs to be legislated in parliament and enforced by statutory bodies in a non-party political way," he said "Political parties will thereby be freed from the internal dynamics that will inevitably affect their efforts at imposing discipline."

Another question around the code and its disciplinary procedures is whether hearings will be open to the public Sources inside the ANC say the party will press hard for the code to become the basis for national legislation that will cover all state officials But there is strong resistance to the idea of opening internal disciplinary hearings to the public

Boesak home attached

By AYESHA ISMAIL

THE sale of Dr Allan Boesak's plush Constantia home, worth R800 000, has been halted after the property was attached by a bank which claims he owes them money.

The unidentified buyer has been unable to take transfer of the house because it has been attached by Bankfin, which repossessed Dr Boesak's maroon 3-series BMW in January this year after getting a judgment against him

The bank valued the car at R60 000 and is now claiming an outstanding amount of R24 000, lawyers said yesterday.

Dr Boesak has instructed lawyers to go to court to have the judgment rescinded on the grounds that he did not receive the summons. He also claims that he was up to date with the payments on the car. His lawyers plan to apply to the court this week.

According to informed sources, Dr Boesak was offered R101 000 for the car and was in the process of selling it when Bankfin repossessed it.

(259) ST 12/3/95

President Kot says his party guilty in traditional courts.

What's to be done about Winnie?

CP 12/3/95 (259)

By JEFFERSON LENGANE

HOW should the government deal with controversy-ridden Winnie Mandela in the wake of the police raid on her house and the allegations of corruption levelled so publicly against her? Political parties canvassed on this issue this week had different opinions about the matter:

The PAC, according to general secretary Maxwell Nemadzevanane, insists that the law should take its course before any disciplinary measures against the deputy minister are considered.

Azapo's Lybon Mabaso also advises against disciplinary action, warning of "an avalanche of resistance" by those who see the government as "lenient to former apartheid capitalist lords".

Deputy Secretary of Cosatu, Zweli Nzima, sympathises with the government's "dilemma" over the principle of presumed innocence and the police investigations.

According to Jeremy Cronin, spokesman of the SACP, "firm and effective measures must be taken against all forms of indiscipline regardless of an individual's popularity."

Cabinet wants probe on MPs' 'gravy train'

(259)

ST 12/3/95

By EDYTH BULBRING
Political Correspondent

THE cabinet has ordered a special investigation into pension payments to serving politicians, totalling almost R1-million a month.

Sources said yesterday that a cabinet meeting in February heard that the same people — 106 former members of the old parliament — who get salaries as elected members in the new central and provincial governments — also received tax-free gratuities totalling R25-million shortly before the election

The information was supplied by the Ministers Committee on the Service Conditions of Political Office Bearers, chaired by Trade and Industry Minister Trevor Manuel.

The money is paid out of a closed pension fund set up before the elections after the NP government expressed fears that an ANC government would not honour its pension obligations. The fund pays pensions every month to about 1 000 politicians, most of whom have retired from political life.

But others, like Mineral and Energy Affairs Minister Pik Botha and Environment Affairs and Tourism Minister Dawie de Villiers, receive a pension of about R180 000 a year on top of their R470 000 annual salary packages.

The cabinet heard that some members of Mr Manuel's committee had voiced strong disapproval that pensions were being paid to present political office bearers. The committee was in favour of redressing the situation by using a "general accrual system".

An amount of R440-million was voted to establish the closed pension fund. The cabinet heard last month that it was obliged to pay a further R333-million into the fund.

The cabinet also heard proposals for a retirement scheme for people who had been unable to contribute to a pension fund because of their struggle against apartheid, including veterans like Walter Sisulu.

A draft Bill proposes that these veterans receive a monthly pension of about R400. This was unacceptable to the majority of cabinet ministers who felt that the veterans' pension benefits should equal the benefits received by politicians who had served the apartheid government.

A special cabinet task team, headed by Transport Minister Mac Maharaj and consisting of two members from each political party in the cabinet, was asked to make recommendations to the cabinet on April 12.

They have been asked to consider the legal status of the benefits being paid out of the closed pension fund; a pension scheme for the anti-apartheid veterans; and the establishment of a pension fund for the new parliamentarians.

The committee also has to look at pensions being paid to members of the former provincial administrations, TBVC states and self-governing territories.

The committee has been cautioned to consider the constraints on the resources of the state in making recommendations.

R13 000 for feeding funds now missing

(259) Sowetan 13/3/95

By Bheki Matsebula

MORE than R13 000 earmarked for a Government-sponsored primary school nutrition scheme in the Moutse region has disappeared, Eastern Transvaal MEC for Education Mr David Mabuza said yesterday

Mabuza told *Sowetan* two principals were being investigated by police following the disappearance of the funds

He said coordinators of the feeding scheme attached to the Department of Health and Welfare had told him on Wednesday that two cheques of about R4 500 and R9 000 allocated to two schools in Moutse were unaccounted for "One cheque — amounting to R9 000 — was cashed at a bank in Tzaneen in the middle of February," Mabuza said He declined to identify the affected schools

Meanwhile, white farmers in the province have finally agreed to admit black pupils to former white schools, Mabuza said.

He said the only obstacle was the shortage of funds to build more classrooms at these schools so they could accommodate more pupils

If funds become available, the education department intends to build more schools throughout the province to wipe out the congestion in the region's schools

Winnie will fight expected dismissal

(259) (304A) BD 13/3/95

DAVID GREYBE

CAPE TOWN — Winnie Mandela was determined to stage a political fightback if, as expected, she was dismissed from her position as Arts, Culture, Science and Technology Deputy Minister, a source close to her said yesterday

The source indicated Mandela would seek to broaden her support base by mounting a countrywide campaign to mobilise disgruntled students, particulary at universities, and prison warders

Both groups have come under fire recently from central government leaders, including President Nelson Mandela, for taking the law into their own hands

Last week the President accused white university rectors of "racism" for failing to take a tougher line against black students who had resorted to hostage-taking and trashing campuses to highlight their grievances

ANC officials said yesterday they expected "political fallout" from Winnie Mandela's dismissal, but were confident the party would be able to contain it The damage would also not be lasting.

A senior government source said yesterday he was sure "nothing had changed" as a result of Friday night's meeting between Winnie Mandela and Deputy President Thabo Mbeki He said she would still be fired for defying a presidential order not to undertake a trip to West Africa.

The source said "It was only common decency for them (Mbeki and President Mandela) to hear her side of the story."

However, another source said "Mbeki did not tell Winnie she would be dismissed from government It was a very friendly discussion"

Mbeki's spokesman Thami Ntenteni said the Deputy President was expected to report directly to the President on the meeting soon after the latter's return on Thursday from his European trip.

He was unable to comment on Mbeki's meeting with Winnie Mandela, except to say "numerous issues" were discussed

Ntenteni added "This matter has to be discussed and resolved without it going through the media"

The government source said he expected the President to move swiftly on the issue once he had been briefed by Mbeki. He did not think the issue could be dealt with satisfactorily by telephone

Meanwhile, Winnie Mandela told mourners at a funeral in Tembisa on the East Rand on Saturday she had been betrayed by her "own people", and she was being "sacrificed" in a plot against her.

Speaking only hours after her meeting with Mbeki, she said "I feel betrayed This has been the ultimate humiliation by my own people This is not the SA I ruined my life for"

Boesak saga unfolds

(259) Star 13/3/95

Cape Town — Dr Allan Boesak had used funds from his Foundation for Peace and Justice to pay more than R11 000 in legal costs, the Cape Town Supreme Court heard last week.

The court was told that he spent the money on an attempted libel action against a newspaper

Former FPJ accountant Freddie Steenkamp also testified that Boesak had received R120 000 towards paying for his R285 000 Vredehoek home, which he later sold to buy a luxury Constantia home.

Steenkamp was responding to "lying" and "nonsense" claims by the Reverend Jan de Waal, chairman of the FPJ's board of trustees, during an application to have his estate sequestrated

In an affidavit handed to the court on Friday, Steenkamp admitted that he owed the foundation R750 620, but was trying to repay the money.

He did not want to oppose the sequestration application by De Waal, but wanted to clear up lies and "put certain allegations into perspective".

The affidavit, among other things, claimed

- The R120 000 De Waal received from the foundation for the Lavender Hill Urban project was used as part payment on Boesak's Vredehoek home,
- De Waal had told Steenkamp that he kept three sets of records, one for himself, another for auditors and a third for the donors; and
- De Waal had made changes to an auditors' report to German donors

In the affidavit, Steenkamp denied he was ordered to keep all the FPJ's financial accounts — because Dr Boesak had specifically instructed him to do otherwise

Certain records of accounts and transactions were to be kept secret from, among others, security police and the previous government

Steenkamp said he had kept records of all withdrawals and expenses, despite instructions not to do so These were handed over to the FPJ auditors.

While negotiating the repayment of his R750 000 debt in December, De Waal had also suggested he take out a bank loan to repay debts which he had not incurred, such as Boesak's car and a telephone system, Steenkamp said. — Sapa.

R12-m for diplo-whirl

(259)

CLIVE SAWYER
Political Correspondent

THE old South Africa spent more than R12 million last year on "embassies" in the former homelands.

It spent a total of R37 000 on entertainment at the missions to states recognised by no one else in the world.

This emerges from figures tabled in parliament yesterday by Minister of Foreign Affairs Alfred Nzo

They were disclosed at the request of DP leader Tony Leon, who asked for a breakdown of spending on embassies — and how much went on entertainment

ARG 14/3/95

The TBVC states did a lot better than cities like Addis Ababa, where only R72 was spent on entertainment, or Lagos, where South Africa spent R60 last year keeping the diplomatic whirl going

But the embassy in Addis opened only in July, and that in Lagos only in September.

At the other end of the scale, R393 636 of the London high commission's R30 million budget went on entertainment

Our people in Washington entertained to the tune of R[illegible]07 723, out of a R24 million budget, and in Paris, once regarded as the diplomatic capital of the world, R480 498 was spent on entertainment out of a R19 million budget

SA party animals flourish in Paris embassy

(259) BD 14/3/95

TIM COHEN

CAPE TOWN — Party animals in SA's foreign service could be found mostly in the Paris embassy while SA diplomats in Lagos and Addis Ababa hardly ate out once at the taxpayer's expense, figures provided by Foreign Affairs show.

The department said diplomats spent just more than R7m on entertainment expenses in the 1994/95 financial year compared with a total expenditure of R648m on SA's 93 embassies.

The biggest entertainment tab was rung up by diplomats at the Paris embassy who spent about R480 000. This compares with a paltry R60 spent on entertainment by diplomats at the Lagos embassy and a meagre R72 spent at Addis Ababa

Next in the diplomatic party animal stakes was the London embassy which spent R393 000 on entertainment during the 1994/95 financial year, followed by Bonn (R253 000) and Washington (R207 000).

The most expensive embassy to maintain was London which cost R30m, while the embassy in Washington cost R24m and the office of the consulate-general in New York cost R22m Maintaining embassies in the former TBVC states — even though they no longer constituted independent states — cost about R12m

One of the most lavish entertainers, in proportion to the total cost of maintaining the embassy, was the SA European embassy in Brussels which ran up an entertainment bill of R147 000 compared with operating costs of R7m

Foreign Affairs warned yesterday that figures were skewed by exchange rate fluctuations.

Follow my leader . . . Winnie Mandela leaves court followed by bodyguards, supporters and reporters after being told yesterday that her interdict hearing against the police had been postponed. PICTURE DEBBIE YAZBEK

Star 15/3/95 (259)

The day Winnie held court in court

BY BRENDAN TEMPLETON

Winnie Mandela was not so much in court as holding court when she was told yesterday that her interdict to prevent police access to her personal documents had been postponed again.

A contingent of international and local media had gathered on the steps outside the Rand Supreme Court where her interdict hearing was due to be resumed

But they, just like a contingent of Mandela supporters and a gaggle of curious bystanders, were more interested in catching a glimpse of the controversial deputy minister of arts, science, culture and technology than hearing the outcome of the application.

Her lawyers claim that a warrant granted by magistrate I Olivier which led to a high-profile search of Mandela's home and offices recently was issued illegally Safety and security ministry lawyers are opposing the application to have the warrant overturned and the documents returned to Mandela.

The documents were put in custody of the Johannesburg chief magistrate after they had been confiscated by SAPS commercial branch members following corruption allegations made against Mandela.

Singing

A group of brightly clad members of the Sebokeng ANC Women's League, who arrived in two minibuses, toyi-toyied outside the court singing praise songs for Mandela, who is the league's president

"She's our mother and she's a great somebody What the police have done to her is wrong, very, very wrong," said one of her admirers, Florence Dlangalala.

Some were less impressed as they viewed the chanting crowd.

"She's stupid, getting all this publicity She should just resign and be done with it," a man standing at the main door said

And when the league's "mama wethu" hove into view at about 11 15am, she was a regal sight that outshone their uniforms

Mandela wore a costume of sky-blue top and trousers emblazoned with elaborate white embroidery.

She swept regally up the stairs with her legal entourage and the excited, chattering supporters close behind. Security guards were hard pressed to keep order as the group squeezed through a metal detector at the door and then fanned out while Mandela conferred with her lawyer

They left again after speaking for five minutes while photographers jockeyed for snaps of Mandela and confused reporters harried her legal team for information on the morning's proceedings

Mandela took all the attention in her stride and was smiling widely as she left the building. She might be under pressure to resign and be facing a criminal investigation, but she knew who was in control, the smile seemed to indicate

Briefed

Mandela will probably know her political destiny tomorrow, after Deputy President Thabo Mbeki, whom she met on Friday, has briefed President Mandela, writes **Jovial Rantao**

Mbeki, who discussed the deputy minister's trip to West Africa, is expected to return from The Netherlands tomorrow and immediately meet the president

Presidential spokesman Parks Mankahlana said although no meeting had been finalised, Mbeki would in all probability meet and brief the president

Winnie Mandela last night left Johannesburg for Cape Town

Winnie: Probe into claims

CT 15/3/95

SPECIAL CORRESPONDENT

JOHANNESBURG: Allegations implicating Mrs Winnie Mandela in criminal activities, including the disappearance of a Soweto youth, are to be thoroughly investigated by Police Commissioner George Fivaz, DP leader Mr Tony Leon said yesterday.

He was speaking after handing a dossier to Mr Fivaz in Cape Town containing information compiled from interviews with witnesses, court records and press reports.

Extra information acquired by DP safety and security spokesman Mr Douglas Gibson was obtained from an unnamed prisoner on Death Row and another in Leeuwkop prison.

"I have faith Mr Fivaz is sincere. He said no one is above the law. I am satisfied these matters will get the serious attention they deserve," Mr Leon said at a news conference.

Mr Fivaz said he had ordered that the allegations be thoroughly investigated, but said police had found no justification to re-open criminal proceedings against Mrs Mandela on the basis of an earlier DP dossier. (259)

He said if any new evidence was produced, the relevant attorney-general would be approached to consider further prosecution.

Mr Leon said the allegations, if true, constituted serious human right violations and the DP believed they should be investigated.

He said offences relating to the "reign of terror" perpetrated by the Mandela United football club should be referred to the proposed Truth Commission's committee on human rights violations.

Mr Gibson said the police should also investigate the disappearance of Mr Katiza Cebekhulu, who was later found imprisoned in a Zambian jail.

● **Winnie's interdict hearing postponed again.— Page 5**

FPJ unlikely to recover funds

POLITICAL STAFF

TRUSTEES of the Foundation for Peace and Justice (FPJ), which allegedly misspent R2,7 million in Scandinavian funds meant for disadvantaged communities, yesterday said they expected to recover little from Dr Allan Boesak or his fellow employees.

FPJ co-ordinator and trustee the Rev Jan de Waal said Dr Boesak had sold his Constantia home for "about R800 000" — but R500 000 was still bonded to Boland Bank.

Former secretary Ms Lucille Fester owed about R200 000, Ms Sandra Vlotman R32 000 and Mr Calvin Smith R100 000.

Mr De Waal yesterday denied claims by the FPJ's former bookkeeper, Mr Freddie Steenkamp, that he had kept "three sets of books".

CT 15/3/95

In a joint statement with fellow-trustee, the Rev P van den Heever, he said Mr Steenkamp seemed to be making a last bid to turn attention away from himself and "onto other people".

(259)

Kalako cleared, wants apology

(259) CT 16/3/95

CHRIS BATEMAN
POLITICAL STAFF

CLEARED yesterday of any misuse of funds during a trip to Australia last year, Western Cape Minister of Sport and Recreation Mr Lerumo Kalako called for a public apology from his erstwhile "adviser" Mr Nick Malherbe

A commission of inquiry set up by Premier Hernus Kriel after allegations by Mr Malherbe, found that Mr Kalako had not misused public funds before or after the trip, and that Mr Kalako's behaviour during the trip was "neither unacceptable nor unbecoming"

But the inquiry found that ministerial secretary Mr Kwanda Sojolo committed "serious irregularities" in claiming payment for a surprise birthday party organised by Mr Malherbe for Mr Kalako at Kelvin Grove in December.

Mr Malherbe could not be contacted for comment.

Shock Govt spending exposed

(259) Sowetan 17/3/95

By Mathatha Tsedu Political Editor

THE NORTHERN TRANSVAAL provincial government is spending on average R320 000 each month on hotel bills to house 80 officials in Pietersburg.

This money, which could amount to about R4 million a year, pays for officials from the former Venda and Gazankulu bantustans who have been temporarily transferred to the new provincial seat of government.

The revelation comes in the wake of confirmed reports a month ago that R473 000 had been spent in entertaining government officials and visitors at restaurants in Pietersburg between May last year and February this year.

Confirmed the figures

Chief government spokesman Mr Jack Mokobi yesterday confirmed the figures and said housing the officials was in line with standing rules of the civil service

The officials include senior management, typists and ordinary clerks

Accommodation for one person is said to average R5 140 a month, which works out at R411 200 for the 80 officials

Eighteen officials of the department of health are said to have run up a steady bill of R85 000 each month since June last year. Mokobi, however, said the average monthly figure was R320 000

"We are faced with the task of merging the four administrations which include Lebowa and the Transvaal Provincial Administration. As a result, we have to bring officials from the former Venda and Gazankulu administrations to Pietersburg," said Mokobi

"If we do not do that, the new administration would be composed solely of the TPA and Lebowa officials. This would be unacceptable"

Appointed to posts

However, because the officials have not been appointed to posts in Pietersburg, their upkeep remains the responsibility of the government until such time as permanent appointments are made, Mokobi said.

The 80 officials are but a small part of the legion of officials who traverse the province weekly.

Others are housed in government-owned houses in Lebowakgomo and Seshego Hospital, Mokobi said Yet others travel daily for meetings in Pietersburg.

However, [illegible] said yesterday the costs of travel could not be easily determined.

Not available

He said the government had decided "some time ago" to utilise flats and rented houses but these were not available in the town

He said housing the officials would only stop when permanent appointments were made.

Various departments were busy with interviews Only the office of the premier and health had so far appointed their heads of administration, Mokobi said.

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Govt suppliers face tough year

(~~280~~) Star (259) 17/3/95

■ BY DEREK TOMMEY

Life will be extremely hard for a great many government departments this year and really tough for a large number of Government suppliers.

Figures for government expenditure in this week's Budget show that several departments will have far less in nominal terms to spend this year than they had last year

But this is only part of the story When this year's spending figures are adjusted for an expected 8% rise in prices, the number of departments with more money to spend in real terms this year is very few

According to the published figures, total government spending this year is estimated at R156,9-billion — up R8,7-billion or 5,86% from last year's revised R148,2-billion

But if South Africa runs into an 8% inflation rate this year, government spending in real terms will actually be down on last year by a not insignificant 2,6%

The one consolation which can be drawn from this situation is that there will be intense downward and disinflationary pressure on government suppliers' prices.

Apart from the area of housing, where government spending is sharply higher, this year's budget is likely to turn out to be a fairly deflationary one for many sectors of the economy.

Figures for expenditure by function show that general government spending in nominal terms is down R2,5—billion or 19% But an 8% rise in prices this year would cut expenditure in real terms by more than 25%.

Expenditure on protection services in nominal terms shows a small decline of R56—million or 0,21%. But factoring in inflation shows that overall expenditure could be down 8,1%

In nominal terms defence spending will be down R1,9—billion or 14,6%, which, assuming 8% inflation rate, is equal to a 21% reduction in real terms

However, the Government has had second thoughts on some of the cuts and has voted an additional R700-million for Defence and R200-million for Intelligence Services

Housing is the area where spending has been increased the most Here the amounted budgeted has been raised by R2,6-billion or 156%. But an 8% inflation rate would trim the increase to around 136%

The Treasury must have mixed feelings when it considers the effect on inflation on interest payments on Government loans

While no one can doubt it is committed to reducing inflation, the fact remains that while this year's interest payments are some 15% higher in nominal terns, an 8% percent inflation rate would reduce the increase in real terms to only 5,8%

Transkei audits fail 11 out of 17

Star 21/3/95

Cape Town — The Auditor-General's office of the former Transkei homeland refused to deliver an audit opinion in 11 out of 17 audit reports submitted to Parliament yesterday.

The 17 separate reports on institutions ranging from the Public Debt Commissioners of the Transkei to the region's independent Capital Radio revealed mismanagement, fraud as well as an almost total lack of record-keeping. (259)

In omnibus audits covering up to 11 years each, the Auditor-General refused to deliver an opinion on: The Public Debt Commissioners, the Magwa Tea Corporation, Capital Radio, the Transkei Nursing Council, the Transkei Road Transport Corporation, the Mambati Game Reserve, the Unemployment Insurance Fund, the Qamata Irrigation Scheme, the Workmen's Compensation Fund and the Transkei Appropriate Technology Unit. — Reuter.

Millions missing in Bop and Transkei — reports

CT 21/3/95 (259)

BARRY STREEK
POLITICAL STAFF

FINANCIAL mismanagement on a grand scale in two former "independent" homelands, Transkei and Bophuthatswana, was reported yesterday by the respective auditors-general.

Auditors of various Transkei parastatals were unable to complete their work because normal accounting procedures had been abandoned

In Bophuthatswana there was unauthorised spending of R7,2 million, including R503 633 in the auditor-general's office

In the 1990/1 financial year, revenue in Bophuthatswana was understated by R254m, expenditure by R492,2m and the accumulated surplus was overstated

Instead of a surplus of R112,3m, Bophuthatswana had a deficit of R133,5m

The reports by the auditors-general, which were tabled in Parliament yesterday, indicate the financial administration of the two homelands had collapsed and millions of rand of taxpayers' money have been lost

Holomisa

The reports are particularly embarrassing to the NP, who used to cite Bophuthatswana as a financial success and who initiated once prestige projects in the Transkei such as the Qamata Irrigation Scheme and the Magwa Tea Corporation, which are now bankrupt.

They are also embarrassing to the Transkei's former military leader, Mr Bantu Holomisa, now the Deputy Minister of Environment Affairs and Tourism

Many of the prestige projects initiated by Transkei's former president Kaiser Matanzima, including Qamata, Magwa and Transkei University, were shown to be financial disasters

The Transkei auditor-general reported on institutions such as the Transkei Development Corporation, the homeland's Workman's Compensation Fund and the Transkei Mining Corporation

In some cases, fraud was suspected but could not be proved and in other cases fraud charges had been brought

A common feature of the Transkei reports, mostly conducted by private sector accounting firms, was that they were unable to express an opinion on the accounts

The auditors also said it would be impossible to recover the missing money

(259) ARG 21/3/95

Lack of controls leaves Transkei parastatals riddled with losses

Political Staff

A LACK of efficient financial controls has left Transkei parastatals riddled with cash and stock losses.

Auditor-General reports between 1988 and 1993 for a number of government-funded organisations and departments exposed shoddy accounting practices, unaccounted for cheques, unauthorised allowances for staff and missing stock.

Institutions audited included the University of Transkei, Transkei Nursing Council, Transkei Road Transport Corporation, Qamata Irrigation Scheme, Ncora Irrigation Scheme, Mkambati Game Reserve, Transkei Mining Corporation and Transkei Agricultural Corporation.

The Auditor-General found no proper accounts were kept in many of the parastatals and there was no proper staff supervision

Some of the shortcomings documented include:

- Transkei Transport: Numerous breakdowns in revenue collection and various documentation could not be found.
- University of Transkei: Numerous examples of account misallocations
- Mkambati Game Reserve: Transkei government was owed R4,1 million by the reserve
- The Transkei Agricultural Corporation's nett deficit was increased from R3 million in 1991 to R13 million the following year.
- The Ncora Irrigation Scheme: The scheme ran a R15 million loss in 1993, the auditor-general found.

The payroll audit also had revealed that wages had been paid to fictitious employees

Holomisa's Kei chaos

WM 24-30/3/95

(259)

The auditor-general's report to parliament on the Transkei Public Debt Commission is a litany of corruption and incompetence, writes Gaye Davis

SPARE a thought for Eastern Cape premier Raymond Mhlaba, for he has inherited the shambles left by the administrative collapse of Transkei. Spare a thought too for taxpayers, for they will be footing the multi-million rand bills racked up by incompetence, laxity and mendacity of the homeland's civil servants

The gory details are spelled out in the auditor-general's reports on the Transkei Public Debt Commission and 16 parastatals, including the University of Transkei (Unitra), which were tabled in parliament this week.

Transkei's former military ruler General Bantu Holomisa wasn't present when the corrupt flesh of the Transkei's rotten administration was laid bare: the deputy minister of Environment Affairs and Tourism was attending a Commonwealth plastic waste conference in Malaysia.

Had he been present, he would have learned how homeland officials persisted with incorrect or lax accounting procedures, despite these having been identified and highlighted in previous auditor-general's reports.

At Unitra, for example, lack of accounting knowledge by staff led to monies being dealt with in the wrong accounts — distorting the university's financial position, hindering effective budgetary control and making informed decisions difficult if not impossible.

There was little or no security over fixed assets Departmental heads would resign and staff left behind had no knowledge of where things were

There was no monthly check by department heads to confirm employees on the payroll in fact existed. There was no formal documentation from department heads informing the personnel department of staff resignations and department heads weren't required to get clearance on resignations so that loans could be repaid or university property reclaimed. Nor could the auditors locate most of the title deeds for properties owned by Unitra.

The accounts of the Transkei Public Debt Commission (PDC) revealed a poor accounting system, missing certificates for stocks and treasury bills, incorrect account allocations and no files kept on PDC investments, including some R461-million invested with banks

Investment income was lost by keeping surplus funds in current and call accounts bearing low rates of return Budget expenditure figures for the year ending 31 March 1993 were not provided, so expenses for that year could not be vouched for Documents relating to expenditure of more than R18-million were missing

Minutes of board meetings were not properly filed The PDC lost a lot of money through lack of controls and inefficient collection of money owed: there were no lease agreements for 24 of 33 tenants in commercial properties owned by the PDC, no checks were run on interest due from financial institutions and late interest payments on loans granted by the PDC were not chased up.

The reports on projects such as the Qamata Irrigation Scheme, started in 1970 as a rural development programme and, 25 years later, still reliant on government funds to continue as a going concern, reflect a similar spread of inept accounting A schedule of payment certificates from the Transkei government for the scheme showed a total of more than R330 000 had been received but the amounts were not traceable to bank statements or deposit books and it was unclear whether the money had been banked

At the Ncora Irrigation Scheme, a payroll audit showed wages being paid to non-existent employees, among other anomalies Fixed assets could not be physically located.

A report on the Magwa Tea Corporation showed it was insolvent by the end of March 1993 and that the operating budget for 1994 posted a loss of about R10-million. While government intended making a R20-million cash injection, cash-flow and solvency problems would soon arise if financial support was not ongoing — especially as some R6-million in loans had to be repaid, the report noted Lax accounting practices made it impossible to verify whether assets worth more than R19-million in fact existed.

Bantu Holomisa: Did not live up to his coup promises on corruption

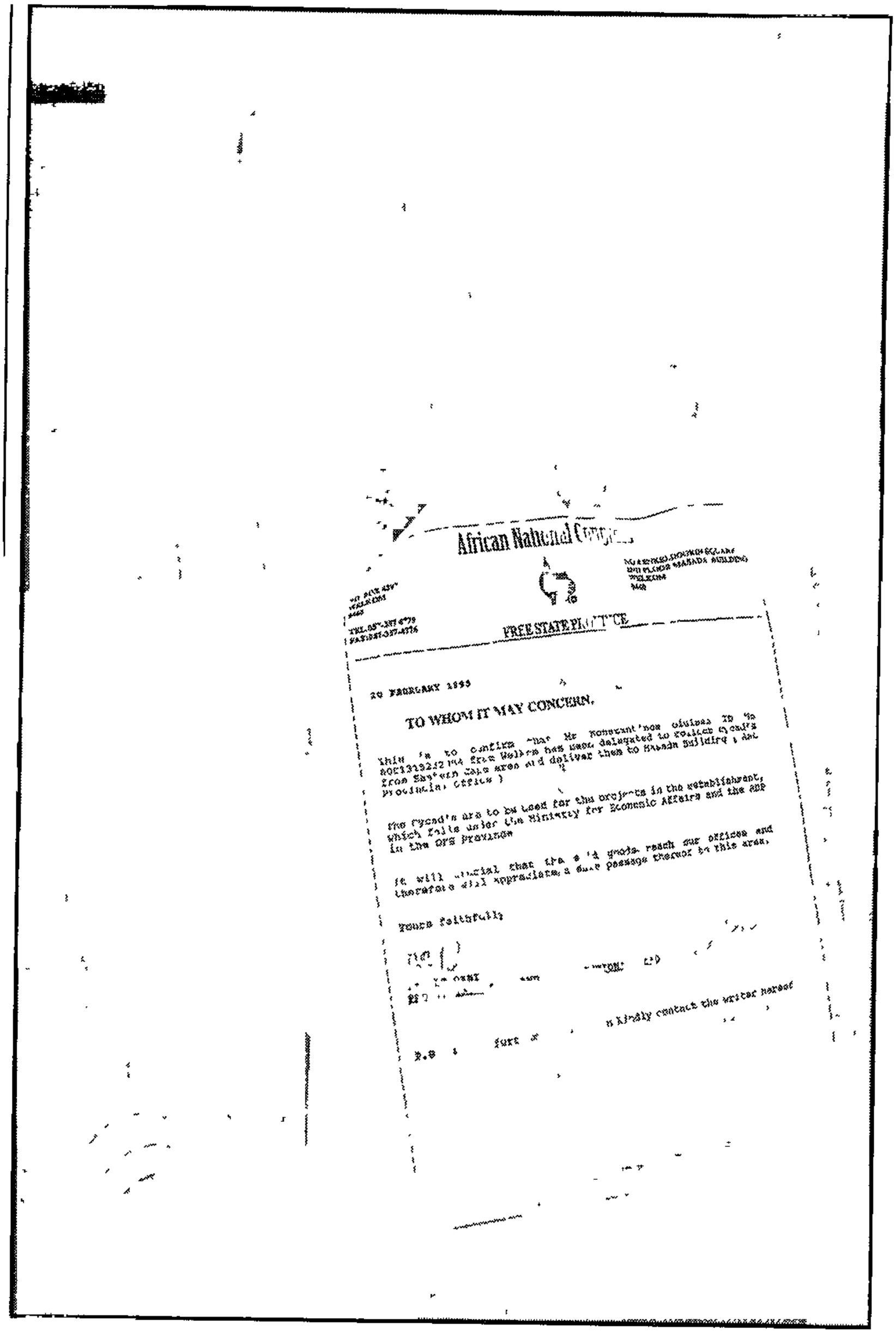
The Transkei Unemployment Insurance Fund (UIF) had no formal investment policy for funds of more than R246-million; decisions were being taken by the UIF commissioner on the advice of the UIF's investment brokers — despite their appointment being irregular and the potential for earning significant commissions by investing in particular securities

Nor was any register of investments kept by the UIF, which relied on periodic statements from its brokers — sometimes incomplete summaries An audit of employers' contributions revealed missing, incorrect and incomplete files One inspector was required to cover the whole of Transkei and made his reports verbally.

An audit of the Transkei Workmen's Compensation Fund revealed massive irregularities in payments of claims, including overpayments There was no means of checking where employers were in default with contributions

Earlier this year, in response to a statement by President Nelson Mandela that millions, if not billions, had been siphoned out of public coffers by corrupt civil servants, Holomisa blamed the former National Party government for underfunding the homeland and delaying transfers of funds from the central exchequer " the problem is not of Holomisa's making," he said

De Klerk responded by denying there was ever a cut-off of funds to Transkei, saying the backlogs and imbalances of which Holomisa complained could be "ascribed to a large extent to the mismanagement of the Transkei under his regime"



African National Congress

FREE STATE PROVINCE

20 FEBRUARY 1995

TO WHOM IT MAY CONCERN.

This is to confirm that Mr Bonwanani Goniwa is the [illegible] delegated to collect cycads from Wolwa [illegible] from Eastern Cape area and deliver them to Hasadu Building [illegible] Provincial Office.

The cycad's are to be used for the projects in the establishment, which falls under the Ministry for Economic Affairs and the RDP in the Ors Province

It will [illegible] that the [illegible] goods reach our offices and therefore will appreciate a safe passage thereof to this area.

Yours faithfully

[illegible]

Picture NIC BOTHMA

☐ **PROOF:** DP senator Errol Moorcroft with proof that authorisation to remove the cycads was given on letterheads from the ANC Free State office

ANC officials tied to cycad-smuggling

ARG 25/3/95 (259)

CLIVE SAWYER
Weekend Argus Political Correspondent

THE African National Congress has been urged to fire Free State and Eastern Cape officials allegedly involved in cycad-smuggling

Democrat Senator Errol Moorcroft said the ANC should take immediate steps to remove from office all those involved in "plundering" the rare plants from the Eastern Cape

Police in this week arrested two men after seizing a truck loaded with tons of cycads allegedly bulldozed out of the ground without a permit

The action followed an investigation by Eastern Cape nature conservation officials, the Endangered Species Protection Unit and the police

Senior ANC officials reportedly had issued letters saying the cycads were needed for a project being run by the Free State Ministry for Economic Affairs

Mr Moorcroft said illegal removal of huge quantities of the plants was "unprecedented environmental vandalism" Cycads were an endangered species, protected under the Convention on International Trade in Endangered Species

"The fact that the recipient is a political party and that authorisation was given by the office of the premier of the Eastern Cape is equally unprecedented"

Mr Moorcroft congratulated the Eastern Cape Department of Nature Conservation for its vigilance "and for resisting political pressures" allegedly brought to bear by the office of Free State Premier Patrick Lekota to release the confiscated goods

A spokesman for Mr Lekota could not be reached

Pic: TLADI KHUELE

(259)

CP 26/3/95

Bop, Transkei corruption shocker

By RAFIQ ROHAN

Political Correspondent

THE AUDITOR-GENERAL'S reports for both the Transkei and Bophuthatswana open up a Pandora's box of curruption, mismanagement and unapproved spending sprees.

The report is a serious indictment of the apartheid homeland system that simply cannot be dismissed as an uncalculated mistake of the past – the taxpayer will have to foot the bill for those mismanaged millions.

Undisclosed

The report cites example after example of "serious mistakes and omissions".

For example, in the Bophuthatswana report investments involving millions of rands at a New York bank are not disclosed in a statement of receipts for the year ending March 31 1991.

Chaos

R81 600 000 is entered in the books as "repurchase of government stock" but the Auditor General says this is misleading.

"This payment means that the government owes money to itself."

Chaos is the order of the day in the records kept by the Bop authorities. For instance a call deposit made with Investec Merchant Bank Ltd amounting to R28 million was erroneously made in the name of Bophuthatswana Air (Pty) Ltd.

Tax records were equally sloppy. Cheques

■ To Page 2

Bop, T'kei corruption shocker

(259)

CP 26/3/95

■ From Page 1

received to pay taxes were returned unpaid by the bank but no adjustment was made on taxpayers files to cancel the receipts. R1 887 874 is outstanding.

On the Loan Account Statement, R21 277 000 was granted to Agricor, but there was confirmation that only R8 460 158 was received by Agricor.

Close to R13 million is unaccounted for.

According to the Auditor General's report a general trend in the Bop administration was that loan contributions were not legally contracted.

The Auditor General records an amount of R7 228 166,94 as unauthorised spending.

For example, R1 million unathorised spending in the Education department constituted an advance payment made to a foundation during 1989/90 without necessary approvals.

■ Also tabled in parliament this week was the Auditor General's report on Transkei's Public Debt Commission and 16 parastatals which include the Road Transport Commission, Unemployment Insurance Fund, Capital Radio, the Mining and Agricultural Corporation and Unitra.

In the Debt Commissioner's books the Auditor General was unable to confirm investments totalling R461 million.

Home comforts for ministers cost taxpayers nearly R5m

(259)

ST 26/3/95

By NORMAN WEST: Political Reporter

A LITTLE reconstruction and development programme is going along swimmingly in the ministerial homes of Cape Town.

A coffee table for Dr Pallo Jordan, Minister of Posts, Telecommunications and Broadcasting, which he said he had chosen because he "liked the design" ended up costing the taxpayer R3 237

Minister of General Affairs Chris Fismer's furniture cost R155 500 — and included a foot stool at R282 — while Minister of Correctional Services Dr Sipho Mzimela's curtains and furniture cost R252 000.

Responsible for the allocation and maintenance of these luxury quarters is Minister Jeff Radebe's Public Works Department

Mr Radebe's mansion, Vrijezee, in Milnerton has been refurbished at a cost of R220,000 and light fittings replaced at a cost of more than R13 000

Mr Radebe told Parliament last week that the almost R5-million — R4 782 314 to be exact — spent on repairing and furnishing 44 ministers and deputy ministers' houses was "value for money and not extravagant"

He said the expenditure would be recouped from rentals which ranged from R3 000 to R4 715

Many of the houses, he said, were not previously used as ministerial premises and were "empty shells and had to be furnished and/or altered"

Dr Jordan had landscape work done to his garden terrace at his mansion, Gydo, which included the supply of terrace blocks costing R34 000

In addition, a further R175 000 was spent on curtains and furniture. Dr Jordan said yesterday he was "not surprised" at the cost as the house was in a state of "complete disrepair" As for the coffee table .. "I chose it because I like it and that was that. I was not aware it cost R3 237," he said

Deputy President Thabo Mbeki's Highstead mansion on the Groote Schuur Estate was upgraded last year at a cost of R1 500 000

When Nelson Mandela became president, he decided to allow Deputy President FW de Klerk to continue living in the Groote Schuur house and chose Westbrooke, also on the grounds, which was renamed Genadendal Renovations there cost R1 400 000

The department paid R247 413 for curtains and fittings and R220 687 for furniture for Genadendal The domestic workers' quarters were renovated for R26 989

Trade and Industry Minister Trevor Manuel had internal repairs and renovations totalling R23 256 done by the department to the workers' quarters at his official residence, Savernake. His curtains and furniture and appliances cost a further R134 227

Minister of Foreign Affairs Alfred Nzo had furniture costing R204 115 installed by the department at his official home, Duiwelspiek The minister could not be reached for comment.

Dr Mzimela, had repairs of R42 000 done at his home, Rockyvale. A further R252 000 was spent on furniture and curtains The minister could also not be reached.

An amount of R27 000 was spent on the domestic workers' quarters of Hooggelegen, the mansion of Deputy Minister of Defence Ronnie Kasrils. A further R71 000 was spent on curtains

Most of the seven ministerial mansions built for the now-defunct House of Representatives in Walmer Estate had to be "completely" refurnished, said a departmental spokesman.

One of the occupants is Minister of Defence, Joe Modise His house was refurbished for R134 350.

Mr Modise's spokesman, Major Muff Anderson, said the minister had insisted that no "extravagant" furniture and curtaining be acquired. She said his then private secretary, Carol McKenzie, consulted with the department on furniture and curtaining, taking into consideration Mr Modise's concerns for "moderation" and the department's budget They shopped around for the best prices, said Major Anderson

The other six Walmer mansions are occupied by Dr Zola Skweyiya, Minister of Public Service and Administration on whose home R90 000 was spent, Mahomed Valli Moosa, Deputy Minister of Provincial Affairs (R160 000), Aziz Pahad, Deputy Minister of Foreign Affairs (R161 000), Penuell Maduna, Deputy Minister of Home Affairs (R71 600), Mr Fismer, (R155 500) and Derek Hanekom, Minister of Land Affairs (R130 000)

Mr Hanekom said "My house was not refurbished, no alterations were done to my knowledge, only furniture was placed in the house"

Two deputy ministers; Winnie Mandela (Arts, Culture, Science and Technology) and Alec Erwin (Finance) live in state-owned flats in Rygersdal, Rondebosch.

Action against ANC official over cycads

(259) CT 28/3/95

BISHO: Eastern Cape Premier Mr Raymond Mhlaba has ordered administrative steps against his protocol aide, Ms Tozie Mazitshana, for her part in the plundering of cycads worth R4 million

Ms Mazitshana provided Free State businessman Mr Konstantinos Guileas with a letter authorising him to remove more than 300 protected cycads from a site in the Tamara tribal area near the Great Fish River

The plants were ostensibly destined for the ANC head office in Welkom, or a new casino at Sasolburg.

In a statement here yesterday, Mr Mhlaba said an internal investigation indicated Ms Mazitshana had acted alone and totally without authority

Matters relating to the issuing of permits or licences to transport protected or endangered fauna and flora were the responsibility of the provincial Department of Agriculture and Environmental Affairs, he said

The Eastern Cape government, after advising the police of its intention to co-operate fully with the investigation into the illegal removal of the cycads, yesterday arranged for Ms Mazitshana to meet the investigation team

Mr Mhlaba said police would now focus primarily on certain people in the Free State — Sapa

Officials probed for R61,1-m

(259)

FORMER homeland government officials are being investigated by a special police unit in the Northern Transvaal in connection with allegations of fraud involving R61,6 million

Police spokesman Colonel CEJ van Wyk said yesterday that several cases under investigation were "very sensitive" Sowetan 30/3/95

Therefore, he said, further details could not be disclosed but police expected to make arrests shortly

Several government employees had been charged with theft and fraud during the past three months

Mr RE Hatlane, formerly employed by the Gazankulu education department, was found guilty in the Tzaneen Regional Court on a charge of fraud involving R68 000 and sentenced to a fine of R10 000 or 18 months' imprisonment

A case of fraud against Mr Jacob Ledwaba, a former water affairs official, is presently in progress Nine people were arrested this month in the Mokopane, Mapela and Magangoa areas in former Lebowa in connection with the theft of R5 000 worth of food supplies intended for needy villagers, Van Wyk said — *Sapa*

Parliament told of shortfalls

Homeland audit 'may be impossible'

(259)

Star 30/3/95

Cape Town — The State is still trying to unravel the finances of South Africa's former homelands and a senior official said yesterday it might be impossible to close the books properly.

Assistant Auditor-General Gunther Witthoft told Parliament's standing committee on public accounts it had been impossible so far to accurately register all the assets of the four nominally independent and six self-governing territories.

"Our limited investigations so far indicate that serious shortcomings exist in the management of certain departments in the former states," he said, adding that "an audit may indeed be impossible"

The Auditor General's report to Parliament lists a few of the problems uncovered in the administration of the homelands

In one case, district offices of a homeland administration spent almost R500 million without raising any paperwork.

Auditor-General Henri Kleuver said clearing up the mess would require resolute action from the Government.

"What happens is that we send a team out to deal with these problems and in some cases they are simply sent away, told. We don't want you here

"Somebody is going to have to be stepped on to put things right. One option might be a no-work, no-pay policy because at the moment the work is not being done and everybody is getting paid," he said.

ɔayers ● IFP issue in the spotlight

Hot debate on the new Budget

(254) Sowetan 30/3/95

■ HEAVY BURDEN Corruption made big holes in country's finances:

Sowetan Correspondent

CORRUPTION, THE FUTURE constitution and the squeeze on middle-income taxpayers all came into contention on the first day of the National Assembly debate on the Budget.

The four-day debate on the Government's first Budget — seen by many as the first to be mainly shaped by the African National Congress — started yesterday. Deputy finance minister Alec Erwin (ANC) opened the debate with a plea to constitutional negotiators to rethink financial relations between the three tiers of government.

Erwin said the country faced a Budget characterised by a weak revenue and strong demands for expenditure.

Previous governments had balanced budgets by borrowing, which had put a massive burden on the budget.

Even if the Government succeeded in restricting borrowing immediately, existing interest payments would continue to rise until 1999

Borrowing could be acceptable only if it were to produce medium to long-term economic growth

National Party finance spokesman Mr Theo Alant warned of the effect corruption and the crime rate had on international investment.

When corruption was alleged, the real question was how political leaders responded.

Noting the action taken by the Government against former ambassador-designate Dr Allan Boesak and axed deputy minister Mrs Winnie Mandela, Alant said the whole country was waiting for similar action against Deputy Environment Minister Bantu Holomisa and National Assembly tourism committee chairman Mr Peter Mokaba.

Mr Myburgh Streicher (NP) said the ANC should tell people to scale down their wage demands

There would be no redistribution of wealth without the help of innovative private sector leadership.

Mr Ken Andrew (DP) said individual taxpayers had been hit hard.

"They are now paying more than double the amount of tax they were paying just five years ago."

Middle-income taxpayers were being squeezed yet again as the Government let fiscal drag "do its dirty work for it".

'Fundless' tourism body given R3-m

Political Staff 289

BETWEEN September 1993 and February 1994 the National Tourism Forum, chaired at one stage by Peter Mokaba, was given more than R3 million, of which R143 000 was not entered in the organisation's books

Speaking in the national assembly interpellation debate yesterday, Francois Jacobsz (NP) said the forum, which had achieved "nothing to date", had folded due to a lack of funds

Auditors had identified potentially irregular payments of R900 000 for travel, accomodation and cellular telephones for which there had been no authorisation

Dr Jacobsz said Mr Mokaba was paid R246 000 a year by the forum

ARG 30/3/95

AUDITOR-GENERAL'S REPORT

Homelands cost SA R17,5bn

259

CT 30/3/95

THE 10 former homelands cost taxpayers R17,5 billion in the 1993/4 financial year, auditor-general Mr Henri Kluever disclosed yesterday.

The most expensive of these homelands was kwaZulu which received R5 084 million, he said in his report tabled in Parliament

Family helping couple

Boesaks quit home

(259) Star 1/4/95

ALLAN Boesak has left his Constantia home and has yet to find a job, reports GLYNIS UNDERHILL.

CAPE TOWN — Allan Boesak has moved from the comfortable home he sold in leafy Constantia to a house "in the Muizenberg area"

The former ambassador-designate to the United Nations in Geneva, who resigned from his post after he was accused by foreign funding agencies of misappropriating funds, is being helped financially by family and friends

Jan de Waal, a trustee of the disgraced Foundation for Peace and Justice, said no job offer for Boesak had been forthcoming

De Waal said it was clear Boesak and his wife Elna were "under a tremendous amount of stress" Few friends were rallying around to offer support to the couple since the scandal broke

Masterbond

The Fiat Uno the Boesaks were now driving was thought to belong to Boesak's brother-in-law, said De Waal

Boesak used to drive a luxury BMW

Police spokesman Captain Wicus Holtzhausen said yesterday the investigation by the Office for Serious Economic Offences into allegations of fraud at the Foundation for Peace and Justice would take longer than expected

He likened the case to the Masterbond investigation which took police three years to complete "We are dealing with a serious case and it is not clear when police will complete their investigation," he said

Boesak has been accused of "enriching himself substantially" at the expense of Nordic funding agencies, but has consistently protested his innocence about his involvement in the misappropriation of funds.

Debts

A lawyer's report on financial mismanagement at the Foundation for Peace and Justice accused Boesak of taking R100 000 of foreign funding money designated for community projects and using it as a deposit on his Constantia house

Boesak sold his house for R800 000 to help settle debts at the Foundation for Peace and Justice Eyebrows were raised when the house was purchased in 1991 for R550 000

In another turn of events this week, Bernard Gutman, the provisional trustee of the insolvent estate of Freddie Steenkamp, former financial director of the Foundation for Peace and Justice, has brought an application to liquidate a close corporation registered in Steenkamp's name.

Inquiry

The two properties in Plattekloof, registered with the close corporation, are expected to raise an additional R40 000 for the insolvent estate

A public inquiry to reveal Steenkamp's true assets is likely to take place shortly, according to Gutman.

Meanwhile Chris Nissen, provincial Minister of Economic Affairs, confirmed that Lucille Fester, who admitted taking "staff loans" while working at the Foundation for Peace and Justice, is working in his office

Nissen told Weekend Star Ferster had been working for Boesak before he took over the post and was still under contract.

agencies alleged Boesak himself misused R1-million, Steenkamp another million and the remaining staff members R700 000 "for their own benefit"

Speaking in his role as ANC Western Cape chairman, Nissen said the ANC had not offered Boesak a job "I certainly hope somebody will," he said

Nissen was Boesak's successor as leader of the ANC in the Western Cape

"When I took over from Dr Boesak as minister, I took over his staff. Lucille has been through a traumatic time and what support the department can give her we will," said Nissen

Foreign funding

R6 for debt, R1 for RDP

ARG 1/4/95

Huge burden could be lighter at end of century

CLIVE SAWYER
Political Correspondent

IN a stern warning on the perils of the debt trap, Finance Minister Chris Liebenberg has said South Africa spends R6 on servicing debt for every R1 on the reconstruction and development programme.

South Africa's huge debt burden would begin to recede at the turn of the century, provided the government kept to its policies of fiscal discipline

He urged a commitment to reducing consumption expenditure and re-prioritising capital spending

Replying to comments during this week's budget debate in the national assembly, Mr Liebenberg said he was worried that not everyone understood the implications of running a budget with a constant deficit

Interest would continue to mount and lenders would put up their rates

The only way to avoid the debt trap was to follow the previously-agreed milestones of economic policy

"We cannot afford to make an error," Mr Liebenberg said

Noting that shortages on pension funds and inherited debts of the former TBVC states were funded by borrowing, he said discipline was needed on a broad front

If creditors chose to reduce the terms of loans from five years to one, "this could bring us back to where we were in 1985"

Responding to criticism of the cut in the budget for economic spending, Mr Liebenberg said this was necessary as a short-term sacrifice

Critics, including parliament's joint standing committee on finance, said that economic services were crucial to agricultural and land reform policy

Mr Liebenberg said the state of balance of payments was a major factor inhibiting growth

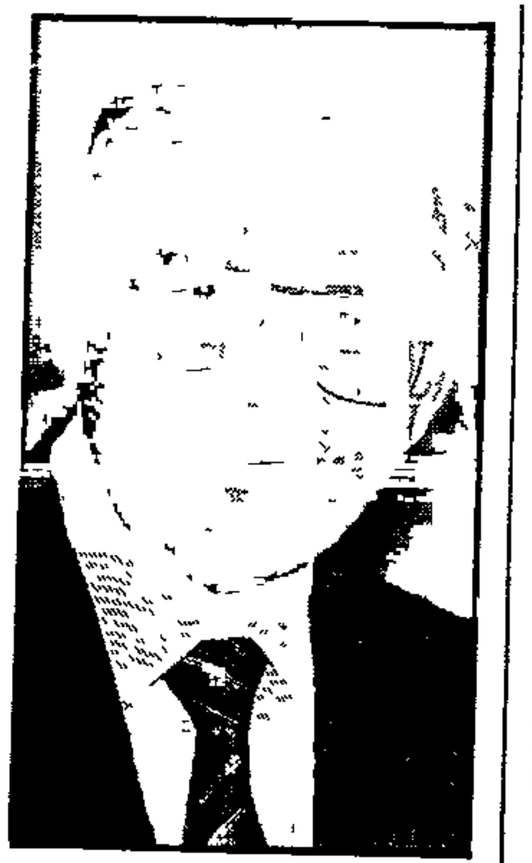
A comprehensive strategy to address this was being worked out by the National Economic Development and Labour Advisory Council

He said South Africa had to become investor-friendly because of the lack of domestic savings

Growth of at least 3,6 percent was needed before there could be any reduction of unemployment

Welcoming work by Minister of Trade and Industry Trevor Manuel on developing small, micro and medium enterprises, Mr Liebenberg said these could be the "real engine of growth".

He called for efforts to turn the tourism industry "from a novelty factor to a sustainability factor"



STERN WARNING: Finance Minister Chris Liebenberg warns of perils of the debt trap

Heat is on for Bantu Holomisa

259

TYRONE SEALE
Weekend Argus
Political Staff

ARG 1/4/95

THE African National Congress should use its code of conduct to act against Deputy Minister of Environment and Affairs and Tourism Bantu Holomisa, under whose rule corruption and administrative collapse occurred in the former Transkei

Speaking in the national assembly budget yesterday, Marie Schoeman (NP) said Mr Holomisa had been a reluctant leader of the 1988 coup to eradicate corruption

Mr Schoeman asked why 50 percent of industry had withdrawn from the Transkei during "the dictator's rule"

"Why was the state pension fund robbed of its assets?" asked Mr Schoeman

"Maybe the general would explain to the former Glen Frey teachers why their rightful pensions were never paid to them and how he overturned two Supreme Court judgments against the Transkei government by issuing Decree No 14," he said

Even more disturbing was that the Transkei auditor-general's report did not reflect the total administrative collapse that occurred in the last year of Mr Holomisa's rule.

Mr Holomisa then challenged President Mandela to prove that corruption in the Transkei actually amounted to millions of rand.

The evidence existed, said Dr Schoeman, who asked what the ANC would do about this, given that Mr Holomisa had apparently been the first to sign the ANC code of conduct

Tax revamp to go ahead

Political Correspondent

RESTRUCTURING of the departments of inland revenue and customs and excise will go ahead, says Minister of Finance Chris Liebenberg

Speaking at the end of the national assembly debate on the budget, he said the restructuring would be done as soon as possible

The auditor-general's reports and the report of the Katz Commission on income tax had exposed serious crises in tax administration These problems had contributed to a R8 billion shortage in revenue, which, if collected, could be a significant boost to the reconstruction and development programme. ARG 1/4/95

He lashed out at Press reports which had labelled an offer from professional bodies of lawyers and accountants to help in restructuring as setting up "ghost squads"

Probe ordered into pension fraud, corruption

(259)

NORMAN JOSEPH, Staff Reporter

PROVINCIAL Health and Social Services Minister Ebrahim Rasool has appointed three senior officials to investigate allegations of fraud at his Bellville office

This follows allegations that cheques for pensioners and the disabled are being cashed fraudulently ARG 4/4/95

Mr Rasool said "I view with great seriousness the allegations of fraud and wrongdoing brought to my notice by the Bonteheuwel Civic Association."

Three officials from head office and regional officials will investigate and report back to Mr Rasool within 30 days.

They will also investigate allegations of corruption and mismanagement involving a local councillor, a senior Post Office official and a businessman

Mr Rasool said "I believe that openness, honesty and transparency form the foundation on which we can build a caring service

"I have also requested Ebrahim Jarodien, the chief director of the Department of Social Services, to start an immediate inquiry

"I wish to give the assurance that where there is substantial evidence of wrongdoing, the matter will be placed in the hands of the Attorney-General"

The ministry has appointed officials Amy Thornton and Alec Keiller to attend to complaints of fraud, corruption and mismanagement

Complaints may be sent to PO Box 648, Cape Town 8000

Pension fraud exposed

(259)

MICHAEL MORRIS
Political Correspondent

HUNDREDS of millions of rands in Western Cape pension money is being lost to fraudsters — including well-placed officials — because of poor administration in the welfare department

The fraud losses — which have been going on virtually unchecked for years — run at about 15 percent of the more than R1 billion pensions budget A loss of about R240 million is expected this year

And while a new computerised system has been introduced to deal with the problem, it is running only on a limited scale

This emerged in evidence to the Western Cape legislature's finance committee — which is going through the budget estimates for 1995/96 — by acting head of the welfare department Ebrahim Jarodien

The disclosures prompted Democratic Party regional leader Hennie Bester to call for the immediate appointment of a commission of inquiry

Western Cape Social Services Minister Ebrahim Rasool announced yesterday that he had appointed three senior officials to look into allegations of cheque fraud at the Bellville regional office

Millions lost — and 'it's been going on for years'

This follows allegations by pensioners and disabled people on grants that other people were fraudulently cashing their cheques

Mr Bester also wants Dr Jarodien suspended pending the outcome of the investigation and "drastic measures" implemented to stop the fraud.

"If satisfactory steps are not taken the DP will not be able to support the budget," he said.

"This is shocking If proper measures were taken to deal with this, pensioners could effectively be given a 15 percent increase Instead they suffer because fraud is not being dealt with"

Dr Jarodien, who headed the House of Representatives welfare department from 1989 until last year, acknowledged during questioning that there were no audited statements for the department's activities in this period and no reliable statements for its activities since its inception in 1984, so the full extent of the losses was not known.

Only six people had been prosecuted, and those only for minor fraud.

The House of Representatives welfare department was transferred to the Western Cape administration last April.

Mr Bester said: "To this day the department has failed to instal a system to deal with this. We are troubled that Dr Jarodien is now the head of the Western Cape welfare department and he is still expecting the fraud to continue

"It would seem from questioning that there are no measures to verify the fraud and bring the guilty parties to book

"If no satisfactory steps are taken we cannot support the budget, because we cannot be party to this inability to manage.

"You can do an enormous amount with the R240 million that is expected to be lost this year

"You could build houses, you could give pensioners a 15 percent increase."

Mr Bester said that even with the introduction of the Nisec computerised system, "the administration is still handled by the department — there is still scope for fraud". ARG 4/4/95

● See page 4

Funds needed to ease strain on UIF coffers

BD 4/4/95

ERICA JANKOWITZ

WIDENING the scope of the Unemployment Insurance Fund (UIF) to include high earners would boost contributions by about R55m a year, National Labour and Development Institute (Naledi) senior reasercher Ravi Naidoo said yesterday

Speaking at a social welfare conference in Johannesburg, Naidoo said a recent Naledi survey suggested a payments boycott by employers as contributions had dropped by 25% during the past two years, well above retrenchment estimates.

Stopping this gap was essential to ensure the fund continued to meet demands.

Sharing the same platform and speaking in his personal capacity, Labour Ministry official Gerard van Wyk said other funding methods should be urgently sought to ensure the UIF could meet the basic needs of SA's estimated 32% jobless population and extend its scope to job placement, training and retraining.

A recent survey suggested that an unemployment policy which paid the jobless in line with the poverty datum line would cost the state R43bn a year, almost half its current tax revenue, Van Wyk said

The fund was only a handout system which did nothing to create jobs or stimulate economic growth. This should be rectified in light of SA's development needs.

Naidoo said no unemployment assistance existed in SA which meant only those who had been active in the labour market could qualify for current benefits These only lasted for a maximum of six months and paid 45% of the most recent basic wage without a minimum payment level

Also, the fund catered for maternity and sickness benefits and was not confined to those connected to job loss.

Recent problems in the fund which were the result of the severe economic recession experienced in the early 1990s, were partially due to the UIF being originally designed to cater only for white unemployed. Since its extension to include other race groups, it was not restructured to ensure its long-term viability.

However, Van Wyk said the fund had met all its commitments for the past seven months without a deficit.

Plans to eradicate social welfare fraud

ERICA JANKOWITZ

URGENT measures to eradicate social welfare payout leakages were in the pipeline as estimates suggested about R1bn a year was lost through maladministration and fraud, Welfare and Population Development Minister Abe Williams said yesterday

Addressing delegates to a conference near Johannesburg exploring SA and German social security provisions, Williams said task teams would be established to conduct random tests of welfare payments to identify where leakages had occurred.

BD 4/4/95

Any payment officials suspected of fraudulent activities would be handed to the police for immediate prosecution and complaints would be investigated in collaboration with provincial authorities.

Western Cape University economics head Pieter le Roux said a recent study confirmed that welfare fraud totalled about R1bn a year and was escalating.

Williams said government was revising the social security system to rationalise existing grants and consolidate the plethora of legislation into a single statute. Complete parity would be achieved soon and a single database of recipients would help eradicate fraud.

Magistrates' go-slow is put on hold

GAVIN STAFFORD

CAPE Peninsula magistrates, who threatened to start a go-slow yesterday, would abide by a Magistrates' Association of SA decision not to embark on the action until a meeting on Friday, association president Jan Venter said yesterday

BD 4/4/95

Venter was reacting to media reports that they would begin a go-slow yesterday.

A central committee meeting of the association on Thursday; however, requested that Mitchell's Plain magistrates should not embark on the action until all members had been consulted.

Venter said magistrates' grievances revolved "mainly" around salaries, but the circumstances of their employment was also an issue as they were carrying a "heavy workload".

He could not comment on what the outcome of the meeting would be, but said "Magistrates are very responsible people and would not doing anything drastic."

Sapa reports two Western Cape chief magistrates said their courts had not been affected by go-slows.

Bertus Jooste, responsible for the West Coast and Karoo, and Jaco van Reenen, responsible for Mitchell's Plain to George, said courts were functioning normally

(259)

Pension thieves had better beware

ARG 5/4/95

Political Correspondent

A "FORENSIC auditor" trained to track down big-time fraudsters may be hired by the Western Cape government as part of a major crackdown on multi-million rand pensions theft, says Health Minister Ebrahim Rasool.

Other new staff are to be appointed soon to help in the anti-corruption drive and new computer systems are being introduced to curb losses

But Mr Rasool warned the problems would not be overcome "overnight"

His comments follow indications that pension fraud is expected to be about R240 million this year

In a three-page statement issued in response to a report on the fraud in The Argus yesterday, Mr Rasool confirmed details of the huge losses, acknowledged that "serious management inefficiency" was part of the problem, and gave further details of scams, which included

- A pernicious form of syndicate fraud with elaborate and sophisticated networks between welfare and sub-agent officials using fictitious clients or clients who do not qualify for social security, through fraudulent documentation
- Duplicate payments
- Over-the-counter fraud.
- Theft by officials
- Exploitation of the vulnerability of the aged by clerks

"Much of the fraud is not of the hand-in-the-till variety, but is embedded in the system"

Mr Rasool said that one of the main initiatives launched so far to deal with fraud was a computerised fingerprint-based system for pension payouts.

Mr Rasool said the Western Cape government had inherited a system fraught with dangers, where audited statements, at least in the House of Representatives, were non-existent.

The province also carried the baggage of a system where pensions and grants were not regarded as a social service, but were used for political patronage, and "this goes beyond the officials, and has political dimensions"

R60-m SA prope property rip-off reveal

revealed (259) ARG 6/4/95

'Cover-up in US building deal'

CLIVE SAWYER
Political Correspondent

A COVER-UP has been alleged of details — including theft by contractors — of a New York property deal in which South African taxpayers lost more than R60 million

The previous government bought a building 10 years ago for use as a consulate, paying R36 million and spending R33 million on renovations

The building was sold last year for R6 million

The purchase was made because the government was unable to lease any other building following the 1985 bombing of its previous premises

The saga, the subject of two previous Auditor General's reports, took a new turn when a letter from a former legal adviser to the government was tabled at a public accounts committee meeting yesterday

United States lawyer Alan Michigan, in a confidential letter in February 1993 to top South African consular official Mario van Zyl, said

- The price of the building exceeded its value "by a fair margin"
- The building was inherently unsuitable for the purpose
- The government's architect, Benjamin Shaffer, had told him and other consular officials that contractors were stealing
- Many charges by the contractor were "questionable, to put it mildly"
- There were complaints of excessive and undocumented costs and sub-contractors said they had not been paid, even though the contractor had been paid

Mr Michigan said the government had disguised its ownership to prevent demonstrations and work stoppages

New York City Council fire certificates and occupation certificates had not been applied for to prevent plans of the building becoming public records

Plans for reconstruction were not complete when renovation started, and head office teams ordered numerous alterations and extensive security installations

"We urged the consul general to make no further payments, and to initiate civil or criminal proceedings – or both — against the contractors"

He had declined to do so, and said the contractor's claims should be settled

"I was able to negotiate an amount considerably below that which the contractors had claimed, but to my surprise the consulate paid the contractors more than they had agreed to accept."

Mr Michigan said it was at this point that he began to believe someone in the consulate was collaborating with the contractors

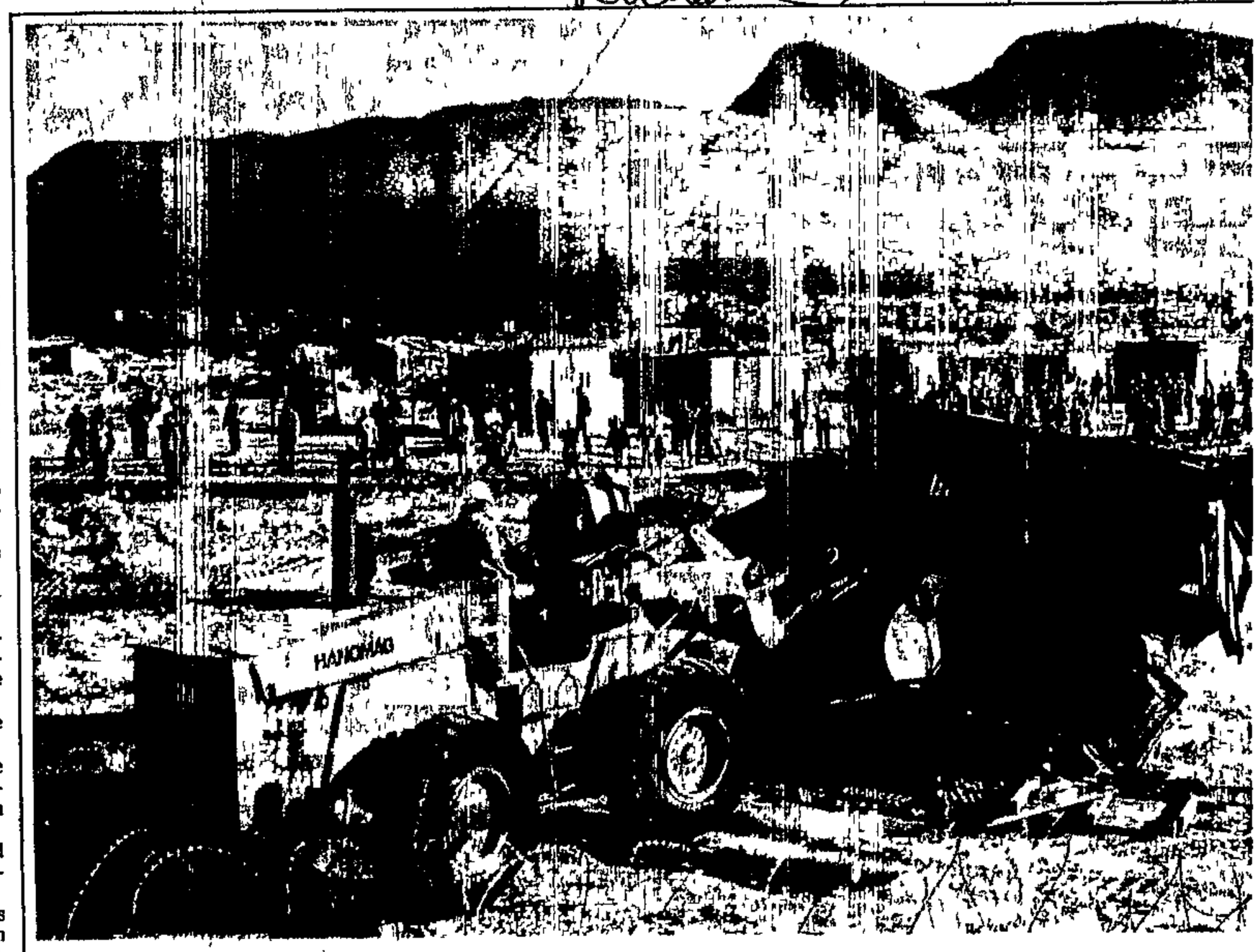
"The architect had been of that opinion for some while, but I had found it hard to credit

"Of course that was never proved, nor to my knowledge seriously pursued, though I have related my opinions several times to more recent consular officials"

In a June 1991 letter to former ambassador to Washington Harry Schwarz, consul-general Pieter Viljoen said his predecessor had refused to get rid of "incompetent contractors who were not completing the job and causing huge cost overruns"

Contractors had not finished the building but had kept on presenting additional accounts which were apparently approved and paid

(To page 4, col, 1)



EVICTED: Shacks illegally erected outside Grabouw three months ago on land earmarked for development are bulldozed as hundreds of police and soldiers stand guard The eviction of the 1 000-strong community continues today

Most Grabouw squatters moving to alternative site

ARG 6/4/95

ROGER FRIEDMAN, Staff Reporter

MOST of the squatters illegally occupying land in Grabouw earmarked for development have agreed to move to an alternative site set aside by provincial Housing Minister Gerald Morkel

Yesterday violence-racked evictions by bulldozer and razor wire gave way to relative calm today as the remaining residents demolished their own structures and moved their belongings

Earlier today, a group of the squatters threatened to burn down any shacks erected on the despised alternative site

Yesterday, pandemonium reigned when contractors hired by the sheriff for Caledon set about destroying the Melrose Place camp — home to about 1 000 squatters More than 30 people were injured in clashes between residents and police

The eviction of the squatters comes after a court order obtained by Western Cape Premier Hernus Kriel and Mr Morkel

Today squatters moved their belongings to an adjacent street "to get it off province's land" Police gave them until noon to be off the site — and until 3pm to clear the road

A group of squatters rushed up the hill to warn those already erecting houses on the alternative site that their homes would be razed

But PAC local chairman Dennis Marinus and NGK board member Chris Vragom persuaded them to join their neighbours for the sake of peace and to prevent further bloodshed

Agreement had been reached at a meeting last night that the forced evictions of yesterday would give way to voluntary evictions today

Today's events followed an incident-filled night and an early morning bout of stone-throwing at police

In another development, African National Congress Western Cape leader Chris Nissen laid charges against a PAC branch official in connection with threats against his life which, he said, had been made in Grabouw yesterday

● **Report, more pictures, page 3**

JOHN R
America's F
Tobacco Plan

'Rip-off over property' (259)

(From page 1)

Mr Viljoen said his predecessor had said the South African government did not want to get involved in litigation which would bring unwelcome publicity ARG 6/4/95

His predecessor had owned the house he occupied, which was rented for him by the government because he refused to move into the the consul-general's Park Avenue residence.

"I understand from the previous head of administration that the rent paid for the residence was inflated, and did not bear any relation to its actual value," said Mr Viljoen.

When the previous consul-general had resigned, he had destroyed all records.

"Unfortunately, no accounts of the payments for the building of 326 East 48th Street exist because these are kept for only a limited time."

Giving evidence to the public accounts committee yesterday, Foreign Affairs director-general Rusty Evans said he had not been aware of the letter.

Francois Jacobsz (NP), former chairman of the committee, said the matter "reeks of one major massive cover-up".

Mr Evans said that in the circumstances which prevailed in New York in 1985, the purchase price for the building had been justified.

He said the sale price had been accepted on the recommendation of former Minister of Public Works Louis Shill.

The minister's advice had been to get rid of a bad investment, Mr Evans said.

Barbara Hogan (ANC) said Mr Evans had told the committee in 1993 and last year that there were no irregularities.

"You either failed to investigate or did not present your findings to the committee."

Mr Evans said he had answered all questions absolutely truthfully.

He had seen Mr Michigan's and Mr Viljoen's letters for the first time on Tuesday.

He said his predecessor had visited Washington and had consulted various people who had been in New York at the time of the purchase and renovation of the building.

THURSDAY
★ MARCH 6, 1995

Boesak's empty office may cost R1,5m a year

(259) CT 6/4/95

AN Adderley Street office lease signed by former provincial Economic Affairs Minister Dr Allan Boesak could cost taxpayers R1,5 million this year — and the offices are likely to remain empty.

This emerged in evidence to the province's Committee on Public Accounts and Finance by Chief Director of Public Works Mr Hans Carstensen, who said that by the end of March R240 000 had been paid for the offices, rented by Dr Boesak on a 10-year lease.

Unless the province could get out of the deal, it would cost R1,5 million a year, rising by 13% every year for a decade.

Dr Boesak's signing of the lease last year, without proper administrative authority or a budget, caused a storm of protest, with the ANC claiming the deal with Old Mutual had not been finalised.

Mr Carstensen said the offices were still empty, and confirmed to the DP's Mr Hennie Bester that it might be "worth paying the penalty and getting out cheaper in the long run". — Political Staff

Probe into R72m consulate loss

(259) CT 7/4/95

PARLIAMENT'S Public Accounts Committee on Wednesday asked the auditor-general to probe the sale of the former South African consulate in New York for $20m (about R72m) less than it cost

The attorney-general said the 20-storey building was bought for $12 million (about R43,2m) in 1984, refurbished at a cost of $11m (R39,6m) and sold in March last year for $2,9m (R10,44m)

New York lawyer Mr Alan Michigan, who acted for the SA government, said the original purchase price exceeded the value of the property "by a fair margin"

But he said the major problems were incurred in the "luxurious" alterations "The final cost was, in my opinion, due in large part to outright theft

"The contractor continued to miss one deadline after another, and costs spiralled Many charges were questionable, to put it mildly"

The Department of Public Works said all the relevant documents had been destroyed by the then consul-general —Sapa

BOESAK AFFAIR

A long probe

(259)

FM 7/4/95

The investigation into the financial affairs of Allan Boesak's Foundation for Peace and Justice (FPJ) is expected to continue for a few more months, according to the Office for Serious Economic Offences

Spokesman Tommy Prins says though no allegations against individuals are being specifically investigated at this stage, any evidence of crimes committed by employees or office bearers of the FPJ will be passed on to the Attorney-General for further action if necessary

Boesak, former FPJ bookkeeper Freddie Steenkamp and other employees were implicated in the alleged misuse of donors' funds after an investigation by a firm of Johannesburg attorneys on behalf of the Danish church group Dan Church Aid which financed the FPJ Among the findings were that personal loans totalling hundreds of thousands of rand were made to FPJ employees from donor funds

The scandal effectively resulted in Boesak losing his posting as SA's new ambassador to the UN agencies in Geneva He has also been forced to give up what was considered to be a lavish lifestyle by selling his luxury home in Constantia, paid for in part with FPJ funds according to the lawyers' investigations, and his luxury car

Boesak, a former leader of the ANC in the Western Cape and MEC for Economic Affairs, and his TV producer wife, Elna, are keeping a low profile and neither is currently employed

They have moved into a modest dwelling in Muizenberg Boesak has swapped his BMW, which was repossessed, for a borrowed Uno, which is believed to belong to his brother-in-law The Boesaks are reported to be making ends meet with the help of friends and family

Foreign Affairs Deputy Minister Aziz Pahad disclosed in parliament recently that Boesak was on the State payroll for two months before he requested to be relieved of his ambassadorship His salary for the two months totalled R21 068.

The UN post in Geneva is to be filled by former ANC Youth League leader and current MP Jackie Selebi ■

Inquiry into fraud

(300) (259)

POLITICAL STAFF

A TOP task team will investigate claims of fraud in pension payments, the provincial Minister of Finance, Mr Kobus Meiring, said yesterday CT 11/4/95

The team will be headed by Professor Pieter le Roux of the University of the Western Cape

Mr Meiring said the team's job would be to help remove any form of fraud and to ensure that every cent was spent correctly

Prof Le Roux would be assisted by an auditor with forensic expertise and someone with administrative experience, as well as officials from the provincial treasury, management advice services and welfare department

Mr Meiring said he did not personally believe the Western Cape would have as high levels of pension payment fraud as the rest of the country

"But we must be realistic about the problem It is apparently a nation-wide problem about which there is unfortunately little evidence that it has taken place."

Test probes in the province have found evidence of fraud running at 10% of pension payments, Mr Meiring said

PROBE: Western Cape Finance Minister Mr Kobus Meiring.

Eskom cash 'in defendants' hands'

DEBORAH FINE

PART OF the money paid out by the Eskom Pension Fund for property purchases appeared to have ended up in the hands of two former Eskom employees and a Sandton broker accused of defrauding the fund of R18m, the Rand Supreme Court heard

Forensic auditing firm KPMG Aitkin & Peat director Johan van der Walt was testifying yesterday at the trial of former Eskom legal department manager Ben Rheeder, former Eskom property investment manager Jan Mostert and commodities broker Jan Botha.

The accused have pleaded not guilty to participating in a property syndicate which purchased land and then resold the properties to the pension fund at prices far above their market value.

It is alleged Botha and former Merchant Trade Finance MD Robert Taylor set up front companies to buy the properties with the help of estate agent Ian Pope.

Taylor and Pope are currently living overseas. Botha and Taylor are alleged to have given Mostert and Rheeder handouts of more than R1m each to mislead the fund into believing the selling prices of the properties were reasonable. (259)

Van der Walt said he had been mandated to investigate the flow of money once cash for the properties had been paid out by Eskom. An examination of Merchant Trade cashbooks indicated the bulk of the money had been deposited into Merchant Trade accounts BD 11/4/95

Portions of the cash had then been transferred to a company called Inter-Sera , of which Taylor was the director.

Funds had also been transferred to Valflu, of which Botha was the director and sole shareholder. Funds had also been transfered to a company called Dollarmite Holdings, which belonged to Pope.

It also seemed as though payments had been made to Mostert and Rheeder through Valflu.

Defence counsel for the accused have indicated they may contest the admissibility of Van der Walt's evidence.

The case continues.

(259) ST 16/4/95

'Benzie' cars on sale

By CHIARA CARTER

SOME of the coaches from the derailed homeland gravy train will be up for sale later this month when more than 50 former ministerial cars come under the auctioneer's hammer in the Northern Transvaal

Somewhat symbolically, the Pietersburg auction will take place on April 26 — the eve of the anniversary of South Africa's first democratic election

The cars, which include luxury limousines, belonged to the former homelands of Lebowa, Venda and Gazankulu and were inherited by the Northern Transvaal on May 11, the day after the new government was sworn in.

The inventory drawn up by auctioneers Alf Duncan and Associates reveals how the leaders of the impoverished former homelands earned the title of *waBenzies* for their expensive tastes

Up for auction are 10 BMW 728i models, a BMW 740i and 10 Mercedes-Benz sedans as well as several Nissan Skylines

The region's MEC for Transport, Johan Kriek, said the Northern Transvaal had inherited a large fleet of government vehicles It did not need so many VIP vehicles Many of the cars being sold off had done more than 200 000km and would be expensive to maintain.

Mr Kriek said several government cars which had been reported missing had been recovered last year, but police were still investigating the disappearance of some of the luxury cars which vanished with the demise of the homelands

Alf Duncan and Associates spokesman Gene Teselaar confirmed his company would be conducting the auction

"The Northern Transvaal government is looking to us to recover at least some of the costs of these cars," Mr Teselaar said

The auctioneers said the sale could realise as much as R2-million

Lifeline predicted in report

Boesak set to bounce back

Star 22/4/95 (259)

ALLAN B
mitted n
governn

BRONWYN LITTLETON and ESTHER WAUGH

A Government-appointed inquiry has cleared former cleric Dr Allan Boesak of criminal wrongdoing involving funds donated to his Foundation for Peace and Justice, informed sources claimed last night.

There was intense speculation yesterday that Boesak would receive a political lifeline this morning when Deputy President Thabo Mbeki addresses an early-morning media conference at the Union Buildings in Pretoria.

A short statement from Mbeki's spokesman said he would be discussing "the findings of the deputy president's office on the allegations of the misappropriation of funds from the Foundation for Peace and Justice by Dr Allan Boesak".

Sources told WeekendStar last night that lawyers appointed in February by President Mandela to probe allegations of fraud had largely exonerated Boesak — and found that he had even lost some of his own money to the foundation.

However, they said the report described Boesak as a bad manager, adding that this was a failing he had admitted in public.

Mbeki's spokesman, Thami Ntenteni, refused to comment on the speculation.

Scandinavian donors

The report has apparently been with Scandinavian donors Danchurch Aid for several weeks

In January this year Boesak withdrew his candidacy as South Africa's ambassador-designate to the United Nations in Geneva after allegations that he and his staff had misused donors' funds and had enriched themselves with money that was meant for child victims of apartheid.

A member of the team which drafted the report, advocate Mojanku Gumbi, declined to confirm that Boesak had been cleared.

But sources close to the investigating team told WeekendStar that Boesak would almost certainly be vindicated on the allegations of criminal liability They could not confirm that he had been cleared completely of all wrongdoing.

An earlier investigation by Johannesburg-based lawyers appointed by Scandinavian donors Danchurch found that Boesak and other staff had received large loans taken from donations.

The report said the loans accounted for much of the R2,7-million in missing funds destined for poor children.

The matter is still being investigated by the Office for Serious Economic Offences, which will eventually submit its own report to the attorney-general for a decision on prosecution

Sapa-AFP also reported last night that the report had cleared Boesak.

YOU BE THE JUDGE: This time last year he was one of the country's most high profile figures How does Independ Commission chairman Judge Johann Kriegler feel days before the first anniversary of the election? He's bullish "It was exc lating, rewarding, a nightmare We're on the up and up, but we have a long way to go " **MAUREEN ISAACSON's** intervi outspoken judge appears on Page 4 Other reports on the election anniversary are on Pages 5 and 10 PHOTOGR

Mandela gets shirty over ANC phone bill

ESTHER WAUGH

CAPE TOWN — Ever fancied owning the suit President Nelson Mandela wore when he walked out of Victor Verster prison in February 1990?

No? Well, you can consider it now — for a price Collectors of Mandela memorabilia will soon have a rare opportunity to buy some of the clothes he has worn on historic occasions. The items go on auction in Cape Town next week.

The sale is being held to raise funds to cover a R300 000 telephone bill run up by the Western Cape ANC during the elections last year — and the president is literally giving the shirt off his back to cover it.

Other ANC luminaries such as Deputy President Thabo Mbeki, Constitutional Assembly chairman Cyril Ramaphosa and Sports Minister Steve Tshwete have also donated signature items of clothing.

TO PAGE 2.

WALK TO FREEDOM: Manfred van Rooyen holds up President Mandela's shiny prison shoes

Public serv body reine

ESTHER WAUGH
POLITICAL CORRESPONDE

CAPE TOWN — The extensive pow lic Service Commission (PSC) are likel sharply during the next parliamentary to dramatically speed up transformati lion-strong civil service Star 2

Public Service and Administration Skweyiya told WeekendStar a propos the constitution would remove the functions — in line with a resolution ber at the ANC's national conference.

The constitutional amendment to f cess has yet to be passed by the Cab through the parliamentary process

It would result in the PSC havi to oversee, monitor and evaluate all pointments, while Skweyiya would b fully fledged Department of Administr

The move is also aimed at makin pendent, reporting to Parliament in way as the auditor-general. "The P power that it has hampered me in

TO PAGE 2.

■ From Page 1

(259) CP 23/4/95

Allan Boesak cleared of theft

dation's finances.

Mbeki said an investigation by Mojunko Gumbi, the state legal adviser appointed in February by President Nelson Mandela, showed that there was no evidence that Boesak had misappropriated any funds from the foundation, and in fact Boesak was owed R238 538,34 by the fund.

He said that DanChurch Aid, which had ordered the original investigation into the foundation funds, had now come to the same conclusion.

However, in a statement released through DanChurch Aid's attorneys, the donor agency said its main concern was to find out what had happened to the tens of thousands made available to Boesak's Foundation for Peace and Justice and its intended beneficaries.

"As stated in the report evidence of serious economic irregularities was revealed during the course of the investigation.

"The affairs of the Foundation are at present being investigated by the Office for Serious Economic Offences. The donors will continue to assist that office in the investigations," said the statement.

It would appear, however, from the report by Gumbi that pointing fingers in the government will switch from Boesak to Foundation bookkeeper Freddie Steenkamp, who has already admitted misappropriating funds and who, Mbeki said, had lost or destroyed about 300 documents.

Mbeki said that Bell, Dewar and Hall, the lawyers appointed by DanChurch Aid, had reached the conclusion that funds had been misappropriated by Boesak because they had not received a full explanation from Boesak and because they had worked to a tight schedule.

And in Cape Town Sapa reports that Boesak, who withdrew from his posting as South Africa's ambassador-designate at the United Nations in Geneva following the claims he had misappropriated funds, said he was overjoyed that a government inquiry had cleared him of the accusations.

He said he would be having discussions with Mbeki after which more clarity would emerge about any future in public life for him.

Boesak cleared of theft

(259) CP 23/4/95

BY DESMOND BLOW

DR ALLAN Boesak, in disgrace since being accused of stealing foreign donor money, has been cleared by a government inquiry, but the investigation by the Office for Serious Economic Offences was continuing, Deputy President Thabo Mbeki told a press conference at the Union Buildings yesterday.

An amount of R2,7 million earmarked for destitute black children is missing, and while clearing Boesak of theft Mbeki slammed him for not properly supervising and controlling the foun-

■ To Page 2

ST 23/4/95

Donor group rejects Boesak report

(259)

By JACOB DLAMINI and AYESHA ISMAIL

LAWYERS acting for DanChurch Aid have contested a government inquiry's finding that Allan Boesak did not misappropriate money donated to his Foundation for Peace and Justice.

The inquiry, the findings of which were made public by Deputy President Thabo Mbeki yesterday, cleared Dr Boesak of any wrongdoing in the misappropriation of funds donated by DanChurch Aid, but criticised him for mismanagement

However, before the release of the government report, lawyers for DanChurch Aid, which financed Dr Boesak's fund, had already contested its findings.

The lawyers, who saw the government report before its release, wrote to its compiler, Advocate Mojanki Gumbi, legal adviser to Mr Mbeki, to contest her findings

They said they stood by their initial findings that Dr Boesak had substantially enriched himself at the foundation's expense by drawing an inflated salary, using funds to settle personal debts and making unauthorised loans from the foundation's funds.

Mrs Gumbi confirmed that the lawyers had submitted a memorandum.

But, she said, Mr Mbeki had not referred to the memorandum when he released the government inquiry's findings as "it did not bring anything new but merely reiterated all the old allegations".

In its response to the findings, the Danish aid group said it was concerned that there was money that had not been accounted for.

"Our main concern has been to find out what happened to our money, and we still have no answer to that question We have to wait for the investigation by the police," said Christiaan Balslev-Olesn, the general secretary of DanChurch.

In all, about R2-million is said to have gone missing from the foundation's coffers.

The three-page government report said that there was no evidence that Dr Boesak had stolen money.

But Mr Mbeki criticised

To Page 2 ⇨

ST 28/4/95 (259)

Government report clears Boesak

⇨ From Page 1

Dr Boesak for failing to exercise "control and supervision" over the affairs of the foundation, which he headed

"Allan has got to take responsibility for the mess that has occurred. He ought to have put in place mechanisms to make sure there was proper control and supervision," he said.

The government report was the result of an inquiry set up following a public outcry here and in Denmark that the foundation had misused R2,7-million

Dr Boesak was said to have used money taken from the foundation's coffers to buy a house, settle his wife Elna's debts and travel extensively

Dr Boesak denied these allegations

His appointment as ambassador-designate to the United Nations in Geneva was first suspended and then cancelled when he resigned from the Department of Foreign Affairs

An elated Dr Boesak said yesterday that the findings of the government report did "not at all surprise" him

"It is a vindication of what I had said about myself and a vindication of my wife, family and friends who kept their faith in me"

He said he would consider legal action even though it could cost "a lot of money, of which I have none at the moment"

"I will be having discussions with my lawyers before making any decision"

He said he would meet President Nelson Mandela at the earliest opportunity to discuss his future

"I would certainly like to continue serving my country and the government in a political and diplomatic way," he said

Asked yesterday if Dr Boesak would be reappointed ambassador, Mr Mbeki said "He is no longer a member of the foreign service."

Mr Mbeki said the inquiry's findings would not influence the police investigation into the foundation's affairs

The National Party cautioned against reaching "untimely conclusions" before the Office for Serious Economic Offences had completed its investigation. "It is too early to act now on the basis of these findings," said Dr Boy Geldenhuys, the NP's foreign affairs spokesman

Boesak report does not satisfy lawyers

STAR 24/4/95 (259)

A government report clearing Dr Allan Boesak of corruption allegations "raised more questions than answers" said lawyers representing the Danish aid agency DanChurch Aid.

Gregg Nott, a spokesman for attorneys Bell, Dewar and Hall, said a final conclusion to the allegations by the firm's Danish clients would depend on the investigation being conducted by the Office for Serious Economic Offences (OSEO).

He was commenting on a report released at the weekend by Deputy President Thabo Mbeki clearing Boesak of the major allegations. It was drawn up his legal adviser, Mojanku Gumbi.

Nott said his firm's own initial report had concerned Boesak's Foundation for Peace and Justice (FPJ), and went far wider than merely Boesak's role in the organisation

That report — commissioned by DanChurch Aid — alleged serious misuse of funds intended for social upliftment projects

Referring to the weekend report issued by Mbeki, Nott said: "We are loath at this stage to pre-empt the findings of the OSEO, which is itself a government agency."

Political Correspondent Patrick Bulger reports that the ANC wants Boesak to be made a provincial MEC or an ambassador, after the Gumbi report cleared him of the corruption allegations that forced his withdrawal as ambassador-designate to the UN in Geneva.

But Mbeki was less optimistic about Boesak's return to public life. He said in an interview that discussions had not been held on Boesak's future.

Mbeki said the investigation being conducted by the OSEO still had to run its course, and it might reach a different conclusion

Gumbi's report concluded that there was no evidence available to show that Boesak stole Danish church aid money intended for poverty relief programmes while he headed the FPJ, which received the funds

Mbeki said Boesak had to "take responsibility for the mess" and that he had to explain to DanChurch Aid what had happened to missing money He said there had never been a deliberate plan to bring Boesak into the foreign service His posting to Geneva was an invitation extended by President Mandela

The ANC was more enthusiastic about the report clearing Boesak, the organisation's former Western Cape leader. Spokesman Jackson Mthembu said the police investigation would probably come to the same conclusion

Report labelled as preposterous

Lawyers slam finding on Allan Boesak

(259) BD 24/4/95

DREW FORREST

LAWYERS acting for Danish aid agency DanChurch Aid have raised serious questions about government's exoneration of Allan Boesak over allegations of misappropriating funds earmarked for victims of apartheid.

In an 18-page memorandum acquired by Business Day, lawyers Bell, Dewar and Hall savage the report by Mojanki Gumbi, legal adviser to Deputy President Thabo Mbeki, on the financial affairs of Boesak's Foundation for Peace and Justice (FPJ), describing aspects of it as "incorrect", "preposterous", "logical absurdity" and "raising more questions than it answers"

On the basis of the report, Mbeki said at a news conference on Saturday that far from misappropriating money donated to the FPJ, the fund in fact owed Boesak more than R230 000. The former Western Cape ANC leader was guilty of no more than inadequate supervision of the fund, Mbeki declared

Mbeki left on an official state visit to Australia yesterday. His spokesman Ricky Naidoo could not be contacted on why Mbeki had chosen to anticipate an investigation of the FPJ by the Office for Serious Economic Offences

After Mbeki's announcement, Boesak said he was "very thankful and happy that the Lord does not sleep", adding that he would be approaching President Nelson Mandela for a diplomatic posting Formerly ambassador-designate to the UN in Geneva, he withdrew his candidature after the FPJ scandal broke He could not be contacted for comment yesterday

In their memorandum, the lawyers reject Gumbi's suggestion that the crucially important evidence of foundation bookkeeper Freddy Steenkamp was unreliable because Steenkamp had admitted misappropriating funds

"Steenkamp knowingly incriminated himself in answering our questions We think it extremely unlikely that (he) would have lied to incriminate himself."

They also dismiss Gumbi's suggestion that it was "dangerous" to draw conclusions from the records of the foundation's "urban discretionary account" because documents had been lost and the account contained 360 unsubstantiated entries based on Steenkamp's memory

The account was reconstructed using bank statements, they said.

Reiterating the finding of their January investigation that there was compelling evidence Boesak "substantially enriched himself at the expense of the foundation", the lawyers say he has still not explained the R1,3m he acquired from the fund over and above his salary

They stress that Gumbi's report makes no mention of Boesak's "elastic" salary, which in the financial year ending February 1994 brought him close to R250 000 more than was officially due to him The report had also not dealt with use of the FPJ to pay Boesak's debts, including bond repayments on his Constantia house.

"Boesak's salary was R8 000 a month, yet he spent and was paid R30 000 a month," the laywers' memorandum says It adds "He (Boesak) used the foundation's bank account as though it was his own"

Central to Gumbi's report is the assertion that Boesak paid R851 000 of his own money into the foundation, in the form of

☐ To Page 2

Boesak

(259) BD 24/4/95

☐ From Page 1

insurance payments and personal grants from other organisations. This had not only cleared his debt of R612 000 to the fund's urban discretionary account, but had left him owed R235 000

Responding, the lawyers say they cannot ascertain how the R851 000 figure was arrived at or how Gumbi determined this amount was "personal" to Boesak.

They also say they cannot understand why Boesak did not disclose the R851 000 payment to them while they were conducting their original investigation on behalf of DanChurch Aid, and why he did not now substantiate the claim with supporting documentation. "His failure to do so leads us to believe that the so-called explanation is not correct."

In respect of the alleged insurance payments, they ask where Boesak acquired the funds to pay for policies amounting to R500 000; why he banked personal insurance money in the foundation's account; why the policies were not mentioned in his divorce agreement with his ex-wife Dorothy and mooted separation settlement with his current wife Elna; and why, as Gumbi "preposterously" asserts, they were used to repay a R10 000 loan which had not yet been advanced.

"We believe the correct explanation is that the proceeds of the policies did not belong to Dr Boesak at all, but to the foundation or the World Alliance of Reformed Churches, or both."

On the alleged personal grants making up part of the R851 000, the lawyers ask who made the grants, when they were made and whether the funds were not in fact due to the foundation. They also allude to a memorandum sent by Boesak to his attorneys in May 1992, in which he said overseas grants were for specific foundation programmes and that he very rarely received personal honoraria.

The lawyers suggest that in arriving at the R851 000 figure, Gumbi may have mistakenly included R246 000 from the sale of Boesak's Vredehoek house They stress that the house was purchased with R120 000 paid to the foundation's Lavender Hill urban project and charged as an expense to its rural ministries project.

JOHN CAVILL reports from London that DanChurch Aid secretary-general Christian Balselev-Olesen said yesterday his agency had yet to find out where R2,3m donated to the fund had disappeared to.

"Mbeki's statement does not rebut the report we had done . Boesak was a director of the foundation, and even if he did not enrich himself personally, he has a responsibility," Balselev-Olsen said.

● Comment: Page 10

Mandela backs Boesak

'I'm very happy that Allan's been cleared'

ARG 24/4/95 (259)

JOHANNESBURG. — President Mandela says Allan Boesak deserves a high diplomatic post.

Mr Mandela was commenting today on the African National Congress finding that cleared the former church leader and ANC activist of misappropriating Scandinavian church aid funds

"Allan Boesak is one of the most gifted men in this country I am very happy he has been cleared," said Mr Mandela

"He deserves a very high diplomatic position," Mr Mandela told foreign correspondents at a breakfast in Johannesburg

● Tyrone Seale of the Argus Political Staff reports that Dr Boesak is to embark on an international crusade to restore his credibility

Dr Boesak told a media conference today that if, after being cleared he were denied public office on the basis of a criminal investigation that might take years to complete, this principle should be applied members of the government of national unity as well

"It would be interesting to see how many would remain in the government of national unity," he said, referring to members of the previous government who, he said, had maintained their positions while "stealing millions of rands in public funds" and while crimes were being committed in the name of the system and the government

Flanked by his wife Elna at today's media conference, Dr Boesak thanked Mr Mandela and Deputy President Thabo Mbeki for handling the FPJ matter in "such a dignified way"

Dr Boesak said he would this week communicate with the Danish prime minister to convey his concerns about the conduct of the aid organisation, DanChurch Aid, and their legal representatives in South Africa during the course of the investigation into the FPJ, and the consequences for his life and career

He would simultaneously contact Swedish prime minster Ingvar Carlsson, also a personal friend, about the serious implications of the failure of the Swedish aid agency Sida to "clarify blatant lies" about the alleged involvement of Elna Boesak's video production company, Camelot Communications, in the alleged misappropriation of funds

Dr Boesak said he hoped to go to Scandinavia soon to meet the Danish and Swedish heads of state to discuss various issues with them

He would also approach donor agencies in Europe who shared his concern about DanChurch Aid's conduct, to put this on the agenda of the World Council of Churches

Dr Boesak also called on DanChurch Aid to "do what I have consistently asked them to and take the necessary legal steps to recover monies from former FPJ employees Freddie Steenkamp, Lucille Fester, Calvin Smith and Sandra Vlotman," who, he claimed, had unlawfully taken unauthorised loans

Dr Boesak reiterated his statement earlier today that he had not resigned from the department of foreign affairs, but had merely withdrawn from the Geneva posting in order to be as helpful as possible to the government

MUTTERS OF MUTUAL INTEREST: Allan and Elna Boesak go into a huddle before a press conference at which Dr Boesak announced his plans for an international crusade to restore his credibility

Church bodies now threaten to sue Boesak over funds

COPENHAGEN — Nordic church organisations said today they rejected a South African government inquiry's clearance of former church leader Allan Boesak of misappropriating foreign aid funds and planned to sue him

"The Nordic church aid organisations intend to sue Boesak in the civil courts to get their funds back," DanChurch Aid (DCA) Secretary-General Christian Balslev-Olesen said

"The inquiry only covered a limited part of the whole affair, mainly Boesak's own personal involvement," he said

"No evidence has been found against Boesak but he has not been able to document his innocence and we still have not had an explanation of what the two-to-three million Danish crowns (R1,3 million to R2 million) the Nordic churches contributed were used for," he said

South African Deputy President Thabo Mbeki said on Saturday examination of reports by the Scandinavian Danchurch Aid organisation and its South African lawyers, as well as independent inquiries, had exonerated Boesak

A Danchurch Aid report last year alleged Boesak had "unlawfully appropriated to himself moneys to which he was not entitled"

"The basic conclusion is there is no evidence that Boesak misappropriated Foundation for Peace and Justice (FPJ) funds as was alleged," Mr Mbeki told a news conference

He said his own inquiry had shown that Boesak was in fact owed about R238 000 rand by the foundation

Mr Balslev-Olesen said the Nordic church aid organisations did not accept the excuse of sloppy accountancy

He said members of Boesak's FPJ staff had admitted granting each other private loans out of aid funds and covered them up by claiming the money was for humanitarian projects

Dr Boesak said the report had vindicated him, his wife, Elna, and the friends who stood by him since allegations first emerged last year that he had misused Danish and Swedish aid — Sapa-Reuter

Boesak cleared, but could face legal action for recovery of missing millions

CT 24/4/95 (259)

BARRY STREEK
POLITICAL STAFF

LEGAL action could be taken against Dr Allan Boesak within the next two weeks as part of the bid to recover the "missing" R2 million to R3 million DanChurch Aid grant money

"DanChurch Aid will definitely give us instructions to recover the money," Mr Andrew Mitchell, a partner in its Johannesburg firm of attorneys, said yesterday

He refused to confirm or deny whether this would include civil proceedings against Dr Boesak, former director of the Foundation of Peace and Justice (FPC) and former ANC leader in the Western Cape

Deputy President Thabo Mbeki announced at the weekend that the one-person inquiry conducted by his own legal adviser, Ms Mojanki Gumbi, had cleared Dr Boesak of misappropriating funds but criticised him for "mismanagement"

In the report Ms Gumbi said she had inspected Dr Boesak's accounts

"There are no entries which suggest that the funds he allegedly misappropriated were deposited into his account There is also no evidence to suggest that the funds were dealt with in another way."

She also said the trustees of the foundation and Dr Boesak had "failed to exercise due control" over its affairs

Mr Mbeki endorsed this finding "Allan must take responsibility for the mess that has occurred There was not sufficient supervision or control That is quite clear"

The secretary-general of DanChurch Aid, Mr Christian Balselev-Olesen, said Mr Mbeki's statement covered only the affairs of Dr Boesak and not the affairs of the foundation "We still have to wait for the police to complete their investigation We have to find out where the R2m to R3m disappeared to

"Dr Boesak was a director of the foundation and even if he did not enrich himself personally, he has a responsibility," Mr Balselev-Olsen said

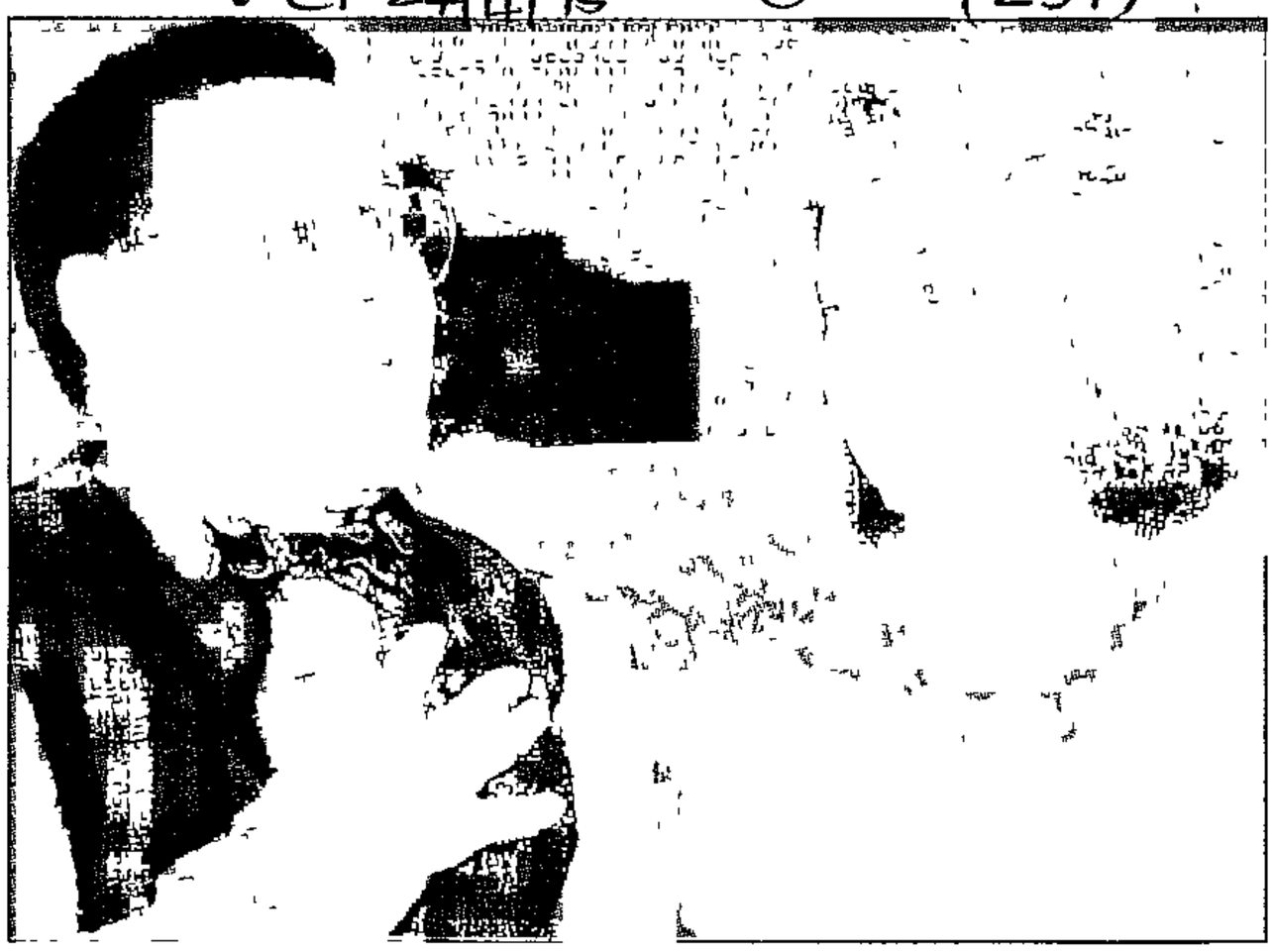
Western Cape ANC MP Mr Jan van Eck, a long-time friend of Dr Boesak, said "I don't think this (the report) resolves the matter."

In an interview last night Dr Boesak said he was "very bitter" that money destined for projects supported by his foundation had been stolen by people who worked for him

"It is indeed a fact that money that was destined for the projects went into the pockets of people," he said

Dr Boesak said he accepted that he had to accept responsibility

● See Page 7



RELIEVED: A visibly relieved Dr Allan Boesak with his wife Elna at their rented Muizenberg home after a report by Deputy President Thabo Mbeki's legal adviser found no evidence that he had personally misappropriated funds *PICTURE: BENNY GOOL*

FPJ finances: What the report said

(259) CT 24/4/95 (259)

THE REPORT on the Foundation for Peace and Justice reads as follows:

Dan Church Aid, one of the sponsors of Allan Boesak's Foundation for Peace and Justice (the Foundation), ordered an investigation into the financial affairs of the Foundation Dan Church Aid appointed the law firm Bell, Dewar and Hall to conduct the investigation. The terms of reference of the investigation are not clear

At the end of their investigation, the lawyers reached the conclusion that the Trustees of the Foundation had "acquitted themselves of their duties in a cavalier and reckless fashion" The lawyers also concluded that Dr Boesak put his own personal fate and that of the Foundation in the hands of subordinates This statement refers to the fact that all of the Foundation's and Dr Boesak's financial transactions were done by Mr Steenkamp, who was the Foundation's book keeper

Finally, the lawyers conclude that in the absence of "plausible" explanations by Dr Boesak, the only conclusion that they can reach is that Dr Boesak has "unlawfully appropriated to himself moneys to which he was not entitled".

First of all it needs to be emphasised that the financial information relied upon by the lawyers is that provided by Mr Steenkamp, who has himself admitted misappropriation of the Foundation funds

Payments

The only account from which it appears that personal payments, in respect of Dr and Mrs Boesak, were made, is the Urban Discretionary account The only other allegation against Dr Boesak is that according to entries made by Mr Steenkamp in the general ledger, it appears as if Dr Boesak "borrowed" an amount of R95 799,13 (reflected as R1 139 439 00 in the lawyers report) from the Foundation, over a three-year period For purposes of clarity the two allegations will be dealt with separately

1. THE URBAN DISCRETIONARY ACCOUNT

IT MUST be stated up front that Mr Steenkamp, who kept all the financial books to this account, stated that he has lost the cash book, bank statements, cheques, deposit slips and most of the vouchers making up the transactions for this account

He has to date failed to make any of these documents available to either myself or Bell, Dewar and Hall He instead offered to reconstruct the entries, from memory, I believe

This offer was accepted by Bell, Dewar and Hall and forms the basis of their conclusion in respect of this account This account was opened in 1989 and closed in June 1993 The reconstructed account consists of nine pages, each with about forty entries That means that we have 360 entries which are totally unsubstantiated To draw any conclusions from these enteries will be dangerous

However, if we accept Mr Steenkamp's good faith and accuracy of his memory, the following scenario evolves An amount of R851 400 34 of personal funds was deposited into this account Mr Steenkamp does not deny that these are personal funds He just states that he does not know where the money came from Dr Boesak explained that whenever he received personal grants he would ask Mr Steenkamp to deposit them into this account He also recognises some personal insurance policies which were cashed and deposited into this account.

A three-page report, compiled by Deputy President Thabo Mbeki's legal adviser, Ms Mojanke Gumbi, into the finances of the Foundation for Peace and Justice, concluded that there was no evidence that its former director, Dr Allan Boesak, personally misappropriated funds.

This reconstructed statement suggests that Dr and Mrs Boesak misused R612 862 00 from this account If he put in R851 400 34, it means the Foundation still owes him R238 538 34

2. STAFF LOANS

A SUMMARY of staff loans prepared by the lawyers (Annexure K153), reflects Dr Boesak as having borrowed R1 139 439 00 from the Foundation However, Annexures K1 to K8 show otherwise

According to the entries made by Mr Steenkamp in the ledger, loans to staff members started in 1990, during the period in which Mr Steenkamp became a full time member of the Foundation staff

In 1990, there is no record of a loan to Dr Boesak In 1991, there is an entry of R10 156 00 A life policy on the life of Dr Boesak, to the amount of R159 609 53, was used to 'repay' these loans (this is in addition to the other policies proceeds paid into the Urban Discretionary account)

In 1992, an amount of R32 666 00 was entered and in 1993, R52 977 00 No entry was made for 1994 The total of these entries is R95 799 13, totally different from the amount of R1 139 439 00 stated by the lawyers

Two questions arise in respect of these ledger entries The corresponding journal entries are either not made or are incorrectly reflected This brings into question the reliability of these entries Secondly, while other staff members are reflected as having paid back some portion of their loans, there are no such entries for Dr Boesak

This is explained by the fact that since Mr Steenkamp deposited Dr Boesak's insurance into this account he used the same account to pay some of Dr Boesak's accounts Dr Boesak has consistently denied that he took loans from the Foundation Unfortunately, Dr Boesak is not able to explain the entries because he did not make them and was not aware of them

I went further and inspected Dr Boesak's personal accounts There are no entries which suggest that the funds he allegedly misappropriated were deposited into this account There is also no evidence to suggest that the funds were dealt with in another way The trustees of the Foundation, as well as Dr Boesak, failed to exercise due control over the affairs of the Foundation Dr Boesak, as the Executive Director, should have spent more than he did working on the affairs of the Foundation.

DR ALLAN BOESAK

This is said in full appreciation of the role he played in the anti-apartheid struggle Having said that, there is no evidence that Dr Boesak misappropriated Foundation funds as alleged

These findings were communicated to the law firm retained by Dan Church Aid They informed me that the body of their report also refers to these issues I have myself confirmed that these facts and figures are contained in the body of the report, except for what may be additional errors in the lawyers report.

They further informed me that at the time they compiled their report, Dr Boesak had not given them a full explanation. Dr Boesak denies this allegation.

Boesak tells of discretionary account funds

(259)

DR Allan Boesak revealed last night that money given to him "under cover" to assist in anti-apartheid activities had been paid into a special discretionary account that had not been part of the normal operations of the Foundation for Peace and Justice (FJP) CT 24/4/95

There had been various sources for the funds paid into the Urban Discretionary Account

During the struggle against apartheid, money had been donated to him "under cover" to assist anti-apartheid activities

People had also given him money so that he could earn a salary, buy a house and support his family He had not been paid by the church.

He and people like Archbishop Desmond Tutu had been given honoraria and financial support

All these funds had been paid into the discretionary account

It was also felt at the time that this account was the most secure way of protecting these funds and preventing the government from confiscating them

All the funds he received had been paid into this account, including the proceeds of the sale of his house in Vredehoek

Dr Boesak said that after it had been decided to close this account, the FPJ treasurer, Mr Freddie Steenkamp had continued using it without telling him

In common with other organisations, such as Kagiso Trust, the FPJ had decided to initiate projects that would keep the foundation financially viable after foreign funding had stopped coming to South Africa For this reason that a small amount had been placed in the Rural Ministries Trust

This account had been closed in June 1993, but in March 1994 Mr Steenkamp had transferred R250 000 to it "without my knowlege and authorisation, or that of the other trustee, Mr Norman Michaels"

Dr Boesak said statements by DanChurch Aid lawyers that they had investigated the foundation not him were rubbish because they could not be separated

Auditors

He had urged them to take legal action to recover the money, but they had not done so, because they needed Mr Steenkamp's co-operation and because their actions were aimed at him

"Freddie Steenkamp administered the finances and the books He took them to reputable auditors who approved them, The audits were sent to the donors, who accepted them without criticism

"But of course, the head of the organisation must accept responsibility for the organisation he heads," Dr Boesak said — Political Staff

Jiyane said the mobilisation could take the form of mass action such

was signed between the IFP, the ANC and the National Party

Chief Buthelezi reviewed the

Mandela: I'll use army

(254) CT 24/4/95

JOHANNESBURG. President Nelson Mandela is to clamp down on lawlessness and on people using protest action to conduct criminal activities

This would include calling in the army, he said in an exclusive interview with City Press editor Khulu Sibiya and deputy editor Sekola Sello

He said that, during the recent blockade by former Transkei police of routes into Umtata, he had asked top security officials to use live bullets, if necessary

He would use a firm hand where people committed crimes during protests A special police unit had been set up to deal with that type of "political violence"

He said the government had information that top political figures in various organisations, including the ANC, were behind the political violence —Sapa

NP wants Mandela to probe Radebe's ministerial style

(259)

CT 24/4/95

JOHANNESBURG. The National Party yesterday asked President Nelson Mandela and the cabinet to investigate the manner in which Public Works Minister Mr Jeff Radebe was running his department, as well as allegations about appointments.

The allegations were made in a report drawn up by the department's director-general, Mr Theo von Robbroeck, and submitted to the parliamentary porfolio committee last Thursday

The report alleged that people with matric were being appointed at salaries of R72 000 per year, though they were only eligible for a maximum of R29 646 Mr Von Robbroeck alleged Mr Radebe pressured him to ignore regulations when appointing staff —Sapa

Braving the cold for registration

Nuke aid to Mandela talks

5

New Boesak row erupts

Sowetan 24/4/95

(259)

By Mathatha Tsedu
Political Editor

A NEW row erupted around Dr Allan Boesak yesterday after the release on Saturday of a report that exonerated him from blame for abuse of relief aid funds

Advocate Mojanku Gumbi issued a report virtually exonerating Boesak, saying available evidence did not justify any apportioning of blame to the former ANC leader.

Gumbi's report followed one prepared by Johannesburg attorneys Bell Dewar and Hall, who accused Boesak of "unlawfully appropriate(ing) to himself monies to which he was not entitled"

A spokesman for the firm, Mr Gregg Nott, said they had issued an 18-page comment on Gumbi's report saying it "raises more questions than answers"

Nott said the report did not explain what happened to the money, adding that a final conclusion about who was right between them and Gumbi would have to await the completion of the investigation by the Office for Serious Economic Offences (OSEO)

Gumbi was appointed by President Nelson Mandela to investigate allegations that Boesak—then an ambassador designate to Geneva — had misappropriated over R2 million of relief and development projects' funds.

She said: "There is absolutely no evidence and I had nothing in front of me that showed that Allan had done anything wrong. As a lawyer, I refuse to speculate."

In her report Gumbi said Foundation for Peace and Justice director Mr Freddy Steenkamp had made 360 "totally unsubstantiated" entries from memory, and this had constituted the basis for the initial finding.

"To draw any conclusions from these entries will be dangerous," she wrote

Gumbi's report stated that Boesak had put all his financial affairs in the hands of Steenkamp who had deposited all personal funds into the discretionary fund of the FPJ. Boesak's contributions included a life policy surrendered and deposited into the FPJ account.

Boesak had put R851 400,34 into the FPJ The same records also show that withdrawals made for him and his wife Elna amounted to R612 862. This meant that the FPJ still owed him R238 538,34.

Nott said he had not been aware of any life policy as Boesak had not declared them when he prepared affidavits for divorce. He said they were not out to get Boesak. They were investigating the foundation and there was no witch-hunt.

The report by the lawyers who were acting for DanChurch Aid, led to the resignation of Boesak from the ambassadorial appointment. He also lost his house and car.

Speculation that Boesak may replace Mr Tom Langley as ambassador to Portugal were quashed yesterday. Reliable sources said this was unlikely at present, as the Government still awaited the outcome of the OSEO investigation.

it out together . . Allan and Elna Boesak at a press conference in Cape Town yesterday.

Boesak not yet off the hook

(259) ~~254~~

BY HELEN GRANGE and PATRICK BULGER

President Mandela's remarks yesterday that Allan Boesak was "one of the most gifted young men in this country" and that he "deserves a very high position" has added to the controversy caused by an internal inquiry clearing him of enriching himself with charity funds Star 25/4/95

The Danish charity which provided some funds says it still intends to sue Boesak for the return of their missing money

DanChurch Aid secretary-general Christian Balslev-Olesen said in Copenhagen that while no evidence had been found against Boesak, he had not been able to document his innocence and there had been no explanation of what had happened to between R1,3- and R2-million in aid contributions

"The Nordic church aid organisations intend to sue Boesak in the civil courts to get their funds back," he said.

But Boesak demanded a public apology from the foreign donors yesterday in the wake of Deputy President Thabo Mbeki's weekend announce-

▶ To Page 3

Boesak not off hook

◀ From Page 1

ment that an inquiry conducted by his legal adviser Mojanku Gumbi had exonerated Boesak.

"I expect to hold discussions with them on what kind of restoration could be made in the light of the suffering that I and my family have gone through," Boesak said.

He planned to speak to Danish Prime Minister Poul Nyrup Rasmussen about the way in which DanChurch Aid had conducted its investigation — and accused DanChurch Aid of going out of its way to prove that he was guilty of misconduct.

Boesak withdrew as ambassador-designate to the UN in Geneva after allegations of financial mismanagement were levelled against him and his Foundation for Peace and Justice (FPJ).

Mbeki said on Sunday that no decision had been taken on Boesak's future

(259) Star 25/4/95

Boesak to fight donors

By Vuyo Bavuma
Political Reporter

DR ALLAN Boesak said yesterday he would meet the Danish prime minister about the conduct of DanChurch Aid and their lawyers during the investigation into the affairs of the Foundation of Peace and Justice

(259)

Boesak, who was exonerated at the weekend of misappropriating funds earmarked for the poor, also threatened to put the matter on the agenda of the World Council of Churches

Boesak returned to the limelight at the weekend after a Government inquiry found that there was no evidence that the former cleric had embezzled funds in his capacity as director of the defunct FPJ

Instead, the inquiry found that he was owed more than R200 000 by the foundation The report clearing Boesak has been severely criticised by the lawyers representing DanChurch Aid

Boesak said yesterday he would put the matter on the agenda of the WCC and had already discussed the issue with the Reverend Bert Boer, head of the general diaconate council for the Netherlands Reformed Churches of Holland

"I call upon DanChurch Aid to do what I have consistently asked them to do and take the necessary legal steps to recover monies from former FPJ employees In the process they should not protect those employees who acted as their informants," he said

Meanwhile, a new storm is raging over whether Boesak was in the employ of the Department of Foreign Affairs Deputy President Thabo Mbeki said at the weekend that Boesak had resigned from the department In February Foreign Minister Mr Alfred Nzo told Parliament that Boesak was no longer employed by the ministry

This was because Boesak had asked to withdraw his appointment to Geneva because of the probe into the FPJ But yesterday Boesak said he had not resigned from the ministry but had merely withdrawn from the posting in Geneva He also said he was "looking forward to the meeting which President Mandela promised as a matter of urgency where the next step will be discussed"

Sowetan 25/4/95

There will be no Talkback page tomorrow as *Sowetan* will publish a special supplement on the Government of National Unity's first year in office. Tomorrow's *Sowetan*-Radio Metro Talkback Show will be an open line. Phone host Tim Modise between 7pm and 8pm and share your views with the nation.

Accounts 'do not tally with lawyer's report'

(259) DREW FORREST

DOCUMENTS in the possession of Business Day support lawyers' allegations that Allan Boesak was drawing much more than his official salary from the Foundation for Peace and Justice, of which he was a trustee

In her report on the foundation, Mojanki Gumbi, legal adviser to Deputy President Thabo Mbeki, said her inspection of Boesak's personal accounts disclosed "no entries which suggest that funds he allegedly misappropriated were deposited in his account". She reiterated this in an interview yesterday. BD 25/4/95

Government's exoneration of Boesak on corruption charges and President Nelson Mandela's plan to offer him a high diplomatic post hinge on Gumbi's report

However, Business Day has a copy of a provisional statement of Boesak's Standard Bank current account, showing a deposit of R40 000 on October 15 1993, and a copy of the credit slip, showing the drawer as the foundation

The salaries account in the foundation's general ledger shows an entry of R40 000 in favour of Standard Bank on September 30 1993 and an entry of R23 000, also in favour of Standard Bank. Boesak's current account statement reflects a R23 000 deposit a day later.

The salary Boesak declared to donors and the Receiver of Revenue was R8 800, according to a letter by foundation chairman Jan de Waal, dated December 20

The salaries account also shows entries between June and November 1993 totalling R74 149 marked "Dr Boesak", "Dr B" and, in one case, "Dr Bonus". All the payments — one of which was for R36 000 — are in addition to Boesak's salary On February 28 this year there was an entry for R49 744, marked "Home Loan Dr B".

An analysis of the foundation's expenditure showed 78% of its income — R1,16m — was consumed by "staff loans" in the year to February, while R259 000 went on projects intended by Scandinavian donors to help apartheid victims

In 1992, 61% of income — close to R600 000 — was lent to staff

To Page 2

Accounts

From Page 1

Consultant Arthur Sweet, who conducted the research for lawyers representing DanChurch Aid in SA, said a mere R30 000 had been repaid.

"It appears it was never the intention to repay the loans," Sweet said. "They were written off as expenses at the end of each financial year."

Gumbi said Boesak had deposited R581 000 of his own in insurance payments to clear debts to the foundation's urban discretionary fund.

A further $5 000 paid to Boesak as an honorarium by a US university had also been deposited.

Boesak had not mentioned the insurance policies to investigating lawyers because the Office for Serious Economic Offences had removed the relevant documentation, she said

However, lawyers said Boesak was given numerous opportunities to explain himself while he had the documents but failed to do so. One such occasion was a meeting between Boesak and legal representatives at the Swedish embassy in Cape Town, in the presence of diplomats, on February 8.

Attempts to contact Boesak to discuss the accounts yesterday were unsuccessful.

Campaign launched to clear name

Boesak offered a 'fresh start' by Mandela

(259)

BD 25/4/95

TIM COHEN

CAPE TOWN — Government officials said yesterday President Nelson Mandela's statement that Allan Boesak deserved a high diplomatic posting should be seen in the light of government's policy of allowing past offenders a chance of a new start.

Seeking to explain statements made by Mandela to the Foreign Correspondents' Association yesterday, senior government sources said the President's statements reflected an overall government stance of letting bygones be bygones

Following the publication of a government-sponsored report which found no evidence that Boesak had stolen money from his aid organisation, Mandela said Boesak was a gifted young leader who "deserves a senior diplomatic post"

Meanwhile, Boesak said he intended to launch an international campaign to clear his name This would include contacting Swedish and Danish premiers in an effort to regain a position in the Foreign Affairs Department

Commenting on police investigations into missing Foundation for Peace and Justice funds, Boesak said the government report showed there was no evidence of wrongdoing, so charges being investigated by police should be dropped

"Is it not right that I should be kept hanging in the wind for two or three or four years while this investigation is going on"

He had not resigned from Foreign Affairs but had merely withdrawn from the posting to the UN in Geneva. "I am now looking forward to the meeting — which the President promised as a matter of urgency — where the next step will be discussed " Taking legal action against the foundation's funders was not legally possible, but Boesak said he intended contacting Swedish Prime Minister Ingval Carlsson about the "blatant lies" Swedish aid agency Sida had told. These included allegations about the involvement of his wife Elna's company Camelot Communications in the misappropriation of funds

"He (Carlsson) needs to know that the people who work for Sida have done things in a way that I think shame the Swedish government and the Swedish people."

Boesak said there was a consistent story in the Press, that he had been given R900 000 for a project that had been deposited in the bank accounts of his wife's company "That was a lie Sida knew that was a lie and never said it was not true "

He expected a public apology from Danish aid agency DanChurch Aid, withdrawal of charges by the organisation and a discussion on the "restoration" that could be made in the light of the suffering he and his family had experienced

Boesak said the government report and the one compiled by DanChurch Aid had found that R480 000 had been given to him over a three-year period. But somehow Danchurch Aid had later claimed this figure exceeded R1m "My conclusion is that R480 000 doesn't sound sensational enough, but R1m does."

He said legal steps should be taken to recover from former foundation employ-

☐ To Page 2

Boesak

(259) BD 25/4/95

☐ From Page 1

ees Freddie Steenkamp, Lucille Fester, Calvin Smith and Sandra Vlotman money which he alleged they took through unauthorised loans. He denied that he had taken unauthorised loans.

Boesak was accompanied at the news conference by members of the Police and Prisons' Civil Rights Union, who released a statement welcoming the government report's finding. Popcru executive member John Jansen said Popcru had never believed "the people's leader" was guilty. He called on the ANC to "do the moral thing" and install Boesak at the UN or in a post of a similar profile

Office of Serious Economic Offences director Jan Swanepoel said the investigation into the foundation was at a fairly early stage Auditors had yet to be appointed. Investigations generally took about six months, but the case involving the foundation was complex and every avenue had to be explored

● Comment: Page 18

R2 million hunt for pension fund fraudsters

(259)

ARG 25/4/95

Political Correspondent

TENDERS have been called for forensic auditors to join a team tracking down multi-million rand pension fraudsters in a R2 million probe launched by the Western Cape government

Provincial Health Minister Ebrahim Rasool announced this yesterday at the start of debate of province's social services budget

The R2 million price tag of the investigation, he said, was a small price to pay when measured against the huge losses suffered through pension fraud

If thieves and big-time syndicate fraudsters were not checked, projections indicated that they would get away with as much as R240 million this year a staggering R20 million a month.

The projected loss for the national welfare department is R1 billion

Mr Rasool said "I am committed to taking very decisive steps in eliminating the recurrence of this large-scale abuse of taxpayers' money, and the robbing from the most vulnerable groups in society, the aged and the disabled, of money they are entitled to"

The "continued public outcry for government accountability needs to be encouraged we have a responsibility to maximise every cent given to the government and need to ensure that no stone is left unturned if civil servants make themselves liable to this type of fraud"

With this in mind, he had set up an independent commission to "pinpoint the sources of the alleged fraud" and to develop a computerised system "to address the current situation which is fraught with inadequacies, both managerial and technical"

In addition, forensic auditors would be employed to conduct a full-scale investigation, backed by a team comprising an economist, a banker, a lawyer, observers from the attorney-general's office and a social security expert

Another technical team is being asked to find computer hardware [illegible] to manage cash payouts within the department, and to network nationally and locally with the present payout system administered by the company Nisec

Progress reports on these investigations will be handed monthly to Minister of Finance Kobus Meiring, the director-general of the provincial administration, the attorney-general and the provincial standing committee on finance

Speaking later in the debate, Nationalist legislator Themba Nyati said the province could no longer afford pension fraud

But he warned that it would be "a waste to buy technology if it does not bring about the savings that are anticipated"

Mbeki stands by report on Boesak

(259)

ARG 25/4/95

CLIVE SAWYER, Political Correspondent, on tour with Deputy President Thabo Mbeki

SYDNEY — Deputy-president Thabo Mbeki stands by the report which cleared former ambassador-designate Allan Boesak of alleged mishandling of funds.

And he says he is surprised that lawyers for DanChurch Aid have contested the report, because a report of their own based on the same documentation had produced the same results.

But he said it was possible a probe under way by the Office for Serious Economic Offences could turn up new information. For this reason, this investigation should run its course.

Mr Mbeki, on a tour of Australasia and Malaysia, said the DanChurch report, which had accused Dr Boesak of enriching himself, had been produced under great pressure of time.

He said legal advisers had informed him that DanChurch had produced no new evidence to back its claims of abuse of funds by Dr Boesak.

● Dr Boesak said today that his accusers had never given him the chance to defend himself.

"I knew my salvation lay in speaking to these people. I was never given the opportunity to defend myself," Dr Boesak said in a radio interview.

Lawyers for DanChurch Aid, the donor agency which alleges that Dr Boesak's Foundation for Peace and Justice diverted between R2 million and R3 million intended for apartheid victims, has rejected the inquiry conclusion.

"Our answer is that Dr Boesak substantially enriched himself at the expense of the foundation. We have compelling evidence to that effect," lawyers said in response to Mr Mbeki's exoneration of Dr Boesak.

Dr Boesak said he was going to Denmark to see what could be done about the DanChurch allegations.

"I'm going to talk to the Danish government about these people's conduct," said Dr Boesak.

● Mbeki in Australia, page 29.

Boesak slams DanChurch probe

CT 25/4/95 (259)

DR ALLAN BOESAK yesterday accused DanChurch investigators of "showing an inexcusable contempt for basic human rights"

DanChurch's lawyers challenged him to explain why he declared a salary of only R8 000 to the taxman while actually drawing R20 000 and more a month

They also challenged him to produce the names of the organisations he claims gave him personal grants.

Dr Boesak said yesterday that "lots of money" had been given to him by organisations that knew he had no formal pension, and who told him "they wanted me to use it for myself and my family"

He had put these funds into a discretionary fund of the Foundation for Peace and Justice (FPJ)

All this had been controlled by FPJ book-keeper Mr Freddie Steenkamp

DanChurch Aid (DCA) secretary-general Mr Christian Balslev-Olesen said from Copenhagen yesterday that Dr Boesak had not been able to document his innocence and had given no explanation of what had happened to R1,3 million to R2m in aid

DanChurch's chief investigator, Mr Greg Knott, said yesterday he found it strange that Dr Boesak had not supplied the government investigator, Ms Mojanki Gumbi, with the names of organisations he claimed had given him money for private use

"Why didn't he mention this in January to try to save his UN job in Geneva?" Mr Knott asked

Dr Boesak had instead directed DanChurch investigators to Mr Steenkamp "Now that we've spoken to Fred, Dr Boesak accuses us of disregarding his human rights"

Dr Boesak said DanChurch based their findings on "unsubstantiated" reconstructions by Mr Steenkamp, but Mr Knott said bank statements had been obtained to reconstruct a cash book.

Dr Boesak accused DanChurch of deliberately going out of its way to prove he was guilty of misconduct, regardless of the evidence

Opposition parties yesterday lashed the attempted exoneration of Dr Allan Boesak as a politically inspired cover-up

Democratic Party leader Mr Tony Leon said Mr Mbeki's release of a report by his "in-house" legal adviser had seriously undercut the investigation by the Office for Serious Economic Offences

The National Party said the status of the so-called investigation conducted by Mr Mbeki's legal adviser was questionable — Political Correspondent, Political Staff, Special Correspondent

● See Page 4

such debts for black people

PICTURE: ALAN TAYLOR | helps to define a nation You either — come, Mr De Klerk said

'Holidays could cost R276m'

CT 25/4/95

SPECIAL CORRESPONDENT

JOHANNESBURG: Making Friday a national school holiday had set a "dangerous precedent" and could cost mines up to R276 million in lost profits this long weekend, organised business said yesterday

But the Congress of South African Trade Unions (Cosatu) was adamant that the new holiday system was justified

South African Chamber of Business economist Mr Bill Lacey said the decision to make Friday a school holiday was "irresponsible", as it encouraged families to turn Thursday's Freedom Day and Monday's Workers' Day into a five-day long weekend

Chamber of Mines economist Mr William Houtman said the mining industry stood to lose up to R276m in profits if production ceased on all five days The government would lose millions in taxes and SA would lose over a billion in foreign exchange, he added

But Cosatu's Mr Neil Coleman accused businessmen of being interested only in squeezing "the last drop of profit" out of workers He said critics of the new system were "elitist and racist" since the debate had become topical only because black unskilled workers were now guaranteed holidays by law

Top pay for Buthelezi's adviser

CT 25/4/95

POLITICAL STAFF

THE man who played a major role in advising Inkatha to withdraw from the constitution-making process has been appointed Chief Mangosuthu Buthelezi's special adviser — at a yearly salary higher than the chief justice

Replying to a question yesterday from Democratic Party MP Ms Dene Smuts, Chief Buthelezi, Home Affairs Minister, confirmed that Dr Mario Oriani-Ambrosini was receiving a yearly salary, paid by the state, of R336 000 before tax

Chief Buthelezi said he had been appointed for the period from July 1, 1994 to June 30, 1995

He was required to follow legislative, constitutional and institutional activities "and processes at national or provincial level" and to advise Chief Buthelezi on "any matter which may be related to my functions, tasks and responsibilities"

Chief Justice Michael Corbett is paid an annual salary of R314 000.

Mangope: N West to act

CT 25/4/95

SPECIAL CORRESPONDENT:

JOHANNESBURG. The North-West government is to institute legal proceedings to recover over R5 million from former Bophuthatswana president Mr Lucas Mangope.

The move follows recommendations of the Skweyiya Commission of Inquiry into alleged corruption in the former homeland.

The commission reportedly found that Mr Mangope used state funds to acquire personal assets and pay for improvements on his Motswedi, Zeerust home.

The report suggested that some of Mr Mangope's assets be sold to recover state funds.

Boesak back in line for senior govt post

CT 25/4/95

259

POLITICAL STAFF

DR Allan Boesak, cleared by a government probe of misappropriating Scandinavian donor funds, is back in line for a senior government post.

President Nelson Mandela said yesterday that Dr Boesak now "deserved" a senior diplomatic posting.

Reacting to Mr Mandela's remark, well-placed government sources said yesterday that there were senior diplomatic openings in Portugal and Denmark.

However, a UN-linked post was more likely

Dr Boesak claimed yesterday that he was still in the employ of the Department of Foreign Affairs

But his statement was contradicted by a recent statement to Parliament by Foreign Minister Mr Alfred Nzo

Mr Nzo said in a parliamentary mini-debate "Dr Boesak requested the President to withdraw his appointment to Geneva because of the investigations into the Foundation for Peace and Justice He is therefore no longer in the employment of the Department of Foreign Affairs"

Of his fitness for future public office, Dr Boesak appealed yesterday for "consistency"

He said there were people in the present government who held office previously in a system that "abused children and tortured people"

There were people who had stolen "millions and millions", but they had never been brought to book

Boesak remains under a cloud

(259)

Political Staff

ALLAN Boesak's chances of a political comeback have worsened since some African National Congress leaders have not come out clearly in his favour.

A member of the ANC's disciplinary committee said the Danchurch Aid and the Office for Serious Economic Offences investigations would carry more weight than Deputy Minister Thabo Mbeki's report.

ARG 26/4/95

However the committee would consider action against Mr Boesak only once there was overwhelming evidence.

Any punishment would be severe as misappropriation of funds meant for the poor was "a betrayal of everything the ANC stands for".

● It is incomprehensible that the government should consider offering Dr Boesak an overseas post, the Democratic Party has said.

Aid agency's books show R137 000 was drawn to pay Diners Club

(259) BD 26/4/95

DREW FORREST

A TOTAL of R137 000 was drawn from Allan Boesak's Foundation for Peace and Justice over seven months to pay the Diners Club, an inspection of the foundation's books discloses.

According to Arthur Sweet, the consultant who investigated the foundation's finances for lawyers Bell, Dewar & Hall and scrutinised the vouchers, Boesak was the only member of the organisation with a Diners Card.

The money was drawn from the travel allowance account of the foundation between February and August 1993

The books, which were seen by Business Day, also showed that in the financial year ending February last year, a total of R161 826 was spent by foundation members on travel Most of this, Sweet said, went on foreign trips undertaken by Boesak. Included in the R161 286 is R40 000 moved to the "crisis account", apparently in a bid to minimise the figure for accounting purposes.

Funded by Scandinavian donors, including churches, the foundation was set up to aid victims of apartheid

Interviewed yesterday, Boesak said he could not comment on the Diners Club payments because all the foundation's records had been removed by the Office for Serious Economic Offences. "I have not been given the opportunity to look at those books and so am not able to respond."

On the magnitude of the travel costs, Boesak said it was standard practice to charge all his travel expenses, including those incurred on non-foundation work, to the foundation and to repay them later.

Yesterday Business Day reported that it had documentation showing the transfer of R63 000 over a fortnight from the foundation's salaries account to Boesak's personal account Boesak said these might have been accumulated salary payments, as there were occasions when donors were unable to pay his monthly salary The salary he declared to donors and the Receiver of Revenue was R8 800 a month. But it was difficult for him to comment without access to the foundation's books

He denied that the mysterious "urban discretionary account" had been used to deposit money from the foundation so that it could not be traced by auditors. It had been funded from other sources to pay for humanitarian and political projects which were "dangerous" and could not be exposed, he said

According to the foundation's bookkeeper, Freddy Steenkamp, money was transferred from the foundation as and when the discretionary account needed funds. Boesak had specifically asked for the account to be kept separate from the foundation's records

The reconstruction of the account, large-

☐ To Page 2

Boesak

(259) BD 26/4/95

☐ From Page 1

ly from Steenkamp's memory, suggested that at least R463 000 was drawn by Boesak and R152 000 by his wife, Elna, between January 1991 and March 1993 for personal expenses

These included home loans, home renovations, furniture purchases, repayments on Boesak's BMW and Lancia and the cost of Boesak's wedding celebration

☐ Due to editing errors, there were inaccuracies in yesterday's report headlined "Accounts do not tally with adviser's report" The R49 744 entry marked Home Loan Dr B in the salaries account was for February 28 last year — not this year, as stated — and the analysis of the foundation's expenses indicated that 78% of its income went on loans last year, not this year as implied.

Mandela's office denies envoy post for Boesak

(259)

■ POLITICAL STAFF

President Mandela's office yesterday denied reports that Dr Allan Boesak would be appointed ambassador in Lisbon.

"We know nothing about it," said presidential spokesman Parks Mankahlana.

He was reacting to a report by the SABC's Channel Africa, quoting diplomatic sources in Brussels, that the Government intended sending Boesak to Lisbon and that Portugal had been informed of the posting.

Mankahlana also played down a statement by Mandela that Boesak deserved a high diplomatic post.

Mankahlana's comments came amid indications that an attempted political comeback by Boesak would run into strong opposition from influencial quarters within the ANC.

An ANC disciplinary committee member yesterday said investigations by DanChurch Aid and the Office for Serious Economic Offences would carry more weight than Deputy President Thabo Mbeki's report, as the former were perceived to be independent.

Star 26/4/95

Limbo

The committee would take "severe" action against Boesak if the allegations against him were proved.

The ANC's Western Cape region has already said it would advise against rescuing Boesak from political limbo.

Boesak withdrew from the appointment after Danish and Swedish aid agencies DanChurch Aid and Sida instigated investigations of his Foundation for Peace and Justice.

Mbeki's report clears Boesak of the charges, but the Office for Serious Economic Offences is still investigating his affairs and the aid agencies have stated their intention of sueing Boesak for lost funds.

'Too early to judge Boesak'

Political Staff (259) ARG 27/4/95

THE African National Congress says it is too early to make an informed judgment on Allan Boesak and doing so now would be a travesty of justice.

However, the organisation reiterated its "unqualified support" for Advocate Mojanke Gumbi who unilaterally cleared Dr Boesak of alleged misappropriation of funds meant for the victims of apartheid.

In a statement, the ANC said everyone, including Dr Boesak, was constitutionally entitled to basic norms of justice in the form of fair investigations and hearings.

The ANC said all interested parties should give the Office for Serious Economic Offences (Oseo) a chance to finalise its investigations.

The Democratic Party and National Party — whose allegations of a cover-up were rejected by the ANC — should furnish the Oseo with whatever proof they had, instead of "throwing tantrums".

'Onus now on Boesak's accusers'

PRESIDENT Nelson Mandela said last night that the government had investigated allegations that Dr Allan Boesak had "based his claims to be innocent on hunting and finding" evidence against him.

He said on SATV that those challenging the government's findings to produce cogent reasons for doing so was now on them.

Reports

Asked whether Dr Boesak could expect to be given some position in the government, Mr Mandela ducked the question, saying that this was for Deputy Foreign Minister Thabo Mbeki's staff to consider.

Dan Church Aid net secretary Mr Johannesburg legal adviser, Ms Molahlehi, contributing legal reports to discuss the Church's stand on justice.

The meeting, between Mr Mbeki's legal adviser, Mr Andrew Gumbi, a senior partner in the firm Dewar and Hall.

Mr Mbeki, the ANC's legal affairs chief, a cover-up by the ANC and Democratic Party.

Dr Allan Boesak had their criticisms of the inquiry into racism.

"It claimed Boesak was based on the report of the Mandela said.

Meanwhile, Dr Allan Boesak had alleged that Dr Michael Mandela said.

Gumbi said the government had "cleared" Dr Allan Boesak of the report.

Mbeki said yesterday a "gross miscarriage of justice" by Dan Church's lawyers "a stalling" of the report.

"We are astonished that a legal document, Mr Leon said, "when it demanded to know from the DP and NP how it could reach an informed judgment on evidence of fomented violence in the Mandela Mr Freddie Steenkamp, who had himself admitted misappropriation of PP funds.

The ANC said it demanded the Mr Mbeki, Mr Andrew Gumbi, Dewar and Hall.

The meeting, between Mr Mbeki's legal adviser, Ms Molahlehi, contributing legal reports to discuss the Church's stand on justice.

Mr Mbeki said yesterday to discuss the report of racism.

"It claimed Boesak had

Denel to set sights on Africa

(254)

CT 27/4/95

LINDA ENSOR

LONDON: Arms manufacturer Denel is about to embark on a major marketing drive in Southern Africa.

It is to offer to refurbish and upgrade the equipment of the countries' armed forces as well as overhaul services and other support equipment.

Jane's Defence Weekly reported in a lengthy special feature on South Africa yesterday that this strategy was based on a recognition that Africa's military leaders were cutting down their defence expenditure and making do with what they have.

The journal quoted Defence Minister Mr Joe Modise as saying that if African countries co-operated in the procurement, maintenance, upgrading and refurbishment of defence equipment, then "a viable defence industry could be established in the continent that would lower costs and decrease dependence on foreign suppliers".

'Project was Boesak's house'

(259)

DREW FORREST

FURTHER questions have been raised about the R851 000 allegedly used by Allan Boesak to clear his debts to the Foundation for Peace and Justice.

At a briefing in Pretoria on Wednesday, Deputy President Thabo Mbeki's legal adviser Mojanku Gumbi disclosed that a quarter of the R851 000 — R246 000 — came from the sale of Boesak's Vredehoek house in 1991.

However, the foundation's bookkeeper Freddie Steenkamp and its chairman Rev Jan de Waal say R120 000 of the money used to buy the house originally came from the foundation itself BD 28/4/95

Under oath in sequestration papers, Steenkamp said he gave De Waal R120 000 from the foundation for the "Lavender Hill housing project". He says De Waal later told him the project was in reality Boesak's Vredehoek house.

An entry in the foundation's rural ministries account on September 26 1990 reflects a withdrawal for the Lavender Hill project of R120 000

At the briefing, Gumbi also said the bulk of Boesak's repayments to the foundation came from four insurance payouts in early 1990, totalling R512 000.

However, inspection of the reconstructed book entries on which Gumbi relied indicates that one of these, for R200 000, was a

☐ To Page 2

Boesak (259) BD 28/4/95

☐ From Page 1

banker's acceptance, not an insurance payment.

According to Steenkamp, foundation funds were regularly invested in acceptances to secure a better rate of interest, and the books reflect this practice.

Gumbi said she was satisfied the policies were Boesak's, but could not release the relevant documents because of pending civil action by donors DanChurch Aid to recover missing funds. The question of how he paid for the policies fell outside the scope of her investigation, she said.

Gumbi's recently released report suggests Boesak, far from misappropriating donor money, is actually owed a substantial amount by the foundation.

At the briefing, Gumbi also confirmed that the mysterious urban discretionary account — kept separate from the foundation's records and allegedly used by Boesak for personal expenses — held foundation funds. In an interview this week, Boesak denied this, saying the account was funded from other sources, including his own earnings.

Gumbi strongly denied receiving instructions to find in Boesak's favour. "My brief (from Mbeki) was simply to establish whether Dr Boesak was fit for diplomatic office," she said. While she had found no evidence of wrongdoing, she had never said Boesak had not misappropriated funds.

Boesak yesterday declined to comment, saying he had been advised against answering media questions because of pending civil litigation.

Yesterday President Nelson Mandela's spokesman Parks Mankahlana scotched rumours that Boesak would be offered an ambassadorial posting to Portugal. Mbeki was still exploring the question of Boesak's future, he said.

Referring to the Danish donors, who have rejected Gumbi's report, Mankahlana said: "On the one hand we have long-standing foreign supporters of the ANC and on the other a seasoned anti-apartheid campaigner. It's a delicate situation which must be handled with care."

SABC radio reports DanChurch lawyers this week held a "secret" meeting with Mbeki's office in Johannesburg to discuss the lawyers' and Gumbi's reports.

Aid agency adamant about misappropriation

Furore over Boesak funding continues

(259) Star 28/4/95

HOW could a legal practitioner in the service of the presidency make such an elementary error, asks DP's Leon

■ POLITICAL STAFF and SAPA

The Danish aid agency DanChurch Aid maintains it has evidence that Dr Allan Boesak had misappropriated aid money and is preparing to take legal action to recover its funds.

This was confirmed by DanChurch's lawyers, Bell, Dewar and Hall, against the background of allegations that the author of the SA Government report that appeared to clear Boesak last week had based part of her findings on a "gross" misreading of DanChurch's response to her report — which she submitted to it before going public.

DP leader Tony Leon said advocate Mojanku Gumbi, whose report found "no evidence" of wrongdoing by Boesak, was wrong to assert that DanChurch had admitted that its report on Boesak's handling of funds was in some instances "wholly incorrect"

A subsequent ANC statement, slamming the DP and the NP for their criticism of Gumbi's report, was based on Gumbi's "gross misreading" of the DanChurch response.

Leon said the DanChurch response had merely summarised Gumbi's belief that the donor body's report was for the most part "wholly incorrect". It had then devoted 18 pages to "making it abundantly clear" DanChurch rejected her conclusions.

"We are astonished that a legal practitioner in the service of the presidency should make such an elementary error when reading a simple document."

Leon said the ANC would do the people of South Africa a great service if it obtained from Boesak an explanation of missing funds which he had conspicuously failed to give to either the donor organisation or the intended recipients of the money.

Gumbi said on Wednesday her investigation into the allegations against Boesak had made no finding on whether he was innocent or not.

She said the crux of the report she had prepared for Deputy President Thabo Mbeki's office was that no evidence had yet been presented that Boesak misappropriated aid funds given to his Foundation for Peace and Justice. He should be presumed innocent until proved guilty

The ANC said the DP and NP should come to terms with the fact they had lost last year's election and remained minority parties It said every citizen, including Boesak, was constitutionally entitled to basic norms of justice, fair investigations and a fair hearing

Government officials, meanwhile, denied reports that Boesak had been offered the ambassadorship to Portugal. Both presidential spokesman Parks Mankahlana and Foreign Affairs officials stated categorically that Boesak had not been offered the post.

Mbeki in bid to clear dispute over Boesak inquiry findings

ARG 28/4/95 (259)

CLIVE SAWYER
Political Correspondent

MELBOURNE — Deputy President Thabo Mbeki will today discuss with lawyer Mojanke Gumbi reports that she said he had misinterpreted the findings of her investigation into Allan Boesak and Danchurch Aid funds

He declined to comment on the reports until he had spoken to her

Ms Gumbi was reported as distancing herself from Mr Mbeki's claim that her investigation had cleared Dr Boesak

Mr Mbeki said at the weekend that Ms Gumbi's investigation had found there was no backing for claims Dr Boesak had substantially enriched himself at the expense of Danchurch Aid

Ms Gumbi said her investigation found only that no evidence had been presented yet that Dr Boesak had misappropriated funds given by Danchurch Aid to his Foundation for Peace and Justice.

Danchurch Aid lawyers said earlier Mr Mbeki's comments were a cover-up

● Mr Mbeki completes the last leg of his Australian tour tonight with an address marking the 50th anniversary of the United Nations

Today he holds discussions with Brian Howe, Australia's deputy prime minister and minister for housing

WEEKLY MAIL & GUARDIAN
April 28 to May 4 1995

"The government has investigated the allegations against Dr Boesak and found they were baseless"
— Nelson Mandela on TV

"We cannot comprehend the logic of the president relying on the findings of an in-house and, therefore, clearly not impartial, legal adviser"
— DP press statement

"A sterling investigation"
— ANC press statement

"We reiterate our unqualified support for Advocate Gumbi's findings on the matter"
— ANC press statement

"We are astonished that a legal practitioner in the service of the presidency should make such an elementary error when reading a simple document"
— Tony Leon, DP leader

"... the ANC is involved in a cover-up action"
— NP press statement

"The allegations levelled against the ANC by the DP and NP of a cover-up must be rejected with contempt"
— ANC press statement

The Boesak saga: Thabo Mbeki's legal adviser misread the DanChurch lawyers' report; Mbeki himself

(259) WM 28/4 - 4/5/95

The bungling that produced a

The presidential report "exonerating" Allan Boesak is threatening to blow up in the face of the ANC, report **Justin Pearce** and **Stefaans Brümmer**

ADVOCATE Mojanku Gumbi this week admitted that her findings on the Boesak affair were inconclusive — but it was too late to stop President Nelson Mandela and Deputy President Thabo Mbeki from publicly declaring that her report had cleared Dr Boesak

Gumbi's admission late on Wednesday came after the ANC had taken a battering from opposition parties alleging a cover-up By that stage the president was saying Boesak deserved a "high diplomatic post"

The Gumbi report — a three-page dismissal of a three-month investigation and 600-page report by attorneys Bell, Dewar and Hall on behalf of Danish funders DanChurchAid — appears a superficial analysis, based on at least partial misinterpretation of the DanChurchAid report The ANC adopted her report at face value, issuing a series of statements trashing the critics and ignoring the obvious errors.

Mojanku Gumbi: Superficial analysis based on misinterpretation PHOTOGRAPH THEMBA HADEBE

From Mandela down, the ANC also ignored an 18-page point-by-point rebuttal of Gumbi's report by Bell, Dewar and Hall

Speaking at a press conference hastily convened at the Union Buildings on Wednesday evening, Gumbi admitted that evidence incriminating Boesak could yet come to light Without pointing fingers at either Mandela or Mbeki, she warned against interpreting the report as a victory for Boesak.

"The report has definitely been misinterpreted by people who say Allan Boesak has been cleared," she said

Government has yet to offer a satisfactory explanation why Mbeki requested the investigation at a time when the Office for Serious Economic Offences (OSEO) is continuing its own investigation into Boesak's affairs Gumbi herself admitted that if the OSEO were to find fresh evidence against Boesak, then "justice must run its course"

Mbeki's parliamentary councillor Essop Pahad denied it would be an embarrassment to the government if Boesak were to receive a senior diplomatic posting, only to be forced to resign again if further evidence resulted in criminal charges being brought against him DanChurchAid has already started to pursue civil action against Boesak

Pahad insisted that the assumption of innocence until guilt was proven must prevail in the case of Boesak and that the ongoing OSEO investigation must not stand in the way of Boesak's career He pointed out that there are as yet no criminal charges against Boesak — the OSEO is an organ the Justice Department and not the police

Yet it was the OSEO's announcement of its intention to investigate charges that precipitated Boesak's resignation as ambassador-designate to the United Nations in Geneva February this year — and Gumbi's report changes nothing as far as the OSEO investigation is concerned

Advocate Tommy Prins, who is heading the OSEO investigation, said this week that he hoped the investigation would be finished "by the end this year" — implying that the OSEO is still sifting through a far greater quantity of evidence than was avail

And now the lawyers are at each other's

BELL Dewar and Hall, the lawyers engaged by DanChurchAid to investigate Allan Boesak's Foundation for Peace and Justice (FPJ), are adamant there is "compelling evidence" that Boesak enriched himself from donor money But Mojanku Gumbi, Deputy President Thabo Mbeki's legal adviser, says she has seen no such evidence

These two diametrically opposed conclusions were reached on the basis of the same set of facts In the best tradition of the defence lawyer, Gumbi attempted to undermine the Bell Dewar and Hall argument by questioning the reliability of their witnesses and the logic of their conclusions And Bell Dewar and Hall hit back with an incisive critique of Gumbi's findings

The attorneys responded in detail — 18 pages of it — to Gumbi's three-page report They say they originally thought her three-page document was merely a press statement which would accompany a more extensive account of Gumbi's investigation They and DanchurchAid were "surprised" to learn the contrary

Although both sides have steered away from developing their differences into a personal battle, there was some escalation on that front on Tuesday when Gumbi said on a radio show that she had discounted the Bell Dewar and Hall findings, among other reasons, "because of the manner in which the investigation was carried out"

She claimed the investigation "bordered on the unethical" because of "threats" made to FPJ bookkeeper Freddie Steenkamp, their main source, and because the lawyers' 18-page rebuttal had "admitted" that their original report was "in certain instances wholly incorrect"

It is clear from reading the Bell Dewar and Hall reply that Gumbi has totally misread their alleged "admission" — which is no more than a paraphrasing of Gumbi's own report

Democratic Party leader Tony Leon on Wednesday lashed out at Gumbi for this misinterpretation, pointing out that the lawyers were "simply summarising Advocate Gumbi's own statement"

"We are astonished that a legal practitioner in the service of the Presidency should make such an elementary error when reading a simple document," Leon said

A spokesman for Bell Dewar and Hall said they were "extremely unhappy and staggered" by what Gumbi said, adding they would "respond via appropriate channels"

The spokesman also denied their report had mentioned "threats" — apart from a threat of civil action, which was "normal practice"

Gumbi's findings and subsequent contentions, as well as Bell Dewar and Hall's rebuttals are

Gumbi: There were basically only two allegations against Boesak That personal payments to him and his wife had been made from the FPJ's Urban Discretionary Account and that "it appears as if Dr Boesak 'borrowed' money from the foundation over three years".

Bell, Dewar and Hall: The allegations (as contained in their original 600-page report) go much further — Boesak misappropriated funds by drawing a salary greater than he was entitled to, by borrowing from the foundation without authorisation, and by paying personal debts and expenses from foundation accounts

Gumbi: The financial statements relating to the FPJ's Urban Discretionary Account had gone missing by the time Bell Dewar and Hall made their investigation The investigation therefore relies on a reconstruction of the books "from memory, I believe" by Freddie Steenkamp (the FPJ bookkeeper) "To draw conclusions from these entries would be dangerous "

Bell Dewar and Hall: Although the books were missing, Steenkamp's reconstruction is supported by bank statements and other documents

Gumbi: If we accept Steenkamp's reconstructed version of the Urban Discretionary Account, Boesak took R612 862 from the account — but R851 400 of Boesak's personal funds and insurance policies were deposited into the same account The foundation therefore owes Boesak R238 538

Bell Dewar and Hall: We cannot see how Gumbi arrived at the figure of R851 400 or how she determined that money paid into the account came from "personal funds" And Boesak had made no attempt to prove his ownership of such insurance policies during the lengthy investigation.

Gumbi: A summary of staff loans prepared by Bell Dewar and Hall says Boesak "borrowed" R1 139 439 from the foundation This is contradicted by an inspection of individual entries, which amount to only R95 799

Bell Dewar and Hall: The R95 799 came from just one of many FPJ accounts, the Debtors Loans Account. The full amount that Boesak was unable to account for originated from *several* FPJ accounts and totalled R1 139 439 Gumbi "regrettably misunderstood" this

Gumbi: Boesak left his financial affairs in the hands of Steenkamp, who saw fit to deposit Boesak's personal funds into foundation accounts The sum of Boesak's personal money deposited into the Debtors Loans Account exceeded the amount he had removed. A life insurance policy of R159 609 in the name of Boesak, deposited into the account, more than covered the withdrawals amounting to R95 799

Bell Dewar and Hall: Boesak did not, at the time of our investigation, mention any such deposits of insurance policies "We believe that, with respect to the legal advisor (Gumbi), this explanation is a recent invention by Dr Boesak " Boesak had neither tried to show ownership of the policies nor had he authorised us to inspect records with the insurance company. Besides, where did Boesak get funds to pay for these insurance policies — totalling more than R500 000 — and why did he deposit them into foundation accounts without the benefit of interest when his personal accounts were often overdrawn?

Gumbi: Boesak was unable to produce documents proving his ownership of the insurance policies since these documents had already been subpoenaed by the OSEO by the time he was confronted with Bell Dewar & Hall's allegations

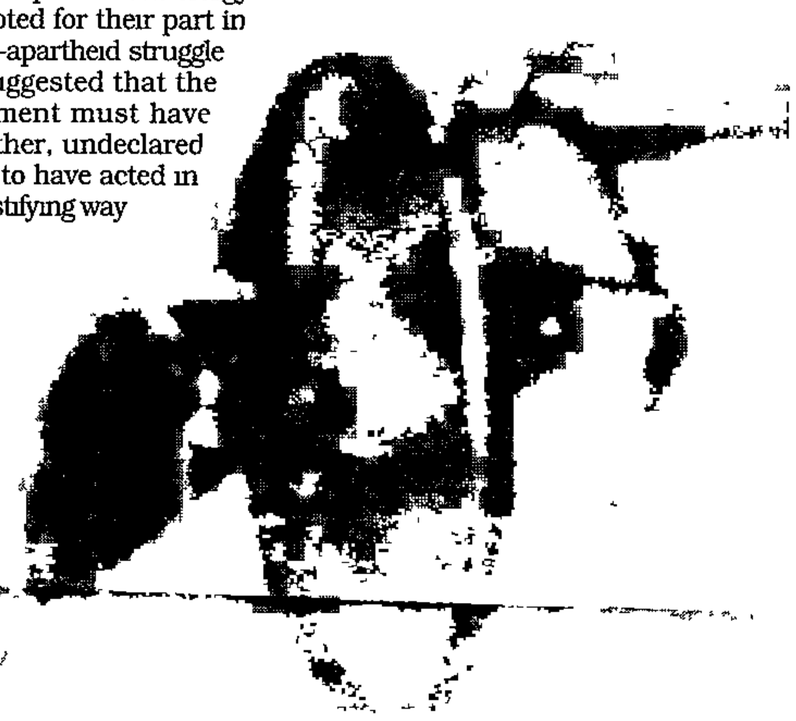
"I would expect a public apology"
— Allan Boesak

"We see absolutely no grounds to respond to Allan Boesak's demand for a public apology"
— DanChurch Aid

"Allan Boesak is one of the most gifted young men in the country .. he deserves a very high diplomatic post"
— President Mandela

misread his legal advisor's report

whitewash



'le either to Bell Dewar and Hall or Gumbi.

Gumbi's "investigation" was conducted at Mbeki's request within limited terms of reference — apparently with the only intention of picking holes in the evidence presented by Bell Dewar and Hall

The function of the report was to enable Mbeki to report back to Mandela on what decision should be made regarding Boesak's career.

While the ANC has officially come out in strong support of Boesak, describing Gumbi's report as a "sterling investigation", it is clear that Boesak's "rehabilitation" carries great potential for division in the organisation

ANC sources in Boesak's political heartland of the Western Cape were sharply divided in their reactions to Gumbi's report.

Some echoed Mbeki and Mandela in assuming that the report was proof of Boesak's innocence and expressed "that the same old Allan Boesak we knew" was back in the fold But others were horrified by the ANC's endorsement of a report which seemed to pre-empt the OSEO investigation, fearing that the party and the government were heading for a damaging embarrassment if the OSEO should decide that criminal charges were appropriate. It is doubtful that the ANC has much to gain by keeping Boesak on board. While he still commands a certain loyalty among a handful of activists and parliamentarians, he is far from being a potential vote-catcher for the ANC

Meanwhile, Boesak's apparent exoneration has met with disbelief and condemnation by fellow clergy, including from within his own church

Several prominent clergymen, noted for their part in the anti-apartheid struggle have suggested that the government must have some other, undeclared agenda to have acted in this mystifying way

throats

Bell Dewar and Hall: The subpoena took place more than a week after our findings had been made public — and we went to great lengths to consult Boesak during the course of the investigation

Gumbi: There is nothing to suggest that misappropriated funds were deposited into Boesak's personal accounts — or disposed of in any other way.

Bell Dewar and Hall: Money deposited into Boesak's personal account from the foundation accounts is well in excess of his supposed monthly salary of R8 800 Moreover, there was in fact no need for Boesak to take cash from the foundation and place it into his private bank account — "he used the foundation's bank account as though it were his own"

Payments to Boesak were not all made into his bank accounts — for example, ledgers show foundation money being used to pay off Boesak's home loan directly

Gumbi: The excessive payouts to Boesak in certain months are a result of the irregular cash flow experienced by organisations dependent on donor funding If Boesak received an excessive salary payment in one month, this was because he had gone without a salary in preceeding months

Bell Dewar and Hall: Foundation books show that during the 1993/94 financial year Boesak received a total of R249 420 over and above his regular salary — an average of more than R20 000 a month extra

Bell Dewar and Hall's original report reproduces an account entry which shows that over R400 000 from the Children's Trust, of which Boesak was a trustee along with Archbishop Desmond Tutu and the Black Sash's Mary Burton had been transferred to the foundation The money, which had been donated by rock star Paul Simon after a concert tour in South Africa, never found its way to needy children Tutu and Burton resigned from the Children's Trust earlier this year

It seems Gumbi never examined the transfer from the Childrens' Trust to the FPJ because her terms of reference were restricted to funds misappropriated by Boesak for his personal benefit.

Mr Fix-it turns into Mr Fluff-it

Anton Harber

DEPUTY President Thabo Mbeki has been the Mr Fix-it of the new government. But this week, he has been looking more like Mr Fluff-it.

President Nelson Mandela has been handing on responsibilities — particularly his most pressing crises — to his first deputy and his hand-picked choice for successor.

He had Mbeki deal with Chief Mangosuthu Buthelezi's demand for international mediation. He also made him deal directly with the dismissal of his estranged wife, Winnie Mandela, and the investigation into Allan Boesak. He sent him to the North-West province when an ugly political schism developed between Premier Popo Molefe and MEC Rocky Malebane-Metsing; and he handled the tough, last-minute negotiations with the far-right that brought General Constand Viljoen into the elections.

Mbeki is an obvious choice for these prime ministerial tasks, schooled as he is in diplomacy, negotiation, tact and charm, combined with an astute political cunning

Populist allies: Deputy President Thabo Mbeki

But in recent weeks Mbeki has had a bad run. the dismissal of Winnie Mandela was so badly handled it had to be done twice: the rehabilitation of Allan Boesak very quickly took on the look and feel of a crude whitewash, intended to pre-empt a police investigation; and he has succeeded only in fuelling the ire of the Inkatha Freedom Party leader.

What is happening to the deputy president, one must ask, especially since Mandela's retirement date cannot be too far off.

Have you ever seen a picture of Mbeki in a squatter camp? No, but you probably did see the picture of him celebrating his birthday with business tycoon and bribery fugitive Sol Kerzner; and you have seen many pictures of him playing statesman-in-waiting in world capitals.

But this is only part of the picture, because his closest allies in the ANC are in the populist wing, most clearly represented by Winnie Mandela, Bantu Holomisa and Peter Mokaba. Those are the three legs of his support base, which he so assiduously cultivates: business, international support and the left wing of the ANC. Quite an unlikely combination, but it says a lot about the versatile character of the ANC chairman.

Mbeki was schooled in exile, having left the country soon after his father was imprisoned with Mandela. When ANC President Oliver Tambo needed an aide de camp, he first asked Chris Hani. Hani opted instead for a military role, and Tambo chose Mbeki.

What Mbeki knows, he learnt at Tambo's feet. His diplomacy, his style, his speaking manner, his ability to win over enemies — all these are traits picked up from years of accompanying and watching the highly respected late ANC president.

Tambo's greatest achievements were his ability to hold the ANC together under difficult circumstances, and his skill at putting a human and friendly face on the organisation. These priorities are deeply ingrained in Mbeki from his exile experience.

This may explain why Mbeki has placed such a high premium on ANC unity, sometimes above sound political judgment. His tactic in relation to Mrs Mandela, Malebane-Metsing and other problem personalities has been consistent: keep them in the ANC, at almost any cost, and win over their support base.

When Mbeki returned home in 1990, he was known to the business community, having been the ANC's front-man in dealing with them for some years, and was familiar to the cosmopolitan diplomatic network, having headed the ANC's international department. But he did not have a popular base. Nor did he set out to build one. He was seldom seen at ANC branch meetings, he declined many speaking engagements, he kept a low media profile and did not make a point of being seen among the homeless and landless, as Hani did. It was as if he knew that his style, his approach, his strengths, lay elsewhere.

And so they did. For what he did was play a shrewd, behind-the-scenes political game I once asked a close associate of Mandela whom the ANC leader listened to. "Whoever says what he wants to hear," was the answer, "and Thabo is the shrewdest at knowing what he wants to hear." Mandela duly chose him as deputy president.

Mbeki also swopped favours with the populists Not having a mass base of his own, he ran up credits with those who did — credits that he would be able to call in when it came to elections for party leadership. It was a tactic that set him off from his chief rival for the succession, ANC general secretary Cyril Ramaphosa, who had been sharply critical of Mrs Mandela from an early stage.

It was striking that Mokaba was one of the first to give public support to Mbeki in the party chairmanship elections, and has already come out in early support of Mbeki as Mandela's successor.

That was typical of the political chess game in which Mbeki is grandmaster. Anticipating his rival's moves, planning three steps ahead, building up solid defences and putting all his pieces in place for a concerted attack — these are the game-playing traits of Mbeki, making him such a formidable political player.

He is not deputy president because of what he stands for, because he is ironically in much the same pragmatic ideological camp as Ramaphosa. It is his skill at choosing allies, building up and calling in favours, and playing the endgame in the corridors and on the telephone.

He is also prone to playing an Africanist ticket when it suits him. It is seldom public, but people around him have said that he knows exactly when and with whom he can successfully play on the sense of an African — rather than a black or a South African — identity.

And, in recent weeks, he has been whipping up an anti-press sentiment within the ANC. In the caucus and the ANC national executive, he has been blaming the media for the party's recent troubles, and cultivating a fear that a hostile press will keep anti-ANC news in the headlines in the build-up to the November elections.

All of which makes Mbeki a fascinating character to watch in the running for the next presidency.

THE BOESAK AFFAIR

(259)

Thabo's troubles

FM 28/4/95

Far from laying the Alan Boesak affair to rest, Deputy President Thabo Mbeki's announcement clearing Boesak of misappropriation of international aid has raised more questions than it answers It also threatens to severely tarnish the ANC's credibility both at home and abroad It could also be damaging for the image of Mbeki — a man strongly tipped as a successor to President Nelson Mandela

Mbeki must have known that the results of the one-person inquiry conducted by his

Continued on page 49

Continued from page 44

legal adviser, Mojanki Gumbi, would start an outcry, as they pre-empted an investigation by the Office for Serious Economic Offences (Oseo)— and contradicted an earlier investigation carried out for Danish aid donor DanChurch by respected Johannesburg law firm Bell, Dewar & Hall

The inquiry concerns an amount of between R2m and R3m missing from DanChurch funds that were allocated to Boesak's Foundation for Peace & Justice (FPJ) It was suspected that Boesak substantially enriched himself from the aid — which he strenuously denies

Danchurch will almost certainly take legal action to recover the grant money — Bell, Dewar & Hall were taking instruction on the issue at the time of going to press

Mbeki said on Saturday that far from misappropriating funds, the Gumbi report showed that Boesak was owed more than R230 000 and added that he was only guilty of inadequate supervision of the fund However, Bell Dewar & Hall described aspects of the Gumbi report as incorrect, preposterous and logically absurd

Furthermore, Bell, Dewar & Hall

- Reject Gumbi's suggestion that the crucially important evidence of foundation bookkeeper Freddy Steenkamp was unreliable because he admitted misappropriating funds — it is extremely unlikely that Stenkamp would have lied in order to incriminate himself,
- Reject Gumbi's suggestion that records of the foundation's discretionary account are unreliable because the reconstructed account had 360 entries based on Steenkamp's memory — instead, the account was reconstructed using bank statements,
- Say there is compelling evidence that Boesak "substantially enriched himself at the expense of the foundation" and point out that there is still R1,3m unexplained acquisition from the fund, excluding Boesak's salary,
- Say Gumbi ignores Boesak's elastic salary which in 1993/1994 brought him nearly R250 000 more than his due They point out that Boesak's salary was R8 000 a month and yet he spent and was paid R30 000 a month and payments for his Constantia home bond came from the FPJ;
- Dispute Gumbi's claim that Boesak repaid a R612 000 debt to the FPJ's urban discretionary account, through R851 000 of his own money in the form of insurance payments and personal grants (the lawyers cannot ascertain how the figure was arrived at or how it was determined that the grants were personal,
- Ask where Boesak acquired the money to pay for policies amounting to R500 000, why he banked personal insurance money in the foundation's account, why the policies were not mentioned in his divorce agreement with his ex-wife and mooted separation agreement with his current wife and why the policies had been used to repay a R100 000 loan which had not yet been advanced, and
- Believe Gumbi mistakenly included revenue from the sale of Boesak's Vredehoek House, which was, in fact, bought with R120 000 paid to the foundation's Lavender Hill urban project and charged to its rural ministries project.

But the final say will go to the Oseo, which began its investigation on February 10 with a high-power team including an advocate and a Commercial Branch major

Oseo director Jan Swanepoel, commenting on the fact that the report was issued prior to the completion of his organisation's investigation, says "If Gumbi's brief was merely to review the findings of Bell Dewar & Hall, that is one thing On the other hand, if she tried to establish whether there were grounds for criminal prosecution, I would have thought she should have spoken to us — particularly as she didn't have access to the information we'd obtained"

It is possible that Mbeki was over-eager to clear Boesak's name, but more likely that he was naive and acted without due regard for the weight of the Bell, Dewar & Hall conclusions or for the consequences of anticipating the Oseo investigation The result is that he has neither exonerated Boesak nor covered himself with glory

SMILING THROUGH: Boesak expresses his relief after being cleared by an inquiry However, his prospects are reduced to a hope that he will be offered a job by the person in the ANC to whom he feels closest — President Mandela

allow themselves to forget."

Clearly his belief that he is a victim of other people's perceptions has not served as a workable cop-out Nor is he let off the hook by admitting to being a lousy manager, then saying at least this gave him energy to pursue the struggle

His strengths — politics and diplomacy — he upholds as redeeming beacons The flaws to which he concedes (bad book-keeping and seizing up at the sight of figures) do not describe adequately the reality that has been aired in public again this week. "If anything, my life seems to be more of a celebration of God's mercy than a tragic mourning of mishaps," he says.

FORGET the sticky fingers. Instead, think along with Boesak to the future and "all those challenges out there". At least he can rely on his own memories to sustain him. Judging from these, he cannot be all bad.

Long before the Dutch tones gleaned at Holland's Kampern Theological University softened the Western Cape accent, his calling had come

That was at 10, a few years before he began sorting eggs and trimming grape vines on weekends and school holidays in Somerset West

Being a pastor for 23 years (from the age of 22) was a highlight.

So was the World Alliance of Reformed Churches. At 36 he was its youngest president.

No way does this theological firebrand intend throwing in the towel. He is currently writing a book he describes as "a biblical reflection of the past few months: the truth about all of this and me as a person, and the people who come in and out of my life"

Allan Boesak, the person I get to know a little today, is, by his admission, emotional and romantic. By dint of his involvement with his own feelings, he involves me too I hold on to my seat when the going gets rough.

From what I can tell, he is both spontaneous and a careful planner, he trusts easily yet he is suspicious He is involved in the pursuit of — as well as in the covering up of — the truth.

In this protracted phone conversation his voice is at times sad and thin but it does not tell of a crack-up. The day will be saved by family (five kids), books, music and Elna.

HE describes her as "a very extraordinary person — very lively, bright, intelligent, challenging". Even as he recalls the "painful divorces" that led to his resignation from the church, one feels that she is a great source of strength.

His Christian faith will no doubt help counter the hate campaign to which he feels subjected, what he calls "this calculated attempt to taint the good things"

It will be a balm to the discouragement, the hurt and anger he feels Allan Boesak is as close to rock bottom as dammit, but when he ascends from the ashes it will come as no surprise A tragic figure? What tragedy?

"I see myself as some one who has gone through trials and tribulations an every time, since I was kid, I have been given power to rise up and experience new opportunities."

FACING THE PRESS: Allan and Elna Boesak after a stormy meeting with Danish church officials, who alleged he had misused aid funds

CONT

Weary Boesak down but not out

Star 29/4/95 (259)

AS NEWS of the DanChurch aid scandal crossed newswires countrywide this week, Dr Allan Boesak found himself back in the spotlight. MAUREEN ISAACSON spoke to him.

IT IS a meeting with a difference, separated by a thousand miles we are connected by a telephone line and imagination. I can hear Elna Boesak shrieking with laughter in the background when her husband Allan tells me he is wearing a blue tracksuit.

Relying on last night's television news conference visuals of the stocky 1,57m man, Elna at his side in shocking pink, I hook into the quiet, early-morning sleepy, compliant voice.

This is the voice that in the 1980s made its shrill cry against apartheid, the voice that told it like it was for the United Democratic Front, putting the World Alliance of Reformed Churches in touch with the struggle; an involvement that led to the suspension of the Hervormde Kerk and the Dutch Reformed Church.

IT IS a voice that has alternately preached and pleaded innocence, a voice that now resounds with wear and strain as its owner struggles to catch his balance between news broadcasts that alternately exonerate and damn him.

And the weariness tells not simply of a man who has suffered the indignity of the jokes and snipes of radio deejays, of strangers who point and whisper in supermarkets. The sound of something breaking in the voice tells of the immeasurable loss of this sometime man of the cloth whose life has, at 49, done a total turnabout.

Today, instead of the Table Mountain view from the wind-free Constantia house he once owned and now describes as "gloriously private", from his small, rented Muizenberg home he sees only sky and trees.

Boesak can forget about the ambassadorial post in Geneva and nobody is saying anything about Lisbon at the moment, either. Future prospects are reduced to a hope that he will be offered a job by the person he feels closest to in the ANC: President Mandela.

Yup, he sure will take whatever job he gets but "something concrete" is preferable. "To help build the democracy I have helped fight for, to be able to preach on Sundays and have a spiritual connection with that congregation I'm not sure if I'm asking too much, if I'm not wanting to eat my cake and have it too."

Today we will not talk about Boesak's appetites, for we have agreed to steer clear of the DanChurch aid scandal.

A broaching of his feelings about the subject has me stopped dead in my tracks by the voice that rasps now with anger and accusation. All he will say is: "This is not the time to apportion blame. But for each one of us who has been involved in this situation, it is time for us to take responsibility for whatever we may have done or left undone."

Unable to describe how he handles loss, Boesak acknowledges it nonetheless.

He ascribes this loss not to the possessions he has kissed goodbye (God willing he will own a home again), but rather to the "respect and love" that is no longer his.

"I symbolise something for a lot of people that was a very warm human relationship that will have to be found again."

IT could well be that if Boesak wishes to recover from this dire loss of face and return to the other side of the mountain, his self is the first thing he will need to find.

Although this kind of soul-searching requires a lot of good, hard looking, today we are not here to probe his mistakes.

"We are all sinful in one way or another," he says. "What we go through is self-inflicted. But my afflictions have followed me simply because people would not

ANC 'owed' Boesak

Government denies 'whitewash' payback for multi-million donation aid

ARG 29/4/95 (259)

■ Politicians say the real reason the ANC-controlled government is bending over backwards to reinstate Dr Boesak is to repay him for "services rendered" in brokering a multi-million foreign donation for the party

GLYNNIS UNDERHILL
Weekend Argus Reporter

ALLAN Boesak brokered a multi-million rand pre-election foreign donation to the African National Congress last year — and parliamentarians now suspect this is the real reason why a grateful ANC-led government is so anxious to whitewash him.

Dr Boesak confirmed this week he had brokered a Malaysian donation of "several million rands" which helped the ANC win last year's elections

The government yesterday dismissed claims it could have been influenced in releasing its favourable report on Dr Boesak as a "payback" for services rendered to the ANC

The report had "not been commissioned on the basis of party-political interests" and no attempt had been made to "whitewash" Dr Boesak, said deputy president Thabo Mbeki's spokesman, Thami Ntenteni Mr Mbeki is also ANC chairman

However, Democratic Party leader Tony Leon said yesterday revelations about the Malaysian funds posed a "huge question mark" over the report on Dr Boesak released by Mr Mbeki The allegation now existed it could be "pay-back time", he said

"The question has to be posed about what the real motive was behind this attempt to try to provide a rather slipshod, superficial smokescreen behind which Allan Boesak could renew his public role — presumably for services rendered to the ANC," said Mr Leon

In an interview with Weekend Argus, Dr Boesak confirmed he had been instrumental in securing the substantial Malaysian donation to the ANC during the elections last year

He declined to give details of the Malaysian source of the funds A reliable source claimed Dr Boesak had used his close contact with donors in Malaysia to bring in "several million" for the ANC when the organisation was in a tight spot during the elections

"I am not saying anything Whatever I did was out of loyalty to the ANC," said Dr Boesak While confirming his part in the Malaysian donation, he refused to take full credit for it — donors often had just needed to hear the name of Nelson Mandela to offer their help, he said

Mr Mbeki's legal adviser, Ms Mojanku Gumbi, yesterday refuted all claims that her report had been "slipshod or superficial" and said she had no knowledge of money Dr Boesak had raised for the ANC

Ms Gumbi said her report had not been an attempt to "clear" Dr Boesak's name — but, as she had found no evidence to back allegations Dr Boesak had misappropriated funds, he should remain innocent until proven guilty

Mr Ntenteni said there had been enormous pressure on the government to respond to the allegations levelled at Dr Boesak at the time the Nordic funding agencies had accused him of "substantially enriching himself" with funds intended for the poor, he said

■ To page 3

Boesak 'brokered huge donation' (259)

■ From page 1

ARG 29/4/95

"We had to come up with a response and it could have gone either way," he said

Dr Boesak has still not received any offers of a government or ANC post

Mr Mandela said last week Dr Boesak deserved a high diplomatic post after Ms Gumbi said there was no evidence to prove he had misappropriated foreign funds

Mr Leon said the government inquiry on Dr Boesak had the appearance of a "whitewash" The report issued by Ms Gumbi lacked the substance to deal with allegations levelled against Dr Boesak by Nordic funding agencies and their lawyers, Bell Dewar and Hall, Mr Leon told Weekend Argus

The most worrying aspect was the use of State legal advisers to gain party-political advantage, he said

"Ms Gumbi's report has raised more questions than answers and removed the Boesak saga from the backburner into the forefront of political controversy," said Mr Leon

Mr Mbeki's intervention at this time had "muddied the waters", he said

"It has seriously undercut, if not fatally undermined, the investigation into Dr Boesak being undertaken by another agency of the government, the Office for Serious Economic Offences

"While Mr Mbeki issued his report in his capacity as Deputy President, we should not lose sight of the fact that Mr Mbeki is a senior ANC leader He appears to have confused both these roles in an attempt to cleanse Mr Boesak — and the ANC — of any involvement in wrong-doing"

Mr Leon said issues "not tackled at all" in the inquiry included the matter of Dr Boesak's salary, which was declared as R8 000 a month, yet he often received R30 000, said Mr Leon

The government report into the funds row claimed R851 400 of Dr Boesak's own money was paid into the Foundation for Peace and Justice — made up of Dr Boesak's own insurance money and grants made to him from other organisations.

Mr Leon said President Mandela and Mr Mbeki "clearly exercised major errors of judgement" over this affair

The report relased last year by lawyers Bell Dewar and Hall, acting on behalf of Nordic funding agencies which channelled millions of rands into Dr Boesak's Foundation for Peace and Justice, implicated the ANC in the row over the misuse of the funds intended for social upliftment programmes

Funds allegedly were diverted from the foundation to finance travel by ANC campaigners during last year's elections, claimed the former financial director of the foundation, Freddie Steenkamp

The Office for Serious Economic Offences (Oseo) told Weekend Argus this week only its investigation on the defunct Foundation for Peace and Justice would really "bear weight"

The decision of the Attorney-General would be the final one on the matter, according to Mr Jan Swanepoel, director of the Oseo

Mr Swanepoel said he had been "surprised and taken aback" by Mr Mbeki's announcement, which was made while the police investigation was continuing

Donation may be key in Boesak aid saga

(259) Star 29/4/95

LYNNIS UNDERHILL and NEWTON KANHEMA

)ME parliamentarians suspect that a multimillion-nd pre-election foreign donation to the ANC that lan Boesak brokered last year is the reason for an NC attempt to whitewash him.

Boesak confirmed this week he had brokered a Ma-ysian donation of "several million rands" which con-ibuted to the ANC's election success year.

The ANC yesterday dismissed these claims.

The report on the Boesak affair, compiled by Deputy resident Thabo Mbeki's legal adviser Advocate Mojan-ku Gumbi, had "not been commissioned on the basis of party-political interests" and no attempt had been made to "whitewash" Boesak, said Mbeki's spokesman Thami Ntenteni.

However, DP leader Tony Leon yesterday said reve-lations about the Malaysian funds posed a "huge ques-tion mark" over the Gumbi report. The allegation now existed that it could be "payback time", he said

"The question has to be posed about what the real motive was behind this attempt to try to provide a rather slipshod, superficial smokescreen behind which Boesak could renew his public role — presumably for services rendered to the ANC," Leon said.

Leon said the government inquiry on Boesak had the appearance of a "whitewash". The Gumbi report lacked the substance to deal with allegations levelled against Boesak by Nordic funding agencies and their lawyers Bell Dewar and Hall, Leon said.

UNDER FIRE: Advocate Mojanku Gumbi, who compiled the report on Dr Allan Boesak

The most worrying aspect was the use of state legal advisers for the purpose of getting party-political advantage, he said.

"Whatever was intended with Ms Gumbi's report has completely backfired. All it has done is raise more questions than answers and removed the Boesak saga from the backburner into the forefront of political controversy," Leon said

Boesak confirmed he had been instrumental in securing the substantial Malaysian donation to the ANC during the election

He declined to give details of the Malaysian source of the funds A reliable source claimed Boesak had used his close contact with donors in Malaysia to meet them and bring in "several million" for the ANC when the organisation was in a tight spot during the election.

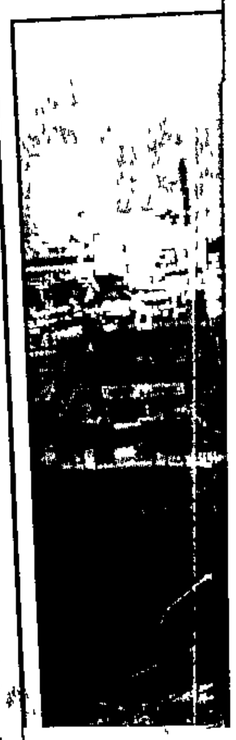
"I am not saying anything Whatever I did was out of loyalty to the ANC," said Boesak. While confirming his part in the Malaysian donation, he refused to take full credit for the donation — donors had often just needed to hear the name of Nelson Mandela to offer their assistance, he said

Yesterday Gumbi denied all claims that her report had been "slipshod or superficial" and said she had no knowledge of money Boesak had raised for the ANC

Her three-page report presented to the press had been merely a summary of her detailed findings, she said.

"I have two files at home, consisting of annexed documents, and my own findings. I have now presented these to the press. Don't forget I have been working on this report since February," she said.

TO PAGE 2



♦ Boesak saga

Star 29/4/95 (259)

Gumbi said her report had not been an attempt to clear Boesak's name, but as she had found no evidence to back allegations that Boesak had misappropriated funds, he should remain innocent until proved guilty

Gumbi reportedly came under fire from fellow lawyers this week. Lawyers Bell Dewar and Hall, for DanChurch Aid, described her finding as "preposterous and illogical".

In response, Gumbi said. "I don't need a second opinion. I know who I am. That criticism does not bother me"

Gumbi, an experienced South African lawyer and a graduate of Turfloop and Wits universities, called a news briefing where she explained how she had arrived at the findings announced by Mbeki.

Gumbi was worried that her report was being misinterpreted by politicians as a report that exonerates Boesak.

"My briefing was that the president (Mandela) wanted to make a decision on the future of Boesak, and in view of allegations of him having misappropriated R1,2-million, I was (instructed) to investigate whether there was any supporting evidence to the allegations of fraud There was no evidence

"Dr Boesak has not been (found) innocent or guilty by our office. Our report does not affect the investigation of the Office for Serious Economic Offences," Gumbi said.

See Page 4

yesterday.

Boesak a perjurer?

CP 30/4/95 (259)

BY DESMOND BLOW

ALLAN BOESAK may have committed perjury in the divorce action by his first wife Dorothy and again when his second wife, Elna, threatened to bring a divorce action against him, if the findings of Thabo Mbeki's legal adviser Mojanku Gumbi are correct.

In sworn affidavits in both actions Boesak denied having any large assets and said that the only insurance policies he owned were ceded to Dorothy in their divorce settlement

Yet now he has claimed that he had policies worth more than R500 000 which he claims he ceded to the Foundation for Peace and Justice.

But he has not proved that these policies belonged to him or who paid for them

Indications are that the beneficiary was in fact the World Alliance of Reformed Churches

Yet Advocate Gumbi accepted that Boesak had paid R851 400 of his own money – including money from the insurance policies – into the Foundation's funds and that in fact the Foundation owed Boesak R235 538.

However Bell, Dewar and Hall, attorneys for DanChurch Aid, who have complained that millions of rands from donors to the Foundation run by Boesak have been misappropriated, say that Boesak's claim is unsubstantiated

Boesak is believed to have misappropriated R1 139 439, which includes salary payments far in excess of his approved salary

The lawyers say that Boesak's approved salary, with allowances, was R8 000 a month, but that Boesak had claimed to Gumbi that his salary was actually R28 000 – and that the extra R20 000 a month over four years totalled R1 million.

Boesak never mentioned the inflated salary to them when they queried the accounts He also did not mentioned that he had large insurance policies which he had ceded to the Foundation

"We had specifically asked Boesak to give us an explanation that would enable us to drop our investigation, and he did not," said one of the lawyers

■ To Page 2

Boesak a perjurer?

(254)

■ From Page 1

CP 30/4/95

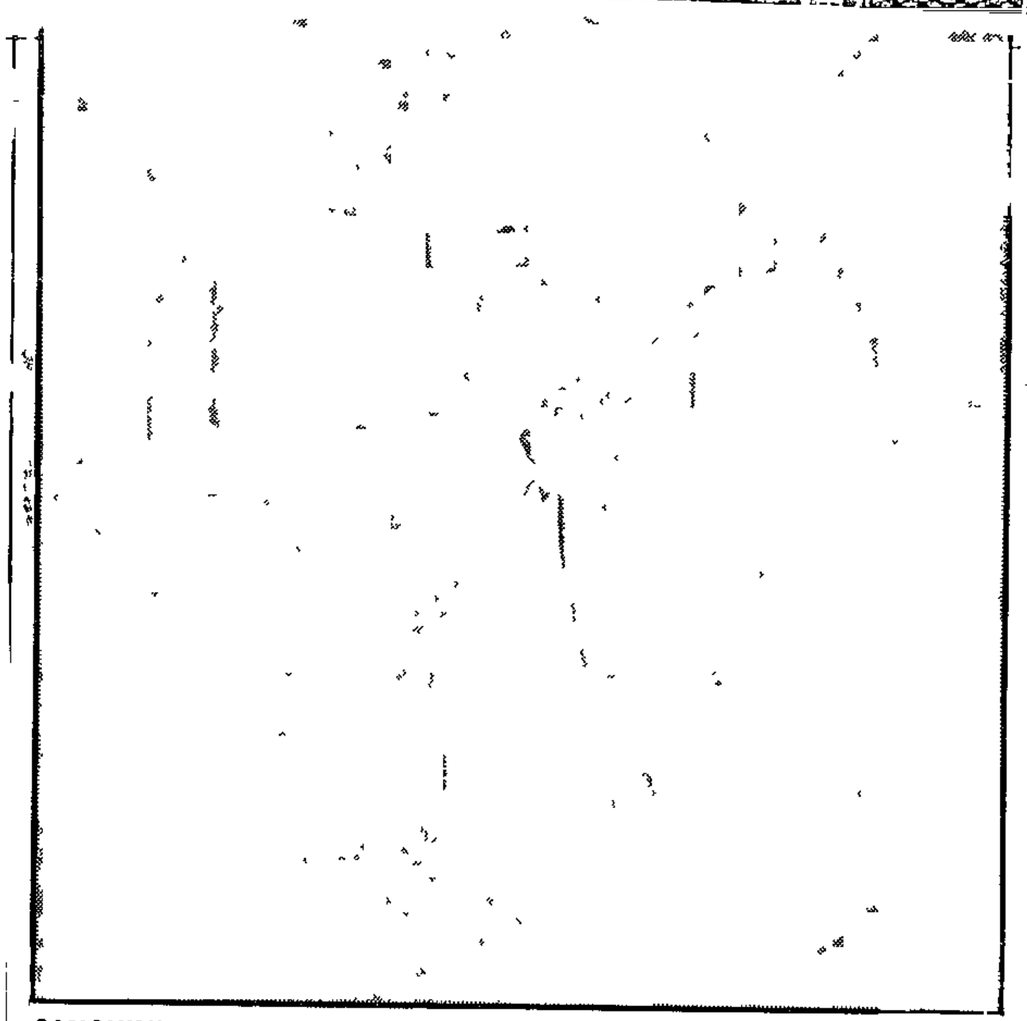
At a press conference at the Union Buildings on Wednesday Gumbi admitted that she had not cleared Boesak of any misappropriation of funds, but merely that she "could find no evidence that he had misappropriated funds".

But the DanChurch lawyers say that Gumbi misread their report and the letter they sent her.

For example, a loan of R10 156 to Boesak in 1991 was claimed by Gumbi to have been repaid by money from an insurance policy – but in fact the insurance money was alleged to have been paid into the Foundation funds six months before the loan was taken out.

A claim in Gumbi's report that she had interviewed Advocate Tommy Prins of the Office for Serious Economic Offences and obtained all the documents they had seized was also disputed by the DanChurch lawyers.

On Saturday Radio 702 alleged that the Office for Serious Economic Offences was investigating another fund controlled by Boesak in which US$2 million had gone missing.



SANGUINE . . . legal adviser Mojanku Gumbi Picture: CHRISTINE NESBITT

PROFILE

(259)

ST 30/4/95

Gumbi: I'm no ANC lackey

ADVOCATE Mojanku Gumbi smiles wryly as she recalls events that have catapulted her into the limelight in the past two weeks

"My philosophy has always been that if the media has not built you, it cannot destroy you," says Mrs Gumbi, who is Deputy President Thabo Mbeki's legal adviser, as she shrugs off the recent media attention.

Mrs Gumbi, 36, is the author of the three-page government report which found no evidence to support allegations that Dr Allan Boesak had misappropriated donor funds from his Foundation for Peace and Justice

It is early on Friday morning and Mrs Gumbi is feeling slightly peeved at the "unfair treatment" meted out by the "liberal white establishment"

The report has drawn the ire of the Danish donor agency DanChurch Aid and local opposition politicians such as Democratic Party leader Tony Leon "Logical absurdity", "whitewash" and "preposterous" are some of the terms that have been used to describe her report

Mr Leon, who was in the same law class as Mrs Gumbi at Wits University in the early 80s, has accused her of making an "elementary error" in her report

In reaction, Mrs Gumbi says "I want to see the Boesak matter in court as the criticism to my report has become very personal and ugly But it would be a waste of emotions to get angry"

She dismisses, with obvious contempt, claims that her report is a cover-up by the ANC to salvage Dr Boesak's scandal-prone political career

"I used all the documents at my disposal to reach my conclusions and I stand by my report Besides, I have never been a member of the ANC," says Mrs Gumbi

She is in fact an active member of the Azanian People's Organisation and when she was offered the government job she loyally took the matter to Azapo's central committee for discussion

"I differ with the ANC on certain issues but I am also a professional and that is how I have been able to work with the deputy president," says Mrs Gumbi

She has been involved in drafting treaties and contracts between South Africa and the international community "We have been dealing with globally important issues, such as the Nuclear Non-proliferation Treaty," she says

"The Boesak matter is definitely not one of my major priorities," she adds

A self-confessed pessimist, Mrs Gumbi has come a long way from the dusty streets of Thaba Nchu in the Free State where she grew up with three sisters

She comes from a family of achievers her mother, Mananga Thubisi, is a recently retired teacher One sister is a lecturer at Turfloop University while another is a school principal Her youngest sister works for the Receiver of Revenue

"When I became involved in the liberation struggle I sincerely believed I was fighting for my children I never thought change would take place in such a short period," says Mrs Gumbi.

A devoted mother, Mrs Gumbi admits that her children — Thami, 10, and six-year-old Kopano — are teaching her how to ride a bicycle. "I find that working for a government and learning from my children how to ride a bike has given me a balanced view of things It's very exciting," she says

Mrs Gumbi has been married for 11 years to Mandla Gumbi, a financial adviser at Spoornet

But her biggest challenge remains in the legal profession and she intends returning to private practice "The legal profession is so conservative that it is one of the last institutions to change Lawyers believe in certainty and change upsets that But I am passionate about change

"This office is also committed to change and shares my vision of transforming our society That has made me very comfortable" — *Jacob Dlamini*

THE SUNDAY MORNING ASSESSMENT

By EDYTH BULBRING

Why did Mbeki act so hastily?

ST 30/4/95 (259)

THABO MBEKI, the man who would some day be president, is nobody's idiot. So why would he so willingly associate himself with an event that makes him look incompetent?

Before his departure for Australia last weekend, the deputy president announced that an investigation conducted by his legal adviser, Mojanku Gumbi, had produced no evidence that former ambassador-designate to Geneva, Dr Allan Boesak, had misappropriated foreign funds.

The report was so flimsy that accusations of "attempted whitewash" seem too generous a description.

In the mess of the saga, people tend to forget that Mr Mbeki is a brilliant and astute politician not given to error.

With his cat-languid charm he plays long-term games. He is deceptively slow to act and seemingly transparent. He concedes small battles to pacify an enemy but returns to destroy when his advantage is greater.

But there is a question mark over the calibre of some of the people he surrounds himself with.

One suggestion put about by concerned Mbeki supporters is that the deputy president was "misled" by the young, bright Mrs Gumbi, who said in her report there was no evidence that Dr Boesak had enriched himself with donor money.

The suggestion is ludicrous. Attempting to mislead Mr Mbeki would be about as successful as trying to convince two generations of South Africans that apartheid was a well-meaning experiment.

Another suggestion is that Mr Mbeki — or the ANC — owes Dr Boesak a favour for favours performed. This may be true, but Mr Mbeki has little to gain by close association with a failed priest and discredited leader. More importantly, should the ANC have been intent on clearing Dr Boesak, it would have done a more thorough job.

To make sense of Mr Mbeki's actions, one should look back to an ANC caucus meeting in the last weeks of the parliamentary session in April.

It was here that Mr Mbeki outlined the "us and them" relationship that had developed between the press and the ANC. He pointed out how the media was dictating ANC decisions and listed the officials who had come under attack, Dr Boesak being one of the victims.

Mr Mbeki's problems with the press are largely legitimate. But the extent to which his suspicion of the media has grown is illustrated by his initiative to secure radio and television slots for government broadcasts.

Mr Mbeki recognises the power of the press to make or break politicians with as little as a slur and a suggestion.

There is evidence that the deputy president's office was so conscious of the impact the Boesak report would have that it carefully analysed and predicted how each newspaper and media outlet would present the story.

It could be argued that the intention behind the Boesak report was simply to cast doubt on Dr Boesak's guilt and consequently, to cast doubt on the authority of the press to proclaim guilt.

Mr Mbeki received Mrs Gumbi's report some two weeks before it was presented. He had also studied a copy of the response from DanChurch Aid lawyers which challenged every point of Mrs Gumbi's report He would have been aware that the Gumbi report would have credibility for perhaps only 24 hours before the holes started appearing.

This did not matter. Mrs Gumbi's findings were leaked by Mr Mbeki's office the night before the findings of the report were announced. The country was treated to declarations of Dr Boesak's innocence in almost every newspaper last Saturday and television viewers were subjected to what seemed like hours of gloating by Dr Boesak and his well-groomed wife, Elna, that night.

It was only on Sunday, after the press had had an opportunity to speak to DanChurch Aid's lawyers, that the Gumbi report was questioned.

The way the Boesak affair was handled certainly has raised doubt as to Dr Boesak's guilt. It has also raised doubts about the authority of a press which one day proclaimed Dr Boesak's guilt and then months later uncritically proclaimed his innocence.

But most significantly, it has raised doubts about the judgment of a man who could be president.

Cycad man suspended

(259)

IN TROUBLE ... housing minister Vax Mayekiso

THE Free State premier, Patrick Lekota, this week suspended his provincial housing minister, Vax Mayekiso, pending the outcome of a corruption investigation.

By RAY HARTLEY
Parliamentary Correspondent

Mr Lekota called Mr Mayekiso into his office and read him the riot act after a filling station dealer in Bafokeng, near Welkom, handed him documents suggesting the controversial minister was using his office for personal gain

All Mr Mayekiso would say about his suspension when contacted this week was "I don't want to wrestle with the premier in the media. I will contest it within the ANC"

Mr Mayekiso was implicated earlier this year in a scandal involving the illegal sale of protected cycads, a matter currently being investigated by the ANC's disciplinary committee.

At the centre of the latest storm is JRN Motors — a BP-owned dealership in Bafokeng The business has been boycotted by members of the African Black Taxi Organisation of Central SA, who claim the dealership should be handed over to them.

The trouble began after the taxi association asked Mr Mayekiso to mediate in talks aimed at wresting the dealership from its owner, a Mr Nkomo.

Mr Mayekiso arranged meetings between the taxi association, Mr Nkomo and BP at his Welkom offices in his capacity as a constituency MP, and a deal was eventually hammered out

As part of the deal, Mr Mayekiso undertook liability for R50 000 in guarantee money should the taxi association fail to honour its commitments

Unhappy with Mr Mayekiso's role, Mr Nkomo cried foul to the premier, handing him three documents, one of which apparently referred to "Mr Mayekiso, trading as JRN motors"

This led Mr Lekota to suspect that his colleague could be gaining from the transaction

Elvis Malakoane, secretary-general of the taxi association, said BP had refused to go ahead with the deal unless the association could find about R50 000 in guarantees to back up its finances

But, he said, Mr Mayekiso stood to gain nothing because the taxi association would end up as the sole owner "It was guarantee money, not working capital," he said

The dealership had previously belonged to the taxi association, but BP had taken it back after the association had a "directors' dispute", Mr Malakoane said

At the time BP had made it clear that the dealership would be handed back to the association as soon as it could guarantee its ability to run it In the meantime, Mr Nkomo had ended up as the dealer

Mr Malakoane said Mr Nkomo had become reluctant to hand over the dealership once Mr Mayekiso's guarantees had provided the necessary backing

Mr Mayekiso is believed to be seeking a discussion on the suspension by the ANC's Free State executive committee at its next meeting.

Mr Lekota's spokesman, Mary Kodisang, confirmed that Mr Mayekiso had been suspended over a property deal in Bafokeng. ST 30/4/95

(viii)

The doctor, the lawyers and the legal adviser

ST 30/4/95 (259) CONT

he had received the said personal grants

They specifically ask why Dr Boesak told his lawyers in a memorandum in May 1992 that "donations and grants from overseas sources are for the use of the foundation it is rare that he receives honoraria for himself personally"

"Dr Boesak by his own admission and contrary to his duty as a trustee, has not kept his own personal money separate from money administered by him in trust. If he is innocent then he should be able to provide an answer to these questions If no answer is forthcoming one is entitled to draw the adverse inference against Dr Boesak that the so-called personal funds are not personal funds at all," a DanChurch memorandum rebutting Mrs Gumbi's report reads.

The lawyers also ask why Dr Boesak did not bother to disclose the existence of his insurance policies when they questioned him and why he would choose to bank his personal insurance in the foundation's accounts. "His failure to do so leads us to believe that the so-called explanation is not correct and is in fact a recent invention by Dr Boesak to try to escape the consequences of his prior actions"

DISPUTE 2: FREDDIE STEENKAMP'S TESTIMONY

MRS Gumbi says DanChurch's evidence against Dr Boesak is drawn mainly from Mr Steenkamp, who has admitted that he stole money from the foundation

She says most of the evidence of financial wrongdoing relating to the Urban Discretionary account is based on recollections and reconstructions entirely from memory by Mr Steenkamp going back four years

Mr Steenkamp, who kept all the financial documents, said he had lost the financial books She also says Mr Steenkamp was threatened with legal action if he did not cooperate with the DanChurch lawyers "Evidence obtained under such conditions should be treated with extreme circumspection."

In their reply to Mrs Gumbi, the lawyers argue that just because Mr Steenkamp admitted to stealing foundation money does not necessarily make him an unreliable witness. They say it is logically absurd to say that "all thieves lie all the time".

They say the reconstruction of the Urban Discretionary account was not done in reliance on unsubstantiated entries but that it was based on bank statements and other documents which showed where money went and where it came from

DISPUTE 3: STAFF LOANS

STAFF loans featured for the first time in the foundation's books in 1990 when Mr Steenkamp became a permanent member of staff Mr Steenkamp allegedly told auditors that the loans were "expenses which were treated as loans because of the legacy of struggle bookkeeping".

However, the audited balance sheets for 1992, 1993 and 1994 disclose no staff loans and were all signed by Dr Boesak Mrs Gumbi says that, in 1990, there was no record of any loan given to Dr Boesak But in 1991, there was an entry of R10 156 She then says that a life policy belonging to Dr Boesak, worth R159 609, was used to repay this loan

But the lawyers hit back

"How could Dr Boesak pay R159 609 into the foundation account to repay a R10 156 loan which had not been advanced yet? Dr Boesak would apparently have us believe he repaid a loan before borrowing it That, with respect, is a preposterous suggestion"

Mrs Gumbi questions the reliability of entries made by Mr Steenkamp showing which staff loans went where "Secondly, while other staff members are reflected as having paid back some portion of their loans, there are no such entries for Dr Boesak," she says.

DanChurch Aid's lawyers responded to this by saying "The reason why some staff are shown to have repaid loans is because they did so There is no evidence other than what has already been taken into account, to show that Dr Boesak repaid his loans"

DISPUTE 4: DID HE OR DIDN'T HE?

IN their initial report, DanChurch Aid's lawyers say the total amount misappropriated by Dr Boesak from the foundation is R1,1-million but Mrs Gumbi says she could only find evidence that he "borrowed" R95 799 from the foundation over a three-year period The lawyers say their figure includes the R95 799 and consists of payments far in excess of his salary and payments made directly by the foundation for debts due by Dr Boesak

They charge that he substantially enriched himself by drawing an inflated salary, using foundation money to settle personal debts and making unauthorised withdrawals from its accounts

In his affidavit, Mr Steenkamp says a substantial amount of money was spent on travelling by Dr Boesak "When it appeared that travelling expenses appeared too high I would allocate certain sums to various projects so that it would appear reasonable Certain travelling expenses were paid for, for example travel by Dr Boesak and Mrs Elna Boesak to Egypt," Mr Steenkamp says

But this has been challenged by Mrs Gumbi who says the trip was paid for by the Egyptian government

Mrs Gumbi says she examined Dr Boesak's personal accounts and there were no entries which suggest that the funds he allegedly misappropriated were deposited there

The lawyers counter by saying a careful examination of Dr Boesak's accounts will show he received money from the foundation substantially in excess of his monthly salary of R8 500

They further argue "There was no need for Dr Boesak to take cash from the foundation and place it into his private bank account — he used the foundation's bank account as though it was his own"

The matter is far from resolved and the Office for Serious Economic Offences says it is continuing with its investigation. At a briefing on Wednesday, Mrs Gumbi said her report did not find on Dr Boesak's guilt or lack thereof.

"This was not a judicial inquiry and if the Office for Serious Economic offences find enough evidence to take action, the law must take its course," she said

She has rejected suggestions that her report is a cover-up "I stand by my report," she said But when asked if her report would serve as a basis for a government decision on Dr Boesak's future, she answered "I don't know"

As for Dr Boesak, his delight at Mrs Gumbi's report appears to have been short-lived DanChurch is considering legal action which may yet land the scandal-prone cleric in a court of law

Sunday Times
30-04-95
(259)

Lawyers acting for a Danish aid agency have contested a government report which said it could find no evidence that Dr Allan Boesak had enriched himself from donor money. JACOB DLAMINI examines the arguments presented by both sides

THE ALLAN BOESAK controversy has degenerated into a "she said, they said" squabble between the government's legal adviser, Mojanku Gumbi, and law firm Bell, Dewar and Hall, acting for Danish aid agency DanChurch

At issue is Mrs Gumbi's report which said she could find no evidence to support allegations that Dr Boesak was involved in the misappropriation of more than R2,7-million intended to assist victims of apartheid in the Western Cape. The funds were donated by DanChurch to the Foundation for Peace and Justice, an organisation headed by Dr Boesak

There are four areas of dispute between the parties. They concern

- The Urban Discretionary account;
- Testimony given by the foundation's former bookkeeper, Freddie Steenkamp,
- Loans given to the foundation's staff members, and
- Whether Dr Boesak misappropriated funds from his organisation.

DISPUTE 1: THE URBAN DISCRETIONARY ACCOUNT

THIS was a bank account operated by the foundation and was intended to hold money for business projects aimed at making the foundation self-sustainable. It was opened without the knowledge of the donors.

According to Mr Steenkamp, the account was opened in 1991, but bank statements show it was opened in 1989 and closed in June 1993.

Both sides are agreed that Dr Boesak and his wife Elna used a total of R612 862 out of the Urban Discretionary account According to Mrs Gumbi, this was part of R851 400 paid by Dr Boesak into the foundation This amount is, she says, made up of money from Dr Boesak's cashed insurance policies and personal grants given to him by other organisations

Mrs Gumbi concludes that since this money belongs to Dr Boesak he is therefore owed a balance of R238 538 by the foundation

But this is hotly disputed by DanChurch's lawyers, who say Mrs Gumbi's report "leaves many questions unanswered" They ask why, for instance, Dr Boesak did not identify which of the deposits made into the account were personal grants or say when

ANC report accused of 'whitewashing' Boesak

Star 1/5/95

■ STAFF REPORTER (259)

The dispute surrounding Dr Allan Boesak continued at the weekend as fresh allegations of an attempt by the ANC to whitewash the scandal-prone former cleric added fuel to the saga.

Boesak himself confirmed last week that he had brokered a Malaysian donation of "several million rands" which had contributed to the ANC's election success, although the ANC has denied these claims

And yesterday Boesak's former friend Dr Charles Villa-Vincencio, professor of religious studies at the University of Cape Town and a former trustee of Boesak's ill-fated Foundation for Peace and Justice (FPJ), said his feelings for the man he was once so close to "vacillated between extreme anger and extreme cynicism"

"I haven't seen the man (Boesak) for six months and have little more insight on the matter, other than what I read in the press," he said

However, he added that the South African Council of Churches was to hold a meeting in Johannesburg this week where the Boesak affair would be among the matters discussed.

The report on the Boesak allegations, compiled by Deputy President Thabo Mbeki's legal adviser Advocate Mojanku Gumbi, has been slammed by opposition political parties as an attempt to whitewash Boesak The report appears to have glaring holes and errors

Despite the report clearing Boesak, the Danish agency Dan-Church Aid maintains it has evidence that he misappropriated aid money, and it is preparing to take legal action to recover its funds

One of the factors being disputed by Gumbi's report is the R851 000 allegedly used by Boesak to clear his debts to the FPJ. Gumbi claims that about a quarter of the amount, R246 000, came from the sale of Boesak's house in Vredehoek, Cape Town, in 1991.

Question mark

But reports last week said R120 000 of the money used to buy the house had come from the foundation in the first place It seems money given from the foundation's bookkeeper to its chairman supposedly for the "Lavender Hill housing project" in reality went towards buying Boesak's house

DP leader Tony Leon said revelations about the Malaysian funds placed a big question mark over the Gumbi report. The possibility that came to mind was that it could now be "payback time", Leon said.

ANC 'payback' for Boesak?

(259)

CHRIS BATEMAN CT 2/5/95

A MASSIVE pre-election donation to the ANC from Malaysia brokered by Dr Allan Boesak may have been the reason why the government probe "cleared" him of misusing Danish funds, the Democratic Party's Mr Tony Leon suggested at the weekend

Reacting to reports quoting Dr Boesak as confirming that he had brokered Malaysian donations of "several million rand" — which contributed hugely to the ANC's election victory — Mr Leon said it was possible Dr Boesak was cleared because it was "payback time"

"The question has to be posed about what the real motive was behind this attempt to provide a rather slipshod, superficial smokescreen behind which he could renew his public role," Mr Leon said

The authoress of the official probe, Mrs Mojanki Gumbi, a top legal adviser in Deputy President Thabo Mbeki's office, has denied any "whitewash" attempt.

'No comment' from Boesak on his future

(259) ARG 3/5/95

Political Staff

ALLAN Boesak, former Foundation for Peace and Justice executive director and South Africa's ambassador-designate to Geneva, is tight-lipped on President Mandela's saying his future depends on the Office for Serious Economic Offences

Last night, a person answering the telephone at Dr Boesak's home said he was "not available to any members of the Press"

Hours earlier, the president's office had outlined Mr Mandela's attitude to Dr Boesak's future, following his clearance by advocate Mojanku Gumbi of allegations of misuse of funds intended for the victims of apartheid

Ms Gumbi had, however, questioned Dr Boesak's managerial skills

Yesterday, director-general in the president's office Jakes Gerwel said Mr Mandela believed that, as matters stood, Dr Boesak had to be presumed innocent until proven guilty

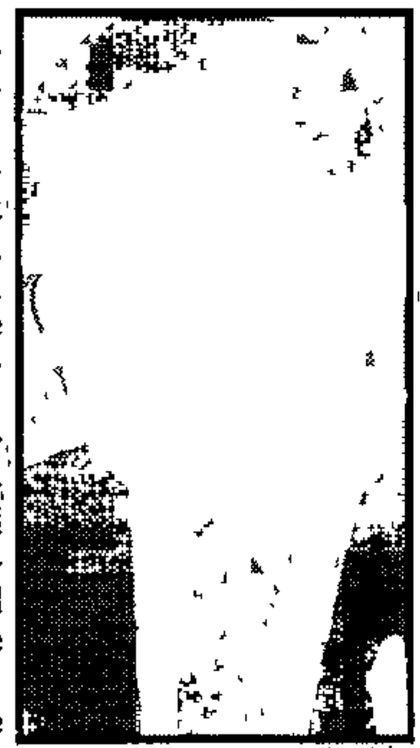
Such proof could not be derived from media reports, nor from the reports of private investigations into his conduct

This had been underlined in Ms Gumbi's report

Mr Mandela accordingly held the view that it could not be expected of him to make a final decision at this stage about Dr Boesak's conduct

Mr Mandela had never stood in the way of an investigation into alleged wrong-doing by Dr Boesak, nor had he suggested that Dr Boesak not be held accountable

He had encouraged the Office for Serious Economic Offences to complete its investigation as soon as possible



Allan Boesak

The government had yet to make a final decision on the appointment of Dr Boesak to any official position, Professor Gerwel said

"Before considering such a step, it would want to establish from the office (for Serious Economic Offences) whether a *prima facie* case of criminal conduct exists

"If no such case exists, the president would wish to make use of this talented and capable person"

However, it would be unfair for Dr Boesak to have to wait a lengthy, indeterminate period for such a decision

Accordingly, the president would approach the office after it had had reasonable time to assess the available evidence

No special treatment of Dr Boesak was expected, but the president was merely asking the office to expedite its decision, which would carry considerable weight and which would hopefully provide a conclusion to the Boesak affair.

In parliament yesterday, the Democratic Party and National Party used the debate on the president's budget speech to lash out at the exoneration of Dr Boesak by Ms Gumbi, legal advisor to deputy president Thabo Mbeki

DP leader Tony Leon said the "fine sentiments" of ANC government members who had promised to maintain higher standards of conduct than those which governed their predecessors had been seriously tarnished by the Boesak affair

NP MP Boy Geldenhuys said the Gumbi report was nothing but an ANC whitewash

If the ANC had paid attention to the National Party's proposal last November that Dr Boesak's appointment be delayed pending the completion of all relevant allegations, the president would not be sitting with his current "headache".

No decision yet over Boesak's future in Govt

(259)

BY PATRICK BULGER
POLITICAL CORRESPONDENT

Cape Town — Dr Allan Boesak's return to favour after a Government report cleared him of enriching himself with donor funds ended yesterday — for now — when the Office of the President said no final decision on his future had been taken.

The statement issued by the office director, Jakes Gerwel, and President Mandela's legal adviser, Fink Haysom, flew in the face of recent comments by Mandela that Boesak would be appointed to a high-ranking diplomatic post after being cleared.

Haysom said the president had not been given a copy of the report by advocate Mojanku Gumbi, legal adviser to Deputy President Thabo Mbeki's office, before it was released to the media last month.

Having been informed that there was no evidence of wrongdoing on Boesak's part, Mandela said Boesak should be made an ambassador.

Before Deputy President Thabo Mbeki presented the report to the media, it was sharply criticised by Dan-Church Aid lawyers Bell, Dewar and Hall in an 18-page reply.

"The Government has, as yet, made no final decision with regard to the appointment of Dr Boesak to any official position," said the latest statement issued by the president's office.

Before considering such a step, the president would want to establish from the Office for Serious Economic Offences whether a *prima facie* case of criminal misconduct existed.

If no such case did, "the president would wish to make use of this talented and capable person"

The statement said Mandela would approach the Office for Serious Economic Offences "after it had a reasonable period of time to assess the available evidence".

The fraud office was encouraged to complete its report as soon as possible

"As things stand, Dr Boesak must be presumed innocent until proved guilty, the president stands by his viewpoint that it cannot be expected of him to make a final decision about Dr Boesak's conduct at this stage."

Star 3/5/95

Mandela puts Boesak on shelf

CT 3/5/95 (259)

ANTHONY JOHNSON

PRESIDENT Nelson Mandela last night put Dr Allan Boesak firmly back on the shelf

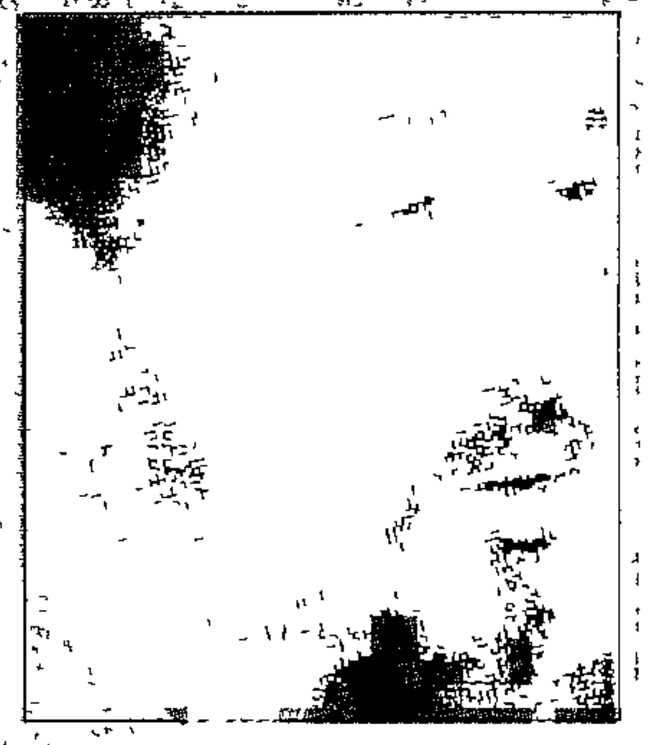
After the President stated only last week that the former ambassador-designate to the UN in Geneva deserved a high diplomatic posting, the President's Office last night made it clear it would rely on the Office for Serious Economic Offences (OSEO) to decide whether Dr Boesak was guilty of criminal misconduct

It also emerged that Mr Mandela and his office were not given prior viewing of the in-house report by advocate Ms Mojanku Gumbi which Deputy President Thabo Mbeki originally used to officially exonerate Dr Boesak

At a hastily-arranged press conference, the director-general of the President's Office, Dr Jakes Gerwel, emphasised that while Dr Boesak must be "presumed innocent until proven guilty", he was by no means off the hook

"The government has yet to make a final decision in regard to the appointment of Dr Boesak to any official position

"Before considering such a step, it would want to establish from the OSEO whether a prima facie case of criminal misconduct exists," he said



WAITING: President's Office director-general Dr Jakes Gerwel, "no final decision at this stage"

However, Mr Mandela believed that it would be unfair for Dr Boesak to have to wait a lengthy, indeterminate period for such a decision

"Accordingly, the President will be approaching the office after it has had a reasonable period of time to assess available evidence."

Dr Gerwel said that Mr Mandela "cannot be expected to make a final decision about Dr Boesak's conduct at this stage" based on Ms Gumbi's report or press reports

This was underscored by the President's legal adviser, Mr Fink Haysom, who said that "a considerable amount of weight" would be accorded the findings of the OSEO in deciding Dr Boesak's fate

Dr Boesak said last night said that he believed the course the President was following was "absolutely the right way of doing things"

He said he was pleased that a decision on his fate would be speeded up, adding that he felt "very, very confident" about the course of events

Missing millions: IEC recovers half

(259) CT 3/5/95

ANTHONY JOHNSON

TAXPAYERS will have to pay for almost half of the R18 million worth of vehicles, equipment and funds stolen from the Independent Electoral Commission

Home Affairs Minister Chief Mangosuthu Buthelezi told Parliament yesterday the IEC had recovered R2,9 million A further estimated R10,6 million was considered "recoverable"

The IEC had lost R6,3million in funds, R4,6m in computer equipment, 99 vehicles, 155 cellular telephones, 383 mobile radios and 633 cameras

It had liaised with the Office for Serious Economic Offences, the SA Police Service and the offices of attorneys-general in a bid to recover the stolen goods

So far 42 cases of fraud had been submitted to the police and R3,3 million in claims had been submitted to the IEC's insurers The IEC had also instigated nine cases of civil litigation

Chief Buthelezi said the police had arrested five people for fraud and one person had been convicted

FPJ probe report may be delayed

CT 4/5/95 (259)

WILLEM STEENKAMP

THE Office for Serious Economic Offences (OSEO) hopes to complete its investigations into financial irregularities within Dr Allan Boesak's beleaguered Foundation for Peace and Justice (FPJ) "within this year", OSEO director Mr Jan Swanepoel said yesterday

This follows an announcement this week by President's Office director-general Prof Jakes Gerwel that the government had not yet decided on Dr Boesak's future

"Before considering such a step, it would want to establish from the OSEO whether a prima facie case of criminal misconduct exists," Prof Gerwel is reported to have said

In reaction yesterday, Mr Swanepoel said "I think it is very important that the normal legal process is maintained"

He said that some had intimated that the President's Office was pressuring the OSEO to conclude the matter, but "we in any case regard the case as urgent"

The OSEO had enlisted the help of the city's commercial crime unit and the office of attorney-general Mr Frank Kahn to speed up investigations

However, Mr Swanepoel said two factors could lead to delays — the appointment of auditors, which has to follow the state tender process, and possible investigation overseas which would require the use of diplomatic channels.

Commission 'would be a model for Africa'

ADRIAN HADLAND

CAPE TOWN — The establishment and successful operation of SA's truth commission would provide an important model for other African countries, UN Human Rights Commission president Carl Norgaard said this week.

Norgaard, 70, who assisted in framing the original draft of the Promotion of National Unity and Reconciliation Bill, said the international community was watching events in SA with "great hope and excitement".

SA had the opportunity to create a model that could help many other African countries deal with their pasts, he said

The Bill, which includes the Norgaard principles, had been substantially improved since the first draft and had a real chance of being successful and bringing reconciliation to SA, Norgaard said.

The principles, framed in 1989 by Norgaard during the Namibian transition, state that a political crime must be proportionally linked to the political objective in order to qualify for amnesty.

As a result, a person who planted a bomb in a bank in Namibia which killed 30 people had remained in jail, he said yesterday.

The inclusion of the principles caused considerable controversy within the NP, the ANC and Cabinet.

On the political compromise the Bill now contains, which includes the principles but allows commissioners to "take into account" previous amnesty legislation, Norgaard said pragmatism and realism were needed to get a process such as the truth commission up and running.

"What really matters is reconciliation and a situation where the past is finished and doesn't go on for years and years"

Norgaard said he was pleased the essential elements of his principles, the proportionality and motive of political crimes, were retained within the Bill.

He added he was "positively surprised" by the good spirit and high level of debate within the parliamentary committee considering the Bill BD 4/5/95

"Reconciliation has already been reached within the committee."

Norgaard lectures for half the year at Aarhus University in Denmark and chairs the EU's Human Rights Commission in Strasbourg for the remaining period.

About 3 000 cases are heard a year at the commission, mostly dealing with fair trials, freedom of expression, expulsion and extradition.

The Justice committee is expected to finalise the Bill on Tuesday next week, while Parliament is scheduled to debate the Bill on May 17.

Inquiry seeks misappropriated funds

EDWARD WEST 259

CAPE TOWN — A public inquiry to find out what happened to about R750 000 misappropriated from Allan Boesak's Foundation for Peace and Justice would be convened in Bellville on July 21.

The inquiry — being convened by the trustees of the insolvent estate of former foundation financial director Freddie Steenkamp — was not normal procedure in insolvent estates, but could be convened when "trustees were of the opinion that something was missing", trustee Bernard Gutman said yesterday.

Steenkamp has admitted to the law firm Bell, Dewar and Hall — which acts for Danish aid agency Danchurch — that he misappropriated funds from the foundation. The government legal adviser who investigated allegations of misappropriation against Boesak, Mojanku Gumbi, has reportedly noted that Danchurch's allegations appeared to have been drawn mainly from Steenkamp.

Gutman said at least R750 000 was involved and witnesses would be subpoenaed to the inquiry.

He said that depending on the outcome of the inquiry, litigation or civil proceedings could follow.

Meanwhile, Office of Serious Economic Offences executive director Jan Swanepoel said the office's investigation into Boesak was expected to last until the end of the year — barring any unexpected extraordinary delays.

Unexpected factors which have held up past investigations were bureaucratic delays overseas because SA had not yet signed mutual legal and criminal assistance treaties, and legal actions which might arise from an investigation, such as a recent objection to a subpoena by the Office of Serious Economic Offences on constitutional grounds. BD 4/5/95

Boesak rues on waves of luck

(259) Sowetan 4/5/95

By Vuyo Bavuma
Political Reporter

SPECIAL TREATMENT *ANC plays different ball game in this case:*

IF CONTROVERSY-RACKED Dr Allan Boesak had been subscribing to traditional medicine, rural diehards would have patted him on the back for his strong brand of "muti"

Not that the former cleric has bewitched President Nelson Mandela, who is steadfastly standing by him amid a chorus of criticism It is just that the former ANC leader continues to enjoy an amazing run of luck

No, he is not off the hook, but the crucial aspect is that not everybody who is investigated for corruption charges is afforded the privilege of having state resources used to clear his name

But in Boesak's case different rules seem to apply A judicial process being conducted by the Office of Serious Economic Offences is overtaken by another Government investigation

And interestingly the investigation, though it cleared Boesak, unearths evidence that should automatically disqualify the former ambassador-designate to Geneva from any diplomatic consideration But this is ignored

Administrative mess

To use Deputy President Thabo Mbeki's words, Boesak was found to have been responsible for the "administrative mess" of FPJ's affairs

In any normal modern country, that would be a no-no, as that is hardly the stuff diplomats are made of

But the ANC, which ironically promised South African citizens clean, moral and efficient government, is playing a different ball game

Another perplexing issue is that the office of the President now plans to urge the Office of Serious Economic Offences to speed up its investigation because "it is unfair for Dr Boesak to have to wait a lengthy, indeterminate period for a decision"

Again, the Government is intervening in a judicial process on behalf of Boesak

Could it be because of his great contribution to the struggle? Boesak fought tirelessly against apartheid and most effectively ran a one-man campaign to promote international sanctions against South Africa

He also helped immensely to cultivate political support for the nonracial democratic movement, especially among the politically conservative "coloureds"

He is also famous for trying to lead a "release Mandela" march to Pollsmoor prison in 1985

Another of Boesak's strong points — or is it a weak point — is that he was able to raise funds from overseas donors that were channelled to internal anti-apartheid structures to keep the protest fires burning But one would like to believe that Boesak did all this out of conviction, not to provide possible mitigating factors should he get into trouble in the future

Today President Mandela keeps on putting his seal of approval on Boesak, virtually giving him the kiss of political life In any case, President Mandela seems to have a special political affinity with Boesak

In the early 1990s, hours before a crucial vote during the Western Cape ANC congress, Mandela effectively blew the horn for Boesak when he asked the comrades to take cognisance of the region's population

That was seen as a ploy to use Boesak as bait to lure the important coloured base

Subsequently, after Mandela's pep talk, Boesak edged the fiery Tony Yengeni out despite the latter's strong grassroots support Critics accused Mandela of playing race politics but his protagonists argued the move was a necessary pragmatic step in dealing with the political realities of the Western Cape

Harsh judge

But history proved to be a harsh judge The ANC lost the region to the National Party and Boesak was criticised for his lack of on-hands democratic leadership

When the allegations against Boesak broke out in December, the ANC's softly-softly approach towards the former regional minister was evident

It accused the Press of conducting a witch-hunt against its leadership, as the ANC knew the party was also in the dock with Boesak since the charismatic orator was its most senior official to be tarred with the brush of alleged corruption — something that the ANC claims to be totally against

At the end of January, Boesak voluntarily stepped down from his post as a ambassador-designate to Geneva, pending being cleared of the damaging charges

To rub more salt into the wounds of Boesak and the ANC, DanchurchAid laid charges against the former FPJ director Another controversy erupted when the disenchanted trustees of the Children's Trust, including Archbishop Desmond Tutu and Mary Burton, called in the police after they discovered that funds were missing from the organisation's account, which was being managed by the FPJ

In his defence, Boesak claimed the investigators were "racists and that they used security branch tactics" After that, Boesak seemed to be consigned to the political scrap heap and, at worst, the prospect of jail if the allegations were proven true

After his downfall, he and his family moved out of an upmarket house in leafy Constantia and rented a flat

Strange sequence

Meanwhile, the ANC Government started a strange sequence of events that contradicted its own beliefs in non-interference with judicial processes

It utilised state resources to conduct an investigation into the Boesak affair, although at the time, having already resigned from the civil service, he was a private individual

Matters did not improve when Mbeki's legal adviser, Advocate Mojanku Gumbi, released a three-page report finding no evidence to suggest Boesak had misappropriated the funds of the FPJ

A verbal storm was unleashed as DanchurchAid lawyers and political opponents of the ANC lambasted the report as "superficial, preposterous and illogical", but Mrs Gumbi stood her ground and vehemently defended her methodology and findings

But significantly, it accepted evidence that showed Boesak was not fit for a diplomatic post

His gross negligence and inability to run a small institution, such as the FPJ, is not contested

His explanation that he did not have the time to be vigilant about the affairs of the FPJ is an excellent example for public administration students of how not to administer an organisation

Even worse, at stake here is a diplomatic post that involves marketing the country and soliciting much-needed economic investment

It is clear that only the investigation by the Office of Serious Economic Offences will determine whether or not Boesak's extraordinary luck carries him on into an overseas diplomatic post

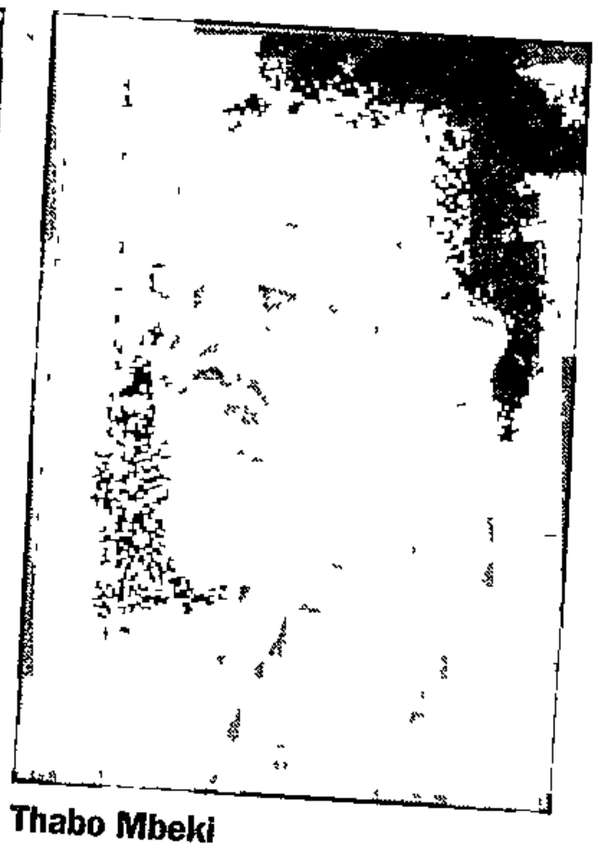
Cont

hursday May 4 1995 SOWETAN

NEWS FEATURE *What lies behind the favoured statu*

Nelson Mandela

Allan Boesak



Thabo Mbeki

Boesak: Mandela warns against quick conclusions

ARG 4/5/95 (259)

Political Staff

PRESIDENT Mandela has cautioned the government against jumping to conclusions based on Advocate Mojanku Gumbi's clearing Allan Boesak of alleged misappropriation of public funds

Mr Mandela also hinted he should have had the final decision in this unilateral probe

Without naming the former head of the Foundation for Peace and Justice or Deputy President Thabo Mbeki's legal adviser, Mr Mandela said yesterday he wanted to "reaffirm the imperative of due process"

In his closing address on the president's budget speech debate in the assembly, Mr Mandela said "The government needs to be most circumspect in drawing conclusions from informal procedures in such cases

"It is, therefore, necessary to consider whether, in advance of the completion of possibly protracted formal investigation, any private investigation merits a final decision by myself"

If not, the government would not be in a position to take a final decision concerning any official appointment, said Mr Mandela

At the same time, it was only fair and just that such formal investigations be completed as soon as possible

● Mr Mandela called on convicts and society to use the Freedom Day amnesty to reduce levels of crime

Last week, he announced a maximum six months' remission to all prisoners except child abusers

He said he had decided to shorten the sentences of most prisoners, as those who had committed crimes were not lost to society

"They now have the opportunity to become law-abiding citizens of our democracy and to contribute to its reconstruction and development

"They also should know that the government's commitment to deal firmly with those who break the law is unshakeable

"Those who do not mend their ways will face swift action, without the hope of similar remission on a future occasion" he said

Society could help reduce the problem of crime by helping released prisoners assume useful roles Rehabilitation and reintegration had to form part of the approach to crime

"The main thrust of the government's action for safety and security will be aimed at prevention of crime and measures against those who break the law"

Stability and security were essential for reconstruction and development and for economic growth and job creation

Fraud claims in Greater Jhb Council

(259) Sowetan 5/5/95

By Joshua Raboroko

THE Greater Johannesburg Transitional Metropolitan Council is investigating allegations of fraud amounting to millions of rands

The council is also probing claims of intimidation of employees of the Western Metropolitan Sub-structure consisting of Soweto, Diepmeadow and Dobsonville

GJTMC acting chief executive Mr Nicky Padayachee said this week the council viewed the allegations of "milking of funds" in a very serious light

The allegations were highlighted by WMSS acting chief executive Mr Denis Rogers in a letter to *Sowetan*

Rogers, a self-confessed ANC supporter, claimed there was an attempt to assassinate him

He alleged that shots were fired at him by people who apparently plotted to kill him and a colleague earlier this year The two escaped the attack and reported the matter to the police, who are investigating the matter

Rogers believed the attempts had something to do with the plan to introduce a new computer system in the Soweto municipal offices in a bid to stop the "milking of funds" of the council He said the Soweto council lost about R450 000 a month because of the archaic system used

Rogers also claimed there was a surge of about 40 percent in the payment of services by residents in 1993 The record has since dropped to 21 percent and Rogers did not believe it had dropped because politicians had been pleading with residents to pay for services

Looking for other assets — trustee

Weekend Argus Reporter

A PUBLIC inquiry into the estate of Freddie Steenkamp, former bookkeeper of Allan Boesak's Foundation for Peace and Justice, has been set for July in Bellville Magistrate's Court

Mr Steenkamp, accused by Dr Boesak of being the "kingpin" behind the scandal, will be issued with a subpoena

Some of his family members — and possibly Dr Boesak — might be subpoenaed to appear at the inquiry, on July 21

Bernard Gutman, provisional trustee of Mr Steenkamp's sequestrated estate, said the inquiry was being called under section 65 of the Insolvency Act

"We are hoping to find out whether there are any other assets — and what happened to the funds that were allegedly misappropriated from the Foundation for Peace and Justice," he said

The known assets are expected to amount to around R800 000 for the creditors

A meeting of the creditors of Mr Steenkamp's estate has been held Lawyers for the trustees of the Foundation for Peace and Justice claimed they were owed R750 000 Other creditors are expected to come forward

(259)

Steenkamp indemnity?

ARGUS 6/5/95

May be allowed to turn state's witness

GLYNNIS UNDERHILL
Weekend Argus Reporter

■ Freddie Steenkamp, who has admitted taking hundreds of thousands of rand from Dr Boesak's foundation, could be indemnified if he turns state witness.

FREDDIE Steenkamp, the former bookkeeper who opened a can of worms on Allan Boesak's Foundation for Peace and Justice (FPJ), could get off scot-free if he is allowed to turn state witness

Dr Boesak, who has placed the entire blame for the foundation's money problems on Mr Steenkamp, is the subject of a police investigation Mr Steenkamp has admitted taking huge "loans" from the foundation

But it emerged this week that Mr Steenkamp, who substantiated allegations of financial misappropriation at the FPJ, could be indemnified if a criminal case is brought to court

Jan Swanepoel, director of the police's Office for Serious Economic Offences (OSEO), told Weekend Argus this was up to the Attorney-General and would depend on the strength of the state's case

Mr Steenkamp emerged as a key figure in the scandal at the FPJ after allegations by Nordic funding agencies that around R3 million of their money had been misappropriated

Dr Boesak was at the time director of the FPJ and Mr Steenkamp alleged Dr Boesak had been involved in the misappropriation of funds

Mr Swanepoel said if Mr Steenkamp turned state witness, he could be exonerated or granted state indemnity, on condition his evidence was considered satisfactory If not, the court could still decide to prosecute him after the trial, he said

Meanwhile, extra staff have been called in to help with the fraud investigation, which has become a political embarrassment for the government Mr Swanepoel said the Attorney-General's office would appoint another person to the three-man team investigating the case

Auditors would soon be appointed to wade through the books and documents of the foundation, he said

The government request to speed up the investigation follows a rumpus over a report by Deputy President Thabo Mbeki's legal adviser, Mojanku Gumbi, which at first sight appeared to "clear" Dr Boesak of financial misappropriation

President Mandela's legal adviser, Fink Haysom, has contacted Mr Swanepoel with a formal request to expedite the police investigation into Dr Boesak's Foundation for Peace and Justice

The President's Office director-general, Jakes Gerwel, this week backtracked on an earlier statement by Mr Mandela that Dr Boesak deserved a high diplomatic post by announcing that the government had not yet decided on Dr Boesak's future

Gumbi shrugs off Boesak criticism

ARG 6/5/96

MAUREEN ISAACSON
Weekend Argus Correspondent

(259)

HERS is the name that has been on everyone's lips since she found no evidence supporting allegations that Allan Boesak's fingers had come unstuck in the DanChurch Aid cookie jar They call her Mojunku or Moja but her real name is Mojunkanyane It is Tswana for "one who eats the small sheep", but today she sips only Appletiser in a Rosebank Mall coffee shop

No media moll she, Advocate Gumbi can hardly wait for the photographer to scram She's doesn't give a damn about baring her tall, slender, power-dressed bod to the world. And she's dead scared of looking as if she's bound for what she calls a self-promotion trip

It takes a while for her to chill out and stop laughing that low, cool laugh at the sight of a newspaper article about the report she drew up in order to assist her boss, Deputy President Thabo Mbeki in deciding on the continued employment of Dr Allan Boesak in the foreign service She says the article is "way off"

Sor. thing else that tickles her is criticism she has read of Mr Mbeki himself Her position in this "extremely polite and courteous" man's office is "an ongoing honour" He is, she says, educative and inspiring Their relationship she describes as "very good"

Gumbi raises her voice in harmony with a song playing in the background, taking things in easy stride Alas, this does not mean she is going to unbend the question marks still curved around the missing DanChurch Aid funds

Ask her what happened to the information she did not have access to when she drew up the report, she says "I don't know, where is it? Blowing in the wind, my friend"

Ask why the ANC ignored Bell Dewar and Hall's (DanChurch Aid's lawyers) rebuttal of her report and she snaps into action

"I did not see it as a rebuttal It raises no new facts The only new thing was the personal attacks on the office of the Deputy President and on me and we chose not to respond"

She answers questions with more rhetorical questions, leaving one suspended and waiting for Gumbi to spring to her own defence or damn the world that has tried to make a mockery of her work on the Boesak case.

Somewhere inside this super cool "eater of small sheep", quite close to the surface, in fact, is a human and accessible woman When she warms up she is sincere and intense, but always, reserve and self consciousness shield her, making her watchful of her own words

Of course she knew pretty well it was "hot" in the deputy president's office when she accepted the post in June 1994. She didn't think she was getting a free ride to fame or that working in the highest office in the land would leave her without responsibility Checking herself, she fears she will come across as "saintly or self-serving"

And whoever said Gumbi felt hard done by by the "white liberal establishment" got it wrong, okay? When she said it was "a waste of time and energy" to be angry about accusations flung at her over the Boesak case, she did not mean to sound arrogant, she says.

But diffidence is not her style Aided by "the unconditional support" of her office, Gumbi denies her professionalism has been questioned

"I have worked with so many people in many different organisations — they have dismissed this as a media hype."

"I knew what I was talking about. If someone says this is a whitewash, how can you fight that? How do you fight a perception?"

□ **MUJONKA GUMBI**· The report on the Allan Boesak affair put Thabo Mbeki's legal adviser in the media spotlight

Not that there is any question that we are talking to a woman who suddenly got famous for 15 minutes last week Two years ago, at the age of 34, Gumbi became the first National Woman Director of the Black Lawyers Association (BLA). That was before she headed up one of the four major IEC directorates.

One of South Africa's 15 black woman advocates, she was admitted to the Bar in 1991. Gumbi scored an A for accounting at university, a skill some questioned when it came to making sums in the Boesak case, but which served her well during the 18 months she spent running her own legal practice It no doubt helps her understand Spoornet financial boff husband Mandla

Nowadays, constitutional competencies, amnesties, the drafting of international treaties and contracts for South Africa land on her desk But ask her where her heart lies and she says unconditionally, it is with the BLA, and that is where she is headed, some time in the future

"If you think about where we (black lawyers) came from and how we have been marginalised the BLA becomes a national priority," she says

Out come the passions litigation, women's rights issues and the Azanian People's Organisation So much for accusations that she has played lackey to the ANC

The ideological differences are there and this is ironic, because politics led her to law in the first place However, she sees herself working for the government, not the ANC

"The ANC has had to adapt. I have personally never felt restricted politically"

And right now she's going nowhere She says, her contract with the government allows an opportunity for renewal

Full marks go to Advocate Gumbi for poise, for adroit conversational manoeuvres that allow us only to skirt and touch "the recent uproar" She calls it "a storm in a teacup"

"I don't know what all the fuss is about," she insists "I'm not going to carry on a debate between DanChurch Aid and their lawyers, they are the interested party representing a client — I'm not representing anybody.

"Nobody knows what is happening. We can't make a finding We are still at a searching stage and I support this wholeheartedly I know what foreign funding means to the NGOs in South Africa At BLA I was paid by donor funds personally Who wants to mess up that relationship?"

Controversial Boesak report was 'a storm in a teacup'

Gumbi rests her case

Star 6/5/95 (259)

AFTER sharing the media spotlight with Allan Boesak last week over the DanChurch Aid scandal, Advocate Mojanku Gumbi this week told her side of the controversial story to MAUREEN ISAACSON.

CONT

HER name has been on everyone's lips ever since she found no evidence to support allegations that Allan Boesak's fingers had been in the DanChurch Aid cookie jar They call her Mojanku or Moja but her real name is Mojankunyane It is Tswana for "one who eats the small sheep", but today she sips only Appletiser in a Rosebank Mall coffee shop

No media moll she, Advocate Gumbi can hardly wait for the photographer to scram She's doesn't care to pose her tall, slender, power-dressed bod for the world and she's dead scared of appearing as if she's on a self-promotion trip

It takes a while for her to chill out, to stop laughing that low, cool laugh at the sight of a newspaper article about the report she drew up in order to assist her boss, Deputy President Thabo Mbeki, in deciding on the continued employment of Dr Allan Boesak in the foreign service She says the article is "way off".

Something else that tickles her is criticism she has read of Mbeki himself Her position in this "extremely polite and courteous" man's office is "an ongoing honour". He is, she says, educative and inspiring Their relationship she describes as "very good"

Gumbi raises her voice in harmony with a song playing in the background, taking things in her nice and easy stride Alas, this does not mean she's going to unbend the question marks still curved around the missing DanChurch Aid

CHILLING OUT· Advocate Mojunkanyane Gumbi is not going to unbend the question marks still curved around the missing DanChurch Aid funds And no way is she going to admit that her professionalism has been called into question over the Boesak report

w what all the fuss is about'

uman and accessible woman. When she warms up she becomes sincere and intense, but, always, reserve and self-consciousness shield her, making her watchful of her words.

Of course she knew pretty well that it was "hot" in the deputy president's office when she accepted the post in June last year No way did she think she was getting a free ride to fame or that working in the second highest office in the land would leave her without responsibility She checks herself, fearing she will come across as "saintly or self-serving"

And whoever said Gumbi felt hard done by by the "white liberal establishment" got it wrong, okay? When she said that being angry about the accusations flung at her over the Boesak case was "a waste of time and energy", she did not mean to sound arrogant This she wants to make known

BUT diffidence is not her style. Aided by "the unconditional support" of her office, no way does Gumbi admit that her professionalism has been called into question "I have worked with so many people in many different organisations — they have dismissed this as a media hype"

She also says "I knew what I was talking about If someone says this is a whitewash, how can you fight that? How do you fight a perception?"

Not that there is any question that we are talking to a woman who suddenly got famous for 15 minutes last week. Here is a woman who, two years ago, at the age of 34, became the first national woman director of the Black Lawyers Association (BLA) That was before she headed up one of the four major Independent Electoral Commission directorates

One of South Africa's 15 black woman advocates, she was admitted to the Bar in 1991 Gumbi scored an A for accounting at university, a skill some questioned when it came to making sums in the Boesak case, but which served her well during the 18 months she spent running her own legal practice It no doubt helps her understand her Spoornet financial boffin husband, Mandla.

Nowadays, constitutional competencies, amnesties, the drafting of international treaties and contracts for South Africa are what land on her desk.

But ask her where her heart lies and she will tell you, unconditionally, it is with the BLA. And that is where she is headed, some time in the future

"If you think about where we (black lawyers) came from and how we have been marginalised, the BLA becomes a national priority," she says

Out come the passions, litigation, women's rights and the Azanian People's Organisation. So much for accusations that she has played lackey to the ANC The ideological differences are there and this is ironic, because politics is what led her to law in the first place However, she sees herself working for the Government and not the ANC "The ANC has had to adapt I have personally never felt restricted politically"

And right now she's going nowhere Her contract with the Government also allows an opportunity for renewal "I'm enjoying this," she says

FULL marks go to Advocate Gumbi for poise, for adroit conversational manoeuvres that allow us only to touch and skirt, skirt and touch what we this afternoon refer to as "the recent uproar" She calls it "a storm in a teacup

"I don't know what all the fuss is about," she insists "I'm not going to carry on a debate between DanChurch Aid and their lawyers. They are the interested party representing a client — I'm not representing anybody

Nobody knows what is happening. We can't make a finding. We are still at a searching stage and I support this wholeheartedly. I know what foreign funding means to the NGOs in South Africa. At BLA I was paid by donor funds personally Who wants to mess up that relationship?"

THUS Gumbi, by getting in the last word, after saying she didn't even know Boesak before this case, after offering to pick up the bill, somehow manages to slip away from the media, which, she insists, always has the last word

"Some of the outcry was expected. What I didn't expect was the misinterpretation of my report which followed But the attention I have been getting is not all negative If you read through the media reports you will see the truth, somewhere — it says Gumbi is not making a finding of guilt or of innocence, you know, things like that I can do nothing about it, my report is there for all and sundry to read."

CONT

STAR 6-5-95

Star 6/5/95 (259)

STAR 6-5-95

'I don't kno

happened to the information to which she had no access when she drew up the report she pronounced inconclusive and she answers, "I don't know, where is it?" Blowing in the wind, my friend.

Ask why the ANC ignored Bell, Dewar and Hall's (DanChurch Aid's lawyers) rebuttal of her report and she snaps into action. "I did not see it as a rebuttal," she says "It raises no new facts, the only new thing was the personal attacks on the office of the deputy president and on me, and we chose not to respond."

Questions are replied to with rhetorical questions that leave one suspended, waiting for Gumbi to spring to her own defence or damn the world that has attempted to make of her work on the Boesak case a mockery.

"I rest my case," is what she says. Somewhere inside this super cool "eater of small sheep", quite close to the surface in fact, is a very

Key figure might go free by spilling beans on Nordic aid

New turn in Boesak affair

Star 6/5/95 (259)

FREDDIE Steenkamp, the bookkeeper for the Foundation for Peace and Justice, could be indemnified. GLYNNIS UNDERHILL reports.

CAPE TOWN — Freddie Steenkamp, the bookkeeper who opened the can of worms at Dr Allan Boesak's Foundation for Peace and Justice, could get off scot-free if he is allowed to turn state witness

Boesak, who has placed the entire blame for the foundation's money problems on Steenkamp, is the subject of a police investigation. Steenkamp has admitted taking huge "loans" from the FPJ

It emerged this week that Steenkamp, who substantiated allegations of financial misappropriation at the FPJ, could be indemnified as a state witness if a criminal case is brought to court.

The director of the Office for Serious Economic Offences (OSEO), Jan Swanepoel, said a decision on whether Steenkamp would be given this option would rest with the attorney-general and would depend on the strength of the State's case

Steenkamp emerged as a key figure in the scandal after allegations by Nordic funding agencies that about R3-million of their money had been misappropriated Boesak was director of the FPJ at the time.

Swanepoel said it should be possible within "two to three months" to give President Mandela an indication of Boesak's involvement.

Boesak resigned from his post as ambassador-designate to the United Nations in Geneva after funding agency DanChurch Aid publicly accused him of "personally enriching himself" Boesak has always maintained he is innocent.

Swanepoel said it should be possible within 'two to three months' to give Mandela an indication about the findings of the OSEO on Boesak's involvement.

Swanepoel said if Steenkamp turned state witness, he could be exonerated or granted State indemnity if his evidence was considered satisfactory If not, the court could still decide to prosecute him after the trial.

Extra staff have been called in to help with the fraud investigation, which has become a political embarrassment for the Government. The attorney-general's office would appoint a person to back up the three-person team investigating the case, Swanepoel said, and auditors would be appointed

Mandela's legal adviser, Fink Haysom, contacted Swanepoel this week with a formal request to expedite the police investigation.

Swanepoel said the OSEO had interviewed a number of parties involved with the FPJ Steenkamp had been interviewed, and would probably be called on again towards the end of the investigation, which is expected to be concluded at the end of the year

'We will probably have to go overseas to take statements from donors, said Swanepoel.

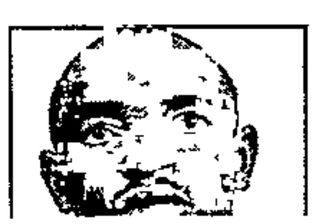
Boesak would probably be called in for an interview towards the end of the investigation.

TEARS FLOW Pupils from the Highveld Youth Choir comfort each other at the funeral of their classmate, Annekie Davel *PHOTOGRAPH ANTON HAMMERL*

Mystery of small-town murders

CAROLINA — They say there is only one thing to do in a small town — get the hell out These song lyrics seem appropriate in a place where emotions exploded in a macabre

NO ONE knows why an apparently peace-loving Carolina prosecutor went



emerged from the Davel's house with a firearm, as he knew Van Aard well. Sergeant Sibanyoni died first and his companion Constable Mabuza seconds later

DP leader suggests a ban on liquor at state bashes

259

Star 8/5/95

Provincial legislature used R27 477 on drink

Port Elizabeth — Thirsty guests at a Bisho bash must have each downed six whiskies and nine beers if the figures provided by provincial Democractic Party leader Eddie Trent are correct.

Since November the Eastern Cape provincial legislature has spent R63 227 on official entertainment — R27 477 on liquor and R35 750 on food

The Bisho scandal started last year when drunken bodyguards threatened caterers who were trying to load leftover drinks at the end of a party for Water Affairs and Forestry Minister Kader Asmal

The firm has refused to cater for further government functions. The bodyguards claimed that as the drink "was already paid for", they were entitled to it

In February "300 guests" managed to ring up a liquor bill of R12 227 for a bash for President Nelson Mandela. Five official functions this year cost R27 447 for drinks alone

Provincial premier Raymond Mhlaba has blamed "interest and enthusiasm of gatecrashers" for the costs

He said a breakdown of figures showed that 650 people turned up at an inauguration cocktail and state banquet for 300 guests. At another function for 250 guests, 450 attended

Responding to an inquiry by Trent in the provincial legislature, Mhlaba said State functions were one of the ways in which the government reached out and interacted with the leaders of the community.

Mhlaba said the matter had been referred to the relevant department, but would not say what, if any, steps had been taken

While there were definite figures for invited guests, through interest and enthusiasm the figure budgeted for swelled to more than double in most instances "Stricter arrangements are, however, now in place to avoid such occurrences"

But Trent is still not happy: "Look at the presidential visit function at State house on February 2.

"Even if there were 450 guests and gatecrashers, that is still about R27 a head for drinks — the equivalent of six whiskies and nine beers a head at wholesale prices

"Just think of all those people driving home The State has cracked down sharply on drunken driving But if their own guests are allowed to consume this amount of liquor at functions surely this is contributing to drunken driving and accidents?"

Trent has the solution — ban liquor at official State functions

R88-m Nat propaganda spending shock

(259)

ARG 10/5/95

CLIVE SAWYER
Political Correspondent

THE National Party government spent about R88 million on a propaganda campaign aimed at "coloured" people and moderate black leaders

Project Kampong, as the secret project was code-named, was started in 1985 and was at first managed by Military Intelligence After 1991 the army took it over

Replying to questions by Luwellyn Landers of the African National Congress, Defence Minister Joe Modise said yesterday the aim of the project had been to "mobilise the population to accept and support the initiative for peaceful reform of the former government"

Sub-projects were titled "Global Coloured Project, Coloured Parliamentarians Project" and "Metros Mobilisation of Moderate Black Leaders"

The project was brought to an end in October 1992

● Weapons valued at R79 089 and general equipment worth R645 140, issued to the National Peacekeeping Force, were lost, Mr Modise told the senate yesterday

All losses of weapons were reported to the police for investigation

The results of the cases reported to the police were not known, he said

Members involved in the loss of general equipment were charged in terms of the code of conduct and regulations applicable to the peacekeeping force

"The code of conduct and regulations proved inadequate to ensure proper prosecution and conviction of the other cases," Mr Modise said

The total cost to the state of vehicle accidents involving the force was R983 001

This was made up of repairs (R602 089) and the cost of writing off vehicles (R380 912)

Funds lost by the force totalled R31 365

Mr Modise said an inquiry had been unable to determine who had been responsible for the losses

CAPE

Probe finds corruption, kickbacks at Ikapa

Political Correspondent (259)

SERIOUS malpractices and irregularities, including kickbacks and fictitious contracts and tenders, have been uncovered by a commission of inquiry into the Ikapa Town Council

The commission also identified five council officials found to be connected "with the receipt of irregular awards paid by certain companies"

This was announced by Minister of Provincial Affairs and Constitutional Development Roelf Meyer yesterday

The commission, headed by lawyer J T P Swart, was appointed by then President F W de Klerk in October 1993

The commission has proposed that criminal or civil proceedings be instituted against officials responsible for maladministration, mismanagement, corruption, fraud and theft.

The report has been forwarded to Western Cape Premier Hernus Kriel and is likely to ultimately be referred to Western Cape Attorney-General Frank Kahn

ARG 10/5/95

iKapa fraud uncovered

CALL FOR PROSECUTION OF FIVE OFFICIALS

CT 10/5/95

259

THE SWART COMMISSION has revealed vast mismanagement, corruption and theft in the iKapa Town Council. **WILLEM STEENKAMP** and **BARRY STREEK** report

LARGE-SCALE malpractices and irregularities in the iKapa Town Council have been uncovered by the Swart Commission of Inquiry into the council's affairs, which has recommended that five iKapa officials be prosecuted

This was disclosed yesterday by the Minister of Provincial Affairs and Constitutional Development, Mr Roelf Meyer. Some of these "serious malpractices and irregularities on a large scale" involved large kickbacks and fictitious contracts and tenders, he said

"Five officials were identified in connection with the receipt of irregular awards paid by certain firms"

The commission proposed that the institution of civil and criminal proceedings against those responsible for mismanagement, corruption, fraud and theft should be seen "as a matter of the highest priority"

Mr Meyer said he had referred the commission's report to Western Cape Premier Mr Hernus Kriel, so that he could forward the relevant documentation to attorney-general Mr Frank Kahn

The commission was appointed by then-president Mr F W de Klerk in October 1993, under the chairmanship of Mr J T P Swart

Evidence heard pointed to wide-ranging tender irregularities, the payment of council cheques into officials' personal bank accounts, employee incompetence, illegal benefits such as bribes and kickbacks enjoyed by officials, and the involvement of the "Boeremafia" in iKapa's affairs

Numerous witnesses told the commission that tenders were accepted from companies despite lower tenders from elsewhere, that some companies would submit separate tenders under different letterheads, and that officials asked tenderers to inflate their prices 'Officials would later split the difference between the real prices and the inflated prices, the commission was told

It was also testified that.

- A waste removal company, SA Bio-Tech, had been paid R7 million to service about 2 000 township homes that did not exist.
- iKapa cheques amounting to millions of rands were deposited "by mistake" over weekends into officials' personal bank accounts and later deposited into the proper accounts, to skim off interest payments
- "Truckloads" of bricks intended for township construction projects were diverted to build homes for iKapa officials
- Many employees were not qualified, and received improper promotions and increases

GRAFT 'COULD HAVE BEEN PREVENTED'

Meiring 'failed to act' on iKapa

(259)

CT 11/5/95

WESTERN CAPE Minister of Finance and Nature Conservation Mr Kobus Meiring's fitness for office has been questioned over his failure to investigate the iKapa Town Council four years ago, our **POLITICAL STAFF** reports.

FORMER Cape Administrator Mr Kobus Meiring was slammed yesterday for not acting sooner to probe allegations of malpractice in the iKapa Town Council

A litany of corruption, fraud, maladministration, bribes, gifts, kickbacks and other irregularities has been uncovered by the Swart Commission of Inquiry

Its report, released yesterday, shows that millions of rand meant for some of the poorest areas of Cape Town were siphoned off by officials and companies

ANC MP Mr Jan van Eck told the Cape Times he had approached Mr Meiring, currently Western Cape Minister of Finance and Nature Conservation, in 1991 with a request that a commission of inquiry be held into the council

QUESTION MARK: Western Cape Minister of Finance and Nature Conservation Mr Kobus Meiring

Regrettable

In its report the commission said Mr Meiring told Mr Van Eck on August 2, 1991 he could find no justification for the commission

It was finally appointed in October 1993 by former state president Mr F W de Klerk

Mrs Gesie Lategan, the commission's advocate, said during evidence it was regrettable that Mr Meiring had failed to act when first informed of a "boeremafia" within iKapa by Mr Van Eck.

"It seems that if something had been done then, many problems could have been prevented," Mrs Lategan said in August last year

Yesterday Mr Van Eck said "The willingness of Mr Meiring to pooh-pooh the allegations, despite all my attempts to persuade him that serious corruption was taking place, puts a serious question mark on his capability to hold public office

"Without the complete integrity and commitment of CPA director-general Mr Herbert Beukes to get behind the truth it is unlikely that any formal inquiries would have been appointed"

Mr Meiring declined to comment yesterday

The malpractices listed by the Swart Commission included R5,7 million extra paid out in "improper favouring" to a company called SA Bio-tech for refuse removal Bio-tech was paid R7,7 million when the service could have been provided departmentally for R3,2 million

Payments made to iKapa officials included meals at expensive restaurants, trips to Sun City and the Wild Coast Sun, private work done at council expense, hotel and travel bookings, donations of liquor, provision of security guards at private homes and flights

The commission said the proper course now "would be to subject to criminal investigation all the firms that could have placed officials under an obligation to favour them"

Denial

● SA Bio-Tech owner Ms Jacoba Louw said the commission's finding that she had received R7 million for work that was never performed or that council officials had received kickbacks were "blatantly untrue"

Voelvlei Farms director Mr Normal Miller said he knew nothing about allegations that council officials had received kickbacks from his company

Voelvlei is still being employed by iKapa to supply top-dressing for township sportsfields

Springbok Patrols group managing director Mr Nick Bartmann denied allegations that former iKapa community director Mr John Walters had received R1 000 a month from his company. He said that the claims had been made by a former employee and that the company had not been able to cross-examine him during the inquiry

Other companies mentioned in the report could not be contacted for comment last night

● See Page 5

IKAPA SCANDAL

Details of council official's kickbacks

CT 11/5/95 (259)

FORMER Ikapa town secretary Mr J M Walters received thousands of rands in kickbacks from council contracts, the Swart Commission said.

It noted unlawful receipts of R1 000 a month from Springbok Patrols, a R10 000 loan from Springbok Patrols of which only R5 000 had been repaid, R8 000 from Voelvlei farms, R1 000 from Suburban Hardware and several other amounts

Caltex, which donated money to buy chairs for a community hall, also paid more than tendered

R100 000 was kept in trust by the company's lawyers and was to be paid out on proof of purchase The lawyers received an account for R1 100 more than the lowest price submitted

"This gave rise to the suspicion that the amount was the kickback intended for Mr Walters," the commission said. — Political Staff

Ikapa town council 'plundered funds'

(259)

EDWARD WEST

CAPE TOWN — The Swart commission's investigation of the Ikapa town council has found that funds destined for the poorest Cape communities were systematically plundered by senior council officials.

Ikapa's area of jurisdiction covers the residential areas of Langa, Nyanga, Guguletu and New Crossroads.

The commission, appointed in October 1993, has recommended evidence that officials, including the former treasurer, assistant town secretary, administrative officer, assistant town engineer and purchases clerk had received kickbacks be referred to the attorney-general for further investigation. BD 11/5/95

The commission's report, released yesterday, said malpractices included circumventing formal tenders, submitting false tenders, artificially inflating prices, favouring certain firms with regular orders, premature payments against delivery of invoices, certification and payment for work not performed and "the alarming fact that the particulars were not reported to the council".

The commission, which found many employees were not qualified, also recommended that evidence against several firms be referred to the attorney-general.

Commenting on the fraud with regard to award of contracts, the commission alleged there had been "an enormous, deceitful collusion between the town treasurer, I Grisdale, some of his senior officials and one contractor in particular. In at least nine cases tenders were submitted by Marc Smith Construction at Grisdale's request and were paid for; yet the work was never done. In one case payment was

☐ To Page 2

Ikapa funds

BD 11/5/95

(259)

☐ From Page 1

made before any work could possibly have been done." In 14 other cases work was carried out but prices were inflated so that council officials could receive kickbacks.

A typical example of fraud was evidence relating to repairs of Guguletu police station, the report said. The council paid favoured companies to repair the roof and gutters of the station on numerous occasions between 1989 and 1992, but the commanding officer testified to the commission that police representations to the council to repair the building were ignored. "The commission concludes that the repair work to the police station was merely a pretext to obtain unlawfully approximately R78 450 from Ikapa."

The commission believed the extent of maladministration and corruption had not yet been covered as documents were missing, records systems were inadequate and witnesses colluded to hide evidence. All officials involved with irregularities mentioned by the commission had resigned, retired, died or been dismissed.

Provincial and Constitutional Affairs Minister Roelf Meyer said he had referred the report to Western Cape premier Hernus Kriel so that the documents could be forwarded to the attorney-general.

'NO PRIMA FACIE EVIDENCE TO JUSTIFY IKAPA INQUIRY'

Meiring rejects charges

(259)
CT 12/5/95

A LACK of prima facie evidence prevented him from asking for an official inquiry into iKapa affairs, says former Administrator Mr Kobus Meiring. **CHRIS BATEMAN** reports

FORMER Cape Administrator Mr Kobus Meiring yesterday rejected charges by ANC MP Mr Jan van Eck that he "pooh poohed" claims of serious maladministration and fraud in the iKapa Town Council when Mr Van Eck first raised them with him in 1991.

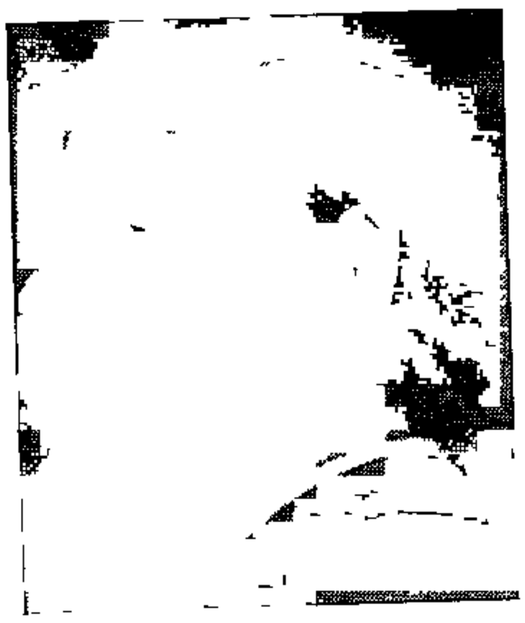
Reacting to Mr Van Eck's contention that this raised "serious questions" about his capability to hold continued public office, the now Minister of Finance, Nature and Environmental Conservation for the Western Cape said there was initially a lack of "prima facie evidence"

"When I first saw Mr Van Eck's claims in the media (in July 1991) I immediately set up a meeting with him, to which I called my chief director of local government, Mr Albert Louw, on July 29, 1991," Mr Meiring said yesterday

Mr Van Eck had outlined nine main areas of concern

Mr Meiring said he instructed Mr Louw to investigate and report back to him within a week — but from Mr Louw's conclusions the prima facie evidence to justify an official commission "just wasn't there".

Mr Louw reported that where offences were serious they were being dealt with by a police fraud probe and Mr Meiring had invited Mr Van Eck to supply any further details to police



KOBUS MEIRING: I didn't pooh pooh Van Eck's allegations

On August 20, 1991, Mr Van Eck again wrote to him, saying the iKapa situation was "totally out of control" A subsequent letter from Mr Van Eck alleging racial favouritism in the appointment of iKapa's town secretary was referred to Mr Meiring's MEC for Local Government, Mr Pieter Schoeman

Mr Meiring said that until February 1993 no further information came to his attention "which to my mind justified the necessity for a probe"

He had requested the Swart Commission — whose findings this week included corruption and fraud — after an informal probe by Bellville's then-town clerk, a Mr Marshall, recommended this. The Marshall probe was a response to the auditor-general's office contacting the CPA in February, 1993, about "apparent tender allocation irregularities" at iKapa

st and most barbarous of serial killings'

Sowetan 12/5/95 (259)

One held in feeding scam

THE Eastern Transvaal government yesterday announced that it had uncovered large-scale corruption and theft in the province's school feeding scheme

"It is embarrassing but senior government officials and provincial businessmen have been caught either stealing money meant for food, or selling to shops food meant for school pupils," said MEC for education Mr David Mabuza

"At least one principal will be in detention tomorrow, more will follow"

Although the MEC could not say exactly how much money was involved, he confirmed that at least nine separate cases were being investigated

"One case involved R20 000 while R150 was stolen in another case We just can't say how much money is involved at this stage because we don't know if we have uncovered all the corruption taking place," he explained

Although admitting that his department had known of specific abuses of the feeding scheme for over six months, Mabuza denied full responsibility for the abuses

"The corruption is embarrassing and we did try to avoid taking this type of action while we strengthened the system," Mabuza said

"We increased the number of supervisors and allocated more vehicles to monitors so that they could reach schools, but we failed to cap the corruption So now there is only one way to show our seriousness — justice must run its course

"The scheme's set-up is open to abuse and it must be restructured so that schools answer to provincial education departments Abuses will continue if projects fly over our heads," he said The abuses, which include the diversion of funds, the resale of food and incorrect invoicing were uncovered after communities complained about shortfalls at public meetings

— *African Eye News*

(259)

BOESAK FM 12/5/95

Patience, patience

Though President Nelson Mandela may be seeking a quick-fix damage control solution to the Allan Boesak controversy, it is unlikely that it will come from the Office for Serious Economic Offences (Oseo)

Both Mandela and Deputy President Thabo Mbeki can expect political flak for some time as a result of their indecent haste to clear Boesak of wrongdoing and yank him into government service

The issue is whether there is any substance to allegations that Boesak substantially enriched himself, taking R2m-R3m in aid donated to his Foundation for Peace & Justice by Danish organisation DanChurch Aid

Boesak denies the claims and DanChurch says it does not want to fight with government — but it does, understandably, want to know where its money went To this end, particulars of DanChurch's claim have now been drafted and senior counsel has been briefed

Boesak, the ANC's former Western Cape leader, was ambassador-designate to Geneva when DanChurch's Johannesburg lawyers, Bell, Dewar & Hall, produced a report which pointed fingers at him

Mbeki's subsequently bungled attempt to exonerate Boesak, through an apparently poorly researched report compiled by legal adviser Mojanki Gumbi, pre-empted a more comprehensive investigation by Oseo

Mandela's initial naivete in accepting the Gumbi report and his resurrection of the idea of a diplomatic posting for Boesak have added to the embarrassment

The outcry, public and parliamentary, forced the President to back-pedal and freeze an ambassadorship pending the outcome of the serious offences investigation

Mbeki, though, still stands by the Gumbi report Says a spokesman "Even DanChurch Aid and their lawyers re-examined their findings in the light of that report" But this is vehemently denied by Bell, Dewar & Hall

Now Mandela, instead of letting the investigation run its full course, has asked Oseo to expedite matters and let him know whether a prima facie case of criminal misconduct exists against Boesak ■

Coke cash for FPJ 'astray'

(259) ARG 13/5/95

GLYNNIS UNDERHILL
Weekend Argus Reporter

MONEY donated to Allan Boesak's Foundation for Peace and Justice by the Coca-Cola Foundation in America for distribution to pre-school projects in impoverished areas of the Karoo never reached its destination, it has been claimed

Assistant director at the Office for Serious Economic Offences (Oseo) Tommy Prins, who is investigating the financial irregularities at the Foundation for Peace and Justice (FPJ), is to visit Carnarvon in the Karoo next week to discuss the funding issue with staff at Caravan Community Organisation Projects

Chairman of the Caravan pre-school project Glen Phike said he was aware R150 000 donated by the Coca-Cola Foundation to the Foundation for Peace and Justice (FPJ) was intended for their pre-school projects, but only R30 000 was received from the FPJ for the projects

Mr Phike said the money was meant for the pre-schools

■ Claims are being made that money donated by the Coca-Cola Foundation to the Foundation for Peace and Justice could have gone astray.

in Carnarvon and Van Wyksvlei and the organisation still expected to get the money They would fight for it if necessary

Manager of public relations at Coca-Cola Company, Kerry Traubert confirmed with Weekend Argus a grant of R150 000 had been made in 1992 for the Caravan Projects and the company had accepted the FPJ reporting on the distribution of the funds in "good faith"

While Coca-Cola Foundation was now aware of the problems that had arisen at the FPJ, it did not intend taking any action, said Ms Traubert

The plight of the community organisations in the Karoo first came to the attention of the public when Nordic funding agencies last year began probing the financial irregularities at the FPJ

Mr Phike said the subsidised pre-schools in the small Karoo towns cater for impoverished local parents, many of whom are unemployed

There are 85 children being cared for at the Carnarvon pre-school and 30 children at the Van Wyksvlei pre-school and they did not have money to pay for electricity, buy food for the children or pay workers' salaries

Weekend Argus has a copy of a document written by Norman Michaels, then personal assistant to Dr Boesak, thanking the Coca-Cola Foundation for its injection of R150 000 for the Caravan Projects.

Former bookkeeper at the Foundation for Peace and Justice Freddie Steenkamp wrote to the Coca-Cola Foundation: "We cannot over-emphasise the tremendous difference your generous grant has made for the people in Carnarvon We are indeed thankful for your kind assistance in the plight of the impoverished and disadvantaged community, who are still at this very moment exposed to the stark reality of white oppression in Carnarvon"

Keeping govt on the straight and narrow

(259)

AMERICAN expert on public accountability James P O'Sullivan is in South Africa on the final leg of a regional visit. Chief Reporter JOHN PERLMAN spoke to him about the essence of clean government.

Star 13/5/95

JAMES P O'Sullivan is a lawyer, not a farmer, but he has spent the past week planting seeds in South African soil It will be interesting to see whether these seeds bear any fruit

O'Sullivan is a senior official in the United States Office of Government Ethics (USOGE), a body set up by an Act of Congress to help keep politicians and bureaucrats on the straight and narrow

"Our primary task is to identify areas where there might be potential conflicts of interest and then to work out mechanisms for remedying them," he says "It is a preventive system"

In the United States "full public financial disclosure" has been a legal requirement for senior members of the federal government since 1978, O'Sullivan says

Currently some 23 000 members of government — congressmen and senators, federal Supreme Court judges and senior officials in every federal department — are required to file statements detailing their financial interests when they take office

"Financial interests" would include properties owned, stocks and directorships held by themselves and family members A false statement can be punished with a fine of up to $10 000 (R37 000)

A further 250 000 "mid-level employees who have sensitive functions" — such as environmental inspectors, licensing officers, and contract arbitrators — are also required to make such disclosures but these remain confidential, O'Sullivan says

Implement

The USOGE's task, he says, is to oversee a "decentralised system. We provide policy guidance for how the programme is administered but each department in the executive (the equivalent of ministries) has to implement its own programme"

These issues, O'Sullivan says, are the subject of "an intense amount of interest in this area around the world" A US-sponsored conference last year drew representatives from 50 countries.

In South Africa, though, the debate over whether our elected politicians and senior officials should make full disclosure of their financial interests has only just begun to simmer

The ANC requires this of its MPs but the information is lodged with secretary-general Cyril Ramaphosa and is not available to the public Representatives of other parties are under no obligations at all

O'Sullivan should have given some important people plenty of ideas to work with His South African visit, the final leg of a five-country regional tour, has put him in meetings with municipal officials in Pretoria and regional politicians in Gauteng and the Eastern and Western Cape

O'Sullivan has met the Public Service Commission, the Office of Serious Economic Offences, the Department of Foreign Affairs, academics at various universities and with Kadar Asmal, the Minister of Water Affairs who has also been charged with overseeing the ANCs code of conduct for its own MPs.

The US system for scrutinising public officials, regarded as one of the strictest in the world, has pretty deep roots The Ethics in Government Act which set up the USOGE "was an outgrowth of the Watergate scandals earlier in the 1970s", O'Sullivan says.

South African efforts will have to start from scratch And while the USOGE has 84 employees and back-up within every government department, South Africa's shortage of administrative capacity wouldn't allow for anything like that But that's no reason not to get started, O'Sullivan says

Important

"Even with limited resources you can put into place some kind of public disclosure system," he says "You start at the top with the most senior officials If you can only administer 100 officials, take your top 100 elected officials and your top ministry people"

O'Sullivan says the making public of officials financial interests is only one aspect of the system in the US but believes it would be particularly important at this time in South Africa's history "If you have a new government and it is putting down the roots of a democracy, that does seem like a particularly sensitive time to be maintaining public confidence in its officials"

Coke's cash for the FPJ missing

(259)

GLYNNIS UNDERHILL

CAPE TOWN — Money donated to Allan Boesak's Foundation for Peace and Justice by the Coca-Cola Foundation in the US did not reach its destination, it has been claimed.

The funds were intended for pre-school projects in impoverished areas of the Karoo Star 13/5/95

Glen Phike, chairman of the Caravan pre-school project, said Office for Serious Economic Offences assistant director Tommy Prins would be travelling to Carnarvon next week to discuss the funding issue with staff at the Caravan Community Organisation Projects.

Phike said he was aware that R150 000 donated by the Coca-Cola Foundation to the FPJ was intended for its pre-school projects. Only R30 000 was received from the FPJ for the projects, he claimed.

"The money was meant for our pre-schools in Van Wyksvlei and Carnarvon but we never received it," he said.

Kerry Traubert, manager of public relations at the Coca-Cola Company, based in Atlanta, Georgia, said the company had accepted in good faith the FPJ reporting on the distribution of the funds.

Phike said the subsidised pre-schools in the small Karoo towns cater for impoverished local parents, many of whom are unemployed. There are also 115 children being cared for at the two schools, he said.

Businessmen to lead crusade against corruption in southern Africa

(259) BD 15/5/95 (259)

JOHN BLUDLU

SOUTHERN Africa's top business executives are to lead a crusade to stamp out corruption in the region.

The initiative, launched at the World Economic Forum summit in Midrand last week, is to culminate in a major anti-corruption conference on August 15 at the World Trade Centre in Kempton Park

Council of Southern African Bankers CE Piet Liebenberg said about 1 000 executives from the region would be invited to the conference, at which a detailed action programme with new approaches to combating corruption would be formulated

Liebenberg said at a news conference at the summit on Friday that corruption had reached intolerable levels, and business should lead the fight against it.

"Business in SA has been reluctant to raise these issues publicly. We believe it is time for business to begin speaking out."

Businessmen at the summit called for steps be taken to eliminate corruption in SA and the region. These included the adoption of the King committee recommendations which seek to improve corporate governance, the generation and adoption of codes of ethics, and greater efforts at self-policing by business.

Other steps included lobbying governments to repeal legislation that created incentives for corruption, such as tariffs and regulations contributing to the creation of "grey" and "black" markets which undercut legitimate trade.

Liebenberg said fundamental values — especially respect for the rule of law — should be restored

Business Practices Committee chairman Louise Tager called for legislative reform to bring more clarity and "economic rationality" to the legal environment

She said the myriad of controls in SA laws created opportunities for corruption, and these needed to be streamlined to encourage self-regulation by codes of conduct among businesses.

Tager attributed much of the corruption in SA to the country's past apartheid policies which had undermined basic values throughout society.

International sanctions against SA, she said, had encouraged the spread of "questionable practices" among SA companies seeking to circumvent the international prohibitions

Businessmen said the problems of corruption, organised crime, drug trafficking and money laundering affected SA and other countries in the region.

Liebenberg called for greater co-operation between business and government and co-ordination at regional level to "get a grip on this problem before it spins out of control" World Economic Forum president Klaus Schwab said the forum planned to sponsor a series of regional seminars on fighting corruption

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POLITICS

PAYMENT IRREGULARITIES 'DISTURBING'

'Serious' fraud in govt pensions still goes on

259

FRAUD in the payment of social pensions is still disturbing says the auditor-general. **BARRY STREEK** reports.

CT 17/5/95

THE serious irregularities and fraud in the payment of government pensions had not improved significantly, auditor-general Mr Henri Kluever said yesterday

He tabled in Parliament "a consolidated picture of the state of serious affairs regarding controls over the payment of social pensions by various government institutions in South Africa".

The former provincial administrations, own affairs administration, the TBVC countries and self-governing territories were responsible for the control over and payment of social pension benefits within their own jurisdiction

"Over the past number of years various irregularities, weaknesses in the systems of internal control and disturbing practices and developments regarding control over the payments of social pensions were found during audits.

"Although it was attempted with these reports to highlight deficient and unsatisfactory arrangements in the handling of social pensions, it is regrettable to report that notwithstanding these extensive reports on the unsatisfactory and disturbing state of affairs, the situation had, at the time of writing this report, not improved significantly."

Mr Kluever said that among the irregularities was the payment of pensioners more than once for the same period, payments to people who did not exist, payments made to people who did not qualify for pensions, and payments after the death of a bona fide pensioner.

In the financial year which ended on March 31, 1994, overpayments totalled R21,5 million, with deterioration of 19%

Lekota removes Free State MEC

Star 19/5/95 (269)

Bloemfontein — Free State MEC for Housing Vax Mayekiso has been removed "for using his position to enrich himself or any other person", Premier Patrick Lekota told a press briefing in Bloemfontein yesterday.

He said section 149(9) of the constitution stipulated that no member of a provincial cabinet should use his position to enrich himself or anyone else.

Lekota suspended Mayekiso on April 26 after a complaint by the Thabong branch of the SA National Civic Organisation (Sanco) that he was using his position as MEC to advance the interests of another party or those of himself and his family.

The Sanco letter expressed concern about Mayekiso's involvement in a dispute between the taxi body Abtocsa and a Mr Nkomo, franchise holder of a BP service station in Thabong near Welkom.

Sanco claimed Mayekiso was taking sides in the matter and had a vested interest, and that a bank guarantee of R50 000 offered to BP by Abtocsa was in the name of Mayekiso's wife.

He will no longer serve in the provincial cabinet, but it was unclear yesterday whether he would retain his position as a member of the provincial legislature.

Lekota tabled two letters from Welkom attorneys Andrews Podbielski and Grimsell to Nkomo, dated October 31, inviting him to negotiate the sale of his business to Abtocsa.

Lekota tabled a letter on an executive council letterhead from Mayekiso to Nkomo, inviting him to a meeting at the Welkom Inn on February 13.

Lekota said Nkomo had felt obliged to attend because Mayekiso was a high government official.

Nkomo claimed that in the course of the meeting he had been placed under pressure to sell his business and as a result of alleged threats agreed to sell his business to Abtocsa.

Nkomo claimed Mayekiso had posed as a neutral arbitrator at the meeting but did nothing to protect him when the threats were made.

On February 23 Nedbank's Welkom branch issued a guarantee for R50 000 as surety and co-principal debtor for Nondumiso Beatrice Mayekiso, trading as Thabong Motors.

Lekota said this document showed Mayekiso's personal interest in the matter, said Lekota. — Sapa.

Defiant MPs' cash quest to be probed

(259) Star 20/5/95

By BRENDAN SEERY

Speaker of the National Assembly Frene Ginwala has ordered an investigation into reports that 17 MPs on an expenses-paid study trip to Europe went to South African embassies to claim daily allowances totalling R56 000, despite the fact that Parliament had earlier turned down their request for spending money

This week Democratic Party MP Douglas Gibson, who was a member of the tour party in April and early May, sent a cheque for R3 200 — the local equivalent of what he was paid out — to Parliament, claiming he was unaware of the controversy over the payments

The Department of Foreign Affairs and Parliament have both refused to foot the bill for the payouts, which were made last month to the parliamentary select committee on defence that went on a study tour to Germany and Britain.

Each of the parliamentarians, representing all the major parties in Parliament, were paid out more than R3 200 for the 12-day trip They were given DM375 each for five working days in Germany and £400 for the rest of their stay in England.

The MPs — who earn an annual package of R193 200 — had only to pay for two suppers out of their own pockets during the tour.

Ginwala told Saturday Star that "Parliament did not authorise Foreign Affairs to pay the money".

Foreign Affairs spokesman Jacques Malan said officials at the embassies in Bonn and London were not told Parliament had turned down the request by the MPs for a daily allowance

He said it was in keeping with normal practice that embassies would "help out" official visitors from South Africa, but on the strict understanding that the Government department under which they fell would be billed.

In the case of the visiting MPs, Foreign Affairs officials had been provided with the necessary accounting codes for the billing procedures and so payment had been made, he added.

Ginwala said Parliament would have to determine on what basis the money was claimed and how it was paid out.

She said Parliament's budget was very tightly controlled and that there were strict guidelines for expense payments to MPs.

Willem Fourie, from the office of the secretary of Parliament in Cape Town, said the touring group had requested spending money of between R35 000 and R36 000 from Parliament, on the grounds that it was an official visit However, Ginwala and Senate president Kobie Coetsee did not agree and rejected the request

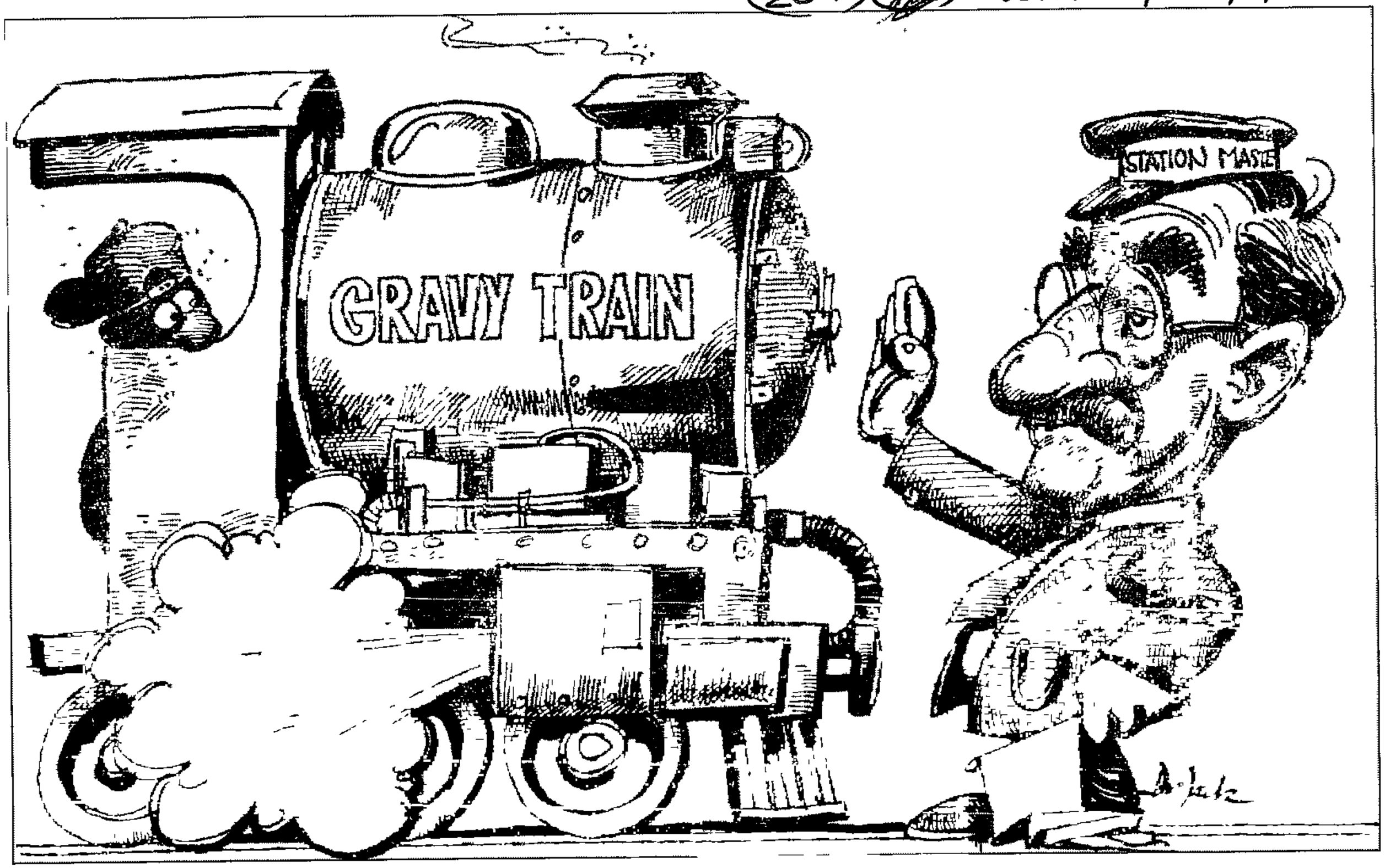
Fourie said Parliament turned down requests for money for foreign travel by select committees "on virtually a daily basis

"It is very seldom that we accede to such requests"

The ANC is planning to lead the world with proposed new rules on MPs' extra-parliamentary earnings, reports **Eddie Koch**

MPs' gravy train at the junction

(259) WM 26/5-1/6/95



IN a bold move to clamp down on venality in public office, the African National Congress has decided its MPs must open their family assets and extra-parliamentary earnings to full public scrutiny

The dramatic decision — possibly a first for any political party in the world — coincides with efforts by the ANC to extend its own internal code of conduct to all parliamentarians

The ANC's national executive committee decided at its last meeting to beef up its ethical code by insisting all of the party's elected representatives declare their private interests to the voters who put them in office

The organisation has made this undertaking at the risk of revealing embarrassing details to the public while campaigning for local government elections — even though other parties remain shielded from this kind of scrutiny under the present system

Water Affairs and Foresty Minister Kader Asmal, who chairs a subcommittee on ethics in the House of Assembly, told the *Mail & Guardian* the decision "sets an important precedent and a principle for other parties to follow"

He said the ANC's initiative would give a boost to plans by his parliamentary committee to set in place a code of conduct that will prevent corruption and money-grabbing by elected representatives of all political parties

"Our committee is busy working on a national code that we hope will apply to all members of the senate, assembly and provincial le islatures

an external source," it says

It stipulates that MPs should treat their parliame[illegible] posts as full-[illegible]

lic disclosure in a parliamentary register that will be open to journalists [illegible]

there are still many countries that don't have the kinds of restrictions [illegible]

The ANC

that the house is able to debate our recommendations when it comes back from recess in August."

The ANC is the only party in the country to have adopted an internal set of ethical rules in the absence of national regulations or legislation to govern the extra-parliamentary business activities of MPs

Its code of conduct includes tough clauses that bar the party's elected officials from using government office or parliamentary posts to distribute patronage or obtain personal fortune — and sets up a high-powered disciplinary committee to implement it

Ministers, premiers and provincial executive councillors are prohibited from playing any active role in profit-making institutions and have to surrender all directorships they held before taking office

The regulations require ANC members to declare their assets and all other posts from which there is financial benefit in other companies, boards or organisations

"In particular, they shall disclose all consultancies, shareholdings and directorships or any form of payment received by them or their family from [illegible] permanent employment in other jobs Lobbying for organisations and companies is strictly prohibited

The ANC's code is in line with, if not more advanced than, progressive regulations for MPs in other western democracies But it was flawed because these disclosures remained confidential and secret — until the recent NEC decision

The ANC's executive has set up a committee, which includes Asmal and secretary general Cyril Ramaphosa, to urgently devise a system for implementing its new "transparency" resolution

"This is exceptional As far as we know, the ANC is the first political party anywhere in the world to make this kind of ruling," said Asmal

The national regulations being drafted by the House of Assembly's ethics subcommittee will be based initially on the ANC's code but will be refined and adapted to take into account suggestions from other parties Parliament will have to decide if the national ethics will be legislated or accepted as a set of in-house rules

"We in the ANC want full and public [illegible] machinery," said Asmal [illegible]

"Lobbying should be banned And it is important to include assets of family members and spouses in the declaration so that these can't be hidden from the public "

Stressing these were his personal views, Asmal said special regulations should be implemented for members of parliamentary standing committees as they could be in a position to influence policies that affect their vested interests A code of ethics should also be devised for people in the chairs of parastatals

He said his ethics subcommittee's report to the assembly will be influenced by developments in other democracies, where there is a trend towards tightening the controls on pecuniary benefits that MPs can obtain from being in office

It can, however, be expected to go much further than most other Western systems that were set in place before disclosure became a major parliamentary issue

"Since 1979 there have been a number of progressive developments and we have gained a lot of experience from countries like France, Spain, Ireland and Sweden But at this stage

Asmal told the *Mail & Guardian* that international publicity surrounding the Nolan Committee, set up in the British House of Commons to devise ways of curbing corruption and sleaze on the part of some of its MPs, would provide a major boost to the work of his committee

He said it was important to keep the code of conduct and the enforcement machinery simple and effective "Look at the United States, which has complex regulations and an expensive bureaucracy to administer it, but lots of corruption We want to avoid that "

Richard Calland, director of the Parliamentary Information and Monitoring Service (Pims) in Cape Town, said the ANC's move "was in keeping with trends around the world, including England and Russia, where MPs are banned from any outside business interests "

But Calland warned that it was vital for a national code to be legislated — rather than enacted as a set of voluntary or in-house rules — as a matter of urgency if "transparency" was to become more than just a buzzword

The international experience

SLEAZE, secrecy and corruption are targets of the toughest action taken in Britain this century to enforce ethical behaviour by MPs in the House of Commons

Prime Minister John Major's cabinet last week accepted the broad thrust of the controversial Nolan Committee's report, which laid down seven principles of public life" to guard against "slackness in the observation and enforcement of high standards"

The Nolan ethics committee urges British MPs not to undertake parliamentary services for lobbyists and to declare all earnings from outside consultancies It recommends that a Parliamentary Commissioner for Standards be set up to police a new code

Nolan suggests former cabinet members be vetted by an independent committee before they can take paid employment for at least two years after they leave office, so that they are prevented from trading in strategic information obtained while in public office

It also proposes a complex investigation mechanism in which MPs' behaviour is subject to independent scrutiny, while final judgments on guilt and penalties be left up to the House of Commons

The committee's recommendations include tighter enforcement of the Commons Register of Members' Interests, so that precise categories are declared, mainly in bands of R5 000

'Financial misbehaviour, in particular, matters to us all because it strikes at the very heart of that confidence which people must have in ministers and the motives behind their decisions," says the report

To force the pace of implementing its proposals, the committee suggests three categories of action Some proposals must be immediately applied, others this year and the rest before the end of 1996

Four members of the committee have also urged parliament to extend its inquiry into ways of ensuring that party political funds are disclosed and monitored — although this has so far been resisted by Major

The Tory cabinet is expected to set up an all-party select committee this week to implement the proposals, but the ink had hardly dried on Nolan's

■ To PAGE 10

enforces its own code

THE African National Congress this week released details about how members can bring charges against individuals in the movement accused of breaching the party's code of conduct before its disciplinary committee.

According to a draft disciplinary procedure drawn up by the organisation's national executive committee, charges can be "initiated for violations of the basic principles and norms of the ANC as laid down in the constitution of the ANC and the code of conduct for public representatives".

It stipulates that "any organ and/or branch of the ANC" can initiate a charge at branch, provincial or national level. The disciplinary proceedings should take place at the regional level where the alleged violation took place.

The charge must be prepared by a presenter on behalf of the organ or officials. This person will be appointed either by a branch secretary, a provincial secretary or a the secretary general of the organisation

The charge has to be presented in writing and has to state clearly which section of the constitution or code of conduct has allegedly been violated. The affected party must be given a written copy of the charge at least five days before the hearing.

The procedure is designed to ensure "discipline is applied in accordance with a just and fair procedure which is clear and simple". Members of the organisation must be presumed innocent until proven guilty and must have the chance to defend themselves

It includes clauses designed to

■ To PAGE 10

Boesak funds probe moves to the Karoo

GLYNNIS UNDERHILL

Cape Town — A number of people were interviewed by the Office for Serious Economic Offences (Oseo) on a visit to Carnarvon in the Karoo recently during its investigation into the financial affairs of Allan Boesak's Foundation for Peace and Justice (FPJ).

This was confirmed by Oseo's assistant director, Tommy Prins, who said the findings of the Karoo trip would remain under wraps until the investigation had been concluded.

Saturday Star recently disclosed allegations that money donated to the FPJ by the Coca-Cola Foundation in the United States for distribution to pre-school projects in the Karoo never reached its destination.

(259) Star 27/5/95

PUBLIC SECTOR – GOVT. – MISCELLANEOUS

1995

JUNE – DEC

Boesak office lease could cost state R14,4 million

CT 1/6/95 (259)

BARRY STREEK

THE lease for central Cape Town offices signed last year by Dr Allan Boesak, the former Minister for Economic Affairs, would cost the state R14,4 million over 10 years, the Minister of Public Works, Mr Jeff Radebe, said yesterday

The lease with Old Mutual came into effect on October 1 last year but the offices were unoccupied until the middle of May, he said in reply to a question, which was tabled in the Senate by Senator Neels Ackerman (NP).

The original lease was for 10 years and was due to expire on September 30, 2004

However, negotiations to reduce the lease agreement to five years were in progress.

The Adderley Street offices, leased from the SA Mutual Life Assurances Society (Old Mutual), could be sublet.

The possibility of sub-letting had been investigated but the provincial administration had meanwhile identified a need for the use of the offices for its own purposes

Mr Radebe said Dr Boesak did not have authorisation from his department to sign the lease

Competitive tenders for leases of this nature had to be called for by the Chief Directorate of Works in the Western Cape Provincial Administration

Plans to root out corruption

(259)

BARRY STREEK
POLITICAL STAFF

CT 1/6/95

AN Anti-Corruption Arm within the Public Service Commission should be considered, according to the draft white paper on the transformation of the public service, which was tabled in Parliament yesterday.

"In view of the ministry's concern with the elimination of corruption within the public sector, a systematic programme will be introduced to prevent corruption and punish offenders," the white paper said.

An Anti-Corruption Arm that will detect and expose corruption in the public service, will be linked to "the Public Service Commission, the Public Protector and the police, while its activities will be jointly overseen by the ministry and the office of the Public Protector," it said.

A draft code of conduct for the civil service had also been developed and published.

Corrupt officials selling passports

(259) Star 3/6/95.

By PETA KROST

Corrupt Home Affairs officials are hampering police attempts to stem the tide of illegal immigrants, claimed to be responsible for 40% of South Africa's crime.

"In 1994 alone, we arrested 23 Home Affairs officials, including two directors, for unlawfully helping illegal immigrants obtain passports, identity documents and other national documentation," Warrant Officer Johann Fourie of the Illegal Aliens Investigation Unit said.

This week the Department of Home Affairs and the Illegal Aliens Investigation Unit estimated there were three million illegal immigrants in the country

However, while Home Affairs spokesman Hennie Meyer admitted there was a serious problem, he said his records showed only 16 officials charged.

"But obviously that is too many, so we are conducting ongoing in-service training to try to curb it," Meyer said.

He would not specify the screening procedures used by the department in its recruitment, but said people with criminal records were not employed.

Fourie said the unit's biggest headache was the illegal issue of documents to Nigerian nationals: 250 have been arrested since January for possession of unlawfully issued documents. Illegal Chinese immigrants were also regarded as a problem.

Last year alone police confiscated illegally obtained South African documents worth almost R60-million on the black market. The haul included 1 727 passports – only six of which were fake – 231 identity documents, 994 forged permits and stamps, 143 loose leaf visas and seven stolen official stamps.

"Inside men were obviously used as these documents emanated from the department, which is understaffed. It is difficult to stop the internal corruption," Fourie said.

He said wealthy illegals bribed a corrupt official in the department to create backgrounds for each individual, by entering into a computer data base fictitious names of parents, dates of birth and other details.

The illegals then used the same information on their application form for a late registration of birth – which would not be turned down, as the data was on computer and the people had complete histories as if born in South Africa.

Once their births were registered, they could legitimately apply for identity documents – which they could then use to request passports.

"They always have money", Fourie said.

TO PAGE 2

◆ Illegals

"When we arrest a Nigerian for passport fraud, it is almost inevitable that we will find one to two thousand US dollars and often cocaine as well. There will always be at least R50 000 in cash on the premises of any Chinese alien we arrest"

Once in South Africa, the illegals allegedly set up organised crime rackets, many of which were run by syndicate leaders outside the country

"Our successes are just the tip of the iceberg The problem is that once the illegals have legitimate passports, they are impossible to trace And their crimes multiply

"The crimes committed by illegals constitute more than 40% of all this country's crimes If we can get rid of the illegals, we could effectively cut down crime," Fourie said

"The aliens unit believes that this problem stems from South Africa having been branded a place where criminals and drug smugglers are welcomed," said unit commander Captain S J du Plessis

The unit had received more than 170 inquiries from Interpol, foreign embassies and foreign police commanders asking about Nigerian, Chinese and Indian citizens connected to drug smuggling while in possession of South African passports

"During the investigation into this we discovered that the documents were obtained through an agent or a corrupt official in the Department of Home Affairs," Du Plessis added

Retired Bop official tells of R5-m scam

Sowetan 12/6/95 (259)

By Mathatha Tsedu
Political Editor

A former senior official of the defunct Bophuthatswana government backdated a R5 million contract last year after being promised a slice of the money

Mr Itumeleng Jeremiah Reid (53), who was director-general for information, testified before the Skweyiya Commission of Inquiry into Corruption in Bophuthatswana on Thursday He said he and a Mr Immelman had drawn up a contract and backdated it to siphon off money from government funds

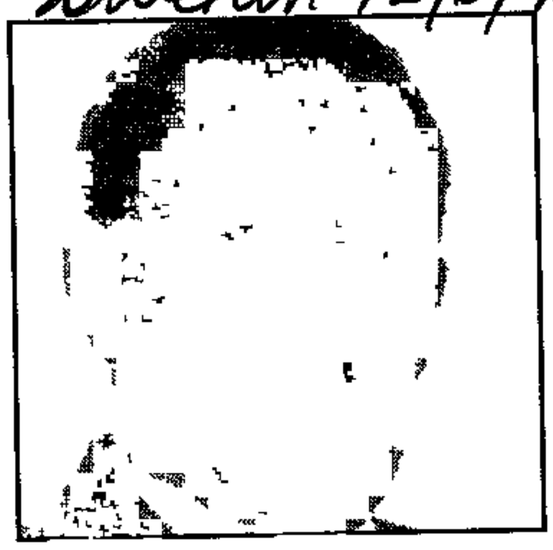
Payment of the money was approved by joint administrator Mr Johan van der Walt, who had been told the contract was genuine and due for payment

Reid was promised R400 000 to help him rebuild a chicken shop that had been destroyed in the riots He had, however, only received R138 000 plus R7 500 for legal fees from Immelman, he told the commission

Reid, who is now retired, testified that the R5 million had been set aside for voter education and a possible referendum The education project was part of an extensive programme known as the Q Project, run by Immelman and other colleagues

According to documents in the possession of *Sowetan*, the project was to provide a covert "information and propaganda plan in support of the Bophuthatswana government's political position and stances"

Chief Lucas Mangope's Christian Democratic Party was "a vital element of the comprehensive communication



Chief Lucas Mangope

strategy The party was said to be the only vehicle through which the plan's core aim could be achieved

"The party currently lacks both infrastructure and profile and is in fact the weakest link in the overall strategy The strategy has therefore been designed to invisibly reinforce and support the party's manifesto, principles and constitutional proposals," the documents reveal

In a candid admission that the planned activity was illegal, the document states "The following proposed aim, goals and objectives should be regarded as highly sensitive and potentially controversial They imply direct government support for a party political objective and as such, appear to be in direct conflict with the most basic principles of democratic government"

The basic aim of the project was also to ensure "for Bophuthatswana the maximum level of political autonomy and to effect a relative right to self determination within the framework of the imminent South African dispensation"

To ensure that the electorate made a decision consistent with that of the Mangope party, a programme to educate them about "free market principles and secondly show what the Bophuthatswana government has achieved through adherence to these principles" had to be embarked on

The Q Project foresaw five possible scenarios, all of which started with voters rejecting Mangope's party either due to ignorance, confusion, or belief in allegations that Bophuthatswana was a puppet state riddled with corruption and maladministration

The project was to be effected in 1993 but was stopped in December that year, according to Reid Very little work had been done, it was established yesterday In preparation for this work, Reid was given the R5 million which had not been used when the Mangope government fell in March 10 last year

It was after the fall that Van der Walt and Jacob Mogoro were appointed joint administrators Reid and Immelman met on March 16 with a new contract between the Bophuthatswana government and the Q Group, signed by the two and backdated to February 10 The contract was presented to Van der Walt, who approved payment "Immelman said payment should be made immediately, saying he did not trust the present set up I then ordered immediate payment," Reid said in his affidavit to the commission

But Immelman did not live up to his promises to Reid, the commission heard Reid was told R60 000 of the R400 000 would be deducted for tax purposes but he had been given only R138 000

Reid is to appear for cross-examination on June 26.

Business leaders join in fight against crime, corruption

CT 15/6/95 (259)

CRIME REPORTER

BUSINESSMEN have joined the fight against crime as organised international syndicates, widescale fraud and corruption threaten efforts to boost the economy

Banking leaders will meet in Gauteng next week to prepare proposals for changes to legislation in an effort to stop money-laundering

In South Africa banks do not have to report deposits that exceed certain minimum limits or which are suspected to come from criminal activity — unlike Europe — and banking leaders are lobbying for legislation to enable them to do so

In another initiative, about 1 000 business, industry and civic leaders from around Southern Africa are expected to assemble at a one-day anti-crime workshop, organised by the Council of Southern African Banks (Cosab), in August

Cosab chief executive Mr Piet Liebenberg said emphasis would be placed on developing new moral standards and a work ethic to promote economic growth.

Professor Louise Tager, chairwoman of the Business Practices Committee, said business was making more effort than in the past because crime was now spilling into previously safe areas.

Business leaders had held several conferences on fraud and corruption in the past two years, but now the economy was also being threatened by international fraud syndicates

"There is not one solution to this problem and it is going to be a lengthy process We need a police force which is properly paid and trained as a community police force

"We need to reinstate good values in our society," Prof Tager said.

"The chairman of the board and directors must take a lead in good business ethics These things start from the top," she added

Call to curb corruption in order to compete on world markets

(259) Star 17/6/95

Cape Town — Corruption must be brought under control if South Africa is to compete on world markets, Independent Newspapers proprietor Tony O'Reilly has warned

Addressing the Weekend Argus Business Personalities banquet in Cape Town last night, O'Reilly said huge amounts of capital were being moved around the globe at the touch of a computer

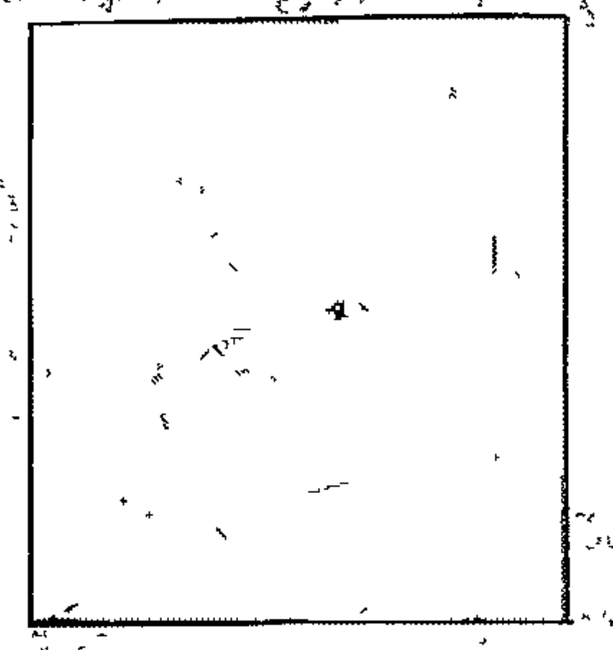
This capital was made up of pension and insurance fund money and its managers had a responsibility to seek the best and most reliable returns on their investments

"Effective capital markets require a level playing field with laws and regulations against corruption and anti-market activities.

"Simply put, we need powers in South Africa that rival the securities and exchange laws of the United States of America, which in my judgment are the best and most equitable in the world in these matters"

A free, inquiring press and an independent judiciary were also protection against corruption, O'Reilly said

"Editors and journalists must have the editorial freedom and resources to conduct investigations and be one of the watchdogs of society



TONY O'REILLY: Borrow all you can, and spend it wisely on infrastructure, housing and exports

"That doesn't mean the media have to be negative all the time — although most businessmen and politicians believe they are — because the positive achievements of government and business are legitimate news as well

"In all our societies we need to rededicate ourselves to the old-fashioned virtues of honesty, hard work, respect for others and basic standards. South Africa has these virtues in abundance, in its cities, on the farms and in the townships, where decent people need only a helping hand from the Government and not a handout"

The 21st century would be dominated by a struggle to understand and satisfy the consumers of the world

"There will be little satisfaction in overthrowing the symbols of communism and fascism if they are not replaced with genuine freedom of opportunity and widely shared prosperity"

South Africa, said O'Reilly — who was given a standing ovation at the end of his speech — should "borrow all you can and spend it wisely on infrastructure and housing and export-led industry"

Homelands bleeding dry

RAMPANT THEFT, FRAUD IN FORMER TBVC STATES

(259)

ET 22/6/95

THE AUDITOR-GENERAL has recommended that people be brought to justice for the millions of rands of public money being lost through maladministration, fraud and theft in the former homelands. **ANTHONY JOHNSON** reports.

THE wholesale collapse of virtually all aspects of financial administration and control in the former independent homelands is bleeding the South African taxpayer dry, the auditor-general warned yesterday

A special report commissioned by Parliament on the former TBVC states paints a picture of rampant fraud, theft, overpayments, destruction or non-existence of vital records, absenteeism, idleness within government departments, parastatals and local authorities

His report notes that hundreds of millions of rand of public funds go missing or are not accounted for in the former homelands

The "situation analysis" was conducted for auditor-general Mr Henri Kluever by five private audit firms between February 28 and March 31 this year after the joint standing committee on public accounts in Parliament had raised the alarm in October last year

In his report Mr Kluever calls on the government to stop the ongoing wastage of "very large amounts of taxpayers' money"

Justice

He recommends that teams of specialists be sent to probe fraud and misconduct claims so that accountability and responsibility can be established and "perpetrators be brought to justice"

The probe found that the last audited reports by homeland auditors-general submitted to their respective parliaments or legislative authorities was 1986/87 in the case of Transkei, 1988/89 in Venda, and 1990/91 in Ciskei and Bophuthatswana

Transkei had not done 85,7% of the required audits of government departments from 1988-94, and 72,9% of those required for corporations, parastatals and funds from 1989-94

The investigation conducted this year found that in the Transkei there was evidence of the destruction of vital records and, with the exception of a few corporations, inadequate control over expenditure, salaries and wages, and the safeguarding of assets

While certain departments were grossly overstaffed, "there was a general lack of enthusiasm or commitment with staff either not having work to do or not doing their work Management was either unable or unwilling to implement discipline"

Appalling

In the case of the Ciskei, the report states "On the whole the internal controls and accounting records in government departments are in an appalling state

"Consequently, fraud and manipulation could be perpetrated on a widespread basis "

Personnel in the Ciskei appeared to be unproductive "and absenteeism is a common problem in the office of the Ciskei auditor-general and elsewhere"

In Bophuthatswana, investigators found that none of the personnel in the Department of Foreign Affairs "seemed to have any productive tasks to keep them occupied", while some had been told to stay at home while the process of amalgamation with the national department was being completed

Theft of government vehicles was common (97 last year)

In Venda, investigators found a history of overpayments of officials, with 47% of the total budget in 1993/94 going to salaries Actual salary expenditure increased 21,6% in 1992/93 and 18,9% in 1993/94, suggesting unauthorised increases or appointments

Aud-G slams homeland corruption

■ BY PATRICK BULGER
POLITICAL CORRESPONDENT

Cape Town — The finances of the former TBVC states were in chaos, with indications of widespread fraud and wastage, Auditor-General Henri Kluever told Parliament yesterday.

His special report on Transkei, Bophuthatswana, Venda and Ciskei, commissioned by Parliament's joint standing committee on public accounts, was tabled after a four-month study by five auditing firms. Star 22/6/95

The investigation was launched to look into indications of "serious financial problems and irregularities" unearthed by the Department of State Expenditure. The auditing pointed to "a totally unacceptable situation", he said. (259)

"Very large amounts of taxpayers' money are being wasted. This should, in the country's interest, be stopped forthwith," Kluever said, adding that "forensic and other appropriate specialists" should be engaged to determine the extent and nature of the waste.

"Accountability and responsibility must be established and the perpetrators brought to justice," he said.

The investigation found that 54 audits of government departments in Bophuthatswana were outstanding, 25 in Venda, 120 in Transkei and 35 in Ciskei

Huge sums still wasted in ex-homelands

(259) ARG 22/6/95

Political Correspondent

HUGE amounts of taxpayers' money continue to be wasted in the former TBVC territories, says auditor-general Henri Kluever

Financial administration was in chaos and audits were in arrears

In a report tabled in parliament yesterday, he urged the appointment of qualified people to aid the reconstruction and reconciliation of accounts

A probe of possible fraud found

● In the former Bophuthatswana, bank records were incomplete and there was an "apparent high number of thefts of government vehicles" — 97 reported stolen last year

● There was cause for concern about the motivation for setting up the off-shore Bophuthatswana National Commercial Corporation, which had required an investment of millions of German marks

● In the Ciskei internal controls in government departments were so appallingly bad that widespread corruption was possible

● In Transkei, the general lack of proper procedures in corporations, parastatals and funds opened the way for large-scale fraud and corruption

Concern over poll finances

(259) CT 22/6/95

STATE expenditure director-general Mr Hannes Smit said yesterday he was concerned the lack of financial accountability that dogged last year's elections would also mar the November 1 poll.

Speaking to a parliamentary public accounts committee, Mr Smit said there was no guarantee that the misuse of funds and fraud experienced during the April 1994 election would not be repeated in local government elections.

Several committee members said they appreciated that the IEC had had a difficult task in organising the elections, but they were unhappy at the lack of financial control.

Theft

The IEC ran the country's first democratic elections at a cost of nearly R1 billion. Auditor-general Mr Henri Kluever withheld an audit opinion on the commission in a recent report that detailed a trail of theft, fraud and unauthorised or "fruitless" spending amounting to millions of rands.

"In essence, we do not want to get the same answers 600 times over after the local government elections," ANC MP Ms Gill Marcus said during the debate.

Mr Smit responded: "I am also worried but I cannot say there will not be problems. It will come at a price, and we have to make sure that the price will be as small as possible."

● An investigation into the IEC had raised the question of whether commission chairman Mr Justice Johann Kriegler should be held responsible for the loss of money through theft, fraud and irregularities, NP finance spokesman Mr Francois Jacobsz said — Sapa.

Action on homeland fraud?

CT 23/6/95 (259)

STAFF REPORTER

CHARGES could be laid against those responsible for fraud and theft in the former homelands, deputy auditor-general Mr Bertie Loots said from Pretoria yesterday.

He was responding to questions on who would take action, and when, on the findings of the auditor-general's report tabled in Parliament on Wednesday which recommended that people be brought to justice for the millions of rands of public money lost through maladministration, fraud and theft in the former homelands.

"We've put some very worrying things on the table which need attention. It is up to the country's executive to take action. They (the provinces) could start fixing things right now," Mr Loots said.

He said the report would be given to the parliamentary standing committee on public accounts, chaired by Mr Ken Andrew, which could call for further evidence.

"They will look at all aspects, which may include the laying of charges," he said.

The deputy-director of state expenditure in the Department of Finance, Mr P L Rademan, said the report would be dealt with in provincial parliamentary standing committees in each province concerned.

Not responsible

"The accounting officer in each province will be summoned to the standing committee and could also be called before the central parliamentary committee," Mr Rademan said.

"We're trying to ensure the past problems are kept separate from the new provincial structures. But ultimately the past problems will be up to the new provinces to solve," Mr Rademan said.

Professor Shepard Mayatula, Minister of Finance for the Eastern Cape, said yesterday he could not be held responsible for maladministration which happened in the former Transkei and Ciskei.

"I am shocked at the report. Tax monies should have been used for what they were intended. When I took office in May last year, I put mechanisms in place to ensure this sort of thing does not happen," Prof Mayatula said.

He said he had recommended that each provincial ministry have its own accounting officer — someone with a strong financial background — who would be responsible for its budget and who would "keep everyone on his toes".

The other provinces with former homelands did not respond to queries yesterday on what action they would take on the report.

Boesak probe 'not complete'

(259) CT 23/6/95

COPENHAGEN: Deputy President Thabo Mbeki said yesterday a government inquiry this year "didn't get to the bottom" of charges that Dr Allan Boesak was involved in embezzling

"We're not saying there was no embezzlement. Only that it could not be determined," he said

Earlier this year Scandinavian aid organisations and SA attorneys accused Dr Boesak of misusing over R2 million from aid funds

But last April a government inquiry, led by Mr Mbeki, cleared Dr Boesak of wrongdoing, although it also concluded that he lacked control over the money

The report "didn't get to the bottom of it", he said. It was based partly on a report made for the Danish, Swedish and Norwegian agencies.

He said the matter was still under police investigation

Mr Mbeki spoke after opening a two-day conference on cultural and commercial relations between Denmark and SA. — Sapa-AP

Boesak fund probe still continuing, Mbeki tells Danes

(259)

ARG 23/6/95

Earlier investigation 'didn't get to the bottom'

COPENHAGEN — South Africa's Deputy President Thabo Mbewki says that a government inquiry this year "didn't get to the bottom" of charges that anti-apartheid activist Allan Boesak was involved in embezzling.

"We're not saying there was not embezzlement Only that it could not be determined," Mr Mbeki said He is on an official visit to Denmark

Earlier this year, Scandinavian aid organisations and South African attorneys accused Dr Boesak of misusing more than R2 million from aid funds

Last April a government inquiry led by Mr Mbeki cleared Dr Boesak of wrongdoing, although it also concluded that Dr Boesak lacked control over the money

The government report "didn't get to the bottom," Mr Mbeki said. It was based partly on another report made for the Danish, Swedish and Norwegian church and state agencies.

Mr Mbeki said the matter was still being investigated by the police He added that the case had been referred to the police fraud unit

Mr Mbeki spoke after opening a two-day conference on cultural and commercial relations between Denmark and South Africa.

Dr Boesak, who denied any wrongdoing, headed the Foundation for Peace and Justice that was in charge of disbursing aid from Scandinavian church and state agencies.

Donors alleged that only 25 percent of the aid had reached the intended beneficiaries They claimed most funds were used to pay for Dr Boesak's home, his travel, a wedding reception, and debts incurred by his wife Elna, a television producer. — Sapa-AP

'Looting rampant and staff idle in ex-homeland'

(259)

ARG 27/6/95

The Argus Correspondent

JOHANNESBURG — Looting is rampant and government services have collapsed in former KwaNdebele where the defunct homeland's headquarters house idle civil servants who are still being paid, according to information received by the Press

KwaMhlanga transitional local council mayor Norman Mathebe has turned to the Johannesburg press in an attempt to stop the crisis before it gets out of hand

He said the core of the problem lay with the decision after last year's elections to transfer all decision-making authority to the Eastern Transvaal capital, Nelspruit This had effectively paralysed local civil servants' ability to administer services to the 650 000 people in surrounding areas.

Oupa Pilane, spokesman for Eastern Transvaal Premier Mathews Phosa, has denied that a crisis exists, but confusion clearly reigns about the division of powers between provincial and local government

Mr Mathebe said the crisis was preventing RDP programmes from being implemented and this was creating disillusionment among locals

In an interview, he said that about 1 000 civil servants had been idle since last year's elections but were still receiving their salaries They believed their functions had been taken over by Nelspruit, but Mr Pilane is adamant they are simply not doing their jobs "Serious action" could be taken against them

Mr Pilane said

● The workers had taken to looting their offices of millions of rands worth of office equipment and furniture On one occasion, 21 computers simply vanished Computers, faxes and furniture were constantly being reported as missing

● Sixteen Toyota Cressidas disappeared from the government garage one night and the theft of government cars was continuing on a daily basis

● Land invasion was occurring on a wide scale because local officials did not have the authority to allocate sites Instead, they had to travel 680km to and from Nelspruit twice a week as part of a cumbersome process of getting approval for applications

● Residents were no longer paying for services because local authorities were unable to provide them with bills

● A government guest house was stripped of all valubles in a single day Baths, carpets, even wall tiles, disappeared as looters reduced it to an empty shell

● Four graders and trucks also "vanished" Officials are at a loss to explain how the large, slow-moving vehicles were stolen

The former homeland's ostentatious headquarters are at the centre of the problem. Opened in 1992, they have been made defunct by the decision to transfer the region's capital to Nelspruit

But a desperate need for services still exists because the small town of KwaMhlanga where the headquarters are situated is surrounded by four communities where most of the 650 000 residents are shack dwellers living in abject poverty

Tax officials under scrutiny for fraud

CLIVE SAWYER, Political Correspondent

SEVERAL tax officials are being prosecuted for fraud and corruption, said Minister of Finance Chris Liebenberg

He was replying to allegations by Doug Gibson (DP) about corruption in the inland revenue department (259)

Speaking in a parliamentary extended public committee debate yesterday on the Income Tax Bill, Mr Gibson said the Johannesburg receiver of revenue's office was getting a reputation for being "bribeable". ARG 28/6/95

"It costs R50 000 for an official to lose a tax file For a payment of R5 000 or R10 000, other favours are possible"

Mr Gibson called for an urgent investigation of the matter and said prompt action should be taken Failure to do so would undermine the tax system, he said.

DP allegations of bribery in tax office to be investigated

(259) CT(BR) 29/6/95

By Bruce Cameron

Political Editor

An immediate investigation is being launched into claims made in parliament that bribery is rife in the office of the Receiver of Revenue in Johannesburg

The claims of corruption were made by Douglas Gibson, a Democratic Party MP He said files could be "lost" for R50 000

Trevor van Heerden, commissioner for inland revenue said he was starting an investigation

Van Heerden said it was the first he had heard about the claims "It was a bit of a shock," he said

The department was very strict on fraud and corruption and a number of people had been sent to prison recently from the Pietersburg, Germiston and Johannesburg offices, van Heerden said

He said he had a problem keeping control because of the lack of qualified staff

"When you work with money you have to be strict and we have strict controls

"The problem is when the people in control leave and they cannot be replaced, inevitably things will go wrong

"We have lost those key people in control positions," he said

Gibson said he had no proof of the claims but had been told of the situation by two senior practitioners during the past two days He did not want to identify them

He said he had spoken to Chris Liebenberg, the finance minister, who "expressed great concern He appealed to me and anyone else to disclose any information," he said

TBVC funds scandal: Call for justice

(259)

ARG 1/7/95

MXOLISI MGXASHE
Staff Reporter

BOTH the Democratic Party and the Pan Africanist Congress have come out in firm support of the auditor-general's recommendations to the government that people implicated in the missing hundreds of millions of rands in former homelands should be brought to justice

Reporting to parliament's joint standing committee on public accounts last week on unaccountable funds in the former Transkei, Ciskei, Bophuthatswana and Venda bantustans, auditor-general Henri Kluver disclosed that millions of rands had gone missing owing to the total collapse of all aspects of financial administration and control in the former TBVC territories

The special report, prepared by five audit companies, was commissioned by parliament following an alarm raised last October by the joint standing committee on public accounts

The report indicates that Bophuthatswana government departments had between the years 1988 and 1994 done 71,4 percent of its audits During the same period Ciskei had done 81,3 percent of its audits

The situation was worst in the Transkei, where only 14,3 percent of its finances had been audited followed by Venda, with 68,7 percent done

The same maladministration, according to the report, was found in corporations and parastatals, where Venda took the lead with 33,4 percent of its finances undone, followed by Transkei's 27,1 percent, Bophuthatswan's 24,8 percent and the Ciskei with 13,1 percent undone

■ Those responsible for the collapse of the financial structures in the former homelands should be brought to justice.

The report does not reflect any better image of the TBVC's local authorities, where Bophuthatswana takes the lead with undone audits of 71,4 percent, followed by the Transkei's 44,1 percent

The auditor-general's report does not, however, say specifically how much is involved in all this embezzlement, but says it amounts to hundreds of millions of rands

It does not accuse any specific poeple, but talks of general chaos in which civil servants in the TBVC territories were simply helping themselves to taxpayers' money

"Where fraud or any other misconduct is suspected, forensic and other appropriate specialists should be engaged to determine the extent and nature thereof Accountability and responsibility must be established and the perpetrators brought to justice," says Mr Kluver

Responding to this "shocking report", DP MP Douglas Gibson said the auditor-general should name those responsible for the missing funds

He also blamed the Nationalist government and said if they had wanted the funds to be used precisely for what they had been intended — development — precautionary measures and conditions of usage would have been spelt out as strictly, as was done by institutions like the World Bank and the International Monetary Fund

PAC MP Patricia de Lille said it was unfortunate that the ANC and the NP had entered into "secret horse-trading" during the period of negotiations

"As far as I'm concerned, the auditor-general's report is but one of the trade-offs made between the two parties and I think the government of national unity has a responsibility to the taxpayers to review this commitment and people responsible for financial mismanagement should be brought to book," she said

Both the NP and ANC parliamentary spokespersons on finances were not available for comment

Nor was there anyone in the IFP parliamentary office to respond to recent reports that the KwaZulu/Natal government was paying R13 million a year in service and maintenance costs for its fleet of 9 000 vehicles

Man who will keep the public service on its toes

By CARMEL RICKARD

A BITTER political wrangle over the appointment of a public protector ended this week when all MPs except those from the National Party gave their backing to Durban advocate Selby Baqwa

One of two candidates for the post, Mr Baqwa now becomes one of the most powerful people in the country The interim constitution mandates him to oversee the behaviour of civil servants Acting on his own initiative or on complaints by the public, he must root out corruption, end bureaucratic rudeness or unfairness and speed up unduly delayed official decision-making

Only the courts are off-limits for his investigations Every other arm of government, at every level, must open their doors and their books when he asks

No organ of state, no civil servant, no member of the government from the president down, may interfere with his work

He can enter any building and seize anything relevant to his inquiries He can order anyone to answer questions and hand over any document which he may need.

The man who will wield these powers, Selby Alan Masibonge Baqwa, 44, freely concedes he lacks a strong national profile and that it would be reasonable for the public to look blank when they hear his name

His surname should not be unfamiliar, however His sister Lillian Baqwa, also a lawyer, was a member of the Goldstone commission Mr Baqwa has never served on that body, despite reports to the contrary

Within progressive legal circles he is known as the man who took over the presidency of the National Association of Democratic Lawyers when its previous head, Pius Langa, took up a seat on the Constitutional Court

But while he may be relatively unknown to the rest of the community, he has recently made his name in the Eastern Cape

Public servants in the region know him only too well as a member of the Browde judicial commission of inquiry, he has been looking into bureaucratic malpractice there.

The commission was appointed after allegations that many civil servants helped themselves to increases, promotions and perks just before the change in government

So far commissioners have concentrated on the former Transkei and Ciskei — where they have been strongly criticised by civil servants who want to maintain the perks they enjoyed under the previous governments

Mr Baqwa says his experiences on this commission have been very helpful in preparing him for the new job

"When you see the abuses that have gone on — including overt dishonesty like getting into computers and changing salary figures — you realise how much can go wrong in government.

"What we have seen in the Browde commission should be a big warning I hope the new government learns that it must put financial and other checks in place as early as possible"

Mr Baqwa started out as an attorney, then joined the Durban Bar in 1988 He has taught candidate attorneys at Natal University's school for legal practice and, as part-time professor of law, has lectured on mercantile law at the same university

He says his lack of profile will help him in the new job. "As far as the public is concerned, I won't bring a lot of baggage with me. They can get to know me in this context."

There has also been concern about whether he is too close to the ANC. Mr Baqwa says the job — and his own personality — demand scrupulous fairness In addition, the constitution lays down a system of checks and balances which would expose any tendency to favour any group. For example, regular report-backs to Parliament must include details of how each case is being handled.

These and other safeguards appear to have won over the initially sceptical Inkatha Freedom Party After grilling him at the initial hearings on his political history and its influence on his work, IFP MPs voted for him this week.

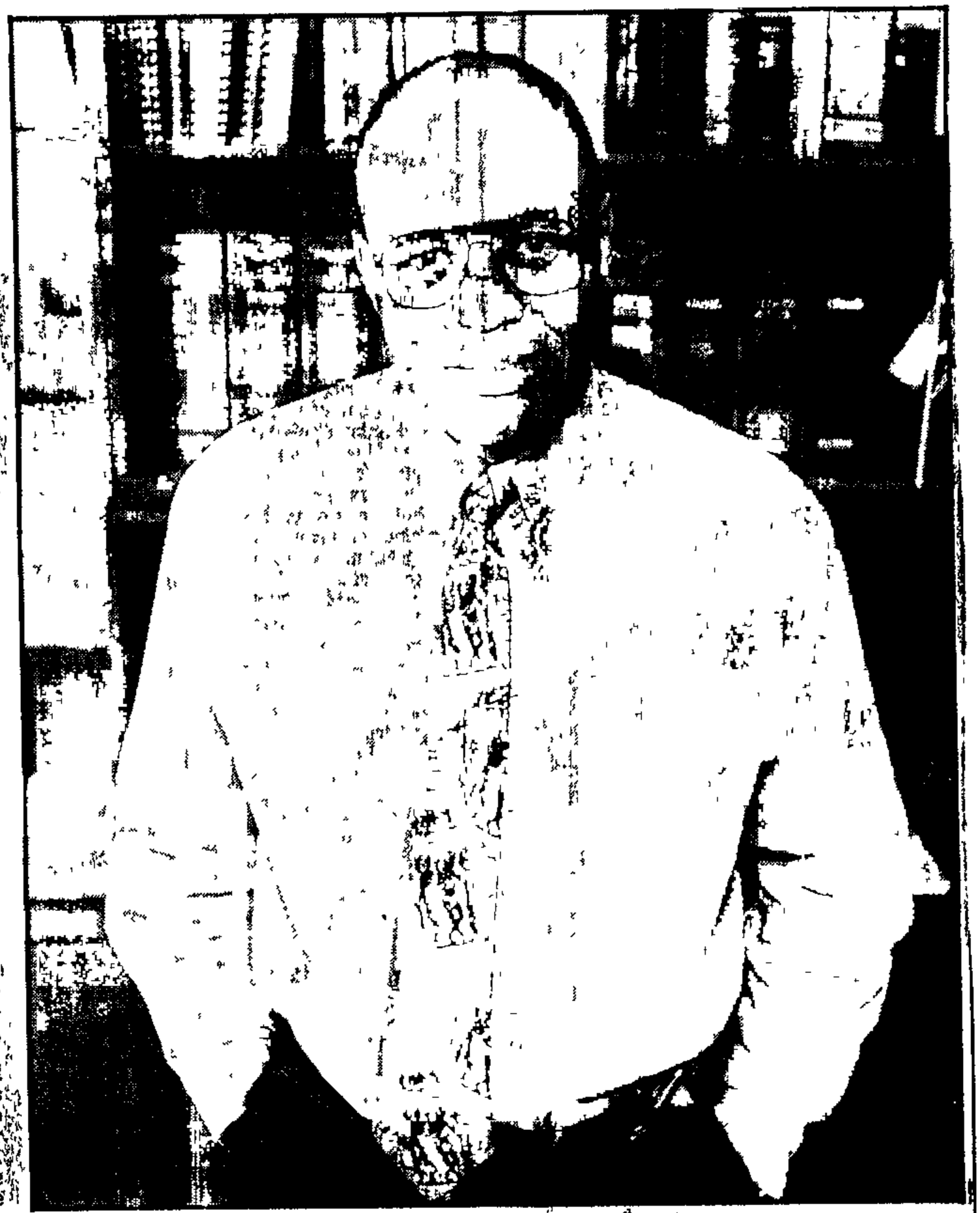
Some people ask whether the soft-spoken Mr Baqwa will be tough enough for the post. Will he ferret out the baddies with the ferocity and determination that the job requires?

The former university boxer throws a punch of his own "If people drag their feet because I am Mister Nice Guy I will use my powers most strongly"

He envisages a team of provincial public protectors with whom he will work closely, although the public may approach his office directly if they choose

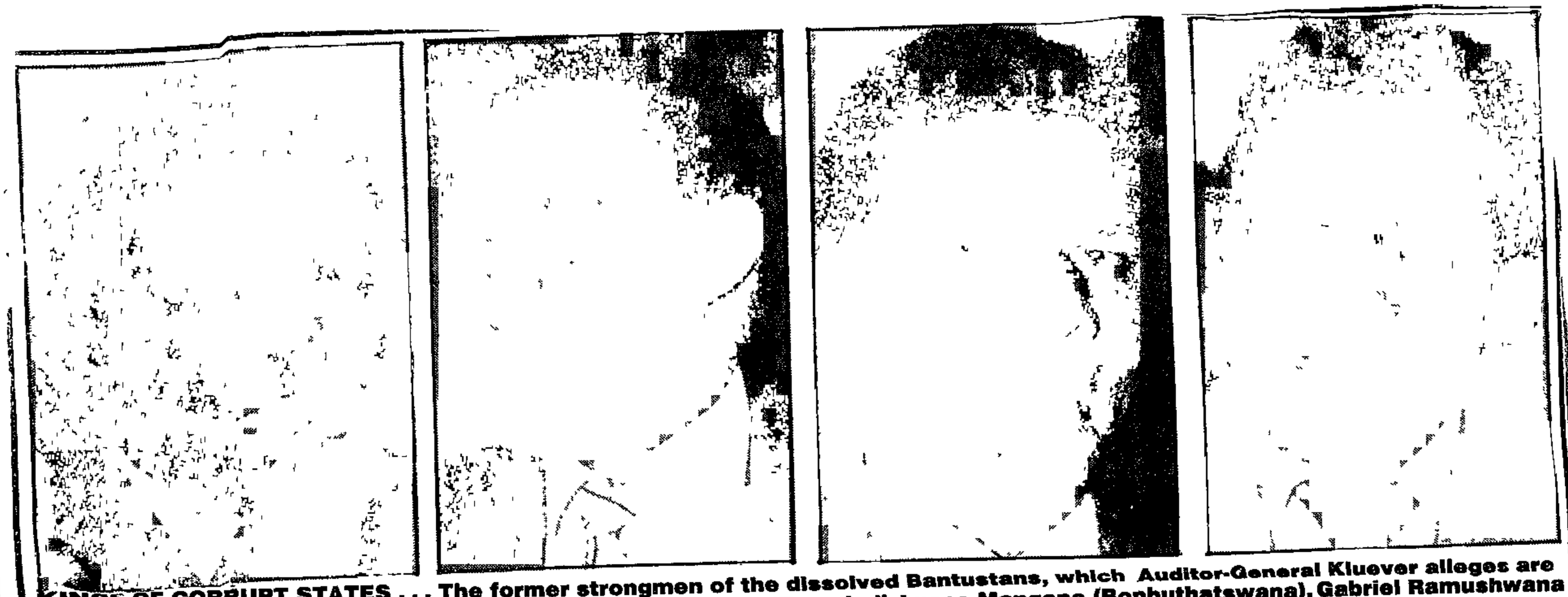
He says he wants to start with a publicity drive which would inform the public about his office, the work it does and the treatment to which they are entitled from civil servants.

"I am not just looking for corruption or maladministration. We insist that the public be treated with dignity. Civil servants must be polite and realise they are the servants of the public and not the other way round," he said.



GOVERNMENT WATCHDOG ... Public Protector Selby Baqwa says if people 'drag their feet because I am Mister Nice Guy, I will use my powers most strongly' — Picture: RICHARD SHOREY

(259) ST 2/7/95 (259)



KINGS OF CORRUPT STATES . . . The former strongmen of the dissolved Bantustans, which Auditor-General Kluever alleges are still riddled with corruption, were (from left) Bantu Holomisa (Transkei), Lucas Mangope (Bophuthatswana), Gabriel Ramushwana (Venda), and Oupa Gqozo (Ciskei).

Still no end to TBVC plunder

CP 2/7/95 (259)

Audit check reveals gross discrepancies

By RAFIQ ROHAN

THE REAL statistics on what it cost South African taxpayers to fund the former "bantustans" will probably never be known, but it is clear that millions of rands of public money are still being squandered through fraud, theft and maladministration

In one specific account in Bophuthatswana an amount of R193 million cannot be traced It has also been revealed that certain officials in the Ciskei awarded themselves huge salary increases before the election last year

Parliament commissioned Auditor-General Henri Kluever to examine outstanding audit reports of the former TBVC states Kluever's audits were conducted between February and March this year

One of the objectives of the investigation was to identify high risk areas where fraud was committed without being detected

This week Kluever reported to parliament that millions of rands of taxpayers money could not be accounted for – and he indicated that corruption was still rife in the former self-governing territories

"Very large amounts of taxpayers' money are being wasted," Kluever said

In Bophuthatswana, since the 1991/92 financial year the Departments of Works, Local Government and Water Affairs were not subjected to adequate audit procedures

Items on bank reconciliations found that cheques were cashed twice, cheques were not recorded in the general ledger and deposits were outstanding on bank statements

Kluever expressed concern at the number of government vehicles that were stolen – 97 in 1994 alone

Also listed in the areas of concern in the former Bophuthatswana are:

- Allegations of corruption involving a senior member of the provincial government
- Vehicles were sold to employees without proper authorisation, while offficial orders were used to purchase personal items.
- Allegations of fraud and theft at the National Disaster Fund
- Two transactions amounting to R557 291 involving the Water Supply Authority were entered into where shares were held by the wife of the administration manager of Water Supplies
- Amounts totalling R1 million on 31 March 1992 were reflected as having being banked by ledger entries, but are not on bank statements and are still outstanding
- R193 million of the Tribal Levies Trust Account cannot be traced
- Cheques totalling R1,8 million also on the Tribal Levies Account appear on the bank statement, but are not listed in the general ledger

In the Ciskei, Kluever described internal controls and government records as being in an "appalling state"

Unauthorised loans were made to management while expense accounts had been left unreconciled.

Ciskei government employees who had not contributed to the Pension Fund received more than normal benefits for "reckonable service", while staff were paid overtime without rendering overtime service

Kluever also found that staff gave themselves "dramatic" increases since the homelands were reincorporated

In the Transkei a lack of proper procedures increased the risk of large-scale fraud and corruption.

It was also found that certain funds, which included large investments, were being administered by under-qualified staff

In Venda it was discovered that 47 percent of the area's total budget – R835 million – went to salary expenditure

"On the day salaries are paid most offficials are not at work due to 'private banking matters'," the report said.

Back in Bophuthatswana, Kluever found that a person who had allegedly been guilty of financial irregularities was appointed to the Auditor-General's office.

Kluever advises: "Where fraud or any other misconduct is suspected, appropriate specialists should be engaged to determine the extent and nature thereof Accountability and responsibility must be established and perpetrators brought to justice."

HE WILL KEEP PUBLIC SERVICE ON ITS TOES

Watchdog appointed

CT 3/7/95

(259)

PROTECTOR: The newly appointed Public Protector, whose job is to root out corruption and keep tabs on bureaucracy, will have access to information at all levels of government.

A DURBAN advocate has been appointed South Africa's first Public Protector, making him one of the most powerful people in the country

The former lecturer and part-time professor of law at Natal University, 44-year-old Mr Selby Alan Masibonge Baqwa, will keep the public service on its toes

His brief is to root out corruption, end bureaucratic unfairness and speed up unduly delayed official decision-making.

In his position as government watchdog he can enter any building and seize anything relevant to his inquiries, order anyone to answer questions and hand over any information he requires

Interfere

So strong are the powers this position wields, that no member of state, from the President down, can interfere with his work

Only the courts are off-limits for his investigations Every other arm of government at every level must open its doors and its books at his request.

Feeling that he lacks a strong national profile, Mr Baqwa plans to start off in his position as the protector of the public with a publicity drive to inform the nation about his office, the work it does and the treatment that people are entitled to receive from civil servants

He foresees having a team of provincial public protectors with whom he will work closely, although the public may approach his office directly if they choose

Pleased

His appointment was welcomed by the President of the Association of Law Societies (ALS), Mr Tony Hardy, who said he was pleased the position had finally been acknowledged, as the association had been struggling for over 10 years to "promote high-level, independent investigation into complaints concerning alleged maladministration on the part of the government and its agencies".
—Staff Reporter

SA 21st on corruption index

(259) Star 15/9/95

By PETER FABRICIUS

Washington — South Africa is 21st on a list of the world's 41 most corrupt major trading nations, according to a corruption index published yesterday by Berlin-based anti-corruption body Transparency International

The most corrupt countries in the eyes of international executives are Indonesia, China, Pakistan, Venezuela, Brazil, Philippines, India, Thailand, Italy and Mexico, in that order The least corrupt is New Zealand, followed by Denmark, Singapore, Finland, Canada, Sweden and Australia. Japan was ranked 22nd — one better than SA — the United States 27th, Germany 29th and Britain 30th

SA was the only African nation on the list. It scored 5,62 on a scale where 10 would have denoted complete honesty in business transactions and 0 a country "where business transactions were entirely dominated by kickbacks". New Zealand scored 9,55 and Indonesia 1,94

Transparency International stressed that the index, collated from seven surveys, was not an objective measure of corruption but of international executives' perception of corruption.

Government info service under fire

ARG 17/7/95 (259)

'Propagandists of apartheid government'

Political Correspondent

JOHANNESBURG. — A showdown is looming over the government's controversial information arm, the South African Communication Service (Sacs)

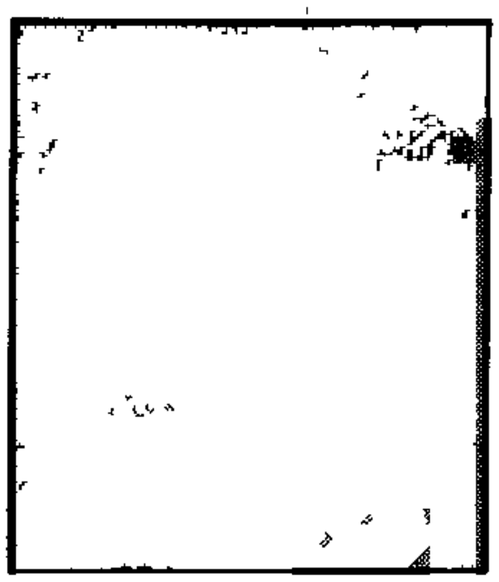
The service is facing mounting criticism from senior government ministers and ANC members of parliament on the eve of the appointment of a new Sacs boss.

Several cabinet ministers have slammed Sacs for being run by propagandists of the apartheid government who are incapable of effectively communicating the new ANC-led government's policies

The ministers have been scathing in their attacks on the inferior quality of the publications produced by the service, specifically those on the important reconstruction and development programme.

Acting head of Sacs David Venter has been singled out for particular criticism He has been with Sacs since 1985 and is believed to be one of seven candidates shortlisted for the top job

Several ANC MPs have questioned the need for Sacs to continue operating and have suggested the resources at its disposal should be used for other government communications functions



Thabo Mbeki

Previously known as the Bureau for Information, Sacs employs about 480 people countrywide and received a budget of R53 million from government this year, R33 million of which went to staff salaries

The showdown over Sacs is expected to come to a head in a few weeks at a conference of communicators which has been called to formulate a communications strategy for government

Sources say elements in Sacs, determined to secure a future for the unit, have already begun to put up a fight over certain aspects of the conference

The conference, which will be held in the Western Cape, is being organised by the office of Deputy President Thabo Mbeki, who is reponsible for Sacs An official announcement on the conference is expected this week

National and provincial government communicators, academics, journalists and representatives of the private sector have been invited

ANC MP Carl Niehaus said individuals who had the baggage and history of David Venter were unsuitable for a job which required sensitivity to the needs of the majority

Government communication at the moment was a bureaucratic maze, Mr Niehaus said Besides Sacs, cabinet ministers had their own media liaison officers while government departments too had their communications personnel

Mr Niehaus said this anomaly created confusion and the impression that there were different centres of power.

He also accused Sacs of meddling in the work of ministries and departments

According to Mr Niehaus, Sacs as it exists at the moment should be shut down

He said the upcoming conference would be a starting point in formulating the role of a government communication service

Probe into public service corruption

(259) Star 17/7/95

BY MANDLA MTHEMBU

Public service officials in the former Transkei homeland are being probed on allegations of corruption and irregularities which occurred before and after last year's elections.

Public Service and Administration Minister Dr Zola Skweyiya said last week the Browde Commission, which is investigating the public service in all provinces, had been empowered to reverse any improper contracts, appointments and promotions, and the awards made to public servants in the Eastern Cape province.

According to investigations, officials in the former Transkei received mortgage loan subsidies on loans that were "substantially" higher than those applicable to public servants in other regions. Skweyiya said the subsidies have been rationalised to those prevailing for the majority of public servants.

He said salary scales and allowances have been brought into line since July last year.

Due to its impact on personnel and labour relations, Skweyiya said during debates in the Central Chamber of the Public Service Bargaining Council it was resolved that higher home-owner loans be phased out from April 1 this year.

An interdict, by the Transkei Public Service Association, restraining the Government from implementing the order was recently turned down by the Umtata Supreme Court.

Browde commission extension now likely due to heavy workload

BD 21/7/95 (251)

David Greybe

CAPE TOWN.— The Browde commission of inquiry into public service irregularities would probably have to be extended again because of its workload, commissioner Selby Baqwa said yesterday

The commission had in six months only dealt partially with three out of 22 complaints, which had resulted in investigations into 486 public servants in the former Transkei, Ciskei and Lebowa homelands

Baqwa, acting commission chairman while acting judge Jules Browde is overseas, said the commission had already saved SA "hundreds of millions of rands"

However, the commission has only five months left to complete its inquiry into public service irregularities before and after last year's election Its mandate covers the period from April 27 1993 to September 30 1994

Baqwa said the commission had only probed the former Transkei justice department, Ciskei finance department and Lebowa justice department Only Western Province had not submitted a complaint. In the former Transkei, for example, the commission still had to investigate possible irregularities in 19 other departments

Baqwa said most of the complaints involved the Eastern Cape But he strenuously denied claims of "a witch-hunt or victimisation" of public servants in the former Ciskei and Transkei It was "purely coincidental" that the commission, which has its head office in Midrand, had begun its work in the Eastern Cape It had spent most of its time working out of East London to save costs

Next week the commission will work from Potgietersrus, where it is investigating allegations of 290 irregular promotions in the former Lebowa justice department

It then moves to Pretoria to investigate a wide range of complaints raised by national ministries concerning former homelands The commission then returns to the Eastern Cape It is also expected to travel to KwaZulu-Natal and the former Bophuthatswana homeland

Another commission official said "We have only scratched the surface." Baqwa said "We need more time The commission still has a lot of work to do" He suggested at least a six-month extension to the middle of next year Earlier this year Parliament extended the commission's deadline from April 27 to end-December.

Baqwa will be leaving the commission at the end of next month to take up his post as SA's first public protector. However, he said he had gained "invaluable experience" working in the commission

Baqwa was confident that President Nelson Mandela, whom he described as a fervent supporter of the commission, "will not hesitate" to extend the commission

Continued on Page 2

Browde

Continued from Page 1

(251) BD 21/7/95

deadline into next year if necessary.

He said the one "shortcoming" of the commission was the fact that only a national minister or provincial MEC could refer complaints to the commission. As a result, some irregularities — "and we have heard of a number" — could escape investigation. But the commission would "not shut the door" on cases which came to its attention but had not been referred to it by a minister or MEC. The deadline for the submission of complaints is next Friday

The official said it was not the commission's job to decide on the fate of any public servant found guilty of an irregularity. Findings were passed on to the relevant ministry, which then had to decide how to deal with the matter.

Irregularities investigated include contracts, appointments, promotions and other service benefits. Baqwa said: "One gets concerned about the huge sums of money paid to certain people and the fact that they got away with it."

A case in point concerned a group of public servants in a former homeland who "grabbed" the computer terminal in the wage department and gave themselves salary increases of up to 150%. Baqwa declined to give more details.

New teeth may give State auditors more bite

ARG 22/7/95 (259)

ALIDE DASNOIS
Business Editor

FAR—REACHING measures to improve accountability at all levels of government — including new teeth for the Office for Serious Economic Offences — have been proposed by Gill Marcus, who chairs parliament's Standing Committee on Finance.

At a seminar in Bellville yesterday organised by the Southern African Institute of Government Auditors (Saiga), Ms Marcus called for internal audits in all departments, better financial management and tougher action against fraud

"We're spending ordinary people's money and we have to ask if they are getting value for their tax rands We not only have to account for rands and cents, we have to ask whether or not the money was well spent"

She identified two "glaring absences" in the accountability process

■ Most departments did not have internal audits; and

■ Most departments did not have proper financial management procedures.

Parliament wanted quarterly reports on the current spending and performance of departments, she said Accountability had to be continuous to mean anything annual audits were not sufficient

She would be in favour of legislation on internal audits for each department, Ms Marcus said.

On financial management, she said the Auditor-General's office had estimated that 10 percent of the central government budget could be saved through better management

This should be a priority of government. Before considering new taxes, the government should make sure existing taxes were efficiently spent.

Financial management should be a senior position in government departments.

Ms Marcus called for a bigger budget for the Office for Serious Economic Offences, which she said was understaffed and underfinanced The current annual budget was R6 million, the Office did not have an accountant on its staff and none of the people working there were qualified to deal with electronic crime

"The Office is doing a sterling job in very difficult circumstances," Ms Marcus said "But it is not being taken seriously."

"Accountability means that if there is fraud, there must be consequences."

The public sector would have to pay competitive salaries to attract top people and closer ties between accountants and uditors in the public and private sectors should be encouraged

Other suggestions made by Ms Marcus included

■ Sharing of experiences with government auditors in other countries such as New Zealand, a world leader in the field,

■ Strengthening back-up systems so that auditors did not need to fear victimisation if they reported unpleasant facts, and

■ Better information systems so that data could be analysed at a national level, making evaluation much more effective

At present, information systems at national and provincial level and in the former bantustans were not compatible.

"We have a budget of R31 bn for education Is this enough? No-one can answer this question because we don't know how many new children are going to school next year, how many classrooms and teachers will be needed and where they will be needed"

MAIL & GUARDIAN
July 21 to 27 1995

Battle looms over state info policy

(259)

A behind-the-scenes battle is raging in the government as state communication agency Sacs fights for its life, reports **Gaye Davis**

WM 21-27/7/95

A BATTLE for the heart and soul of government communications policy is underway The first shots have been fired in a series of behind-the-scenes skirmishes between government spokespeople and the central state information agency, the South African Communication Service (Sacs)

At issue is creating the means whereby all citizens of South Africa — rather than just the educated elite — get the information they need to participate in the new democracy

The first salvoes were fired during preparations for a major conference to be attended by all government communicators next month Lines were drawn over what the conference was intended to achieve

According to sources, Sacs representatives wanted the conference itself to formulate policy on communications structures and how the government talks to citizens This was seen as a bid to ensure its continued existence in a climate where MPs and even ministers were questioning the relevance and necessity of a centralised organisation employing about 500 people and costing R53-million a year to run, when most ministries and departments had their own media sections

The sources said this would have allowed Sacs to report on its own role and make recommendations on its own future. But this was deemed unacceptable by those who saw the debate as part of the broader issue of transforming South African society and who wanted the issue discussed outside government structures

A corps of government spokespeople — new appointments made since the change in government — initially pushed for a commission of inquiry to audit the entire gamut of government communications, including Sacs, ministries, departments, provinces and the Constitutional Assembly

The idea was that the commission would independently examine strengths and weaknesses of government communications, tapping local and international expert opinion as well as the public, with a view to a much broader conference later.

This move was spiked when Deputy President Thabo Mbeki, during the Sacs budget debate on May 24, announced the conference

After a number of meetings, the preparatory committee finally agreed this week that the conference, set for August 25 to 27 at Arniston, would be only the first step in a wide-ranging consultation process that would eventually reach all stakeholders — including the public — before any white paper was produced

Sacs acting head David Venter conceded this week there had been political wrangles but dismissed as "malicious" suggestions that Sacs

■ To PAGE 8

Battle over state info policy

(259)

■ From PAGE 7

was fighting for its life "to preserve some old paradigm" WM 21-27/7/95

Sacs employees had undergone "a process of change orientation" in the past four years, leaving them better prepared than other departments The majority were "quite comfortable" with the new government, and those unable to make the transition had mostly left, he said

Absorbing former Transkei and Ciskei Department of Foreign Affairs staffers meant 48 percent of about 300 regional office staffers would be black. Sacs was committed to an 80 percent black staff make-up (including management) by 1999 and was "on target", Venter said

But lingering suspicions about Sacs — the role it played as the apartheid government's propaganda and disinformation arm — and doubts whether, in its "unreconstructed" state, it has entirely let go of the past, will still mark the terrain to be covered at the conference

Ministerial liaision officers (MLOs) canvassed this week said they only used Sacs when "absolutely necessary", and only for "mundane tasks" such as its press clippings service, booking press conference venues and alerting the media.

"Some of us are very unhappy about the role Sacs is playing," said one MLO "We feel they don't have sufficient grasp of the government s policies, come from a murky past and are now desperate to preserve themselves There is nothing to assure me they aren't still working for forces on the other side "

All government communicators — ministerial media liaison officers, heads of departmental media sections, representatives from the president and the two deputy presidents' offices, Sacs, the Constitutional Assembly, the Speaker's Office, the provinces and the portfolio committee on communication in the National Assembly will attend the conference and it will be open to the press

Police probe Boesak allegations in Europe

ARG 27/7/95 (259)

STOCKHOLM. — South African police will visit Sweden and Denmark next month to investigate allegations that Allan Boesak misappropriated funds from Scandinavian donor groups.

This is according to Danchurch Aid and the Olaf Palme International Centre.

The investigators will visit the Danish Danchurch group from August 9 to 15 and the Swedish Olof Palme centre from August 20 to 25.

The organisations are just two of several Scandinavian donros that gave money to Dr Boesak's Foundation for Peace and Justice.

A third organisation, Norway's Det Mellomkirkelig Raad (the Council on Ecumenical and Foreign Relations), said yesterday it did not know if South African police would be visiting Oslo.

The scandal over missing funds forced Dr Boesak in February to withdraw from his appointment as South Africa's ambassador to the United Nations in Geneva.

The most serious allegations come from Danchurch Aid, which alleges Dr Boesak "substantially enriched himself" at the expense of his charity.

Lawyers for Danchurch Aid have said they intend to sue Dr Boesak for the return of the R1,3 million he allegedly acquired from the charity over and above his salary.

Private investigations into Dr Boesak's financial affairs, including a government report exonerating him and an investigation by Danchurch Aid, were not sufficient to prove the former anti-apartheid activist's innocence or guilt. — Sapa-AFP.

NEWS

Boesak graft probe takes police abroad

259

Star 27/7/95

Stockholm — South African police will visit Sweden and Denmark next month to investigate charges that South African cleric Allan Boesak misappropriated funds from Scandinavian donor groups, two organisations said yesterday

The investigators will visit the Danish donor organisation, Danchurch Aid, from August 9 to 15, and the Swedish Olof Palme International Centre from August 20 to 25, the two groups said

The organisations are just two of several Scandinavian organisations which donated money to Boesak's charity body, the Foundation for Peace and Justice

A third organisation, Norway's Det Mellomkirkelig Raad (the Council on Ecumenical and Foreign Relations), said yesterday that it did not know whether the South African police would visit Oslo.

The scandal over missing funds forced Boesak to withdraw from his appointment by South African President Nelson Mandela as ambassador designate to the United Nations in Geneva.

The most serious allegations come from Danchurch Aid, which claims that Boesak "substantially enriched himself" at the expense of the Foundation for Peace and Justice

Lawyers for Danchurch Aid have said they intend to sue Boesak for the R1,3-million he allegedly acquired from the foundation over and above his stipulated salary

Private investigations into Boesak's financial affairs, including a government report exonerating him and an investigation by Danchurch Aid, were insufficient to prove the former anti-apartheid activist's innocence or guilt — Sapa-AFP

Missing funds search

Investigating team to visit Denmark to interview staff

ARG 29/7/95 (259)

GLYNNIS UNDERHILL
Staff Reporter

LAW firm Bell, Dewar and Hall, which conducted the bombshell investigation into the financial affairs of Allan Boesak's Foundation for Peace and Justice, has been assigned by Nordic donors to keep a watching brief and act on their behalf to recover misappropriated funds.

Lawyer Gregg Nott said the Johannesburg firm would be looking at all ways of recovering donor funds, which were given to the foundation for distribution to victims of apartheid.

No decision had yet been taken to sue Dr Boesak or any other former staff members of the foundation, he said.

"We are taking it step by step. The donors will be discussing the matter with the Office for Serious Economic Offences in August and we will take it from there. We are going to look at all ways of recovering the money," he said.

A representative of the firm had attended the sequestration hearings of former bookkeeper at the Foundation for Peace and Justice, Freddie Steenkamp, who appeared in a Cape Town court last week

■ Nordic donors will meet with the Office for Serious Economic Offences before deciding how they will recover foreign funds misappropriated from the Foundation for Peace and Justice.

It was the report released by Bell, Dewar and Hall which claimed Dr Boesak "substantially enriched himself" with the donor funds. Mr Steenkamp admitted to the law firm that he and other staff members had taken "loans" from donor money.

Dr Boesak was forced to resign from his appointment to the United Nations ambassadorship in Geneva after the scandal broke.

Kirsten Lundlarsen, head of the planning department at donor organisation Danchurch Aid in Denmark, told Saturday Argus the organisation was expecting the Office for Serious Economic Offences to visit them in the first two weeks of August

"They have told us they would like to talk to a number of staff and we have said we will try to help them as much as possible," she said.

Mr Tommy Prins, assistant director of the Office for Serious Economic Offences (OSEO), said he had approached the ministry of Justice for approval to undertake the trip.

Mr Prins said that as he was heading the investigation, he would probably be going on the trip.

"I can't say when we will go. It depends on when we get permission," he said this week.

The OSEO was weighed down with files relating to its investigation of the case, he said.

"It is a complex enough case, but I don't think it has been one of our most difficult," he said.

Mr Prins denied rumours the OSEO would be preparing an interim report this week and stressed no undue pressure had been placed on them to conclude the case.

The OSEO would be sticking to its original deadline and planned to wind up the case by November. "We are going according to schedule," said Mr Prins.

The OSEO had not yet interviewed Dr Boesak in connection with the case.

"We will be giving him an opportunity to say whatever he wants to," he said.

It was likely Dr Boesak would be interviewed toward the end of the investigation He said he had "no comment" to make when asked whether the OSEO had interviewed Mr Steenkamp.

Proposed Bill will ensure open government

(259) WM 4-10/8/95

Gaye Davis

GOVERNMENT employees who blow the whistle on corruption or maladministration will be protected from reprisals in terms of ground-breaking legislation currently being drafted.

The proposed Open Democracy Act contains a "whistleblower" clause, protecting government employees who reveal wrongdoing.

The draft legislation — currently in its 10th version — marks a complete break with the past secrecy which shrouded government It aims at making government more accountable by guaranteeing people access to information and the proceedings of government bodies, and by setting up machinery to achieve these aims

State law advisor Empie van Schoor, a member of the task group drafting the new law, said meetings would be held next week with Minister of Safety and Security Sydney Mufamadi, Minister of General Services Chris Fismer, Minister of Water Affairs and Forestry Kader Asmal, Minister of Justice Dullah Omar and Deputy Minister of Finance Alec Erwin, all of whom had raised concerns about the legislation.

Van Schoor said while there appeared to be general support for the principles underpinning the draft legislation, the ministers wanted to raise practical issues. Omar, for example, wanted to discuss the draft's application to the judiciary, while the fact that no cost had been estimated for setting up machinery to enforce the new law was another issue

In essence, the bill aims at granting any person the right to information held by government, regulating the use of information held about individuals without their knowledge by government or by private agencies such as credit bureaux, requiring that meetings of governing bodies be open to the public and advertised; and protecting whistleblowers

Information can be denied in certain cases, for example, when it could jeopardise the country's defence or security. It is not a blanket exemption. the draft spells out where records could be denied (or their existence denied), such as details of arms, communication systems and codes. Reasons must be given for refusing to release or confirm the existence of information.

Information likely to harm foreign relations can also be refused, but not if the record is more than 15 years old. Access to trade information, whether private or state, is generally protected where disclosure would harm financial interests.

Information which affects individual privacy can be denied and frivolous requests can also be refused. Where it is claimed a record cannot be found, a requester must be given details of efforts made to uncover it.

To enforce the act's aims, a variety of mechanisms, including information officers, whose task it will be to deal with requests for information, are proposed. They include specialised Information Courts, presided over by a Supreme Court judge, which will settle cases where there is a dispute

An Open Democracy Commission would oversee the law's implementation Chief of its tasks would be compiling a guide on using the new law, to be published, complete with contact numbers, in telephone directories The commission would also review the act annually, receive annual reports from government bodies, and run education programmes

Work on the act started in October 1994 when deputy president Thabo Mbeki set up a task group headed by his legal adviser, Mojanku Gumbi, to draft the Bill. Task group members include law Professor Mandla Mchunu of the University of Natal, Durban; Professor Etienne Mureinik of the Wits Law School; advocate Vincent Maleka of the Johannesburg Bar and Van Schoor, a state law advisor in the Department of Justice.

The Open Democracy Advisory Forum (ODAF), which represents 62 organisations including organised labour, business, the media, religious, education and human rights groups, and libraries and information services, is analysing the draft legislation and identifying possible problems.

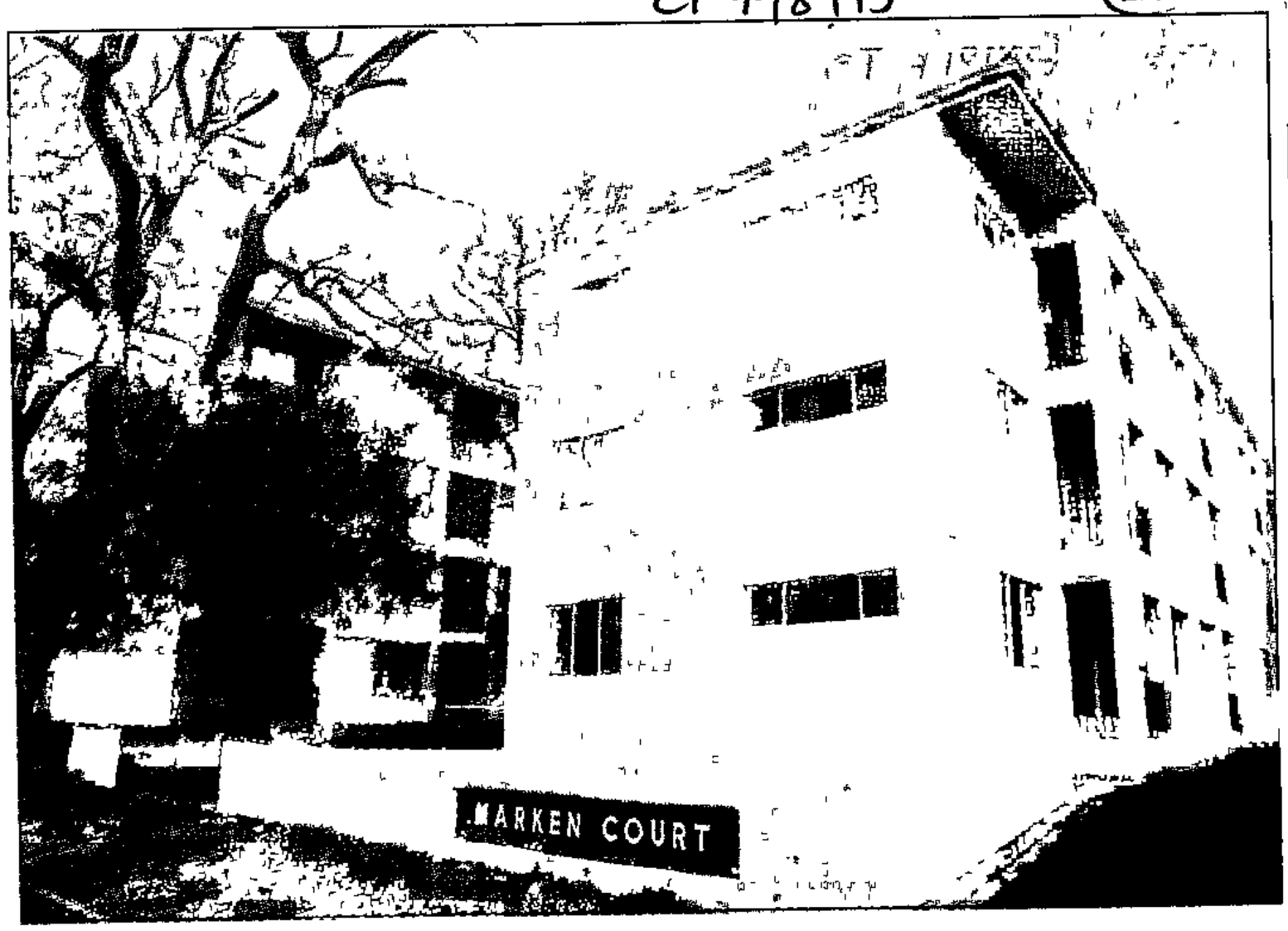
The Bill is now more than 140 pages long and growing. Mbeki wanted it before the legislature this year, but this possibility now seems remote.

KENILWORTH'S FORGOTTEN TENANTS

State flats still 'rent-free'

CT 7/8/95 (259)

RESIDENTS living rent-free in flats the state forgot it owned are facing an uncertain future.



EASY LIVING: These are the Kenilworth flats that the government owns, but whose residents have apparently not had to pay rent for years, owing to the confusion that resulted when the properties were transferred from the Transkei government to the Public Works Derpartment *PICTURE NIC BOTHMA*

PRIVATE citizens are still living rent-free — as they have for years — in some units in two blocks of Cape Town flats that the government only recently discovered it owns

But few of them were prepared to discuss their windfall yesterday when the Cape Times visited the two adjoining blocks — Sadella Court and Marken Court — in Second Avenue, Kenilworth.

Sadella Court has eight two-bedroom units, and the second has six

An average rental of about R600 a month a unit would amount over two years to more than R200 000 for the 14.

It emerged at the weekend that the flats, bought by the former Transkei government for its consular officials, fell automatically under the Public Works Department (PWD) after the homelands were abolished.

The consular officials were transferred to the Department of Foreign Affairs

But in the confusion senior PWD officials did not even know their department owned the buildings Rent was not collected, rates were not paid, and some of the flats changed hands to occupants who were not public servants

Last week PWD director-general Mr Sipho Shezi revealed that his department had discovered about three weeks ago that it owned a property in Cape Town for which residents had not paid rent for years

It was reported at the weekend that the PWD also owns an unoccupied Constantia property worth about R1 million that came to it from the Transkei government

A visit to the Kenilworth properties showed that all but two of the flats are still occupied

Mrs Sindy Ndesi, of Sadella Court, said she had been living there since 1992 Her husband worked for a private company She did not know if he paid rent

Nor did she know how her family had come to occupy the flat, as her husband had made the arrangements.

A woman in another flat, who did not give her name, said she still worked for the Department of Foreign Affairs She said a Mrs Lengisi in the other block was a spokesman for all of them, and could tell the whole story

Mrs Lengisi would only say that a Mr Mario van Zyl of the Department of Foreign Affairs, at a Pretoria number which she provided, "knows all about it" Mr Van Zyl, a deputy director, could not be reached at the weekend

Register

● The Cape Town City Council has been trying for years to compile a central register of all the properties it owns Although the project is not yet complete, officials doubted whether anyone in a council-owned property could get away without paying rent

An official said the council owned about 30 000 properties, but many were just a few metres in extent, being leftovers after road construction or development projects were completed

"We are trying to draw up a register of potentially useful land," he said. "The computer enables us to look at all council-owned pieces of land over five hectares

"Now we want to look at everything that is over 200 square metres, and then we will be able to determine whether there are buildings on the land, and to what use the land can be put." — Staff Reporter

'R10m was channelled to Mangope's party'

BD 8/8/95

Kevin O'Grady

MMABATHO — The former Bophuthatswana government's National Security Council channelled more than R10m through two fictitious companies to Lucas Mangope's Christian Democratic Party, the Skweyiya commission of inquiry heard yesterday.

The council's secretary and accounting officer Jacob Esterhuizen told the commission he opened two bank accounts in 1992 under the names Western Management and Futura Enterprises on the authority of Mangope and then State Affairs Minister Rowan Cronje. Payments he made from the secret national security reserve and transfer account through Western Management included a R1,13m cash cheque to Mafikeng Toyota for vehicles "purchased for and handed to the Christian Democratic Party".

In an affidavit submitted to the commission, Esterhuizen also said R150 000 was paid to Executive Research Associates "on the approval of Mr Mangope" to assist in funding the Douglas commission of inquiry into alleged ANC human rights violations.

Mangope instructed him to liaise with party treasurer and cabinet minister Ephraim Keikelame on what payments were to be made. All payments were authorised by Keikelame. "I accepted that whenever he (Keikelame) asked for money I was to give it," said Esterhuizen

Money was also used to fund covert projects, including one aimed at "financing an intensive covert awareness campaign" for the Christian Democratic Party in the run-up to Bophuthatswana's 1992 local and

(259)

Continued on Page 2

Mangope

(259) BD 8/8/95

Continued from Page 1

planned general elections

Mangope and a legal representative sat in the Mmabatho Supreme Court yesterday listening to evidence led by commission advocate Vas Soni.

In January and February last year, months before the Bophuthatswana government was disbanded and the homeland placed under SA administration, the council paid R3,4m to Plecon Communications' Brig Pierre Le Clus for "work he had done to popularise the party in terms of a R6m contract", Esterhuizen said in his affidavit

Other payments made included to Maritzburg company Screen Advertising for "election scarves made for the party", R248 682 the Connoiseur International for "jewellery the party had bought for the election" and R5 760 to LA Promotions for party flags, Esterhuizen said.

The commission continues hearing evidence from Esterhuizen today.

Mangope in R10-m scandal

Sowetan 9/8/95 (259)

By Mathatha Tsedu and Abdul Milazi

THE Christian Democratic Party of former Bophuthatswana president Lucas Mangope was financed from state funds through a web of fictitious companies, the Skweyiya Commission has been told

Funding between 1990 and last year prior to the fall of the CDP government amounted to at least R10 million, which paid for cars, jewellery, flags and authority

Testifying before the Commission set up to investigate corruption within the Mangope administration, former Bophuthatswana Security Council (NSC) secretary Mr Jacob Johannes Abraham Esterhuizen said Mangope had ordered that two fictitious companies should be created to channel funds to the CDP

This was done and on May 17 1990, Western Management was duly registered after former state Minister Rowan Cronje signed the papers A process of siphoning funds which were requisitioned by cabinet minister and CDP treasurer Mr Ephraim Makhalama, began

The process included

- R1 130 743 cheque made out to cash but paid to Mafikeng Toyota for motor vehicles purchased for and handed to the CDP
- R67 [illegible] paid to Ami Kgomongwe Building which is owned by the CDP.
- R66 120 cheque paid to Connoisseur International for pin badges for the CDP
- A cheque for R1 500 000 was paid to Brigadier Piere Le Clus' Plecon Communications for "the work he had done to popularise the CDP"
- Two other cheques for R1 917 998,59 and R1 172 577,44 were paid to the same company for the same reason
- Amounts of R800 000 and R[illegible]50 000 were transferred to bank accounts on the Channel Islands and the Jersey Islands respectively according to Esterhuizen the money [illegible] cover operations
- A R95 000 cheque was paid to Cronje and no explanations were given for the payment
- A R50 000 was paid to Executive Research Associates. The money was used to fund the Douglas Commission of Inquiry into ANC human rights violations The payment followed a briefing to the Bophuthatswana cabinet by self-confessed police spy Pat Hlongwane The two phony companies used for siphoning money into the CDP were Western Management and Futura Enterprises. Esterhuizen and [illegible] Mr Knowlys were signatories under the assumed names of Mr Murray and Mr [illegible] respectively

Esterhuizen [illegible] that former finance secretary Mr PJ Vermaak came up with the idea of non-existant companies as a vehicle for the CDP funds Vermaak received a golden handshake of R150 000 for his work Esterhuizen said he recorded that the payment was made to "Project Terminate"

Monies were continually withdrawn from the Western Management account and paid to Futura but no cheque counterfoils were available because the companies did not exist

Cheques drawn from Western Management were made out to First Union Bank

The commission is sitting in Mmabatho

Mangope used secret account to send R1,3m overseas, inquiry told

Kevin O'Grady (259) BD 10/8/95

MMABATHO — Former Bophuthatswana president Lucas Mangope used a secret account held by his government's National Security Council to send more than R1,3m of his own money to offshore accounts, the Skweyiya commission heard this week

The commission of inquiry, headed by Lewis Skweyiya SC, is investigating corruption in the former homeland

The council's former secretary and accounting officer, Jacob Esterhuizen, told the commission he opened accounts in the Channel Islands and Jersey Islands and, on the instructions of Mangope, transferred money to them in March and October 1993 and in January last year

After the first payment of R800 000 was made from a secret account — held in the name of fictitious company Western Management — Esterhuizen said he received a cheque for the same amount drawn on Mangope's personal account. He deposited it into an account held by another fake company, Futura Enterprises

He later paid R795 412 to former finance secretary Johan Vermark, who told him Mangope had said the reimbursement should instead be paid to Vermark

Subsequently, when amounts of R260 000 and R250 000 were transferred overseas, Mangope's personal secretary reimbursed Esterhuizen in cash and he used it to fund "covert community-based projects". He declined to answer questions on the nature of the projects, saying to do so "could well incriminate me"

Esterhuizen said he also paid R350 000 in council funds to Bophuthatswana Transport Investments to compensate the parastatal for losses it sustained in an "abortive attempt" to build Mangope an armoured car. In another instance he gave Mangope's secretary a cash cheque for R30 186,97 to reimburse the president for money he had spent on a building project which, from invoices supplied, turned out to be the extension of a cattle shed, the construction of a bull shelter and the installation of roller shutter doors at the Motswedi Dairy

On September 13 1993, Esterhuizen made a payment of R150 000 to Vermark on Mangope's instructions He was told the payment was a "golden handshake" for Vermark who was employed on a contract basis. "I could see no legal reason why he should be paid," Esterhuizen said

Meanwhile, Mangope's new United Christian Democratic Party responded to earlier evidence that Esterhuizen channelled council money to the then ruling Christian Democratic Party

A statement issued by Mangope's lawyers said while it was "premature to respond substantively to one-sided and politically coloured allegations", the evidence should be "seen against the then prevailing ANC strategy to render Bophuthatswana ungovernable through violent means"

Boesak foundation probe: now taxman enters fray

(259) Star 12/8/95

By GLYNNIS UNDERHILL

Cape Town — Members of the Office for Serious Economic Offences travelled to Denmark this week to interview staff at a funding organisation as part of their investigation into the misappropriation of funds at Allan Boesak's Foundation for Peace and Justice (FPJ)

Rikke Nohilind, programme co-ordinator at the Danchurch Aid funding agency, said the team from the Office for Serious Economic Offences was made up of three members.

Tommy Prins, assistant director of the OSEO, was in Copenhagen to head the investigation, she said. "They told us they will be with us until next Tuesday The interviews with staff are part of their routine investigation," said Nohilind.

Meanwhile, creditors of the insolvent estate of the former bookkeeper at the FPJ, Freddie Steenkamp, faced another blow when the Receiver of Revenue came forward with a claim of more than R1,7-million from his estate. But the trustee of Steenkamp's estate, Bernard Gutman, said he did not believe the figures were correct.

The Receiver of Revenue believes Steenkamp received an income from the FPJ of R1,8-million

Danchurch Aid and other Nordic funding agencies are listed as creditors in Steenkamp's insolvent estate. Steenkamp admitted to lawyers investigating claims by the agencies that he had misappropriated R750 000 from the FPJ.

The funds were intended for the victims of apartheid and Boesak was forced to resign his post as South Africa's ambassador-designate to the United Nations in Geneva in the wake of the scandal.

Probe into 'missing' R10-m

Mangope to face Bop commission

Star 14/8/95 (259)

BY JOVIAL RANTAO
POLITICAL REPORTER

Former Bophuthatswana president Lucas Mangope, who has been accused of using State money for personal expenditure and to fund his political party, is expected to testify before the Skweyiya Commission in Mmabatho today

Evidence has been led in the Skweyiya Commission that the Christian Democratic Party (CDP), which is led by Mangope, was financed by State funds through a web of fictitious companies

The commission heard last week that at least R10-million was paid for cars, jewellery, flags and publicity for the CDP It was alleged that in 1990 Mangope had instructed a National Security Council secretary, Jacob Johannes Abraham Esterhuizen, to create fictitious companies to provide a channel for funds to the CDP

Funds from the former Bophuthatswana Treasury were allegedly used for

- Buying vehicles for the CDP (R1 130 743)
- R673 000 was paid to Amos Kgomongowe Building, which is owned by the CDP
- A cheque for R66 120 was paid to Connoisseur International for CDP pin badges
- R1,5-million was paid to Brigadier Piere Le Clus' Plecon Communications for "the work he had done to popularise the CDP" Two other cheques, totalling more than R3-million, were paid to the company for the same reason
- Amounts of R800 000 and R260 000 were transferred to bank accounts on the Channel and Jersey Islands respectively for covert operations
- A cheque for R95 000 was paid to former cabinet minister Rowan Cronje without explanation as to what payment was for

The Skweyiya Interim Report was presented to North West Premier Popo Molefe The commission also found that

- An amount of R518 159,33 was spent putting up a shopping centre owned by Mangope at Lehurutshe outside Zeerust The centre was built after the establishment of "Bopsec 10 Projects" and paid for from the National Security Council Funds
- A total of R4,4-million was spent on improvements to Mangope's Motswedi residence. The former homeland leader also allegedly used State funds to acquire personal assets
- An unspecified amount of money was used to build a dairy, a cow clinic, a cow shed and stormwater drainage owned by Mangope
- The former Bophuthatswana's Department of Public Works paid R190 814,13 to a construction company to erect a "stormwater wall" around the property

STAR

Covert actions against ANC alleged

Hearings into Bop misuse of funds

Star 15/8/95

(259)

BY JOVIAL RANTAO
POLITICAL REPORTER

Mmabatho — Lucas Mangope yesterday attended hearings into the misuse of official funds when he was president of the defunct Bophuthatswana homeland, but he did not take the stand

Accompanied by his son, Eddie, Mangope heard one of his former officials tell the Skweyiya commission about a web of covert operations against the ANC when it was a banned organisation

Jacob Esterhuizen, a secretary of the homeland's National Security Council (NSC), testified in the North West Supreme Court about unspecified covert operations launched to counter a "campaign by the ANC to make Bophuthatswana ungovernable"

Under cross-examination by advocate Willie Vermeulen, representing Mangope, Esterhuizen said the political situation in 1992/93 justified the number of operations undertaken by the NSC

THE political situation in 1992/3 justified the operations undertaken, claims former homeland security council secretary

He confirmed Vermeulen's submission that by funding the moves to popularise propaganda against the ANC, the NSC sought to adversely influence the ANC's overseas donors

One of the ways of undermining the ANC was by disseminating and popularising the findings of the Douglas Commission of Inquiry into the ANC's "death camps".

A company called Executive Researchers was paid R150 000 to assist in distributing the Douglas Commission's findings Another company, Plecon Communications, was paid R1,5-million in January 1994 to popularise the then ruling party, the Christian Democratic Party

Esterhuizen added that he did not believe it was wrong to use NSC money for a campaign against the ANC because that decision was taken "at the highest executive level in the country"

The commission, under the chairmanship of advocate Louis Skweyiya, heard that nearly R800 000 was paid to former Bophuthatswana finance secretary, Johan Vermaak Esterhuizen said he gave the money to Vermaak after the former finance secretary told him these were instructions from Mangope.

The Skweyiya Commission has traced Vermaak to Calvinia in the Northern Cape He and his common-law wife, a Miss Aucamp, have been served with subpoenas to appear before the commission tomorrow

Mangope paid for secret operations

Sowetan 16/8/95

Former NIS man merely carried out orders from his bosses

(259)

By Abdul Milazi

FORMER Bophuthatswana president, Lucas Mangope's administration provided funds for the SA Intelligence Service to carry out covert operations, even after the National Party government had stopped these acts, the Skweyiya Commission of inquiry heard yesterday

Testifying before the commission investigating corruption within the Mangope Administration, Former National Security Council secretary and director of Intelligence Service, Mr Johannes Esterhuizen, said although he was in constant contact with the SA Intelligence Service, he was unaware of president FW de Klerk's decision to end all covert operations

Mangope authorised the siphoning of government funds amounting to R10 million to fund his Christian Democratic Party and to also carry out covert operations in the bantustan

Esterhuizen said he did not make decisions but merely carried out instructions from "the highest authority" He said, as chairman of the NSC, Mangope authorised all its projects, which he (Esterhuizen) was in charge of

Esterhuizen said he had expressed his concern to former Minister Rowan Cronje about the nature of the project and the overspending by the NSC

He said the explanation given to him by his superiors for the project was that it was in line with "the political situation"

The commission heard that R50 000 was paid to the Executive Research Associate. The money was used to fund the Douglas Commission of inquiry into ANC human rights violations The payment followed a briefing to the Bophuthatswana cabinet by self-confessed police spy Pat Hlongwane

Mangope is expected to testify before the commission today

Mangope silent at Skweyiya inquiry

(259)

Kevin O Grady

BD 17/8/95

MMABATHO — Former Bophuthatswana President Lucas Mangope yesterday declined to answer most of the questions put to him at the Skweyiya commission of inquiry into corruption during his rule of the former homeland for fear of incriminating himself.

Commission chairman Lewis Skweyiya SC has granted Mangope and other members of his former administration leave to exercise the constitutional right not to answer certain questions.

Testifying in Setswana through an interpreter, Mangope admitted to his name and the fact that he was chief minister of Bophuthatswana before independence in 1977 and president thereafter.

He also admitted being chairman of his government's National Security Council since 1982 and a colleague of another commission witness, council secretary Jacob Esterhuizen

Esterhuizen testified earlier that he channelled more than R10m through to fictitious companies, created by the council on the president's instructions, to Mangope's Christian Democratic Party.

His evidence was supported by an affidavit given to the commission detailing the payments he made, who approved them as well as copies of cheques, invoices and letters of instruction.

Commission advocate Vas Soni asked Mangope to admit authorship of a letter to Estherhuizen which bore Mangope's signature.

Mangope's council, Willie Vermeulen, immediately objected, claiming the privilege granted by Skweyiya.

"I claim privilege from all matters arising from the documents before my client," Vermeulen said, referring to Esterhuizen's affidavit and the volume of supporting documents.

Skweyiya warned Mangope that although he had the right not to answer questions that might implicate him civilly or criminally, "if you don't explain, we are at liberty to make whatever inferences on the evidence given before us".

For the rest of the day's proceedings it was a case of Sony asking Mangope questions and Vermeulen objecting and claiming privilege on behalf of his client.

Mangope declined to answer whether he was aware of the existence of the council's two secret accounts, whether he knew money was transferred through them to his party, and questions on anything else which, according to Vermeulen, could form "links in the chain of proof against my client".

So-cool Mangope refuses to answer questions

(259)

■ BY JOVIAL RANTAO
POLITICAL REPORTER

Star 17/8/95

Mmabatho — The wheel has turned full circle for Lucas Mangope The president of the defunct Bophuthatswana homeland yesterday stood unemotional in the witness stand of a court building he commissioned, and refused to answer most of the questions put to him about the misuse of millions of rands by the government he led

The Skweyiya Commission of Inquiry has been sitting for the past year, but this was the first time Mangope has been called to the witness stand

He had in the past criticised the commission and vowed not to appear But the commission has declared that it is his constitutional right not to answer questions that would incriminate him. So he appeared, and would not respond to most allegations levelled against him

Fear

His advocate, Willie Vermeulen, advised the commission that his client would not reply to any questions relating to the evidence and exhibits for fear of incriminating himself.

The only time that Mangope answered was when he denied knowledge of suspect bank accounts opened by the Bophuthatswana National Security Council (NSC)

"I know nothing about those accounts," he said.

According to evidence, the Western Management and the Futura accounts were opened by the NSC to siphon off government money for covert projects.

Money

Mangope refused to answer questions relating to letters written to the NSC on government letterheads He would not confirm whether the signatures on the letters were his, or that he gave instructions for money to be transferred to foreign countries

He declined to say whether he was present at cabinet meetings to discuss a voter education programme for which the NSC paid R6-million

Evidence before the commission is that the Christian Democratic Party was financed by about R10-million or more Mangope would not tell the commission whether he gave instructions for money to be tranferred to his party

He also refused to say whether he gave instructions that former Bophuthatswana finance secretary Johan Vermaak should be given a R150 000 handshake after he had resigned

MPs must disclose their financial interests

BD 18/8/95

Own Correspondent

CAPE TOWN — Members of the National Assembly and Senate are going to have to disclose their financial interests and those of their dependent children

This has been agreed by the joint ethics subcommittee — but it has yet to be decided which items on a proposed asset register will be in the public domain and which will not be disclosed to the public

Committee chairman Kader Asmal also proposed that senators and MPs should also have to disclose the financial interests of spouses.

Parliamentary Speaker Frene Ginwala said "the whole family unit" should be covered

A decision on what financial interests will have to be disclosed publicly, and whether spouses will fall within the net, would be taken at the committee's next meeting on Tuesday

Mangope probe told of luxury lifestyle

■ BY JOVIAL RANTAO
POLITICAL REPORTER

(259)

Mmabatho — A catalogue of misuse of State funds running into millions during the years when Lucas Mangope was president of the Bophuthatswana homeland are being unveiled before the Skweyiya Commission of Inquiry.

Suggestions that Mangope used R4 442 886,40 of State funds for improvements to his private house in Motswedi near Zeerust were aired before the commission yesterday

On the second day with Mangope giving evidence, the commission heard that he spent more than R2-million to fund other private projects for his luxurious lifestyle

Boreholes

These included the construction of a house valued at R422 000, kraals at a cost of R280 000, three boreholes for R850 000 and living quarters for shepherds and domestic workers at a farm in Marico

After the improvements were completed, Mangope is said to have bought the farm Alwynspoort near Zeerust for R350 000 It is now valued at more than R2-million The commission has intervened to stop transfer of the property to Mangope

Advocate Frans Kgomo, leading evidence for the commission, revealed that government property was used to build a barn and a shed at another farm, Marulakop, near Zeerust, which is owned by Mangope. An access road to the farm was built for R200 000.

Kgomo told the commission that Mangope received more than R2,6-million in royalties for mining rights on Strydfontein Farm, which was intended for the Bahurutshe Bo Manyane Tribal Authority

On the advice of his advocate, the former homeland leader has refused to reply to any of the allegations for fear of incriminating himself.

At the end of Mangope's appearance on the witness stand, his attorney, Richard Nesbitt, issued a statement which said when and if the question of royalties was fully aired before a different forum "it will be seen that in this regard Kgosi L M Mangope has always acted in the best interest of his tribe".

The commission resumes on Monday, when former Bophuthatswana finance secretary Johan Vermaak will testify

Star 18/8/95

'Mangope squandered R4 million'

(259)

By Abdul Milazi Sowetan 18/8/95

MORE than R4 million of the funds misappropriated by the former Bop government were used for Mr Lucas Mangope's personal comfort, the Skweyiya commission heard yesterday

A total of R10 million was allegedly embezzled by Mangope from the National Security Council (NSC) coffers to fund his Christian Democratic Party and its covert operations

The commission also heard that Mangope had ordered the building of a shopping centre near Mmabatho for himself He also authorised the payment of more than R30 000 to the Motswedi Dairy (owned by him) and the refurbishing and the extension of his house

Although Mangope chose not to answer questions arising from evidence presented by previous witnesses for fear of incriminating himself, he admitted that he owned the Motswedi dairy

Counsel leading evidence, Advocate Vas Soni, put it to Mangope that the R800 000 which was transferred to a bank account in the Channel Islands was used to buy a house for a former Bophuthatswana representative in Italy, Mr Roberto Scio, and for Mangope Mangope declined to answer

The commission also heard that Mangope had paid R75 000 to self-confessed police spy Mr Pat Hlongwane for "services rendered and information"

The NSC financial books were never audited since the council was established in 1987 The council made its own budget and spent freely, the commission was told

Former NSC secretary Mr Johannes Esterhuizen earlier told the commission that he had established two fictitious companies which were used to channel funds from the NSC to fund these operations

Large sums of money were channelled from the NSC through these companies to fund covert operations, activities undertaken by the CDP and for Mangope's personal expenditure

The transfer of these amounts was authorised by the then treasurer of the CDP, Mr Ephraim Keikelame

Esterhuizen also testified that R150 000 was authorised to fund the publication of the Douglas Commission of Inquiry into ANC "Death Camps"

The hearing continues

We're only half-corrupt

(259) WM (BM) 18-24/8/95

South Africa is mediocre in the world corruption stakes. **Reg Rumney** reports on a corruption study that finds the country not so guilty

SOUTH AFRICA ranks right in the middle of a 1995 corruption ranking of 41 countries

The Corruption Ranking is the result of a study done by Berlin-based Transparency International and the University of Goettingen, Germany

On a scale of 0 to 10, South Africa, with a score of 5,62, comes 21st, well ahead in the cleanliness stakes of countries like Argentina, Hungary, Italy, Brazil, and China, to name but a few South Africa is the only African country ranked

A 10 indicates a perfectly clean country, say the authors of the survey, while a zero refers to a country where business transactions are entirely permeated by corruption, involving huge sums in kickbacks, extortion, fraud and the like.

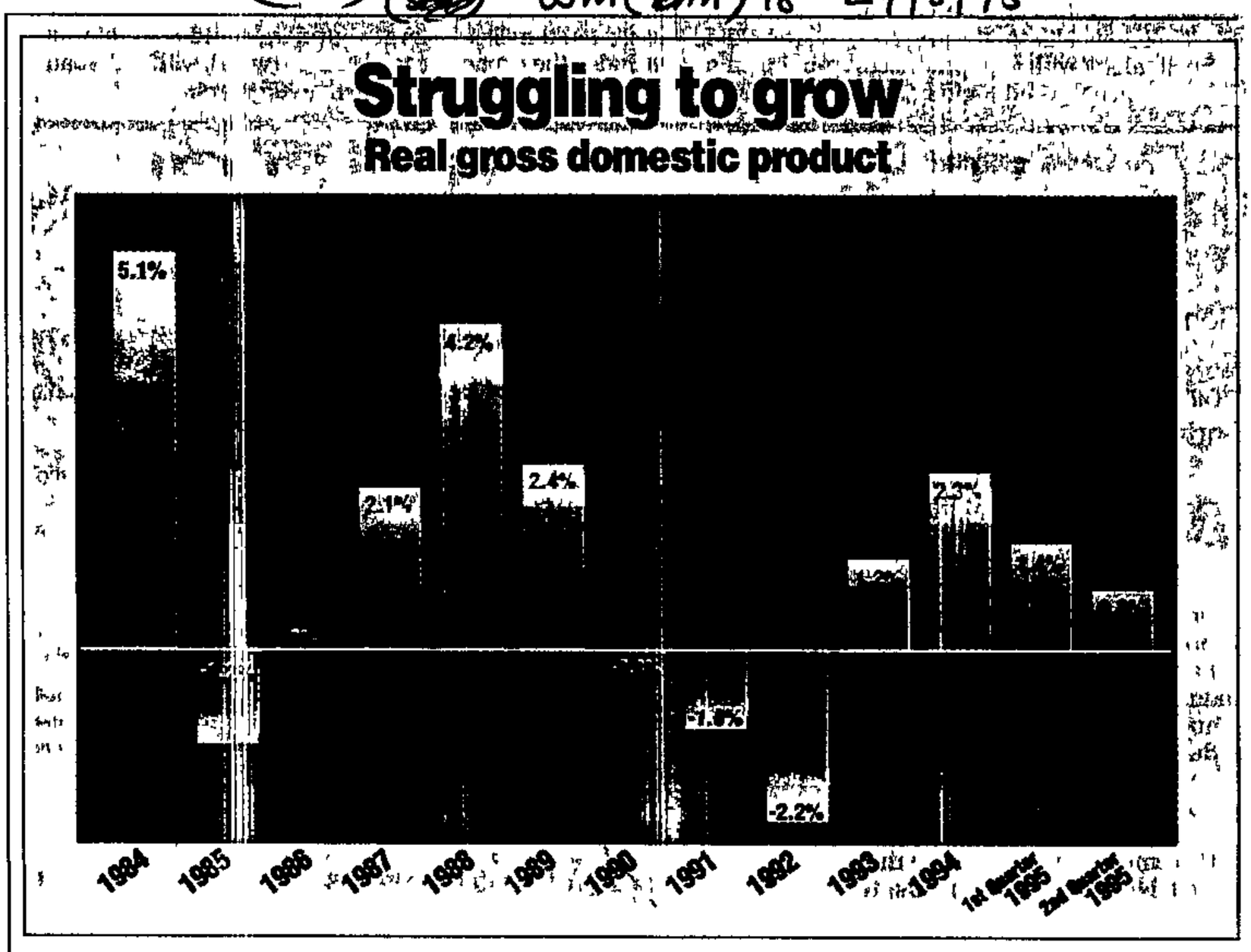
While Indonesia is judged the most corrupt with a ranking of 1,94 New Zealand tops the cleanliness list at 9,55 It is followed by Denmark (9,32) and Singapore (9,26)

Singapore is remarkable in being the only Asian country to be judged among the least corrupt. Most Asian countries found themselves in the company of Italy (2,99), Brazil (2,70), and Venezuela (2,66).

Japan (6,72), Malaysia (5,28), and Taiwan (5,08) were exceptions

Ian Katz, *The Guardian's* New York correspondent, reports that in many countries, particularly in Asia, accepting pay-offs is not considered unethical even if westernising governments have sought to make them illegal.

South Africa is not cleared completely. The rankings are based on a number of surveys, including three from the World Competitiveness Report. The list states the variance in the rankings. For South Africa, a high variance of 2,35 points to rankings that range from 4,1 to7,1, indicating a big difference of opinion about how corrupt the country is.



Growth in the second quarter was disappointing, especially after the low first-quarter figure

Mines and farming stymie growth

Reg Rumney

BLAME it on the weather and industrial relations on the mines

Preliminary figures show economic growth, as measured by the gross domestic product (GDP) — the total value of all goods and services, adjusted for seasonal factors — slowed to an annualised and real or adjusted-for-inflation 0,8 percent in the second quarter of this year. This follows unspectacular growth of 1,4 percent in the first quarter.

The Central Statistical Service ascribes the drop mainly to the plunge in agricultural production, which fell almost 42 percent, annualised, after falling 18 percent in the first quarter.

If agriculture is excluded, the economy grew 3,1 percent in the second quarter, a full percentage point higher than the first-quarter figure.

Encouragingly, one of the sectors which contributed to that higher growth was manufacturing, with a growth rate of seven percent. With the exception of mining, other sectors also showed growth. Mining's contribution to non-farm GDP dropped 11 percent, after a decrease of 10,1 percent in the first quarter.

Standard Bank economists, in the latest Economic Review, lay the blame for mining's poor showing on "liberation expectations" among the workforce, with gold production worst affected

They say the fall in gold production can be traced back to a slowdown in the output of underground operations, which account for 93 percent of all gold produced by South Africa.

While the many public holidays in the first half are a part of the cause, organised labour can be expected to deny vigorously that the problems of the mines are the workers' fault. Whatever the reason, Standard reckons reduced gold production in 1995 is expected to trim potential economic growth by half a percent.

In the same vein, Standard has predicted that lower agricultural output could knock at least 0,5 percent off economic growth this year.

While the underlying strong momentum of the economy is welcome news, it means that further interest-rate hikes cannot be ruled out.

Making corruption as hard as possible

(259) WM 18-24/8/95

THE Parliamentary Ethics Sub-committee, chaired by Cabinet Minister Kader Asmal, is now meeting on a weekly basis in an attempt to draft a code of ethics that will govern MPs' outside financial interests and their duty to disclose such interests publicly.

Asmal has secured the agreement of the Senate on a consolidated approach to the matter

Senators representing all political parties will join the sub-committee at future meetings with a view to recommending rules that will apply to both the National Assembly and the Senate

The Joint Sub-committee on Code of Ethics/Conduct — as it will be called from now on — must still report, however, to the respective Rules Committees of the two Houses This means that it is still possible that two codes could result, rather than the single consolidated code that Asmal hopes to achieve

But the fact that there will be joint contributions from the Senate and the National Assembly at this important formative stage of the code will speed up the process.

As the debate gathers pace, the sub-committee's attention has moved directly to consider the complex issue of disclosure of financial outside interests of parliamentarians. The sub-committee has agreed that the question of whether Parliament should be considered as a full-time vocation should be left to the individual political parties to give guidance on

Key African National Congress players hope to persuade the party to adopt an internal rule prohibiting ANC MPs and Senators from having second jobs

In this way, according to senior ANC sources, the party hopes to wrest the moral high ground from the other political parties by demonstrating to the public that it alone is devoted to representing the electorate on a full-time basis

At its meeting on August 1, the sub-committee identified a list of possible categories of financial interests where disclosure may be appropriate As it began to work its way through the list at the next meeting, a week later, important differences in approach emerged On the question of income, for example, the Democratic Party's representative on the sub-committee, Douglas Gibson, said. "It is none of the public's business to know if I am a millionaire "

Inkatha Freedom Party representative Johan van der Merwe added that "if the object of the exercise of disclosing income is to prevent corruption it will not work, because if I am going to accept a bribe I will do so in a way that will not show up anywhere "

Asmal retorted· "But we are trying to create as many difficulties for people as possible"

He referred to the practice in most Scandinavian countries where income tax returns are publicly available

"That way if there is a large-scale increase in income, and I have only my parliamentary salary to live on, people will be able to see that something is wrong," he said.

The Speaker of the National Assembly, Frene Ginwala, who sits on the sub-committee as an ex-officio member, favours total disclosure of all financial interests and assets Referring to the United Kingdom's Register of Members' Interests, which provides for the disclosure of any pecuniary interest which "might reasonably be thought by others to influence his or her actions, speeches or votes in Parliament, or actions taken in his or her capacity as a member of Parliament", Ginwala stated that this was a "very narrow" definition.

"It is not for us to say what is reasonable," she argued "The interim Constitution requires open and transparent government, which is much broader. Almost any (financial interest or asset) may possibly influence your view"

The sub-committee is keen to look at the rules that exist in other countries — although Asmal has made it clear that it is for the sub-committee to construct a uniquely South African code It now has before it a review of the disclosure rules around the world prepared for the UK parliament.

This document was prepared in 1986, however, and as a second report — prepared for the sub-committee by Idasa's Parliamentary Information and Monitoring Service (Pims) — shows, many more countries have adopted more stringent ethical rules in the nine years that have passed since then

Possible categories of financial interest for disclosure being considered by the sub-committee:

- Shareholdings, including nominee shareholdings,
- Outside employment (and possible incompatible occupations),
- Directorships,
- Clients for whom services are provided/lobbying/retainers,
- Consultancies,
- Sponsorships or financial or material support (which would include agencies financing support staff)
- Gifts, benefits and hospitality,
- Overseas visits, and grounds for exempting such visits from register,
- Overseas benefits and gifts,
- Land and Property, including interest in land and own residence

Other issues for discussion identified by the sub-committee:

- Regulation by legislation or Parliamentary Rules, and method of enforcement of disclosure,
- Date of initial registration of member's financial interests, updating of register and period of registration,
- Who specifically should be included in the disclosure requirements members, their spouses and children, ministers, presiding officers, chairpersons of committees, senior officials, provincial legislatures, chairpersons and directors of parastatals (it was noted that persons outside of Parliament could only be included if the proposed code of conduct was established by legislation),
- Should the disclosures be private or in the public domain?
- Administration of a proposed register of members' interests,
- Possible sanctions for non-disclosure,
- If fixed assets are to be disclosed, is the value of such assets also to be disclosed?

Pims is to hold a small workshop in the next few weeks, with a view to drafting a charter on parliamentary and political ethics If you would be interested in participating, phone (021) 418-3464 or fax (021) 25-1042

DEDANIELS$
↑SACHED

Millions in state funds 'abused by Mangope'

(259)

JOVIAL RANTAO
Political Staff

ARG 19/8/95

MMABATHO — A catalogue of allegations of abuse of state funds running into millions by former Bophuthatswana President Lucas Mangope has been disclosed.

The Skweyiya Commission of Inquiry heard that Mr Mangope allegedly used R4 442 886,40 for extensions, renovations and other improvements on his private house in Motswedi.

The commission also heard that Mr Mangope allegedly used over R2-m of government funds to pay for the construction of a house worth R422 000, kraals (R280 000), three boreholes (R850 000), shepherds' and servants' quarters on a farm in Marico.

After the improvements were done, Mr Mangope then allegedly bought the farm, Alwynspoort, near Zeerust, for R350 000.

The Skweyiya Commission has since intervened to stop the official transfer of the property to Mr Mangope.

Advocate Frans Kgomo, leading evidence for the commission, also claimed government property was used to build a barn and a shed at another farm, near Zeerust, which is owned by Mr Mangope. An access road to the farm was allegedly built at a cost of R200 000.

Mr Kgomo also alleged that Mr Mangope received over R2,6-m in royalties for mining rights on the Strydfontein Farm, which were meant for the Bahurutshe Bo Manyane Tribal Authority.

On the advice of his advocate, the former homeland leader has refused to reply to any of the allegations for fear of incriminating himself.

The commission resumes on Monday, when former Bophuthatswana finance secretary Johan Vermaak, who allegedly received over R800 000 in state funds, will testify. The next witness will be former Bophuthatswana Economic Affairs Minister Abraham Keikelame.

NMOL

Mangope lets fly

By DAN DHLAMINI

CP 20/8/95

FOR THE six or so hours he spent on the witness stand during his two-day appearance before the Skweyiya Commission, former Bophuthatswana President Lucas Mangope remained calm and showed no emotion.

But soon after he left the box, his bitterness at being tried by "his people" in "his" court became clear as he asked reporters if they had enjoyed the "lies" and "distortions" levelled against him

As he walked out of Court A, a visibly agitated Mangope, who chose to speak only Setswana in court, confronted advocate Frans Kgomo, who had led evidence on behalf of the Commission, and charged "O a ineelela" – meaning "You have caused yourself a curse! You had intended to crucify me, but here I am – still alive"

The former Bop strongman added "But I can assure you, time will come when we will meet!"

Mangope uttered these words in the presence of reporters, members of the public and former Bop Commissioner of Prisons General Delport

Kgomo told City Press that in his opinion, Mangope's outburst constituted a threat and that he had reported the incident to the Commission's chairman, Advocate Louis Skweyiya

The Skweyiya Commission is probing Mangope on allegations of corruption involving more than R10 million in public funds.

The Commission had heard earlier how bank accounts in the names of fictitious companies were opened to channel money totalling more than R10 million from the National Security Council (NSC) to Mangope's Christian Democratic Party (CDP)

Although visibly shaken by evidence presented against him, Mangope did not reply for fear of incriminating himself.

The only time Mangope answered advocates Kgomo and Vas Soni, who also led evidence for the Commission, was when he denied knowledge of the phony bank accounts and when he said that he was still the chief of Bahurutshe bo Manyane from whose farm, Strydfontein, he allegedly received over R2,6 million in royalties for mineral rights

The Commission heard that Mangope had allegedly used R4 442 886,40 for extensions to, and refurbishment of, his private residence, "Gaetsho", in Motswedi, near Zeerust

Advocate Kgomo further told the Commission that Mangope had allegedly spent more than R2 million in government funds on the construction of a house worth R442 000, kraals and a cow clinic (R280 000), three boreholes and servants quarters at Alwynspoort Farm (R850 000) – and then bought the farm for himself for only R350 000

Mangope's Moeng Smallholdings in Riveirapark in Mafikeng, his Marulakop Farm, an access road to the farm allegedly built at the cost of R200 000 and his double stands where he was supposed to construct a shopping complex in Lehurutshe, also came under the spotlight during the proceedings.

The Commission resumes tomorrow

Bop probe witnesses keep mum on funds

Star 22/8/95 (259)

BY JOVIAL RANTAO
POLITICAL REPORTER

Two witnesses who appeared before the Skweyiya Commission of Inquiry yesterday took the same route as former Bophuthatswana president Lucas Mangope and claimed privilege when confronted with evidence which suggested they had received at least R500 000 in government funds

When confronted with deposit slips and bank statements proving huge deposits were made into accounts in the names of J P Vermaak and L Aucamp, former Bophuthatswana finance secretary Johan Vermaak and his wife Linda Aucamp declined to answer any question for fear of incriminating themselves.

In the Mmabatho Supreme Court yesterday, advocate Vas Soni, for the commission, produced deposit slips which appeared to have been signed by Vermaak and documents which showed that cheques were deposited in a Trust Bank account in the name of J P Vermaak.

Soni also produced documents showing that on the same dates that the deposits were made, the Futura Investments account, a phony account created by the Bophuthatswana National Security Council (NSC), was debited.

He told the commission that on August 3 1993 a Trust Bank account in the name of J P Vermaak was credited with R82 000 That same account was also credited with R200 000 which was placed on 32-day notice All the deposits reflected Futura Investments as the drawer

Soni also said he had received information which showed that on the same day (August 3), a sum of R131 340 was deposited into the same account The slips showed that three cheques, totalling R131 340, were deposited. The commission was able to trace the cheques to the Futura account The commission is still tracing a cheque of R308 000 allegedly given to Vermaak

He refused to discuss the documents, claiming privilege

It was also revealed that Vermaak, who left the Bophuthatswana government at the end of 1993, received two salaries totalling more than R120 000 — R63 207 a year from the department of finance and R60 000 from Bophuthatswana Transport Holdings, although he did not work for the transport parastatal

It appeared, the commission heard, that former finance minister Leslie Young and Public Service Commission chairman Gert Nkau did not have problems with Vermaak drawing two salaries

Vermaak would also not reply when asked about a signature on a document which suggested he had received R150 000 Former NSC secretary Johan Esterhuizen has said that, at Mangope's instructions, he made out a cheque payable to cash on September 13 and handed it to Vermaak as a "golden handshake"

Aucamp also claimed privilege and would not explain where she had obtained about R246 000 that was deposited in two accounts, registered under L Aucamp, on May 25 When asked about the signature on the deposit slips, she also claimed privilege

Bop govt man's strange transaction

Man buys R40m firm for R1

Sowetan 22/8/95 (251)

By Abdul Milazi

FOR only one rand, former Bophuthatswana minister of finance Leslie Gerald Young became the sole shareholder of a multimillion rand company funded by the homeland government, a *Sowetan* investigation has found.

Bala Farms (Pty) Ltd, which owned 69 farms countrywide valued at more than R40 million, used state funds to purchase the farms.

Most of the farms were then rented out to the previous owners while others remained vacant.

Bala Farms' purchase of land was allegedly authorised by the homeland's former president Lucas Mangope, who is currently being investigated by the Skweyiya commission set up to look into corruption in his administration.

Sowetan has in its possession a letter from Mangope to the homeland's treasury authorising the dispatch of funds to Bala Farms from the department of agriculture's coffers to purchase farms.

A document from the Registrar of Companies in Pretoria lists former ministers of the homeland as directors. Those listed are former director of the homeland's legal service and land administration Mr Theodorus Ernst Scheepers, former director of legal services Mr Hendrik Johannes Douw van der Walt, former Agricor managing director Mr Schalk Willem Pienaar, former minister of state affairs and aviation Mr Rowan Cronje, Young's predecessor Mr Martin van den Berg, former minister of agriculture Mr Phineas Herman Mocketsi, justice minister Mr Sibon Godfrey Mothibe and builder Mr Johannes Petrus du Preez.

It was not clear from the Registrar of Companies' documents what stake these directors had in the company.

However, the document states that only one share was sold – to Young for one rand. No other shareholders are listed.

Bala Farms registered 4 000 shares when it was formed in 1988. As a sole shareholder, Young literally owned the company and its R40 million assets.

Efforts to get more information on who runs the company at present and where its offices are located drew a blank as *Sowetan* was told the directors had "disappeared".

North West government spokesman Willie Modise said his government was aware of Bala Farms and its undertakings. He said the matter had been referred to the Skweyiya Commission for investigation.

Modise said the Commission had been trying to no avail to trace the company's directors or people with information regarding the matter.

Some of the directors are believed to have migrated to neighbouring states.

In 1991, Bala Farms bought the 1252 hectares Zandfontein and Mungfontein farm for R813 800 from a Mr JJ Faul. Another farm was purchased from a Mr HJ Wessels in the same area for R135 000.

Two other farms were also bought in Tweekoppiesfontein from Mr JH Huyser and Mr DH Smit for R129 340 and R113 820 respectively. Van der Merwe and Calitz of Zeerust handled the transfer.

Farms number 956, 957, 1114 and 1115 were bought for R748 500 from Mr JJ Bosch while R667 000 was paid to Mr JD Van Staden for farms number 952, 1101 and 1102. The transfer was handled by Louis Smit of Mafikeng.

Inquiry told of R2,4m fund

(259)

CT 23/8/95

MMABATHO The head of the former Bophuthatswana Internal Intelligence Service yesterday admitted having been co-signatory under a false name to cheques for almost R2,4 million, drawn on a secret state account and made out in favour of former president Dr Lucas Mangope's Christian Democratic Party (CDP)

Mr Frederick Knollys testified before the Skweyiya commission of inquiry into corruption in the former homeland that he had believed authorisation had came from Mr Mangope and his cabinet.

According to evidence before the commission, not all state money channelled through the account went to the CDP It is alleged that R8 000 was paid to Mr Johan Vermaak, then secretary of finance, R1,5 million to Mr Ephraim Keikelame, then minister of economic affairs and that cheques for R49 000 were for Mr Mangope's private use. — Sapa

Fund 'to boost Mangope'

CT 24/8/95 (259)

MMABATHO: State funds channelled to a secret account totalling R10,4 million were used to boost President Lucas Mangope's Christian Democratic Party in Bophuthatswana, the Skweyiya Commission of Inquiry heard

Of this, R4,5m was paid to a consultant to popularise the party which was toppled from power in 1994, party treasurer Mr Ephraim Keikelame said. Thousands had been spent on badges, scarves, cuff-links and flags to boost the party's image Over R1m had been spent on cars. — Sapa

'Keikelame should be charged for Bop fraud'

(259)

CP 27/8/95

By DAN DHLAMINI

FORMER Bophuthatswana minister of economic affairs and Christian Democratic Party treasurer Ephraime Keikelame could face theft and fraud charges

This became clear this week when advocate Vas Soni, leading evidence on behalf of the Skweyiya Commission, said he intended asking the Commission to recommend that Keikelame be charged with theft and fraud.

Keikelame had told the Commission he had never found the transfer of state funds to the Christian Democratic Party to be illegal

Keikelame likened the channelling of state funds to the Christian Democratic Party to the Government of National Unity's funding of the Reconstruction and Development Programme, which he said was an ANC initiative.

Soni said the "Project Future" by which state funds had been channelled to the Christian Democratic Party, had been created to loot state coffers without anyone realising it.

Secret project

He said Keikelame had never raised "Project Future" at cabinet level because it was a secret project known only to him, Mangope and former Bop National Security Council secretary Johan Vermaak

The Skweyiya Commission, which has been sitting for almost a year, is probing allegations of corruption and misuse of public funds amounting to over R15 million by the ertswhile Bophuthatswana government which was headed by Chief Lucas Mangope.

At least R10 million of the total amount was allegedly channeled into Mangope's Christian Democratic Party and for his personal use.

Next to appear before the Commission after Mangope and Keikelame will be the former "white Motswana of Bop", Rowan Cronjé, who allegedly received a R75 000 golden handshake.

Soni said Cronjé had indicated that he would testify before the Commission.

Soni said there were about six witnesses left to appear before the Commission ended its hearings.

The proceedings resume tomorrow.

INVEST IN THE NEXT

Probe of govt consultants' pay ordered

(259)

Ingrid Salgado 30/9/95

MPUMALANGA premier Mathews Phosa yesterday ordered a probe into allegations that excessive payments had been made to consultants employed by the provincial government to investigate the transformation of its development corporations.

Phosa's special adviser, Brian Shrosbee, said the office would investigate claims that Eugene Nyati and Ntsoaki Mohapi had each received R15 000 a day for seven day's work — R105 000 each Mohapi chaired a commission investigating restructuring Mpumalanga's development corporations Nyati was her deputy

Nyati has denied he benefited personally to that extent, saying the allegations were probably being circulated by individuals hostile to the commission's findings Mohapi would not comment

The claims were made in documents provided anonymously to Business Day They show that Nyati received R660 000 on July 28 "for services rendered" to the end of August.

Nyati said he had received this amount. However, it had to cover payments to three auditing companies and two legal firms that drafted Bills stemming from the commission's recommendations, he said The cost of drafting one Bill was estimated at R200 000 "The remaining money was my own The proportion I got was peanuts I'm worth far more than that," he said

A memorandum instructing payment to Nyati and Mohapi created the impression they earned R15 000 a day for seven days' work, Nyati said "That is obviously ludicrous No one makes that kind of money."

Continued on Page 2

Pay probe

Continued from Page 1

Nyati said the allegations could have been made by angry or nervous employees of one of the development corporations The commission recently recommended that the KaNgwane Economic Development Corporation, the KwaNdebele Development Corporation and Agriwane be merged — resulting in many redundancies.

"The commission demanded a detailed audit of the performance and books (of the three corporations) The auditors had to ask a lot of very awkward questions and some people are worried because they have to account for mismanagement and missing money," he said Tens of millions of rands had gone missing from the corporations during the past 15 years

Many employees feared losing their jobs as the new corporation's staffing needs would be under review

Probe into R15 000 a day claim

(259)

■ BY JOVIAL RANTAO
POLITICAL REPORTER

Star 6/9/95

Brian Shrosbree, who heads the one-man commission which is investigating allegations of overpayment to Mpumalanga's development corporation officials, yesterday met Eugene Nyati, the man who allegedly received R1-million for helping to restructure the corporations.

Sources in the provincial government told The Star that Shrosbree was also scheduled to meet the auditors, lawyers and accountants whom Nyati has allegedly paid for work done for the commission that was charged with the restructuring of the former KwaNdebele, KaNgwane and Agriwane development corporations.

He is expected to complete his investigation in the next two days and present his findings to Mpumalanga premier Mathews Phosa.

On Monday Phosa closed down the province's development corporations for a week to allow Shrosbree's investigations to continue smoothly

His step followed revelations that officials who were employed to investigate misuse of funds by development corporations inherited from the former KwaNdebele and KaNgwane homelands were paid R15 000 a day.

Weekend reports alleged that Nyati, who was employed to head a commission established to oversee the transformation of the development corporations, was paid R1-million and had run up R96 153 in air fares.

Nyati has dismissed the allegations as "absolute rubbish"

Gauteng Tender Board speaks with a new voice

(259) WM (BM) 8-14/4/95

Aspasia Karras talks to Dr Danisa Baloyi about the challenges facing the chairwoman of the Gauteng Tender Board

Fighting for black business: Dr Danisa Baloyi

DR DANISA Baloyi's appointment as chairwoman of the Gauteng Tender Board could be seen as the culmination of an active mobilising presence in the black business community, where she has been central in the formation of such organs as the Black Business Management Caucus, of which she is now executive director

Her close association with the caucus began in 1993, after a meeting between the African National Congress (ANC) and black business

The intention was to create a lobby group that would organise and unify the diffuse black business community so that it could effectively contribute to shaping policy and making legislation

"We should strive to speak with one voice," elaborates Baloyi "This entails identifying the fact that most black business is organised by sector and specialisation, making it very difficult for them to work together Black business needs to be capacitated to grow Much like the big companies of the past, integration needs to happen "

Baloyi has a structured approach as to how this can be realised, essentially by concentrating on helping small- and medium-sized business to grow The banks are in the front line of her attack,

"Banks are not user-friendly, and this must be changed, in part through an education blitz that focuses on easier access to finance "

Buzz words like facilitating entrepreneurship, and developing disempowered women and black business groups may pepper a large part of Baloyi's conversation, but it is obviously her skill at negotiating around the concept and putting it into practice which undermines such criticism, and that has informed her approach to the tender process

The more pertinent question that has been asked is. to what extent will Baloyi's appointment ensure that the Gauteng Provincial Government avoids the jargon of development but still delivers the goods, without excessive tokenism and loss of tax rands? Simply stated can Baloyi keep her ideals in check and get the best deal?

Baloyi claims she was asked in her private capacity to chair the board, and is doing so independently of her other interests She does imply that a big shift should occur, when the best deal for the Gauteng region is conceptualised

In light of the new emphasis on economic empowerment in Gauteng, the goals of the board have become very clear for Baloyi

Firstly, the board must ensure that the region gets the cheapest and most effective tender, and secondly it must function as a catalyst of change.

The board intends to use regulation to ensure sub-contracting to small and black businesse and make it possible for suh businesses to tender.

"Essentially when it comes to getting the contract, big business is still in the best position to do so," she claims "but we are working at levelling the playing field."

As of September 1 Gauteng ceased to have any connection with the State Tender Board, meaning that the process of handling tenders, administering the complex absorption process of old civil servants of the ex-Transvaal Provincial Administration, rewriting and simplifying the tender documents which deterred many people from applying, and creating a new regulatory framework for tendering, should be close to completion

For the group of 13 members who have worked on an almost voluntary basis, this has been a mammoth task claims Baloyi, whose tender process is driven by three conditions

Creating new rules will benefit all stakeholders by removing unnecessary barriers.

Ensuring that the tender documents become easily available and user-friendly, so that problems like the sheer size and technocratic language of the old documents are eliminated

Guaranteeing that advertising for tender is done through the most accessible media, by using community rather than government channels

Baloyi is adamant that fairness and transparency are the only building blocks for a successful tender system

"Tenders given last year have opened our eyes to favouritism and monopolies that were enjoyed in the past."

The board is both a developmental tool, but more importantly, a watchdog, for the government's expenditure, argues Baloyi,

"After all it's tax rands that are in question Still it's tough to ensure that what is on paper is actually what happens The bottom line is that the province cannot lose money."

Baloyi's motivation lies in the fear of retribution from the younger generation, who can be hyper-critical of the old guard She argues that what makes the task bearable is the fact that the board functions as a close-knit unit.

The notion that she is the first women chairperson of a tender board has empowered her only in that it has given her a platform to speak across cultures, races, and gender

"We visited the State Tender Board only to discover that there were still no blacks and no women to be found."

Baloyi fears, " A lot of us will be set up and compromised if we are not on red alert daily, because our stands might not please certain people "

Gqozo is next in the firing line

CP 10/9/95

By DAN DHLAMINI

WHEN the Skweyiya Commission was set up by the North West provincial government to probe allegations of corruption in the province, former Bophuthatswana president Lucas Mangope cried "why me only?"

LUCAS MANGOPE

The Commission has so far heard that Mangope and his Christian Democratic Party misused more than R10 million of state and public funds between 1990 and last year

Advocate Frans Kgomo who, together with Advocate Vas Soni, is leading evidence for the Skweyiya Commission, told City Press that the last aspect of their investigation would be the R100-million Hammanskraal Power station which, Mangope constructed, despite expert advice that it was a non-starter

City Press can reveal today that former Ciskei military ruler Brigadier Oupa Gqozo will be investigated after Mangope. He will be the second former head of state to be questioned about corruption in a court he thought was only meant for others

Gqozo is alleged to have spent R102 000 of public money on a new portrait that would depict him as a civilian, and to have used R25 000 of public money to fund the African Democratic Movement (ADM)

He is also alleged to have spent R41 782 of public money to buy a state farm measuring 443 hectares despite his own government's moratorium on the sale of state land

He is expected to testify before the Heath Commission from October 11 to 13 He will also appear in the North West Taung Regional Magistrate Court on October 2 to face charges of illegal diamond dealing

Justice Willian Hendrick Heath, who is heading the commission into allegations of misappropriation of state assets and public funds, told City Press that more than R15 million was involved

He said he was also investigating the former Transkei and the current Eastern Cape Provincial government

BANTU HOLOMISA

Heath said the commission started in June this year and is expected to complete its investigations into 250 cases, which date back to 1976, in two years time

Mpumalanga Premier Matthew Phosa said commissions of inquiry into corruption should not be restricted to the former TBVC states, but should also include FW de Klerk's former National Party government

Phosa, whose government is currently in the spotlight following allegations that it paid political expert Eugene Nyathi R15 000 a day, said corruption was corruption irrespective of who committed it

Phosa said the National Party members were currently receiving two salaries and were the ones on the gravy train, rather than their ANC counterparts

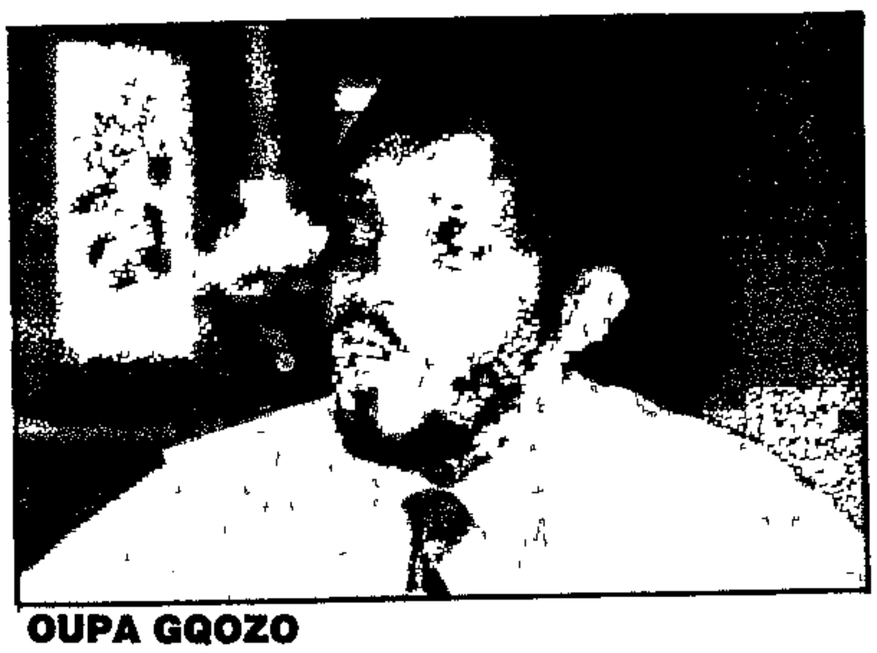
He also said that apart from the commission headed by Advocate Brian Shrosbee, which is investigating the Nyathi issue, and the Browdy Commission which is investigating the TBVC states, there was no other structure investigating corruption in his province

A spokesman for the Northern Province, Saad Cachalia, said besides the Browdy Commission, the provincial government had set up the Assets Audit Committee (AAC) led by Brigadier J van Wyk to investigate corruption and misuse of state assets

The spokesman for the Office for Serious Economic Offences (OSEO) Advocate Chris van Vuuren told City Press this week that the National Tourism Forum (NTF) which was headed by ANC MP Peter Mokoba was still under investigation

Van Vuuren said the ESEO was not investigating Mokaba per se, but the NTF, which was disbanded in January.

He said as soon as they were through with their investigations the matter would be referred to the Attorney General for his ruling



OUPA GQOZO

There were allegations of corruption and financial irregularities stemming from the apparent fraudulent withdrawal of more than R100 000 from the organisation's coffers

Meanwhile Norman Escoffery, an alien of Afro-Jamaican origin, who allegedly obtained a loan of more than R14 million from North West's Agribank, has been charged with fraud, corruption and theft

Pretoria Regional Court Prosecutor A Crauwkamp said Escoffery, who appeared in court this week, was not asked to plead He will appear again on November 27

Advocate Dave Fouche, also of the OSEO, this week told City Press that the People's Progressive party leaders Rocky Malebana-Metsing and Dr John Lamola were also under investigation

Fouche said the OSEO has submitted certain recommendations to the Attorney General regarding Lamola and Malebana-Metsing.

He said a final report would be sent to the Attorney General soon, but he declined to provide more details about the matter, saying it was subjudice

Boesak: Overseas leg of probe completed

CRIME REPORTER

CT 13/9/95 (259)

AN Office for Serious Economic Offences official who is investigating Dr Allan Boesak's former Foundation for Peace and Justice, has returned to the city after taking statements from people in Denmark, Norway, Sweden and United States.

The office's head, Mr Tommy Prins, said yesterday he had spent a month overseas collecting statements from donors and "documentary evidence" — including details of money transfers.

"I would prefer not to get into details because I do not believe it would serve any purpose."

Mr Prins said a report was expected to be completed by the end of November and forwarded to the minister of justice and the attorney-general.

Repay funds, Nyati told

(259) ARG 14/9/95

NELSPRUIT — Consultant Eugene Nyati, allegedly overpaid as chairman of a provincial board, has been told to repay R864 000 immediately to the government of Mpumalanga, the former Eastern Transvaal

This was announced yesterday by Brian Shrosbree, chairman of the one-man commission which investigated allegations that Mr Nyati was overpaid for co-chairing the Mpumalanga Development Corporation Board Mr Nyati was charged with restructuring the board

Mr Nyati's services to the Mpumalanga government would be terminated, Mr Shrosbree said, adding that this was in line with an earlier decision

He said Mr Nyati was on his way to Nelspruit from Johannesburg yesterday to discuss the repayment issue — Sapa

Call to co-ordinate on corruption

CT 14/9/95 (259)

STAFF REPORTER

THE state is unable to fight corruption among civil servants because of a lack of co-ordination between its investigation, intelligence and information management structures, a crime conference in Bellville was told yesterday

The hidden crime and corruption commission of the Confronting Crime conference told 250 delegates yesterday that while the new government was planning a number of independent investigation mechanisms, such as the Independent Complaints Mechanism, the Public Protector, the SAPS anti-corruption units and the Human Rights Commission, links between those bodies "have not been sufficiently well thought out, such as a lack of prioritisation of cases among agencies"

The commission suggested that referrals from departmental investigation structures to one oversight body be considered, as well as the relocation of the police anti-corruption units to the public protector.

Payments a mistake, says govt

(259)

Ingrid Salgado

THE Mpumalanga government said yesterday that the controversy surrounding its employment of Eugene Nyati had been a misunderstanding and the province would gladly hire him for other consulting work.

Premier Matthews Phosa's spokesman Oupa Pilane said the premier's instructions that Nyati return R600 000 to the province this week did not imply Nyati had taken the money for his own gain.

The money was given to Nyati to pay subcontractors. He returned the money yesterday morning.

However, Phosa rejected a statement released by Nyati and the premier's special advisor Brian Shrosbree yesterday. They said that Nyati would remain the board's chairman until he handed over to a new board.

However, his stint as the Mpumalanga Economic Development Corporation's interim board chairman had come to an end as a permanent board had taken office.

BD 15/9/95

Pilane denied there were tensions between Phosa and Shrosbree as a result of the "misunderstanding". Shrosbree headed an investigation into allegations that Nyati had received excessive payments from government.

Phosa also rejected Nyati and Shrosbree's view that Shrosbree had found no wrongdoing to prejudice the province financially . However, this was because "the issue at stake was to recover funds paid to Nyati".

However, Phosa accepted the results of Shrosbree's investigation..

Government would today announce recommended conduct with regard to future commissions it would establish, Pilane said. It would also investigate the hourly rate of R540 paid to Nyati.

Meanwhile, consultant Ntsoaki Mohapi said yesterday she believed she had given her best as chairman of the restructuring commission.

Shrosbree's investigation revealed Mohapi had earned R324 000 for two months' work.

Gags put on Nyati probe

(259)

CT 15/9/95

NELSPRUIT. Mpumalanga Premier Mr Matthews Phosa yesterday gagged special investigator Mr Brian Shrosbree and any other government officials from commenting on a controversy surrounding consultant Mr Eugene Nyati.

At a media briefing by Mr Shrosbree and Mr Nyati here yesterday, Mr Shrosbree repeated an earlier statement that his inquiry had found Mr Nyati innocent of any wrongdoing during his brief to restructure various Mpumalanga development bodies.

A statement made by Mr Phosa after Mr Shrosbree's comments stated: "No findings whatsoever has been made on any wrongdoing as far as this investigation was concerned.

"The statement (yesterday) by Mr Shrosbree and Mr Nyati therefore does not reflect the government of Mpumalanga's view."

No further comments would be made to the media by anyone other than himself or board chairman Mr Jabu Mabuza — Sapa

Boesak probe team back with vital papers

ARG 16/9/95

(259)

GLYNNIS UNDERHILL
Staff Reporter

AN Office for Serious Economic Offences (OSEO) team has returned with vital documents from an overseas investigation into the financial affairs of Allan Boesak's Foundation for Peace and Justice.

The OSEO took statements in Denmark, Norway, Sweden and the United States.

Tommy Prins, OSEO assistant director, said the team had known Dr Boesak's whereabouts in the United States but had not contacted him.

"We would like to give him the option to tell his side of the story, but his input is not vital to our investigation. We can't sit and wait for him to come back It could delay our final report," he said.

Dr Boesak's wife Elna declined to comment when contacted at their home north of New York.

The Boesaks have settled into the residence provided for them by the national conference and study facility of the American Presbyterian Church.

Dr Boesak has been offered a three-month lectureship at the church institution but could not be contacted for comment.

Mr Prins said the investigating team went to the US to interview representatives of the Coca-Cola Foundation.

Around R150 000 donated to Dr Boesak's foundation by the Coca-Cola Foundation for distribution to pre-school projects in impoverished areas of the Karoo never reached its destination, according to project administrators

While Nordic funding agencies accused Dr Boesak of misappropriating funds for his personal use, Dr Boesak has always denied the allegations.

The report by OSEO is expected to be out by the end of November, said Mr Prins.

THE NYATI AFFAIR

Oh, how the mighty are

(259) ST 17/9/95

By PETER MALHERBE, EDYTH BULBRING and JUSTIN ARENSTEIN

WHEN Eugene Nyati arrived in Nelspruit towards the middle of the year, he took the tropical Lowveld town by storm.

Here was a man who had gained a national reputation on television as a straight talker and economic whiz kid

His conservative economic philosophies made him the darling of the corporate world

Said Mpumalanga Premier Mathews Phosa this week "He came very highly recommended We were all very impressed by him"

Mr Nyati, political and economic consultant, found himself in the best of both worlds

Ensconced in the luxury Pine Lake Sun with a hired Mercedes Benz at hand, he flitted between Nelspruit and Johannesburg by plane, running up a travel bill of almost R100 000 in two months

Back in Johannesburg he signed up to build a luxury home costing R720 000 in the exclusive northern suburbs Dainfern development

In Nelspruit he set up an office in the Drum Rock Hotel — leased by the Mpumalanga government — and decked out his office with R40 000 worth of furniture

And when he needed assistance with his commission of inquiry — into the restructuring of three homeland corporations — it was to his friends in Johannesburg that he turned

DETECTIVE

His attorney, Lucia Coter, and his accountant, Maurice Allis, both ended up working for the commission. Like Mr Nyati, they were independent operators who worked from home

No one is quite sure what they did for Mr Nyati — another commission member insists that their work was never presented to the commission

But they were to be paid handsomely for their assistance

Mr Allis even hired consultants to help him with his task For detective work he took on the services of a Sandton pharmacist, Johannes Mntonga The sales director at a cosmetics house, Mr Mntonga managed to fit in his commission work after hours and at the weekends He would receive a R60 000 salary and R61 000 in costs over a six-week period.

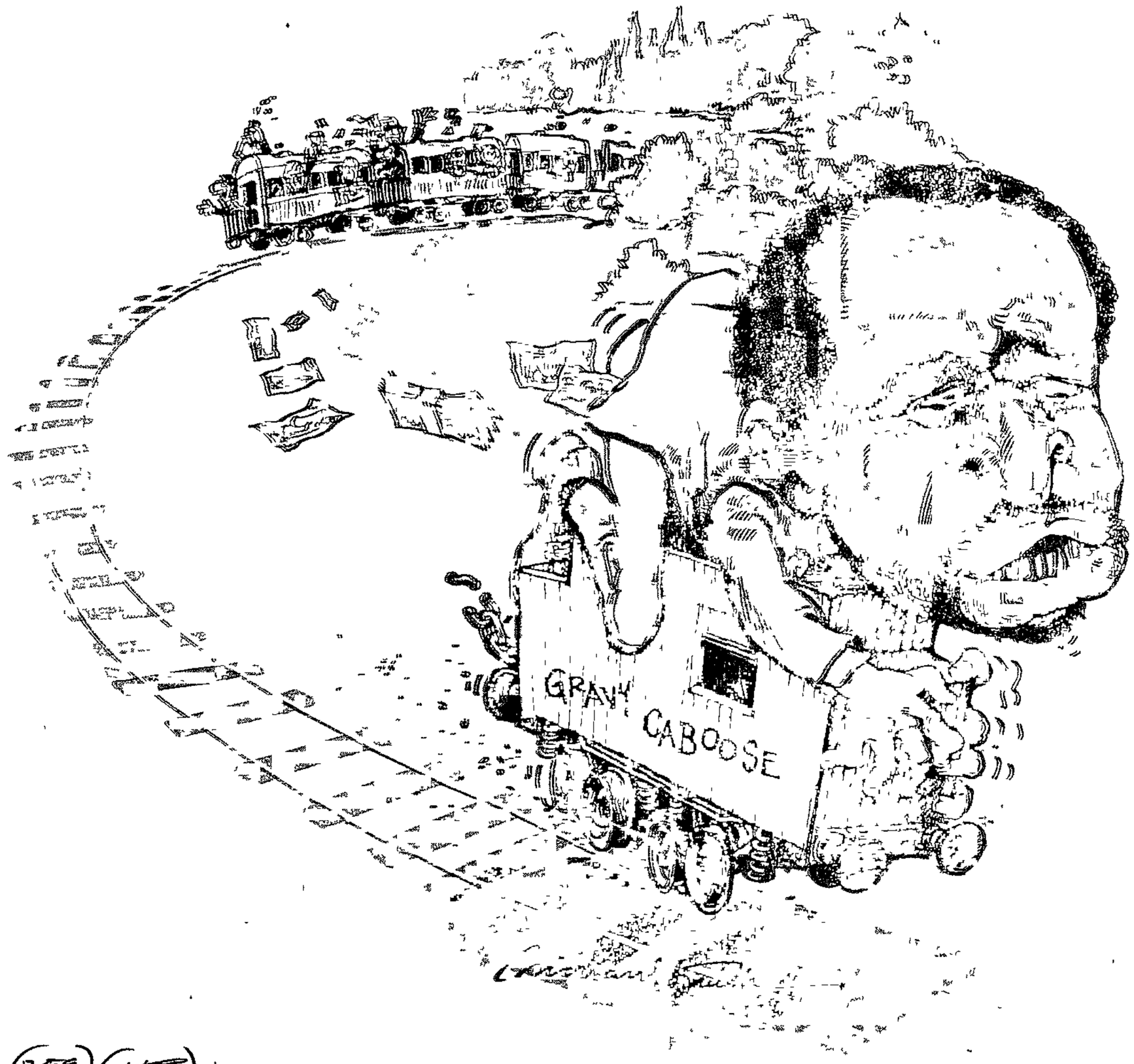
As Mr Nyati's work on the interim board was coming to an end, it seemed almost certain that he would be appointed as the chairman of the new Mpumalanga Economic Development Corporation

But then a sealed brown envelope was delivered anonymously to the Sunday Times office two weeks ago

Inside were documents that would unleash a government inquiry and cast a shadow over key figures in Mpumalanga, the old Eastern Transvaal

Memorandums, official statements and cheque requisitions indicated that the gravy train was steaming through the province at high speed — with some questionable payments being made to Mr Nyati from state coffers

By Sunday, September 3,



AND SO THE STORY GOES

SUNDAY SEPTEMBER 3

THE Sunday Times reports that Eugene Nyati paid himself R15 000 a day The headline is "Gravy Train Millionaire"

Eugene Nyati responds "The figure is the costing average per day that is fully inclusive of all secondary subcontracting of experts"

MONDAY SEPTEMBER 4

MPUMALANGA Premier Mathews Phosa appoints Brian Shrosbree to investigate the payments and shuts down the development corporations Mr Nyati says "I will do anything to defend my honour".

MONDAY SEPTEMBER 11

MR PHOSA addresses a press conference to announce the commission's preliminary findings

"Mr Nyati has done nothing wrong. The fees are reasonable We accept it as well as the fees of his associate. We are just sorry that his integrity has been harmed so severely."

TUESDAY SEPTEMBER 12

MR SHROSBREE tells the Sunday Times "This morning I said to Mr Nyati that I would be speaking to the premier and I expected that the R360 000 overpayment would be paid back to us today and that the other amounts he has to pay would be paid today or the money paid back to us"

Mr Nyati says "It cannot be today You have to wait until the last Imperial car voucher is in"

Mr Phosa says "He is accountable to me I am getting him to account"

WEDNESDAY SEPTEMBER 13

MR PHOSA tells a press conference that Mr Nyati's employment with the Mpumalanga government has been "terminated" and demands R864 000 back from Mr Nyati "The only amount that we can be sure he has paid is R144 000 to (commission chairman Ntsoaki) Mokapi The rest of the money was earning interest in a bank account We have therefore requested Nyati to repay our amount, plus R14 885,35 in interest"

THURSDAY SEPTEMBER 14

MR SHROSBREE tells a morning press conference "Mr Nyati is chairman of the interim board until he has handed over to the new board I am unable to find any wrongdoing on the part of anybody calculated to prejudice (the) province financially"

However, Mr Phosa tells an afternoon press conference "Mr Nyati is not the chairperson anymore

"Lawyers never use the word 'fire' — they use termination, and I used that word Even if Mr Nyati had not completed his work I would have ordered him to stop There were just too many accounts that were being questioned Also, we were not sitting with our money in our hands We were worried whether he had the money to repay us."

He instructs Mr Nyati and Mr Shrosbree not to speak to the media

FRIDAY SEPTEMBER 15

MR PHOSA asks the MEC for Finance, Jacques Modipane, to investigate procedures relating to the appointment of consultants and commissions He tells the Sunday Times "It is unsafe to say that any account is unquestionable"

YOUR SMOKE CAN HARM THOSE AROUND YOU
15 mg tar 1.4 mg nicotine As per Government Gazette method

splattered with gravy

together the story Mr Nyati had paid himself a staggering R1,23-million for two months' work on the commission, ironically set up to investigate waste and inefficiency in three former homeland corporations

Under the headline "Gravy Train Millionaire", the report said that Mr Nyati, the deputy chairman, and Ntsoaki Mohapi, the commission chairman, had paid themselves R15 000 a day

An angry Mr Nyati denied that the money was for his own pocket He said he had to pay out his sub-contractors for work done on the commission

He called the article racist and threatened to sue the Sunday Times 'I have a responsibility to perform and no one will be allowed to sabotage it, not even press leaks," he said

On Monday, September 4, Mr Phosa's special adviser, Brian Shrosbree, began investigations into the payments

ALARM BELLS

The three former homeland departments — and the Mpumalanga Parks Board, subject of an earlier Nyati investigation — were closed down to prevent documents being removed

A week later Mr Shrosbree delivered an interim report which appeared to clear Mr Nyati of wrongdoing as he had submitted justification for the R1,23-million payment

But the picture would change drastically

By Wednesday Mr Nyati would be reeling under fresh disclosures and be facing demands from Mr Phosa that he repay the bulk of the money

Perhaps the most damaging to his pristine image was the claim that he had prevented discussion of his payments at a meeting of the interim board of the restructured Mpumalanga Economic Development Corporation, which he headed.

In a bid to justify where the R1,23-million had gone, this week Mr Nyati submitted to Mr Shrosbree a list of bills from "consultants"

However, alarm bells began ringing within the provincial government when the bill for work done by relatively unknown consultants ran into hundreds of thousands — compared to the modest R14 250 account from tax expert Michael Katz

Three bills demanded particularly close scrutiny They amounted to R885 000, the bulk of the R1,23-million paid to Mr Nyati

The first was for R286 000 — in favour of the Centre for African Studies This is the name of Mr Nyati's own business which he operates from his home in Johannesburg

Confronted by Mr Shrosbree, Mr Nyati said he would personally get only R200 000 of the billed amount

But Mr Shrosbree insisted that as was Mr Nyati's company, the consultant would be benefiting from the full amount and it should form part of his service fee

Then there was an account from Mrs Coter, the attorney who operates from her home in Lonehill, Sandton The one-page bill listed a charge for R399 000

Mrs Coter was known to the Sunday Times as Mr Nyati's lawyer, as she had tried to intervene on his behalf before the publication of the "Gravy Train Millionaire" report

Mr Shrosbree referred the bill to Coopers and Lybrand in Pretoria for investigation

Mrs Coter told the auditors that she made an error and "added an extra nought" The correct amount was R39 900 — a discrepancy of nearly R360 000

The new bill included a R10 000 charge for two motor-car trips to Nelspruit — 10 hours at R500 an hour A return air flight from Johannesburg to Nelspruit costs R701

The third bill, for R200 000, was in the name of accountant Mr Allis, who operates from a flat in Killarney, Johannesburg

He stated further that there would be additional costs of R179 000 This was also referred to the Pretoria auditors

APPOINTMENT

When the auditors finally received a more detailed bill from Mr Allis, it emerged that he was personally owed only R48 000 He said he had also hired consultants whom he had to pay, including pharmacist Mr Mntonga who received R121 000 in his capacity as a detective

Mr Mntonga was to be paid for conducting research and meeting the people of Mpumalanga before reporting back to Mr Nyati

However, Mr Mntonga is a full-time sales director for a cosmetics firm and lives in Sandton He said he did the work part-time over six weeks The auditors have recommended further investigation

Mr Shrosbree said this week that the commission members had been unaware that Mr Nyati had employed Mr Allis and Mrs Coter as consultants and their work had never been presented to the commission

On Tuesday Mr Shrosbree discovered that Mr Nyati, who received the R1,23-million in July had, however, not paid any of his consultants

Mr Shrosbree asked him to repay the R360 000 discrepancy on the Coter bill by the end of the day, but he failed to do so

On Wednesday Mr Phosa ordered Mr Nyati to pay back R864 000 by 11am Later that day Mr Nyati gave the government a cheque for R613 000, saying that he had already paid out R240 000 to consultants he had hired

By the end of the week, it was clear that Mr Nyati's service with the Mpumalanga government was over

Insiders suggest he was to have been the chairman of the new Mpumalanga Development Corporation, but as the controversy escalated the provincial cabinet decided against his appointment

OUTBURST

The unanswered question remaining is how much Mr Nyati will finally make from his stint with the Mpumalanga government

There is no doubt that R15 000 a day was allocated to Mr Nyati while the commission of inquiry into the homeland corporations sat from mid-June to mid-July

A signed memorandum dated July 3 1995, from Gravett Herbst, the chief executive of the Kangwane Economic Development Corporation, to Mr J P W Otto, the general manager support services, notes "I hereby confirm that two cheques in an amount of R15 000 X 7 days, i e R105 000 each, be paid over to Miss T Mohape and Mr E Nyati"

Mr Phosa told a press conference that had the Sunday Times not exposed the payments to Mr Nyati, the Mpumalanga government could have incurred grave damages

Mr Shrosbree acknowledged this week that no fee had been agreed when the commission was appointed Mr Shrosbree calculated that Mr Nyati should be paid R540 an hour for the 715 hours work he had claimed until the end of August — which works out to R386 000

He is still due to be paid for time worked in September

Interviewed this week by the Sunday Times in Mpumalanga, Mr Nyati refused to discuss the accounts submitted on behalf of his consultants

"Why do we have to be accountable to the Sunday Times?" he asked

After an angry outburst he invited Sunday Times reporters to "piss off"

Gravy high-flyer crashes to earth

ST 17/9/95 (259)

JUST BETWEEN US ... Eugene Nyati has a private word with Brian Shrosbree, who headed the payments investigation Picture: CHRIS COLLINGRIDGE

By EDYTH BULBRING, PETER MALHERBE and JUSTIN ARENSTEIN

GRAVY train consultant Eugene Nyati had more than R700 000 slashed this week from the R1,2-million fee paid to him by the Mpumalanga government.

After a week in which one account after another submitted by Mr Nyati was found to be faulty and he was forced to repay R600 000, he had another R117 000 cut from his fees on Thursday

The probe into the high-living Mr Nyati followed Sunday Times disclosures that he was being paid R15 000 a day for his work on a commission set up to restructure the homeland development corporations inherited by the provincial government

Premier Mathews Phosa said the Sunday Times investigation had prevented "grave damage"

"You were right to expose him," he said at a press conference this week.

But Mr Nyati still takes home R269 000 for his two months of work on the commission, aimed at eliminating waste and inefficiency

In a week of increasing humiliation for Mr Nyati, it emerged that

- A bill for R399 000 submitted by Mr Nyati's lawyer, Lucia Coter, was changed to R39 900 after Mrs Coter admitted "adding an extra nought by mistake" Mr Phosa has submitted Mrs Coter's account to the Law Society;
- A bill for R200 000 from Mr Nyati's accountant, Maurice Allis, was found to contain a R121 000 claim for "detective" work

The gravy train millionaire

WASTE PROBE MAN POCKETED R15 000 A DAY

FLASHBACK: Sunday Times headline on September 3

It transpired the work was done by a Sandton cosmetics sales executive, Johannes Mntonga Mr Mntonga said he had done it in his spare time, "like on weekends"

Independent auditors Coopers and Lybrand have recommended the account be investigated further;

- An estimate of additional work from Mr Allis for R179 000 was dropped after further investigations by the auditing firm,
- Mr Nyati had allocated R286 000 to the Centre for African Studies This is his own organisation, and
- Although Mr Nyati had claimed he required the R1,2-million to pay consultants, none of the consultants that the commission members had authorised work from, or others who later emerged, had been paid out

In an interview with the Sunday Times this week, Mr Nyati could not explain why he needed the money if he intended paying his consultants only at the end of the job.

Mr Nyati faced a week of highs and lows as the Mpumalanga government flipped and flopped about in confused response to each new disclosure

On Monday, Mr Phosa cleared Mr Nyati of any wrongdoing although two of the accounts were still being investigated by independent auditors

On Tuesday, Mr Nyati was asked to pay back the R350 000 which was charged in "error" by his attorney

On Wednesday, Mr Phosa "terminated" Mr Nyati's employment as chairman of the interim board of the Mpumalanga Development Corporation and demanded that he pay back R860 000 He also announced that Jabu Mabuza had been appointed chairman of the new corporation, a position Mr Nyati had expected to get

On Thursday morning, Mr Phosa's special adviser, Brian Shrosbree, told a press conference that Mr Nyati was still the chairman of the interim board and that he had been unable to find any wrongdoing But that afternoon Mr Phosa contradicted Mr Shrosbree, insisting Mr Nyati's services had been terminated, and publicly argued with Mr Nyati

On Thursday evening the members of the interim board met to discuss the final fees to be paid to the commission's chairman, Ntsoaki Mohapi, and Mr Nyati.

Miss Mohapi had claimed that she had worked 600 hours on commission business It was decided she would be paid for working only 192 hours Her fee, at R540 an hour, has come down from R324 000 to R103 680

Mr Nyati's claim for 715 hours worked was cut down to 410 hours.

● FULL STORY: Pages 4 & 5

THE NYATI AFFAIR

A lawyer who had

(259)

By CHIARA CARTER

LUCIA COTER, the Johannesburg attorney who was subcontracted by Eugene Nyati to do work for his commission, had a problem with her zeros

When Mr Nyati was asked to account for R1,23-million paid to him, she submitted a handwritten half-page account for R399 000, scanty in detail and with no breakdowns

According to the invoice, this included "attendances, consultations, advice given, perusing and considering voluminous documents, drafting and settling various contracts, further conferences and consultations, meeting with counsel, formal attendances, postage, petties, telephone calls, copies and faxes"

When the account was queried by auditors, she conceded that she had mistakenly added a zero and submitted another account for R35 000 and R4 900 VAT totalling R39 900

She charged R10 000 for two trips to Nelspruit

This week Mrs Coter, whose office is based in a luxury townhouse complex in Lonehill, Bryanston, said the first bill was a "mistake"

'I submitted it in a hurry at Mr Nyati's request There was an extra zero added by mistake"

Mrs Coter said she was Mr Nyati's attorney and Mr Nyati was also a personal friend

Nyati investigator Brian Schrosbree said "The explanation of an error of that magnitude is very difficult just to accept"

Premier Mathews Phosa said "I think it's horrifying for an attorney of any substance to make a mistake of that nature" He has referred the matter to the Law Society

DEBIT NOTE NO: 0010

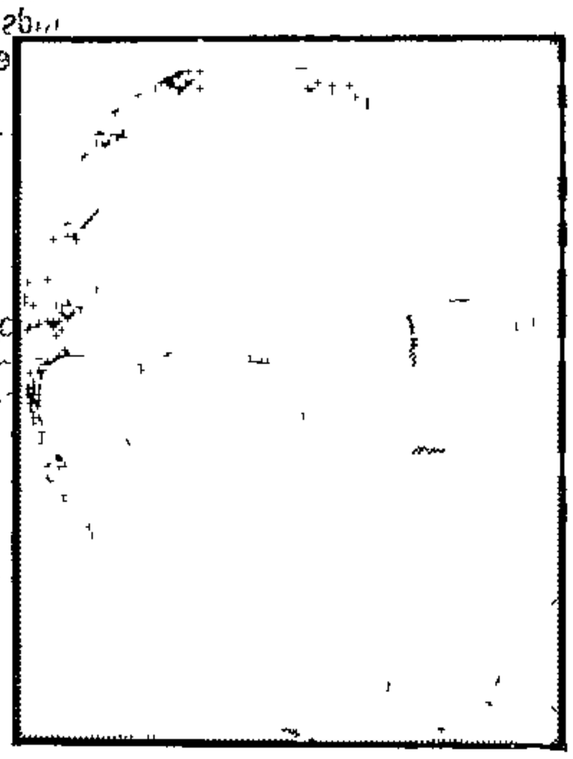
R	350 000 00
VAT	49 000 00
TOTAL	399 000 00

DEBIT NOTE NO: 0011

R	35 000 00
VAT	4 900 00
TOTAL R	39 900 00

SPOT THE DIFFERENCE . . . Lucia Coter's accounts

MAURICE ALLIS/THE ACCOUNTANT



A FRIEND .. Maurice Allis

By EDYTH BULBRING

MAURICE ALLIS, the chartered accountant who works for Eugene Nyati from his flat in Killarney, Johannesburg, had some difficulty justifying his expenses when approached by Brian Shrosbree

First of all he produced an account on a letterhead for R200 000 and warned that he estimated a further R179 000 was needed to pay other consultants

Mr Shrosbree responded "Although I haven't practised for many years, I am a chartered accountant I know that it wouldn't take me hours to make out my bill for a specific brief like this"

Mr Allis was told that "gold-plated" proof of his expenses was needed, and after further telephonic discussions, he gave a more detailed account to independent accountants Coopers and Lybrand on Wednesday.

He said his work for Mr Nyati was "to serve as the accounting officer, ensuring that all contractors and other accounts were received, authorised and paid"

Mr Allis claimed R48 000 out of the R200 000 for more than 250 hours work, and the amount of R179 000 which had been estimated, was dropped

The rest of the R200 000 was spent on a lawyer, a private investigator and on travelling costs

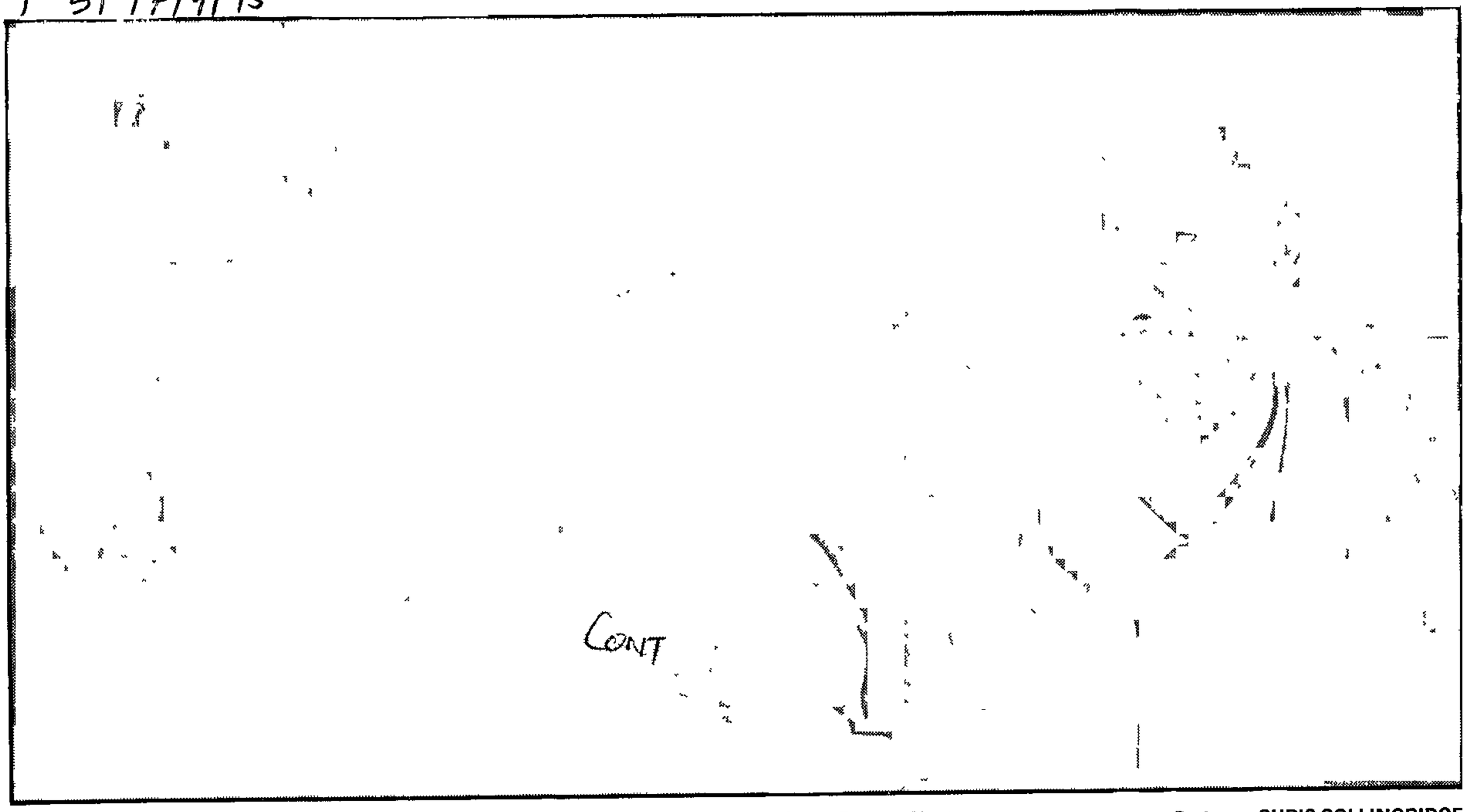
The amount of R121 000, which was paid to the private investigator, is still being scrutinised

Sunday Times 17-9-95

Cont

trouble with her noughts

ST 17/9/95



CONT

SHUT OUT . . Mpumalanga Premier Mathews Phosa has severed ties with former employee Eugene Nyati

Picture: CHRIS COLLINGRIDGE

Sunday Times
17-09-95

NTSOAKI MOHAPI/THE CHAIRMAN

Sunday Times Reporter

NTSOAKI MOHAPI may only be 25 years old, but she has earned herself R410 000 by sitting on two Mpumalanga commissions as part of Eugene Nyati's winning team

First, she earned R96 000 as deputy chairman to Mr Nyati on a commission to investigate the Mpumalanga Parks Board

Then, as chairman of a commission into restructuring development corporations, she claimed R324 000 for 600 hours work This was reduced to R103 000

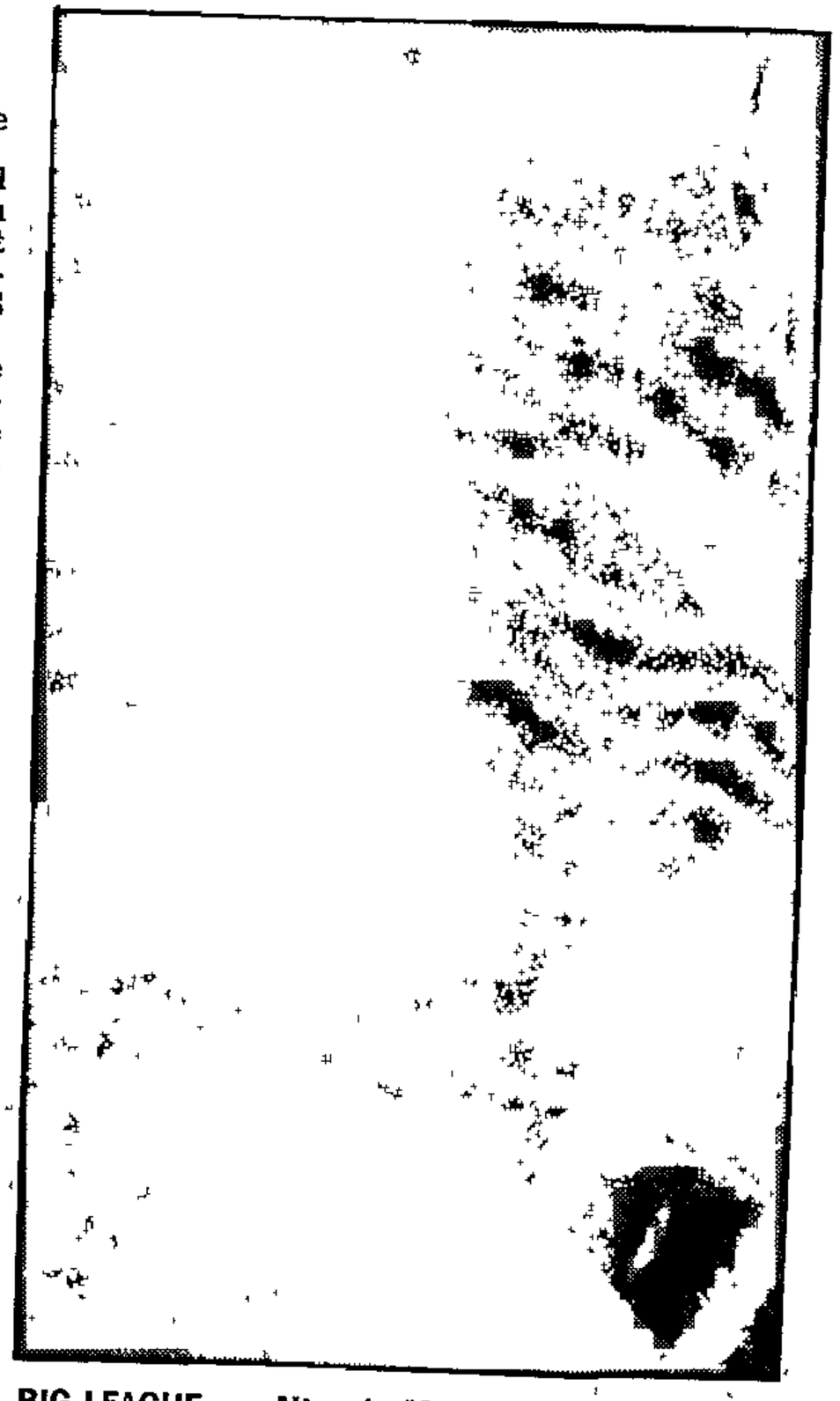
Miss Mohapi, who has a BA in political science from Emmanuel College in Boston, said she was paid what the job was worth

Although she was chairman of the commission, the financial dealings were left to Mr Nyati

A member of the commission she chaired said this week that while Miss Mohapi was a "very sweet lady", she did not seem able to cope with the work.

After a stint with First National Bank after matric, Miss Mohapi worked as a marketing consultant for Tandem SA, a computer company In 1989 she went to the US where she obtained her degree

After completing her studies, she worked as an administrative assistant in the ANC's Washington office before returing to South Africa in 1994.



BIG LEAGUE ... Ntsoaki Mohapi believes she was paid fairly for her work Picture: JOE SEFALE

EUGENE NYATI
THE CONSULTANT

By EDYTH BULBRING

EUGENE NYATI, the gum chewing, cellphone-hugging thirtysomething consultant, is an expert in living in the grey zone He emerged in Johannesburg in 1988 as the director for the Centre for Policy Studies, an outfit often confused — to his advantage — with the former African Studies Institute at Wits University

However, the professor, or doctor, as he is sometimes referred to by confused clients, runs his "centre" from his home and has no fixed office premises His home telephone number is unlisted.

His skimpy curriculum vitae, released by his agent, Marie Grey, says he was born in a village near Newcastle, lived in Zimbabwe and South Africa and studied at Unisa and the University of Pittsburgh.

Ms Grey says he received a masters degree in economics from the University of Pittsburgh although the university says it has no record of Mr Nyati

He has a reputation for being an independent critic of the government, an economist and a political analyst.

He is often interviewed by newspapers and on television and is in demand as a public speaker

Sunday Times
17-09-95

JOE MNTONGA
THE PHARMACIST

By EDYTH BULBRING

WHEN it comes to moonlighting, Johannes Mntonga has set a bench mark for those trying to hold down two jobs

A pharmacist by profession, he holds down a full-time job as sales director for Ella Cosmetics in Johannesburg.

But he was employed by chartered accountant Maurice Allis as an investigator to "probe unrestrictedly" into Mpumalanga's development corporations

Mr Mntonga, who lives in Parkmore, Sandton, said he did this job for Mr Allis in his spare time — "like at weekends" He was paid R60 000 for the six weeks of work and claimed another R61 000 in expenses

He would spend his working time at Eugene Nyati's office in Mpumalanga and after perusing documents would go out and inspect the various corporation projects

He says he was not paid a lump sum, but was paid out small amounts when the need arose. He cannot remember how he charged for his work

He says he has known Mr Nyati for about 10 years, when they were involved in another enterprise together He is also a long-time friend of Premier Mathews Phosa They were at high school together and Mr Phosa was later his attorney.

On hearing this week that Mr Mntonga was sub-contracted by Mr Allis to do investigative work, Mr Phosa said "This is crazy, it doesn't make sense"

SHARON PILLAY
THE CATERER

By JUSTIN ARENSTEIN

SHARON PILLAY, a secretary in the Mpumalanga environmental minister's office, so impressed Eugene Nyati while they both served on a previous commission to restructure the Mpumalanga Parks Board, that Mr Nyati asked that she be seconded to him as his assistant on the second commission

In her efforts to find a caterer who could deal with "all the various dietary requirements such as halaal, kosher and diabetes restrictions," Mrs Pillay turned to her mother's company

The family business, Joy's Kitchen, brought food from 60km away in Barberton to Nelspruit and was paid R17 000 Joy's Kitchen was also used during the first commission at a cost of R5 000 Tender procedures were ignored in both cases

Mrs Pillay says she chose the company because of its accessibility and proximity. She says she was not aware that it was her responsibility to inform her superiors of her interest in the matter. She insists that as her minister knew her mother was a caterer, there was no problem

"Unfortunately she was sadly mistaken, but the worst that we can say is that she was very foolish and we hope she will not do it again," said Brian Shrosbree

Premier Mathews Phosa has reported the matter to the Public Service Commission.

Parliamentary consultant faces the axe for bad debts

(259) ST 17/9/95

By RAY HARTLEY
Parliamentary Correspondent

MANAGEMENT consultant Kenneth Mgqamqo, who was called in to help improve the running of Parliament, faces possible dismissal after Speaker Frene Ginwala learned he was the subject of a Supreme Court judgment for not honouring debts.

Parliamentary Secretary Robin Douglas confirmed this week that Mr Mgqamqo had been called before Dr Ginwala and Senate President Kobie Coetsee to discuss his future as a consultant to Parliament.

A further meeting had been scheduled for early this week to resolve the matter, Mr Douglas said.

The cause of the fallout has been traced to the Cape Town Supreme Court, where a default judgment was awarded against Mr Mgqamqo for failing to pay John Cook and Associates R36 480 in December last year

Mr Mgqamqo's past caught up with him when an official from the sheriff's office came looking for him in Parliament to serve a warrant of execution to get him to pay up

Unable to locate Mr Mgqamqo, the official left a message with an official in Dr Ginwala's office.

According to court papers, John Cook and Associates had been appointed "project manager" of a "proposed casino and entertainment centre" in Guguletu, but had not been paid by Mr Mgqamqo and his partner, Linda Gobodo.

The Ubuntu Entertainment Centre — as the complex was to be known — was to include a "casino, restaurant and club", according to a letter to Mr Mgqamqo from John Cook and Associates.

The Sunday Times has also learned that Mr Mgqamqo had left the Independent Electoral Commission under a cloud before last year's election.

TAKING STEPS ... Frene Ginwala discovered Kenneth Mgqamqo's past

The Black Sash's Mary Burton, who served as a commission official, confirmed that Mr Mgqamqo had left his job as a district electoral officer after allegations of impropriety.

"There was a dispute and there were allegations made against him, but there just was not time to conduct an internal investigation. We tried to facilitate the dispute and as a result of that, he tendered his resignation," she said.

But, she said, there was never any question of being able to prove any charges against him.

Mr Mgqamqo could not be reached for comment.

Mr Mgqamqo and leading management consultancy Deloitte and Touche, were jointly awarded the contract for revising the management of Parliament.

British Airways, said more advanced cradle seats had been fitted for Club World passengers and a on other days Cape Town will have three nonstop flights a week and Durban three via Johannesburg

group's South African operations were being put under a holding company for the listing

CT(BR)19/9/95 (259)

SA's bosses fare poorly in integrity test

By John Fraser

Independent Foreign Service

A new survey gives South African bosses and politicians 5,62 out of 10 — for corruption

The new South Africa is exactly midway in a list of 41 nations featured in an international survey of corruption.

The survey suggests that New Zealand is the least corrupt country, with a score of 9,55 out of 10 Indonesia emerged as the worst, with 0,26 out of 10

The study was conducted by the Berlin-based Transparency International organisation and drew on data from businessmen and financial journalists

Countries were judged on a scale which ran from 10 out of 10 for total integrity to zero for absolute corruptness

South Africa was 21st from the top and the bottom of the list.

South African businessmen and politicians were considered less corrupt than Malaysians, Spaniards, Italians, Mexicans, Greeks and Turks, but more corrupt than the British, the French, the Germans, the Swiss, the Japanese and the Americans

The organisation claims that it is providing an important service by compiling and publishing this data

It claims that if countries are annoyed at being categorised as being corrupt, this is a result of the way in which they are perceived by businessmen and journalists

The organisation is seeking an international code of conduct to contain corruption and bribery

The 10 most corrupt, starting with worst, are Indonesia, China, Pakistan, Venezuela, Brazil, the Philippines, India, Thailand, Italy and Mexico The 10 least corrupt, starting with best New Zealand, Denmark, Singapore, Finland, Canada, Sweden, Australia, Switzerland, Holland and Norway

Boesak money now

'DELIBERATELY MISLEAD CABINET' — KRIEL

CT 28/9/95

ANOTHER FUNDING SCANDAL involving former Economics Minister Dr Allan Boesak emerged yesterday. **CHRIS BATEMAN** reports.

FORMER Western Cape Economic Affairs Minister Dr Allan Boesak "deliberately misled" his cabinet on the funding of an overseas investment promotion trip, and the province will have to pay R129 583 to refund his debts, Premier Mr Hernus Kriel said yesterday

Speaking after a cabinet meeting at which ministers unanimously agreed to repay debts to Wesgro, Mr Kriel said Dr Boesak had told his colleagues the trip would be funded by Wesgro and would not cost the province anything.

But Wesgro chief executive officer Dr David Bridgman confirmed that the former UN ambassador-designate promised Wesgro the loan would be repaid once his budding economic affairs department was "properly financed".

Mr Kriel claimed Dr Boesak "deliberately misled the cabinet and we now have to once again pay monies out on his behalf".

He was referring to a 10-year R1,5 million per annum Adderley Street office lease signed by Dr Boesak without proper administrative authority or a budget, which the province "also had to honour"

The offices were never occupied by Dr Boesak's staff and heavy penalties were incurred.

Mr Kriel said he and his colleagues had considered trying to reclaim the money from Dr Boesak — who is on a three-month lectureship at a church institution in New York State — but decided it would be "throwing good money after bad".

"We can only trust, without giving any undertaking, that this is the last of Dr Boesak's mismanagement of his department and its funding," Mr Kriel added

Dr Bridgman said Wesgro had received only R37 000 from the travel agents who organised Dr Boesak's trip — but this was only for hotels and changed flights and was paid for by USAid, a United States developmental agency.

FRESH CONTROVERSY: Dr Allan Boesak "misled" the cabinet.

He confirmed that Wesgro approached the Western Cape government to be repaid the R129 582 and another R260 332 loan which went towards Dr Boesak's staff salaries and other "legitimate" expenses in setting up an economic affairs ministry.

Dr Boesak's controversial anti-apartheid organisation, the Foundation for Peace and Justice, is still under investigation by the Office for Serious Economic Offences after findings by lawyers for its Danish funders that the foundation misappropriated millions.

The legal team found Dr Boesak personally made an unauthorised loan of R1 million

The controversy cost Dr Boesak, a former President of the World Alliance of Reformed Churches, his ambassadorship to the UN in Geneva.

He sold his Constantia home and luxury car to help repay the FPJ loan and reportedly earned money writing for overseas news organisations

An ANC provincial spokesman said last night that the party was studying the circumstances around the issue and would comment more fully today.

Fraud office hamstrung by lack of jurisdiction in TBVC states

BD 29/9/95 (259)

Kevin O'Grady

PRETORIA — Investigations by the Office for Serious Economic Offences were being hamstrung because its jurisdiction had not been extended to the former TBVC states, director Jan Swanepoel said yesterday

Testifying before a joint parliamentary justice committee hearing, Swanepoel also made an urgent appeal for his office to be given prosecutorial powers to avoid delays in prosecutions by attorneys-general

He said corruption and fraud in state departments was also "a serious problem for us"

A recent investigation requested by Judge Johan Kriegler into a R3m fraud within the Independent Electoral Commission came to an abrupt halt when files containing evidence were stolen from a "locked filing cabinet in the locked office of a prosecutor"

Luckily, about 90% of the evidence had been reconstructed and prosecutions would continue, he said

A "great number" of offences were in need of investigation in the former homlenad states, but the office did not have the power to subpoena witnesses

"In the Escoffery matter (in which businessman Norman Escoffery allegedly irregularly obtained an R18m loan from the Bophuthatswana Agricultural Bank) we needed to subpoena people from Northwest but could not do so We had to rely on the goodwill of potential witnesses," Swanepoel said

A shortage of manpower in the Transvaal attorney-general's office meant that the case, when handed over for prosecution, would receive only the attention of a junior counsel "when it deserves much more"

Cases handed to the attorney-general also received "a lesser priority and are placed in strongrooms, where they lie for a very long time" Conditions hampering investigations were "undermining the credibility of our leaders", particularly President Nelson Mandela, who had promised a crackdown on commercial crime.

The justice committee pledged to try to include an extension of the Investigation of Serious Economic Offences Act to the TBVC states in the Justice Laws Rationalisation Bill, which is expected to come before Parliament next year. It would also seek to gain prosecutorial powers and wider powers of investigation for the office, chairman Johnny de Lange said

Browde commission finds hundreds of public service irregularities

BD 29/9/95 (259)

David Greybe

CAPE TOWN — The Browde commission of inquiry into public service irregularities has, in its first batch of public findings, found a high rate of malpractice in the former Transkei and Ciskei

Commission spokesman Pam Barnes said yesterday the number of public servants under investigation had jumped from 486 to more than 3 300 in the past two months But these accounted for only 40% of cases to be investigated. The final figure would be known only "when we dig further"

The inquiry into public service irregularities before and after last year's election covers the period April 27 1993 to September 30 1994, and is headed by Acting Judge Jules Browde

Investigations into six cases, involving 115 public servants in Transkei and Ciskei, had been completed. Five of the cases — involving 100 employees — were found to be "irregular", involving appointments, promotions, car schemes and "translation of tax officers". Another 11 cases, involving 394 public servants in Transkei and Lebowa, had been completed but the findings could be made public only once the respondents had been informed

The biggest case investigated involved 1 800 "possible irregular promotions" in the former Transkei prisons department A similar case in Lebowa involved 290 employees in the former Lebowa's justice department.

Another case, still to be probed, concerned "possible irregularities" involving 1 000 employees in Transkei, Ciskei, Lebowa and Bophuthatswana

Barnes said the commission would need at least another year to complete its work Established in February, it was originally expected to complete its inquiry by end-May, but this was later extended to end-December. However, Barnes said, unless the special parliamentary sitting next month granted the commission an extension, it would be forced to suspend its work at the end of the year until Parliament reconvened in February.

Its work rate was being hampered by a shortage of staff The departure of two of the six original commissioners to take up positions as judges had left the inquiry with nine full-time staffers

Commissioner Selby Baqwa, who will also leave soon to become SA's first public protector, said recently the commission "has already saved the country hundreds of millions of rands"

Barnes said it was not the commission's job to decide on the fate of public servants guilty of irregularities Findings were passed on to the relevant ministry to decide on further action.

Hospitals prepare for nurses' forum strike

BD 29/9/95 (258)

Kathryn Strachan

STATE hospitals countrywide are bracing themselves for strike action after the Nursing Forum gave them official notice yesterday that their strike would begin from 7am today

"But the great unknown is how much support the forum has," Western Cape hospital services chief director Alan MacMahon said yesterday.

As the 10-day ultimatum — which nurses gave government to respond to their demand for increased pay — expired yesterday, hospitals took steps yesterday to prepare for the strike

The decision to strike was spurred by the Cabinet's decision on Wednesday that nurses' demands could not be met in this financial year.

Gauteng deputy director of health Eric Buch said that a meeting of provincial hospital superintendents showed most hospitals would be affected by the nurses' action, which would include a one-day strike, a march next week and pickets

Johannesburg Hospital yesterday started discharging patients, and stopped taking transfers from other hospitals. Baragwanath Hospital was making arrangements for patients to be transferred to other hospitals.

MacMahon said it was difficult to say what impact the strike would have on the Western Cape, but all out-patient services, and non-emergency operations and admissions in the province will be stopped from today. Hospitals have also started discharging patients fit enough to be sent home

Free State has been notified that nurses in five of the province's biggest hospitals will embark on a one-day strike tomorrow, but nurses have said that a skeleton staff will remain to keep critical services running

Health Ministry spokesman Vincent Hlongwane said yesterday that there were "rumblings" of a strike in all the provinces

Health Minister Nkosazana Zuma yesterday sent a circular to all nurses, explaining that the Cabinet proposed an overhaul of the salary structure, which would significantly improve public sector workers' pay — especially nurses'.

Nursing forum representatives could not be reached yesterday.

Renee Grawitzky reports Cosatu general secretary Sam Shilowa said yesterday a group of nurses had contacted the federation to discuss their "effective participation in the bargaining chamber which meets next week to commence negotiations for 1997 wage increases" Shilowa said that "their acceptance into the Chamber will help alleviate the threatened strike"

Shilowa said Cosatu supported their demands, and the current government had inherited the conditions from the previous government

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BD 29/9/95 (259)

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Vested interests put spotlight on SA tender board laws

(259)

By Charlotte Mathews

CT(BR) 18/10/95

Investment Editor

The practice of allowing state tender board members to have simultaneous business activities is perfectly legitimate under regulations both in South Africa and overseas

But, according to David Lapin of the South African Institute of Business Ethics, in the kind of business environment we are trying to establish in South Africa, questions must be asked about the member of the board of a company sitting on a tender board where that tender board is required to decide on tenders supplied either directly or indirectly by that company

Lapin said he had no doubts about the integrity of any member of a tender board

Ken Warren, the director of legal affairs for Sacob, said Sacob supported having the private sector on tender boards, not only because it performed a useful watchdog role about the fair allocation of public funds, but because it had considerable knowledge and experience to contribute to the tendering process

Other businessmen said a dual appointment on the tender board and a large commercial company was questionable but all declined to be quoted because of their relationship with the government

Under South Africa's State Tender Board Act, between 16 and 20 people had to sit on the board, of whom at least half had to come from the private sector, a spokesman from the State Tender Board said It is only when a tender is on the table that anyone with a conflict of interest should declare that interest and recuse themselves from part of the meeting.

The Gauteng Tender Board Act states that the board must consist of between 12 and 16 members, of whom not more than four may be government employees Any member of the board must declare their interest in any matter before the board and can be asked to recuse themselves

Meredith McGehee, the legislative director of Common Cause, a watchdog body, said in the United States there were strong provisions to ensure that those who had responsibility for writing government contracts did not have second loyalties

A spokesman from the department of the environment in Britain said on local-council level contracts were awarded by the councillors, who could have have any background As in South Africa, if an item comes up in which a councillor has an interest, he must declare that interest

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'Corruption' by NP govt to be probed

CT 19/10/95 (259)

SPECIAL CORRESPONDENT

KEMPTON PARK: President Nelson Mandela last night announced a top-level probe to expose alleged corruption by the former National Party government and the now defunct homeland governments.

Mr Mandela made the announcement during his closing address to the Habitat II African Housing Ministers' Conference at the World Trade Centre.

The announcement follows the release this week of the report of the Skweyiya Commission of Inquiry set up to investigate financial irregularities involving more than R15 million in the former Bophuthatswana homeland.

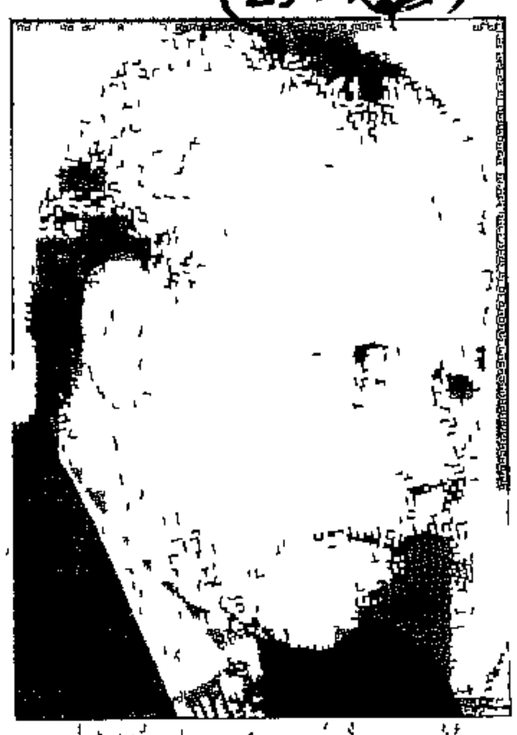
The report exposed misuse of taxpayers' money, corruption and embezzlement and suggested that former Bophuthatswana ruler Mr Lucas Mangope may have personally misappropriated about R22m.

Malpractice

Mr Mandela said last night he had "taken note" of the Skweyiya commission's findings.

"It is clear to me that in the past decade or more, corruption and malpractice of the kind dealt with in the (Skweyiya) report were not confined to that part of South Africa but were widespread, deriving from the workings of the whole apartheid system which created the homelands.

"We need to eradicate corruption throughout South Africa. The kind of plunder of taxpayers' money, corruption, malpractices and dishonesty referred to by the Skweyiya commission continue to rear its ugly head and must be exposed and dealt with.



'EXPOSE MALPRACTICES': President Nelson Mandela

"Accordingly, and in the firm belief that it is in the national interest to do so, I have decided to appoint a commission under the Commission Act to investigate and expose corruption, bribery and other forms of malpractices in previous governments in South Africa, including the former homelands.

"It is my view that we need to establish the whole truth so as to enable the country to break with its past and create and consolidate clean, honest and open government.

"I will make a further announcement in this regard after consultation with the cabinet," Mr Mandela said.

During this year's parliamentary session, Parliament received several reports from the auditor-general on financial irregularities in the former homelands, especially Transkei.

● The ANC last night welcomed the announcement.

President launches apartheid graft probe

(259)

■ BY PATRICK BULGER
POLITICAL CORRESPONDENT

Star 19/10/95

President Nelson Mandela last night announced a top-level probe to expose corruption in the former South African and homeland governments

Mandela made the announcement during his closing address to the Habitat II African Housing Ministers' Conference at the World Trade Centre in Kempton Park

The announcement follows the release this week of the report of the Skweyiya Commission of Inquiry set up to investigate financial irregularities in the former Bophuthatswana homeland

The report exposed misuse of taxpayers' money, corruption and embezzlement, and suggested that former Bophuthatswana ruler Lucas Mangope may have personally misappropriated about R22-million. The report called for Mangope to face criminal and civil action and found that the former SA government had not been blameless in the debacle.

Mandela said last night he had "taken note" of the commission's findings

"It is clear to me that in the past decade or more, corruption and malpractice of the kind dealt with in the (Skweyiya) report were not confined to that part of South Africa but were widespread, deriving from the workings of the whole apartheid system which created the homelands.

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"I will make a further announcement in this regard after consultation with the Cabinet," Mandela said.

Late last year, Auditor-General Henri Kluever was given the go-ahead by Parliament's joint committee on public accounts to launch a special audit investigation into the former homelands, which confirmed fears of widespread mismanagement and irregularities running into hundreds of millions of rands.

► Phosa supports inquiry – Page 3

Pik: Probe past and future corruption

(251)

PRETORIA — A commission to investigate previous government corruption was to be welcomed, but it should be made a permanent body to also probe current and future irregularities, Gauteng NP leader Mr Pik Botha said yesterday.

The Mineral and Energy Affairs Minister told a local government election meeting at Eersterus, north of here, the NP wanted all forms of mismanagement and fraud exposed. CT 20/10/95

"But let us make it a permanent commission so that it can continue investigating corruption."

President Nelson Mandela announced this week he would appoint a commission to investigate corruption, bribery and other forms of malpractice in previous governments in SA. — Sapa

Investigations into budget spending

Greta Steyn

(259)

THE state expenditure department is investigating the possibility of substantial spending overruns this fiscal year which could result from taking over functions of the former independent homelands

State expenditure director-general Hannes Smit said yesterday it was impossible to judge at this point in the fiscal year whether the 1995/96 Budget spending targets would be met.

"There are too many uncertainties about provinces and government departments that took over TBVC functions. We have set up task forces to investigate the problems and as soon as we have a clear idea, an announcement will be made" Auditors investigating the problems had been asked to report by the middle of next month.

If the problems uncovered in the TBVC accounts do not change the picture, government is on track to end the fiscal year pretty much as budgeted At the halfway stage, spending and revenue were both slightly less than half of the March targets. However, spending does not take place evenly over the year, and a surge could still occur in the final quarter.

Smit said over and above possible irregularities in the TBVC books, cen-

Continued on Page 2

BD 26/10/95

Investigation

Continued from Page 1

tral government would not consider meeting the provinces' demands for extra funds. This followed the Western Cape saying it was running a budget deficit of R1bn this fiscal year.

"Constitutionally, provinces are not allowed to run deficits." He suggested provinces with problems try to improve their cash flow management.

The provinces are not yet able to borrow to finance their capital expenditure, as enabling legislation has not yet been passed by Parliament

The Western Cape will be dealt a blow if government accepts the proposals of the Financial and Fiscal Commission for new formulas for allocations from central government.

Smit said the proposals had not yet been accepted by government, and the phasing in would therefore not begin in the next fiscal year. "We can expect a lot more debate about those figures before Parliament takes a final decision"

The finance and state expenditure departments and the commission have differed over the extent to which provinces should determine their own budgets. It now also seems as if the commission's suggested formulas will not necessarily be accepted.

(259) BD 26/10/95

Ministers face corruption probe

(259) MG 20-26/10/95

Gaye Davis

PAST and present National Party ministers and heads of former bantustans could be called to testify before the top-level probe into corruption and malpractice by the former South African and homeland regimes announced by President Nelson Mandela this week.

Presidential representative Joel Netshitenzhe said the commission was expected to be up and running "within a few weeks"

Former Transkei military leader Bantu Holomisa, now deputy environment minister, and the National Party — both would be potential subjects of the investigation — welcomed the probe.

Mandela's announcement followed the report of the Skweyiya Commission of Inquiry into malpractices in the former Bophutatswana, which implicated ousted president Lucas Mangope and other officials in the misuse of more than R200-million of public money.

Meanwhile, the Browde Commission of Inquiry has until the end of the year to complete its investigations into irregularities in the former homelands and the republic. Its brief includes investigating promotions and salary increases public servants awarded themselves in the former Transkei and Ciskei.

Consultants could have cost govt R1bn

BD 3/11/95 (259)

Renee Grawitzky

PROVISIONAL information given to the National Economic, Development and Labour Council (Nedlac) shows government could have spent about R1bn on consultants in the past year

The use of consultants and the packages paid by government departments — at provincial and national level — was raised by labour in Nedlac's public finance and monetary policy chamber ahead of the 1996 Budget debate

Sources said Deputy Finance Minister Alec Erwin said "very rough" estimates indicated government could have spent about R1bn on consultants in the past year It is understood the finance ministry has asked for an audit of all government departments to ascertain the extent of the use of consultants The ministry could not be reached for comment

Recent allegations that Mpumalanga's government had made excessive payments to consultant Eugene Nyati began the furore about the need for and payment of consultants

National Tender Board sources said there appeared to be a marked increase in the use of consultants by government in 1994/95 compared to previous years National and provincial tender board Acts specify that tenders have to be submitted for all goods and services supplied to government departments.

The tender board said there were instances where departments made appointments without approval, but could not indicate the extent of this Where the contract was less than R75 000, its approval was not needed However, if specialists were needed, departments could apply for exemption from tender procedures

Tender board head Tobie Verwey said in granting tenders to consultants, the board had to ensure that all available skills in that field had been approached to tender and that tariffs proposed were market-related

R500 000 spent on cows at drug centre

SPECIAL CORRESPONDENT

THE defunct House of Representatives stills haunts the corridors of Parliament as members weave their way through millions in unauthorised spending — in one case R500 000 spent on lucerne.

Before the parliamentary watch dog committee of public accounts yesterday were a number of question marks by the auditor-general over spending

These included R22 million spent on an inferior computer system and R500 000 on lucerne for 50 cattle at a drug rehabilitation farm near Cape Town run by the former department

The lucerne had members of Parliament wondering what type of lucerne had been bought and at the appetite of the cows At a current price of R8,50 a bale it made for almost 60 000 bales of hay The committee has asked the auditor-general to investigate further,

The scrapping of the House of Representatives had committee members concerned that people responsible for the unauthorised expenditure were "slipping through the cracks" of the restructured departments

CT 9/11/95

(259)

R500 000 lucerne probed by committee

(259) ARG 9/11/95

CLIVE SAWYER
Political Correspondent

PARLIAMENT'S joint committee on public accounts has ordered a probe into why a Cape rehabilitation centre spent almost R500 000 in a year on cattle feed.

The committee was told that lucerne worth R493 000 was bought in the 1993/94 financial year by the De Novo Centre to feed about 50 cattle used in an agricultural programme as therapy to rehabilitate victims of drugs and alcoholism.

"That's about R10 000 of lucerne per beast a year," said chairperson Ken Andrew (DP).

The tale of the lucerne was one of several items of unauthorised spending by the former administrations of the houses of assembly, representatives and delegates, dealt with by the committee yesterday.

Deputy auditor-general J A J Loots said there had been concern about purchases being made by De Novo without proper authority and without going through the proper tender procedure

The agricultural therapy programme had been brought to an end and the cattle transferred elsewhere.

In discussion on an item of unauthorised spending of R22 million on computers by the former house of representatives for a literacy programme, officials told the committee there had been "sound reasons" for believing one or more people had been favoured

Audit officials told the committee that in December 1993 the house of representatives committee on public accounts had recommended a probe, but no action had been taken

In a discussion of the auditor-general's report on government pensions and provident funds, the committee was told it was hoped to have records of these up to date by the end of the 1995/96 financial year

Problems in accounting for all pension funds were linked to the process of amalgamating separate public services

Continuing use of consultants also came under the spotlight during yesterday's discussions

Gill Marcus (ANC) said consultants should be required to pass on their skills to public servants

The director-general of state expenditure, Hannes Smit, said departments were to be asked what they intended spending on consultants in the 1996/97 financial year and to provide motivations for each

Two investigators save govt R70m

(259)

DURBAN A commission probing corruption in government departments has only two investigators to do the work, yet it has managed to save the state nearly R70 million in the past year

This is all money recovered from public servants who were being overpaid or receiving benefits, such as housing and transport allowances, for which they did not qualify

Government sources said that "millions of rands more" could be recovered, but the commission had an acute lack of staff and faced a huge backlog of work

It was announced last week that a Presidential Review Committee would be set up to carry out an audit of public servants, some of whom are believed to be dead but still on the payroll

Parliament will decide in February whether the commission will be allowed to operate beyond the end of this month It had already been extended from June — Own Correspondent

CT 6/12/95

No hearings after resignation

JOHANNESBURG The Browde Commission of Inquiry into complaints on the Public Service Commission will hold no more hearings following the resignation of chairman Mr Justice Jules Browde

Commission administration head Ms Pam Barnes said yesterday that since the commission requires a judge to be chairman, a new appointee will be required in terms of the constitution

(259)

Sapa

CT 7/12/95

Browde quits but inquiry unlikely to be disbanded

BD 7/12/95 (~~252~~) (259)

David Greybe

CAPE TOWN — Government acted yesterday to dispel fears that the Browde commission probing public service irregularities would be forced to stop work at the end of the month because of administrative snags.

The commission lost its chairman, acting Judge Jules Browde, at the end of last month Parliament has not yet dealt with a request to extend the commission's life span beyond the year-end to complete its work

The commission has uncovered a high rate of malpractice in Transkei and Ciskei. About 8 000 public servants have been or are under investigation, mainly in former homelands. The inquiry covers the period between April 27 1993 and September 30 1994

Government sources said yesterday there was little doubt that the commission would be granted an extension, albeit retrospectively

The office of public service director-general Paseka Ncholo said "steps have been taken to request Parliament to extend the lifespan of the commission". In the meantime the commission would "involve itself in preparatory work" Once Parliament — which would reconvene in February — had amended the interim constitution, commission hearings would resume

Ncholo's office said assignment of a judge to take over from Browde — who had returned to private practice — was awaited from the justice department. Justice spokesman Sue de Villiers was unable to shed light on the matter

Established in February, the commission was originally expected to complete its work by end-April, but this was later extended by Parliament to the end of this month because of the large number of cases submitted to the commission, the time-consuming nature of its work and a staff shortage The departure of three of the six original commissioners has left the commission with eight full-time staffers

P.S - GOVT. OTHER DEPARTMENTS
1996 - 1997

Foreign firms' fears a concern

Mbeki moots probe of state tender board

Amanda Vermeulen

BD 5/2/96 (259)

DEPUTY President Thabo Mbeki was considering a full investigation into the state tender board amid concerns that the controversial allocation of certain contracts could discourage foreign companies from investing in SA, government sources said at the weekend.

A possible investigation follows protests over several tenders, including the allocation of a contract to print the new SA passport and the tender for the navy's new corvettes, one source said. Black empowerment was also likely to come under the spotlight

The source said Mbeki, who was expected in SA today, was taking a special interest in state tendering He had expressed serious concern about the workings of the board, including the lack of black empowerment in allocating tenders in the building industry.

"There have been several complaints about the board. This could have serious implications for the SA economy as foreign companies will be frightened off from conducting business in the country if it is seen to be suspect," the government source said.

Mbeki's concern over the allocation of a contract to print the new SA passport to a Denel-linked company appears to have brought the tendering issue to a head It followed last year's allegations of bias in the tender for four new corvettes and complaints from black builders that only white-owned companies were being awarded state housing contracts.

The source said Mbeki was particularly concerned that German company Maurer Electronics, linked to international electronics conglomerate Mannesman, appeared to have been wronged in the allocation of a contract to print SA's new passports "Any hint of impropriety in the way business is handled in SA in the public and private sector could put the brakes on any planned investment by Mannesman or other major international groups."

Mbeki has asked Home Affairs Minister Mangosuthu Buthelezi to investigate the role played by Denel and home affairs officials in rejecting the tender of Maurer Electronics for the technology to print new passports.

The tender was allocated to UK company De La Rue, which won the 1994 ballot printing contract, and Denel is discussing supplying support services to De La Rue.

The State Tender Board said it had not yet been informed of any independent investigation, and insisted Mbeki would not have the power to suspend the contract at this stage. But Mbeki's office said he was still waiting for information from Buthelezi before mak-

Continued on Page 2

Mbeki

Continued from Page 1

ing a decision.

The Office for Serious Economic Offences said at the weekend it was gathering evidence, and executive director Jan Swanepoel called on anybody with information to contact his office.

Mbeki and his co-deputy president, FW de Klerk, last year appointed a four-man board to probe allegations of bias over the corvettes. The R1,7bn order for the ships could be put out to tender again in the next few months.

Late last year black builders asked Gauteng MEC for housing Dan Mofokeng to stop all tendering processes for new development projects in townships after white-owned companies were allocated contracts.

Government last month began overhauling the tender system, implementing a 10-point plan in the interim.

Last year Cabinet approved Finance Minister Chris Liebenberg's request to formulate a national policy on public procurement and regulation of tender boards in a bid to crack down on fraudulent tendering activities.

SANDF to recruit IFP unit members

BD 8/2/96

Farouk Chothia

DURBAN — More than R85m would be spent on integrating 2 200 IFP-aligned self-protection unit members into the SANDF, Natal commanding officer Maj-Gen Chris Le Roux disclosed yesterday.

Addressing the KwaZulu-Natal legislature's safety and security committee in Maritzburg, Le Roux said the national Cabinet had approved the integration of 2 200 unit members into the SANDF in November last year. It was hoped that the first 200 would be integrated before the end of next month.

Le Roux said the only criteria used in recruiting self-protection unit members, or Umkhonto weSizwe cadres, into the SANDF was the presence of their names on the official "certified personnel registers" compiled by the SANDF and political parties. No checks were made to see whether recruits had criminal records.

Le Roux said no extra infrastructure had been created to cope with the integration process. The SANDF urged parties in KwaZulu-Natal to help them simplify the task.

Le Roux also said a rationalisation process was under way with 30 000 personnel to be retrenched over the next few years. Many former soldiers from both the ANC and IFP in KwaZulu-Natal were unhappy about the prospect of retrenchment.

Le Roux said he had raised the matter with Defence Minister Joe Modise, who had replied that nothing could be done. DP KwaZulu-Natal leader Roger Burrows voiced concern about the soldiers being unemployed, and believed that it could be a "recipe for disaster".

Le Roux said about R86m would be spent nationally on gratuities for the voluntary demobilisation of ANC and PAC members in the SANDF.

State tender probe urged

Amanda Vermeulen

BD 8/2/96

259

HOME Affairs Minister Mangosuthu Buthelezi said yesterday he would recommend to Deputy President Thabo Mbeki that the Office for Serious Economic Offences investigate the allocation of a state tender for SA's new passports.

Buthelezi said he, Finance Minister Chris Liebenberg and Public Enterprises Minister Stella Sigcau decided on Tuesday to make the recommendation to Mbeki "since this matter has received such wide publicity and so many distortions of it have been disseminated in the Press".

The OSEO said last week that it had begun an enquiry into the allocation of the printing technology contract to UK company De La Rue.

Home affairs officials and Denel Informatics had earlier vetted a rival bid by German company Maurer Electronics. At present, the UK company is negotiating subcontracting part of the contract to Denel.

Mbeki also asked B[illegible] December to investigate after complaints by Maurer's SA associate. Mbeki is now considering launching a full investigation into the State Tender Board, partly sparked by the passport saga. Mbeki's office has still to release a formal statement.

Tough code of ethics for MPs

CT 8/2/96 (259)

PUBLIC REPRESENTATIVES will have to make full disclosure of their financial interests if proposals of the ethics committees of the national assembly and senate are accepted. **ANTHONY JOHNSON** reports.

PARLIAMENT released a tough code of conduct yesterday for MPs that forces public representatives to come clean on the often intimate details of their financial interests, private lives and connections with influence pedlars

The draft rules even prevent an MP or senator from using a spouse, "permanent companion" or dependent child to disguise or divert financial interests and to forestall disclosure about their real worth or connections with lobby groups or outside companies

The hard-hitting proposals from the senate and national assembly ethics subcommittees come at a time when research has found growing public disquiet about the so-called "gravy train" and cynicism about the supposed commitment of public representatives

The final version of the subcommittees' report is signed by joint committee head Mr Kader Asmal

The report, which will be considered by a multi-party joint parliamentary rules committee next week, emphasises that the code of conduct will require MPs and senators "to make available for public scrutiny such information about themselves and their financial and other interests that is relevant to the performance of their public duties"

The rules, which will apply initially only to elected public representatives, could be extended by legislation to include other people in public office "such as public officials and heads of parastatal organisations"

The report also proposes that longer-term consideration be given to including "appropriate penalities and mechanisms of enforcement" to MPs and members of the provincial legislatures who leave public office for lucrative jobs elsewhere

The report proposes that since the public has a right to be represented by MPs who are "free from the burden of inappropriate influence and properly and independently serve the electorate", a register of interests should be available to the public

Categories of registerable interests should include

- Land and property assets, including leases and the extent of bonds This includes the area or suburb and the extent of the property
- The nature, number and nominal value of shareholdings (including nominee shareholdings)
- Paid directorships of public and private companies, as well as membership of commercial partnerships and interests on shareholdings
- A ban on pay for lobbying a particular cause or representing a particular interest group in Parliament and a disclosure of any consultancies or retainers All sponsorships and assistance from non-party sources should be disclosed
- Gifts and hospitality to MPs, companions or dependent children amounting to R350 or more and any material benefits, including foreign visits, the payment of children's school fees and insurance premiums

Dr Bob Mattes, head of the public opinion service at Idasa, told yesterday's seminar in Parliament that recent research had shown conclusively that "ethics and corruption are a real public concern across all race groups, classes and provinces in South Africa".

He said surveys had shown there were "real doubts about ethical standards and levels of corruption in the country", as well as significant support for "ethical reform in Parliament"

Public's protector needs help himself

(259) M+G 9-15/2/96

Selby Baqwa, the official appointed to fight the abuse of power, is himself tangled up in red tape, reports **Gaye Davis**

PUBLIC protector Selby Baqwa may be one of the most powerful people in the country, but he has run into major problems over the appointment of the nine provincial public protectors he needs to help deal with the cases flooding his office.

Mandated in terms of the interim Constitution to root out government corruption, abuse of power and bureaucratic rudeness and delays, Baqwa's headache stems in part from a tough African National Congress negotiating position on the final constitution that aims at ensuring provinces have limited muscle to flex

The interim constitution says provinces must legislate for the appointment of the provincial protectors that Baqwa sees as becoming the hands and feet of his operation But the draft final constitution makes no mention of them

As a result, the Free State and Gauteng are holding back on their legislation because they first want to see what the final constitution says State law adviser in the Free State, Johan Meyer, said there were contractual concerns about appointing a person to a seven-year term of office in a job that might not exist under the final constitution

The seven other provinces have already adopted legislation, and Mpumalanga and the Northern Province have taken steps to fill the posts But ANC MP and constitutional negotiator Baleka Kgositsile said a decision was taken at the weekend to instruct the provinces to withdraw their advertisements

She said the ANC wanted provincial protectors to fall under Baqwa's jurisdiction and to be funded by the national office

But Baqwa s problem is that he cannot set up provincial offices because he is governed by the interim constitution, which clearly states this is a job for the provinces

After Gauteng approached him to set up an office for the province, Baqwa wrote to Constitutional Assembly co-chair Cyril Ramaphosa. He was told the problem would be dealt with by "transitional arrangements"

"It was important I brought it to the attention of the Constitutional Assembly because it does represent a real headache," he said "Right now I need these offices to be up and running Everything is coming here

"The offices are necessary to increase accessibility for the public and delivery of the service If the aim is not to have provincial protectors appointed by the provinces, they could fall under my office and be financed from national level "

He has now asked Ramaphosa to spell out precisely what transitional arrangements are envisaged

Kgositsile said she had sympathy for Baqwa s position, but that it would not be in the long-term interests of the country — "not just the ANC's interests" — to have provincial public protectors as provided for by the interim constitution.

"Our problem would be one province setting up its own rules and regulations and acting autonomously, possibly duplicating the work of the national public protector and not feeling obliged to consult," she said

"We say there will be a problem with nine provincial public protectors under a federal arrangement that you can't control from the centre "

She said the issue was raised at a meeting last weekend of the ANC s constitutional commission, which comprises national executive committee members and representatives from the seven ANC-led provinces, the Congress of South African Trade Unions and the South African Communist Party

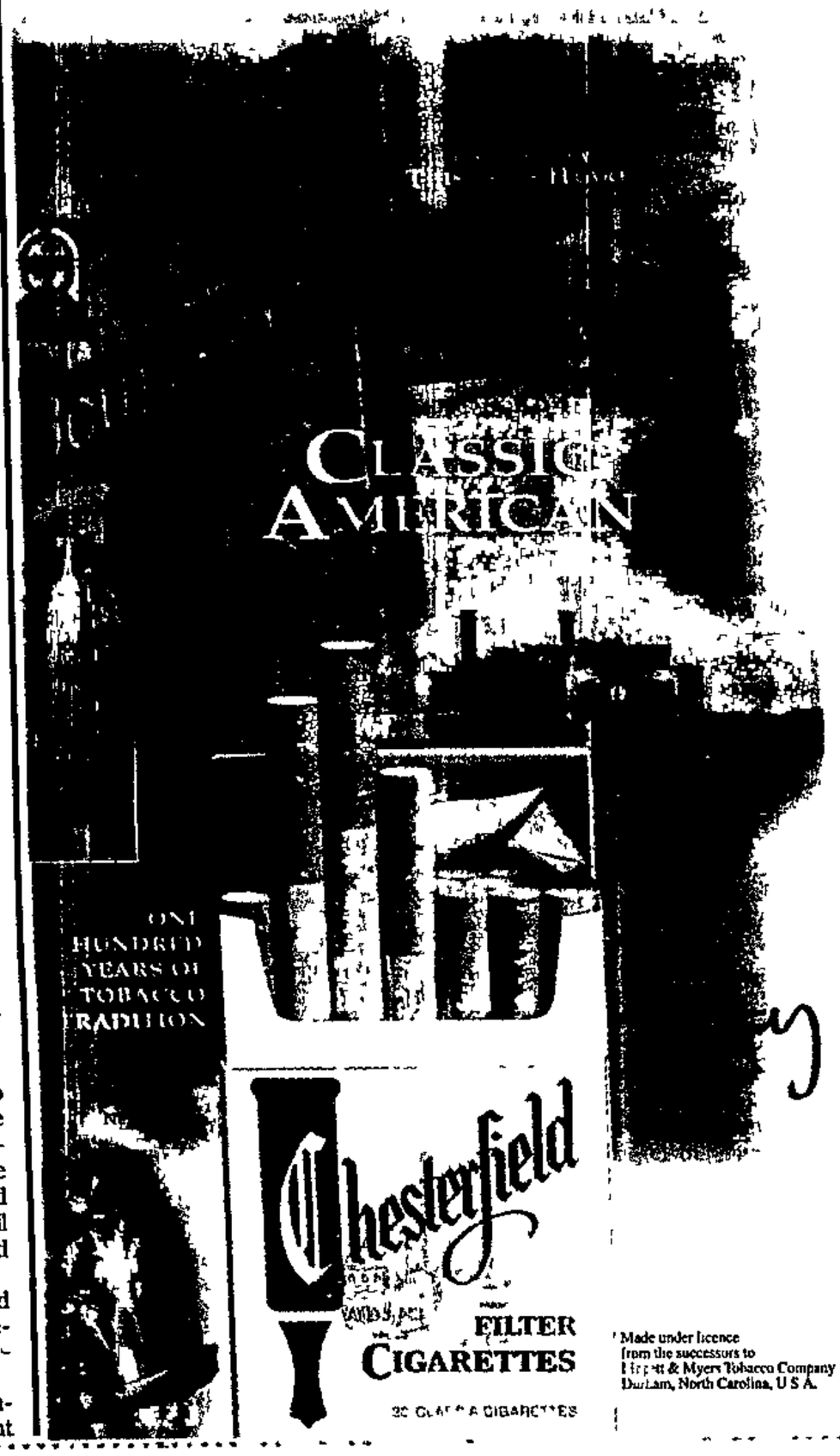
Provinces advertising the positions in terms of their own legislation had been told to withdraw the ads, Kgositsile said This did not, however, prevent premiers from going ahead and setting up offices, though it was best Baqwa did this "in consultation with the provinces"

Section 114 of the interim constitution says any provincial law shall not derogate from the powers and functions of the public protector This gives Baqwa an override function over wayward provincial protectors — and raises the question whether ANC fears are not perhaps overstated However, the interim constitution provides for the public protector and his provincial counterpart to have concurrent jurisdiction It is argued that provincial laws would be duplicating Baqwa s role

For Baqwa, a key concern is the volume of work he is having to deal with in the absence of provincial offices. "If I have to start saying I am overloaded it will start eroding whatever confidence the public has in this office At the very least, I ought to be able to set up the structures I am entitled to in the law "

YOUR SMOKE CAN HARM THOSE AROUND YOU

15 mg tar 1,3 mg nicotine As per Government agreed method



Asmal expects highest standards from MPs

(259) BD 9/2/96

Wyndham Hartley

CAPE TOWN — MPs should not have to be dragooned into high standards of public life but should willingly open their affairs to public scrutiny, says Water Affairs Minister Kader Asmal.

Asmal told an Idasa civil society workshop yesterday that if the behaviour of the "alley cat" was followed at the level of Parliament, it would set the tone for the whole of society

"It will have an impact on our country's economic performance, business efficiency, on its race relations, on attitudes generally — and will undoubtedly have the disastrous effect of confirming the Afro-pessimist's view that nothing good can come out of Africa" Corruption was a sure way of throwing away hard-won democracy

In the past the SA political landscape was littered with corruption nurtured by a system of race privilege and repression and characterised by lies, cynicism and contempt for the rules.

Asmal, who chairs a parliamentary subcommittee drawing up a code of conduct for MPs, said the conclusion had been reached that MPs should make available for public scrutiny their financial and other interests that were relevant to the performance of their public duties.

He suggested to the committee that initially the code of conduct and the ethical behaviour demanded could be enforced through parliamentary rules This could be followed by legislation at a later date

Asmal said there was a need for clarity on the status of gifts presented to office bearers and leaders of delegations: were they personal or did they belong to Parliament?

It was reasonable for exemplary behaviour to be expected from MPs He said that position should never be used to extract favours — and especially not sexual ones.

KwaZulu-Natal legislature budget defrauded

Farouk Chothia (264) BD 9/2/96

DURBAN — KwaZulu-Natal finance department officials — or outsiders colluding with them — have defrauded the provincial treasury, a spokesman for provincial premier Frank Mdlalose said yesterday

The theft, of R170 000 in a single month, has sparked concern that large sums of money may have been siphoned off over a longer period

A parliamentary source said yesterday that further investigation of the theft from the legislature budget indicated that criminals had gained access to the budget of the whole provincial government. The R170 000 stolen by means of 10 unauthorised cheques in January had been withdrawn from the provincial paymaster-general's account, and bore provincial auditor-general Otty Nxumalo's signature Business Day has copies of the cheques.

KwaZulu-Natal premier Frank Mdlalose's spokesman Thembinkosi Memela said police had been asked to investigate, and the government was considering bringing in external auditors to investigate and recommend ways to reduce fraud.

Memela said the finance department handled the budgets of all departments, and claims had to be submitted to it before funds were released

The source said that officials' PIN codes had been used to access the computer which prints out cheques.

Restructuring of new tender board begins

Amanda Vermeulen

(259) BD 9/2/96

GOVERNMENT'S plan to restructure the tender system moved up a gear yesterday with the announcement of the new tender board members.

Finance Minister Chris Liebenberg said the board would now reflect equal representation by business, labour, the state and procurement experts. He said progress had also been made in the reform of the public tendering process, particularly in allowing easy access for small, medium and micro-enterprises to the tendering system.

The state tender board and tendering system has come under fire several times recently. Late last year black builders in Gauteng asked for township construction tenders to be frozen after contracts were given to white-owned businesses.

The tender system is also under the spotlight after a call in November to Deputy President Thabo Mbeki to launch an independent inquiry into a tender allocation for the new passport.

Liebenberg said a task team, appointed to spearhead the tender system reform, had completed its research and would commence negotiations this month with all the participating bodies represented in the National Economic, Development and Labour Council. "The aim of this process is to establish a new procurement policy. Once this policy is approved by Cabinet, the new State Tender Board will have to adhere to it."

Chairman of the new board is CM Herr, representing the Steel and Engineering Industries Federation, and PM Mashego, an Anglovaal buyer, will be vice-chairman. Board members include Alan Hirsch from the trade and industry department, Lisa Seftel from the labour department, David Mokoena from the National African Federated Chamber of Commerce and Industry and Alex de Beer from the SA Chamber of Business.

Asmal calls on MPs to be open

(259)

ANTHONY JOHNSON

CT 9/2/96

SOUTH AFRICA would decline into a "biltong and pap" republic if parliamentarians followed the mores of an "alley cat" on questions of personal and public ethics, Water Affairs and Forestry minister Kader Asmal warned yesterday

Asmal, who chairs the parliamentary subcomittee on ethics, told an Idasa-sponsored workshop on parliamentary ethics that MPs should willingly seek maximum openness about what they did and received

Emphasising the need for a tough code of conduct for public representatives, he said that in the past the South African political landscape was littered with corruption

"It was nurtured by a system of race privilege and repression, and the murky contacts and deals that went with this The homelands were custom-built for graft

"The government of the day, while attending church assiduously and giving lip-service to clean administration, allowed the most appalling drops in standards South African embassy and consulate-general offices around the world were wall-to-wall with disgraced politicians," he said

Asmal said the new democracy had to avoid falling into past practices which saw Parliament being lied to, misled and ignored

"A vast cynicism spread across the land as the fat cats got fatter and the poor starved . only a few voices were raised in principled protest," he said.

Corruption: Ethics code finalised tomorrow

ARG 15/2/96 (259)

Political Correspondent

THE parliamentary rules committes meets tomorrow to finalise a code of ethics against the background of a new survey which reveals that 84 percent of South Africans believe there is some corruption in government

The belief pervades all races and provinces

The illegitimacy of the previous government and corruption in the former homelands has had a lasting effect on perceptions of state honesty, according to the Institute for a Democratic South Africa (Idasa), which conducted the survey

Media stereotypes of a "gravy train" have fuelled perceptions of low ethical standards among public officials

Wilmot James, executive director of Idasa, emphasised that findings revealed only perceptions and that no specific individual or party had been implicated But perceptions became part of political reality, and presented a challenge to the government, he said

"The statistics are profoundly disturbing

"In spite of the deep democratic and moral changes, people have a high level of mistrust and cynicism of officialdom "

The survey underscored the importance of the parliamentary code of ethics

The government had seized the initiative to regulate the behaviour of its members in a manner consistent with democratic values and the ethics of good government

The survey, conducted between September and November last year, showed that 85 percent of those questioned felt that elected officials should be more honest than ordinary citizens

But only 29 percent believed this was actually the case

More than half believed that people in government worked in their own self-interest rather than in the public interest

Almost half thought that most or almost all of those in government were involved in corruption, while 84 percent saw some level of corruption in government Only six percent believed the government was completely "clean"

Forty-one percent believed that the new democratic government was more corrupt than its predecessor Africans were only slightly less pessmistic than the average about official ethics

Whites were "downright cynical about such matters," Idasa said

People favoured extensive monitoring of elected leaders On salaries paid to MPs, 60 percent of those surveyed believed these were too high

Seventy-six percent opposed MPs having outside jobs, 66 percent opposed outside income and 57 percent opposed MPs accepting gifts Two-thirds felt that outside income was likely to lead to corruption

"MPs may be between a rock and a hard place because people overwhelmingly oppose raising salaries as a way to limit MP dependence on outside income "

When the national assembly and senate rules committees meet tomorrow, two unresolved issues are to be discussed the scope of disclosure of financial interests, and whether the code of ethics should part of internal parliamentary rules or whether it should be a fully-fledged law

Idasa Parliamentary Record

CT 16/2/96 (259)

Next week in Parliament

THE National Assembly Portfolio Committee on Welfare is meeting on Wednesday to consider for the first time the Child Care Amendment Act There have been a number of serious criticisms of the amendments and, in order to assess these criticisms, the committee has requested a full briefing from departmental officials The amendments are controversial and deal with issues such as child labour and adoption rights

● ANC MP Carl Niehaus could have found himself in the unusual position next week of chairing his Portfolio Committee on Correctional Services as it scrutinised his own Private Member's bill which seeks to make it possible as an interim emergency measure to imprison children awaiting trial Recognising the problem, Niehaus has accepted that there should be a joint meeting with the Senate committee, whose chairperson, Senator Bloem, will take the chair

● On Tuesday and Wednesday the National Assembly Committee on Home Affairs is hearing oral evidence from members of the public and from various organisations on the Films and Publications Bill, which seeks to balance freedom of expression with the need to protect the public, and children in particular, from certain forms of pornography

● Interviews for the Independent Broadcasting Authority are happening every day next week in the Portfolio Committee on Communications

● Tuesday (February 20) is the cut-off date for public submissions on the draft final constitution

For further information, phone Parliament's Public Relations Department on (021) 403-2460/1

Code of Conduct

MPs' attitudes to a Code of Conduct and additional financial interests.

Other earnings:

● 49% of respondents find it acceptable to have other earnings.

Reasons given are:

● To supplement meagre salaries in meeting basic financial commitments,

● To keep in touch with an important part of the real world,

● To be more independent;

● To attract a better qualified person to parliament,

● To provide job security and provision for life after Parliament, and

● To allow MPs to use their skills and full potential to the benefit of all

Reasons given for the unacceptability of having other earnings are:

● Parliamentarian work is full-time and all attention should be focused on this, and

● It would create a conflict of interests

Public Disclosure

● 59% of respondents think all financial interests should be disclosed to the public, 55% think they should be recorded on a parliamentary register

● 56% of respondents believe the rules should be made law

Outside Financial Interests

● 41% of respondents think that parliamentary salaries should be reduced proportionately with time taken up by other jobs

● 66% of respondents accept that having outside financial interests may create conflicts of interest in the performance of public duties as an MP

● 71% think these rules should extend to civil servants and 66% think it should be extended to the officers and employees of parastatals

These results are from an ongoing PIMS survey Thus far there have been 86 completed responses.

Parliamentary ethics

ETHICS, in the context of parliamentary ethics, has more to do with politics than morality

It is not about making politicians more virtuous It assumes that politicians will be no more virtuous than the rest of us, but that there are important political reasons for a code of ethics for parliamentarians

There is an important distinction to be drawn here which was made many years ago by the famous German sociologist, Max Weber, in his classic *Politics as a Vocation*

He made a distinction between two basic kinds of politicians those who lived for politics and those who lived off politics

When we talk of people living off politics, we are talking of people who go into politics as a career, as an opportunity to make money and advance themselves They happen to choose the political terrain but they are really into this for other purposes

The politician who lives for politics does so serving some larger cause. This is a very old idea It is the old democratic notion that politicians can be people who are independent of mind, independent of position and who can, in a rational way, decide matters in the public interest.

But who can actually do that?

We need to consider the social and economic assumptions of this vaunted independence

Who is in a position to live for politics but not off politics?

It would be fair to say that we now have in parliament many people who have not chosen politics as a career, but who have, through a history of involvement with the struggle, ended up in parliament They are there because they are living for politics, yet find themselves in the position that they now have to live off politics

This is where the "gravy train" issue becomes of critical importance.

We should not underestimate the extent to which the gravy train issue is undercutting democratic legitimacy

In fact, though, very strong arguments can be made why parliamentarians should be adequately remunerated and why salaries, resources, benefits, etc, must attract the best sort of people and limit the opportunities for corruption and so on

But at the present, suggestions of this kind increase public perceptions of the gravy train.

The more issues of salaries and resources are raised, the more people point to evidence of the gravy train

How do you uncouple that? I would suggest that this is where the code of ethics comes in. Even if parliamentary salaries seem to be very high – particularly in a country where the levels of poverty, unemployment and need are so very contentious – if it can be established very clearly that there are stringent rules of control, monitoring and accountability, and that these are publicly and clearly perceived, only then can you start to disengage the genuine needs of parliamentarians from the gravy train.

At bottom, ethics thus comes down to the political values of legitimacy and accountability – Idasa-PIMS

FACT FILE

ADVOCATE SANGO PATEKILE HOLOMISA

Birthplace [illegible]

Party [illegible]

Length of membership [illegible]

Parliamentary duties [illegible] Affairs portfolio committee [illegible] Member of Theme Committee [illegible]

Most liked aspect of parliamentary life [illegible] committees

Most disliked aspect of parliamentary life [illegible] Parliament [illegible]

Most important reforms to be carried out in Parliament [illegible]

[illegible]

Greatest fear for the new SA [illegible]

First language [illegible]

Other language [illegible]

Region most closely associated with [illegible]

Highest educational qualification [illegible]

Previous employment [illegible]

Positions held in the community [illegible]

Favourite newspaper The Daily [illegible]

Relaxation activities [illegible]

Parliament body postpones decision on code of conduct

(259) BD 19/2/96

Wyndham Hartley

CAPE TOWN — Foreign policy should not be influenced by international funding of local parties, and declarations of money collected abroad should form part of an MP's code of conduct

This suggestion was made in Parliament's rules committee on Friday when it was decided that the final decision on the controversial code of conduct would be delayed for three weeks

DP MP Douglas Gibson said following indications that SA's foreign policy could be influenced by foreign funding, his party felt that a clause should be inserted to deal with it

He referred to the recent revelations that Taiwan had donated millions to the ANC's 1994 election efforts and suggestions this was affecting policy towards China and Taiwan.

Gibson also suggested that the controversial clauses which, when the code was finally approved, would require MPs to declare their financial interests and those of their spouses be expanded. Parents and siblings' financial interests should also be included

The committee and ethics subcommittee chairman, Water Affairs Minister Kader Asmal, were also asked to give members copies of the code of conduct which has apparently been approved for Cabinet ministers

Friday's rules committee meeting was to have finally approved the ethical code of conduct but, due to the late tabling of the document, party caucuses have been unable to give it their final approval The decision to postpone the decision was unanimous

The delay coincides with a row over an Idasa survey last week which showed most citizens think the new government is as corrupt, if not more so, than the previous one An angry ANC response said the problem lay with those who created the public perceptions of corruption

Comment: Page 12

Inefficiency costs State Tender Board millions

Star 19/2/96 (259)

Bad deals, insufficient training and broken rules add up to a red line, says Auditor-General's report

By Helen Grange

The State Tender Board has lost millions of rands through an inefficient procurement process, especially for consultancy services, the Auditor-General has revealed in his latest performance audit report covering 11 state departments

The audit, done over the period from July 1994 to June 1995, found that procedures for the appointment of consultants, the evaluation of tenders for consultancy services as well as control over consultants, did not exist

Also, the objective to obtain goods and services at the best prices and in the correct quantity, quality, time and place was not always achieved

The audit found, for example, that

■ Quoted prices indicated that furniture could be provided by private suppliers at lower prices than by the Departments of Manpower and Correctional Services

■ Procedures for the determination of needs for period contracts, which amounted to about R3 900-million, did not function effectively (An ad hoc contract for the erection of classrooms was unilaterally cancelled by the House of Assembly, causing a loss of R53 126.)

■ Because of insufficient training, several recommendations were referred back to departments as a result of deficient motivations and the non-compliance with instructions and procedures This resulted in administrative costs and delays in the approval of tenders

■ Departments experienced problems with inconsistent application of money limits on delegations, and prescribed forms and tender documents which were cumbersome and had not been standardised and simplified

■ Guarantees on contracts to the value of R1,14-million were inadequate and R185 682 had to be written off

■ A specific contractor was repeatedly made use of to the disadvantage of the state. Owing to repeated default by the contractor, the Department of Public Works had to pay R750 000 additionally during 1987 for the completion of the contract

Corrective steps are, however, being taken, the audit notes Among these is the reconsideration of the provision of guarantees and the identification of disciplines in respect of the tender process for consultancy services

"A process according to which the most suitable person can be identified for an appointment, possibly by making use of a points system, must be developed," the report says.

ANC perturbed by govt corruption comparisons

(259)

Bonile Ngqiyaza

BD 20/2/96

THE ANC has taken strong exception to parallels being drawn between the government of national unity and the old NP government, saying such media-created perceptions are "cynical and unfair".

Disputing an assertion — in yesterday's Business Day editorial — that government's vocal criticism of the media last week and its questioning of the Press's motives indicated the Press was performing well, doing its job of reporting and interpreting public events, the party said this ignored efforts by the present government to act swiftly in detecting and countering corruption.

"The fact of the matter is there is no comparison between the level of corruption in the present government and the previous government," it said.

The government of national unity's approach extended "far beyond mere openness". It sought to achieve greater accountability in government and in its handling of public funds.

"More mechanisms of accountability and oversight still need to be established This is what the media should be reflecting...

"It does democracy a great disservice to create perceptions which don't match reality," the ANC said.

Star 28/2/96

Home Affairs link to fake ID book scam

(259)

By Tamsen de Beer

A network of corrupt government officials and conmen is costing Gauteng businessmen millions of rands each year by forging ID documents which can be bought for as little as R100

At least 1 000 cases of stolen cheque and ID book fraud are reported in Gauteng each month, police say And debt collectors are struggling to retrieve goods valued at hundreds of thousands of rands after conmen, often in possession of several ID books, vanish into thin air

Former police officer Daniel Nkosi, now tracer supervisor at First National Bank's First Pref Retailer division, has stumbled across a syndicate of corrupt Home Affairs Department and border control officials whose co-operation in selling stolen IDs allows swindlers to con large chain-stores out of thousands of rands

His division intends handing the information to the police

The first sign of the syndicate came when First Pref last year took over the accounts of the Beares Group, and investigated the apparent fraudulent loss of more than R12 000 in goods bought in Johannesburg

Nkosi has traced the goods to a Mozambican who had bought an ID book at the Komatipoort border post last year for R100

The immigrant replaced the photograph of the true owner with his own, paying a further R30 to a corrupt Home Affairs official for the state-issue laminated plastic seal to cover the page

The man then transported the goods to Maputo and could not be traced to pay the debt until the true ID book holder, who had lost the ID in a Soweto taxi in 1994, was apprehended by Nkosi

Nkosi said he handled cases like this daily and police were investigating at least a thousand similar cases each month

Capt Percy Ueckermann of the Brakpan Fraud Unit said using fake ID books was a common fraud suffered by shopowners

He said ID books were often heated to lift the plastic seal, and a false name or photograph inserted before the plastic was replaced

But Nkosi had evidence of a more devious swindle, which Ueckermann confirmed as another common fraud

Nkosi produced photocopies of two cheques used by foreign residents who had changed their first names to Diner, and re-used cheques paid out to Diners Club

In one instance, a Zimbabwean, now jailed, became Diners James Mabena, adding the last two names to a cheque for more than R15 000 made out to Diners Club by a hotel guest.

Somehow, the cheque was intercepted by the Zimbabwean, who changed the name in his ID book, again paying R30 for a seal He defrauded Beares of R11 000

A Home Affairs spokesman said the department took allegations of corruption seriously and the matter would be investigated

Payments totalling R3m 'made to fictitious people'

Political Staff

(259) BD 28/2/96

BISHO — A policeman and government officials in the public works department were allegedly involved in a R3m scam in which they paid fictitious people, public works permanent secretary Linda Sahe said yesterday

Earlier this month eight computer personnel in the department were trapped allegedly paying themselves R10 000 each in "arrear salaries".

Sahe told the Bisho public accounts committee one problem the department faced was with police and justice, where dockets were lost — "if it is not the investigating office that loses it, it is the clerk of the court", he said. As a result cases were reported to the police, while departmental action was taken to recover the money taken

Sahe said one of the major cases, which involved a sum of R3m, concerned alleged fictitious payouts. Some of these took the form of cash payments to non-existent casual labourers; others were cheque payments. These, he alleged, were drawn by officials and cashed by accomplices outside

He said the police investigation of the case in which a policeman was involved "got nowhere", and he subsequently handed it to the Heath commission.

Sahe said a second case involved a businessman who, it is alleged, opened an account in the name of BKS — there is actually a real company BKS Incorporated — and used the documentation from the real company for writing out cheques to his BKS. An official in the department was involved, he alleged The full amount of R289 000 had been recovered.

Protesters call on Stellenbosch to increase black student quota

BD 28/2/96

CAPE TOWN — About 500 members of the SA Students' Congress (Sasco), including students from the University of the Western Cape and pupils from Kayamanda school, marched yesterday to the University of Stellenbosch to put pressure on authorities there to register more black students

Sasco demanded that at least 3 000 black students should be registered at the university this year.

The action was also staged to protest against the university's language and admission policies and a "lack of transparency" with regard to bursaries.

A spokesman at the university said the protesters sang, chanted and toyi-toyied "in an orderly fashion"

According to university statistics, 20% of this year's intake of first year students were black and 24% did not speak Afrikaans at home

Douglas Davis, of the university's public relations department, said R5,3m was spent on bursaries for disadvantaged students last year and R7,6m would be made available this year.

At the University of Zululand, talks were to be held yesterday to address a two-day class boycott and the demand that students be allowed to register despite outstanding fees. — Sapa.

ONLY DETAILS DISPUTED

All parties favour ethics code

CT 28/2/96 (259)

ALL PARTIES AGREE there should be a parliamentary code of ethics, but differ about how much of members' personal affairs should be disclosed. **BARRY STREEK** reports.

PROPOSALS for a strict code of ethics for parliamentarians were released yesterday — but the parties don't agree about some of its key clauses

While they agree on the need for a code of conduct, crucial differences must still be resolved

The responsible sub-committee, chaired by Water Affairs and Forestry Minister Kader Asmal, said MPs would have to disclose the nature of their shareholdings, but there were differences about whether the number and nominal value of shares should be disclosed

The parties agreed that directorships and commercial partnerships should be disclosed, but differed about the extent of disclosure

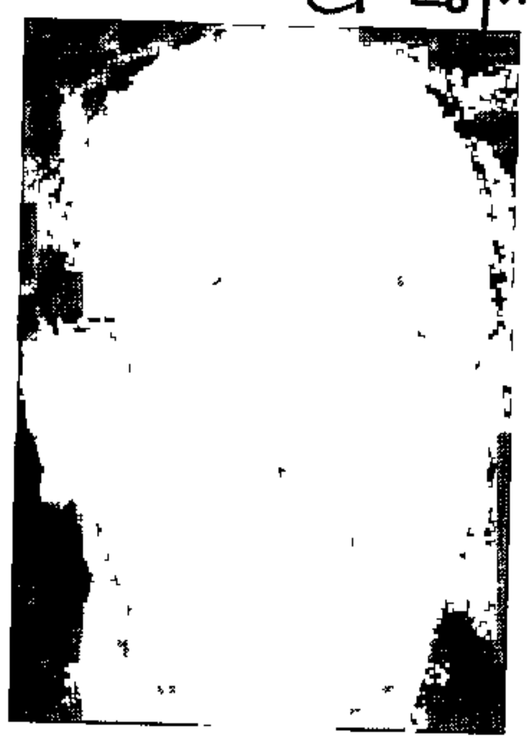
They also agreed that foreign visits should be regarded as benefits in kind, but the National Party was opposed to disclosure in the case of a foreign visit funded by a member's party

It was proposed that information on land and property assets, including leases and existing bonds, be disclosed without revealing exact addresses and the names of banks holding bonds

But the NP, Democratic Party, Freedom Front and African Christian Democratic Party felt only property providing income should be disclosed, and that residential and vacation homes need not be

They agreed that all parliamentarians should be covered by the proposed register, but the NP, DP and FF felt spouses, permanent companions and dependent children should be excluded.

Instead they felt the rules should prohibit using a spouse, permanent companion or dependent child to divert interests and forestall disclosure



IN THE CHAIR: Kader Asmal

The sub-committee proposed that any outside employment by MPs should be disclosed, although the actual remuneration need not

MPs could not be paid for lobbying or representing a particular interest group in Parliament, but members involved in consultancies or retainers should disclose that interest as well as benefits in cash or kind derived from them

Sponsorships and assistance from non-party sources, gifts in excess of R350 and material benefits will have to be disclosed

"Receipt of a private or publicly funded pension should be disclosed, but not the actual amount"

The PAC, however, felt the amount of all publicly funded pensions should be disclosed

The sub-committee said the information members were required to disclose "must as far as possible be contained in a register of members' interests which will be accessible to the public"

It also said the Inkatha Freedom Party did not favour disclosure in a register, but proposed that members should publicly declare any personal pecuniary interest in a matter before Parliament

CORRUPTION

FM 23/2/96

TRANSPARENCY VS PRIVACY

(259)

The need for a parliamentary code of ethics has been underscored by the shock findings of an Institute for Democracy (Idasa) survey that South Africans think the new government is at least as corrupt, if not more corrupt, than the old

Two-thirds of the population fails to see any lessening in government corruption, while four people in 10 think it has increased

Idasa attributes the public's jaded perception of parliament to negative media coverage and the deep-seated suspicion of officialdom instilled in people by the apartheid and homeland governments It is not an indictment of any one party

Unfortunately the ANC missed the point and decided to shoot the messenger It accused Idasa of failing to build and consolidate "our fledgling democracy"

ANC MPs Carl Niehaus, Baleka Kgositsile and senator Bulelani Ngcuka responded by giving journalists a tongue-lashing for portraying MPs as dishonest through "racist" and "sensationalist" reporting, particularly over the issue of MPs' salaries

Baleka Kgositsile

The ANC is understandably rankled as it has pushed for a code of ethics more inclusive and binding than the other main parties would prefer

All parties agree on the need for a code of ethics but they differ over the extent of disclosure The debate comes down to the relative importance of members' right to privacy versus the public's right to know

Water Affairs Minister Kader Asmal, chairman of the subcommittee which has drafted a code of ethics, says the creation of a new open, transparent and accountable SA in which corruption cannot easily take root requires elected leaders to ensure that their integrity and that of their institution is beyond question

The draft code proposes that all politicians record their interests in a computerised register that is open to the public and updated every six months

All MPs and senators must disclose shareholdings, outside employment, directorships, commercial partnerships, consultancies, gifts in excess of R350, hospitality, benefits, pensions, land and property assets

Ordinary members' spouses, permanent companions and dependent children must also disclose their interests The NP, DP and the FF disagree with this recommendation

DP MP Douglas Gibson says only those interests which could create a potential conflict should be disclosed, not inconsequential details of personal finance Furthermore, if the intention is to prevent a member from diverting interests to a trusted relation, then siblings and parents should also be included

The majority of Idasa's respondents (57%) favour full financial disclosure but are divided over the disclosure of family income

The NP, DP, FF and ACDP say only property providing a source of income should be disclosed, while the ANC and PAC want detailed disclosure of all land and property holdings, including all leases and holiday homes

Parties also have conflicting views over whether the number and nominal value of shares held should be disclosed or just the fact of the shareholding

Because of the urgency, committee members feel the code should be regulated initially by parliamentary rules despite the danger that members could postpone the receipt of kickbacks until they have left parliament This would be prevented if the code was made law

Legislation could also cast the ethical net wider to include serving and non-serving MPs as well as public officials, heads of public corporations and members of provincial legislatures The Joint Rules Committee has postponed a final decision for three weeks to give ANC MPs more time to deliberate ■

National anti-corruption action soon — Mandela

ARG 1/3/96 (259)

TYRONE SEALE, Political Staff

PLANS to set up a national commission against corruption to fight this "plague", are well advanced, President Mandela has announced

He said the government of national unity would not tolerate corruption that was endemic in the apartheid era and which still persisted

Mr Mandela said he hoped the commission would begin its work soon, but did not provide dates.

In a written reponse to a question in the senate by William Mnisi (DP), President Mandela said the incidence and allegations of corruption were matters of great concern

"From recent and current investigations it would appear that widespread corruption endemic in the apartheid era has continued to plague our society This cannot, must not and will not be tolerated"

A number of commissions of inquiry had already been appointed in an attempt to investigate corruption, to bring culprits to justice and to make restitution, where necessary

However, these commissions were or had been limited to specific incidents or specific subject matters or to specific geographical areas

The result was that there was no comprehensive investigation into corruption covering the whole of South Africa; the terms of references were unduly limited, and investigations overlapped

He said allegations of irregularities in the administration and collection of taxation, customs and excise and exchange control had been brought to the attention of the government

It was clear that the current measures were inadequate

In view of this situation, it was imperative to rationalise investigations and develop an effective national strategy to fight corruption.

With this in mind, plans to set up the national commission were well advanced

Terms of reference, which would possibly include the power to make binding orders, were being finalised.

Probe into R700m fraud in homelands might go on

(259) BD 1/3/96

Wyndham Hartley

CAPE TOWN — Millions of SA taxpayer's rands will be lost if the work of the Browde commission — which has uncovered more than R700m in irregular payments in the public services of former TBVC states — is not followed up.

It has been estimated that the commission, if it extended its focus to the broader SA, could save the taxpayer enormous amounts of money. But the commission was appointed only to the end of last year and its life has not been extended.

The commission, which has found numerous irregularities in the former homelands, is now without a chairman and has lost three of its five members.

Judge Jules Browde completed his term of office in November, two advocates of the commission have been appointed judges and another as public protector. A request is before Parliament to extend the commission's life to the end of the year

At a hearing of the parliamentary constitutional affairs committee this week it was revealed that R730m in irregular salary increases to public officials had been identified but not all investigated

Committee chairman Pravin Gordhan (ANC) said last night the commission — which was established by President Nelson Mandela in terms of the constitution — could save the country a lot of money and a decision had to be made on extending its life

He said the question was raised in the committee why investigations by the commission had been confined to the former homelands He said apparently no complaints had been lodged

Earlier this week the commission reported to Gordhan's committee that shortly before the 1994 elections almost 50 000 homeland public servants were promoted irregularly at an estimated cost to the taxpayer of R730m Many of these cases are still to be fully investigated

The commission said it had been obstructed in its work and also lacked investigative staff The Public Service Commission had apparently refused to make staff available to the commission

So far the commission has resolved 539 cases involving R18m Investigations into a further 136 cases has been postponed while a mammoth 46 000 cases are on the backburner Resolution of the irregular promotions and salary increases are expected to take a further two years to iron out Investigations would have to be conducted into the former Transkei prisons department, Venda finance department, Ciskei and Transkei health departments, and others

National commission to probe corruption

Wyndham Hartley

CAPE TOWN — President Nelson Mandela says a national commission to investigate corruption is on the way following revelations that millions of taxpayer's rands are being lost through more than 46 000 irregular promotions in the former homelands.

Mandela chose to make the announcement in response to a question from DP Senator William Mnisi yesterday. He said no comprehensive investigation into corruption in SA existed and existing investigations overlapped and had limited terms of reference.

Investigations indicated that widespread corruption endemic in the apartheid era had continued to plague society. "This cannot, must not and will not be tolerated," he said, adding that corruption at every level would be identified and swiftly eradicated.

Plans to establish a national commission into corruption were well advanced and the terms of reference were being finalised, he said.

The commission would be appointed once the terms of reference had been set. An exact date could not be specified but "hopefully it will be very soon".

Reuter reports Mandela's legal adviser Fink Haysom said the commission could be "running within the next month or two".

Mandela said allegations of irregularities in the administration and collection of taxation, customs and excise and exchange control had been "brought to our attention".

"It is clear that the current measures are inadequate."

Haysom said that he expected the commission to deal with issues which were not already being investigated by existing commissions

(259) BD 1/3/96 See Page 7

Review

(257) BD 1/3/96

Continued from Page 1

One source said the next 12 months would be a "do or die" period for SA's public service, with a number of tough decisions needed with any delay affecting the ANC in particular in the run-up to the 1999 elections.

The source described the commission's work as the second of a two-phase shake-out of SA's public service.

The first phase — already under way — involved rationalising national and provincial departments inherited from the former NP administration

At least 70 000 of SA's 1,2-million public servants face retrenchment under phase one, say some officials.

Public Service director-general Paseka Ncholo said the second phase would question and define the fundamentals of government itself. Among other things, it would determine which state services were redundant and should be privatised It would also recommend ways to slash SA's high public service wage bill.

The panel's SA members are: Nomvete, Profs Aaron Ndlovu and Fanie Cloete, Vincent Maphai, Norman Levy, Neva Seidman-Magetla, Motlatjie Letsebe, Ayesha Mohamed, Sam Marotoba, Lot Ndlovu, Gavin Peterson and Anglo American's Clem Sunter. The foreign members are: Stowe, M Nzuwah (head of Zimbabwe's Public Service Commission), Al Johnson (Canada) and L Nilsson (Sweden). Britain, Sweden and SA will each be liable for a third of the project's projected R6,45m tab.

Corruption 'an apartheid legacy'

(259)

CT 1/3/96

PRESIDENT Nelson Mandela said yesterday a national commission would be launched soon to stamp out an "apartheid legacy" of corruption

"From recent and current investigations it would appear that wide-spread corruption — endemic in the apartheid-era — has continued to plague our society This cannot, must not and will not be tolerated," he said in a written response to a senate question

"It is of the utmost importance that corruption at every level should be publicly identified as soon as possible and eradicated swiftly and efficiently," he added.

"Plans to set up a national commission against corruption are well advanced . hopefully it will be very soon"

Mandela's legal adviser, Mr Nicholas Haysom, said discussions were under way on terms of reference for the probe, which would concentrate on corruption under apartheid rule

"It could be running within the next month or two," he said Mandela initially announced his plan for a nationwide probe into corruption last October — Reuter

DP to probe ministers on overseas travelling

ARG 2/3/96 (259)

MICHAEL MORRIS
Staff Reporter

■ Taxpayers are soon to discover just how much they paid for cabinet ministers' trips last year.

EVERY member of Nelson Mandela's cabinet will be grilled in the weeks to come on details of their overseas travel last year — the purpose of the trips, who accompanied them and how much it all cost

This information is being brought into the open through a series of questions to ministers by Democratic Party MPs and senators

They are concerned that not all overseas travel by ministers and their minions is politically justifiable So far, four questions for written replies have been tabled — focusing on overseas travel last year by Minister of Posts, Telecommunications and Broadcasting Pallo Jordan, Minister of Environment Affairs and Tourism Dawie de Villiers, Minister of Agriculture Kraai van Niekerk and Minister of Transport Mac Maharaj

The typical question format is "How many days did he and/or his deputy minister spend outside the borders of the Republic, what was the purpose, destination and duration and cost of each visit, and who accompanied him and/or his deputy minister in each case?"

Increased contact with the international community is a natural and welcome consequence of South Africa's democratic transition, says DP senator James Selfe, but globe-trotting ministers need to be reminded that they are spending taxpayers' money and should assess usefulness of trips more carefully

Spending on such trips — which is governed by ministerial rules — does come under the scrutiny of the auditor-general and parliament's public accounts committee, and gross wastage or irregularities would come to light in this process

But Mr Selfe points out that the onerous workload of the committee often does not leave time for probing questions on the political advisability of or justification for ministerial travel, or just getting more details on who went on the trips, why and at what cost

"The purpose of the questions is to determine whether taxpayers' money is being appropriately spent in terms of priorities South Africans have articulated," he told SATURDAY Argus

"A lot is being spent on travel and it comes on top of a great deal of money spent on specialised advisory services — formal advisers attached to various ministries as well as delegations and groups of people who come to South Africa to give us the benefit of their wisdom

"What we are trying to tie down is whether or not these trips are essential to the national interest or whether they are simply discretionary trips which may or may not have some indirect professional benefit to the incumbent in the position or the ministry at large

"There are many urgent things that need to happen right now, and if you look across the spectrum of government activity, there's a huge amount of activity in flying around, attending conferences, consulting and there's very little action"

The DP was determined to convey to ministers that "there's no such thing as 'their money' it's taxpayers' money" Mr Selfe acknowledged that "some overseas travel is extremely valuable"

"It allows immediate access to information and experience that other countries have had on subjects we are only just getting to grips with, things such as the ethics of MPs, or civilian control of the intelligence system

"Clearly, if you want to get a good system of parliamentary control over government, it is necessary to tap the experience of other countries which have wrestled with these things for a long time

"But, you have to look at each trip, each conference, each advisor, each process of consultation and ask, Is this justifiable against the cost to the taxpayer?

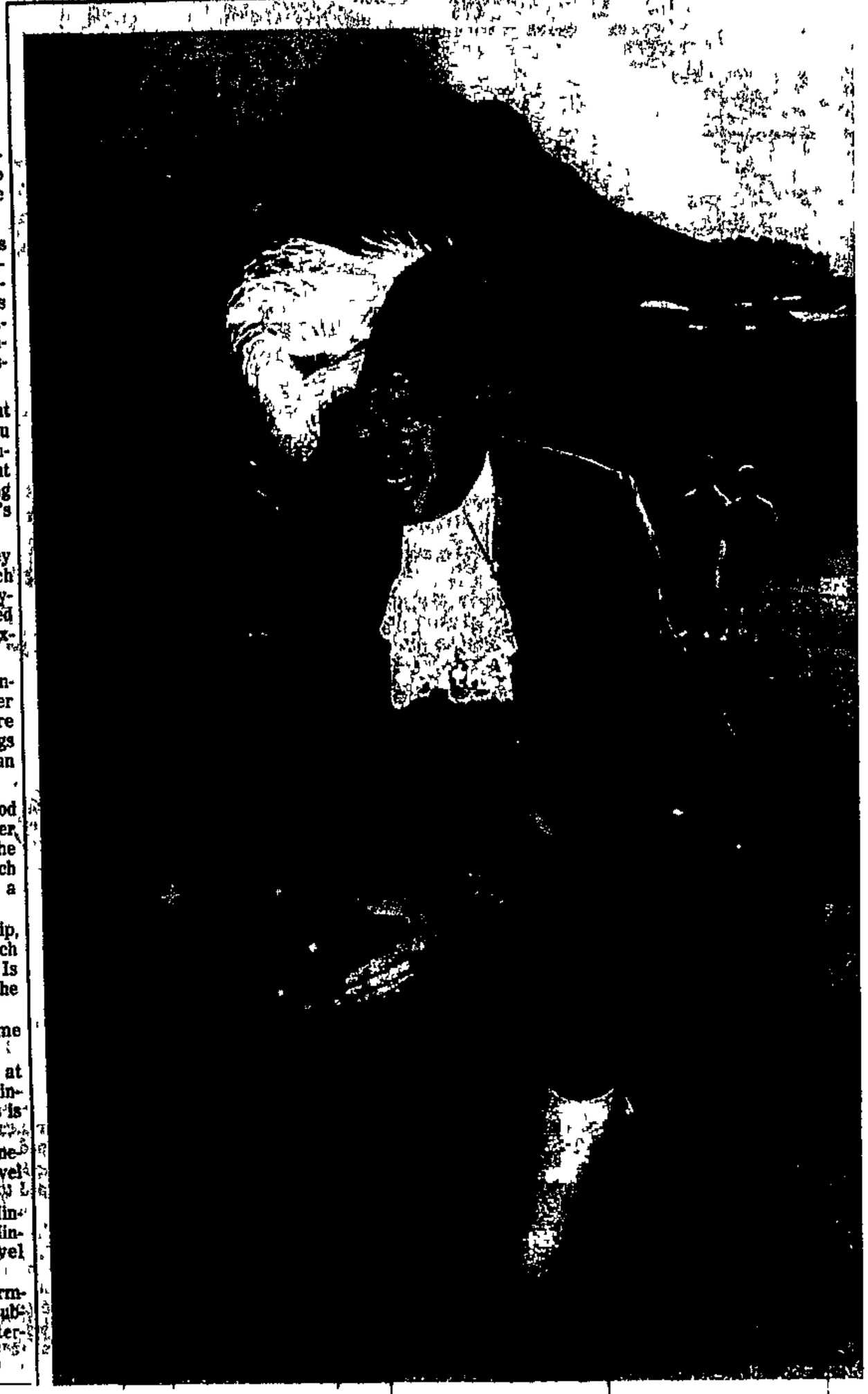
"Some clearly will be, and some clearly will not be.

"We will be looking critically at what sort of staff accompany the minister in each case and whether this is justifiable."

Obviously, there was a greater necessity for some ministers to travel more than there was for others.

Obviously Trade and Industry Minister Trevor Manuel and Foreign Minister Alfred Nzo needed to travel more

"If there was a particularly alarming reply, that could become the subject of an oral follow-up or an interpellation (mini-debate)," he said.



Office bearers who abuse public funds must pay the price

STEVEN FRIEDMAN

(259) BD 18/3/96

GOVERNMENTS which act when public money is misused are far more likely to be taken seriously by voters than those who try to wish — or talk — the problem away

That may be the lesson of some recent events and of a public opinion survey which has irked the majority party, and it may need to be digested by ANC opponents as well as by that party

The survey, by Idasa, found that most voters believed the current government was as corrupt as its predecessor. The ANC has responded indignantly — mindful, no doubt, of what most voters thought of that predecessor But why should voters feel this way? Sure, some corruption allegations have surfaced in the past two years, but hardly enough to suggest that this government rivals the unenviable standards set by the previous one.

The answer may lie less in the number and scale of the allegations than in what the majority party has, or rather has not, done about them.

When allegations were made about Alan Boesak, the ANC leadership at first seemed more concerned to save his reputation than to discipline him.

When claims were made about then deputy minister Winnie Mandela, she was fired not because of these accusations but because she was disloyal to the government. When R14m was spent on a theatrical production, the majority party caucus rallied around the minister whose department was responsible.

While little action has been taken against any of the accused, those involved in at least two of these incidents have been quick to make some accusations of their own: the allegations were painted either as a conspiracy against those who had fought apartheid or as racism

The ANC's response to all this, judging by some of the statements issued by its department of information, is to cite the resignation of former welfare minister Abe Williams as evidence of a commitment to clean government Recently, it also announced a planned investigation into corruption under the old regime as similar evidence

The problem, of course, is that Williams was an NP minister, so his fate says nothing about the majority party's willingness to act against its own members The fact remains that the only ANC office bearer to lose a post was disciplined for a lack of loyalty, not for allegedly abusing public trust — and that the majority party has not yet disciplined any national office bearer for malfeasance

The investigation into the past seems suspiciously like an attempt to show that, because the apartheid government was venal, we have no need to worry about what this one does. All of this is familiar The NP also loathed acting against ministers accused of impropriety. Indeed, far from relieving them from ambassadorial posts, it used to hand these posts out to those forced to leave the Cabinet under a cloud.

The Idasa survey — and, despite the abuse heaped upon it, nobody has yet seriously challenged its findings — suggests that while this approach may make politicians feel better, it disturbs voters. And with good reason

No one should seriously expect every incumbent in a political system to be honest: corruption is, alas, an ever-present temptation to people entrusted with others' money, and government does entrust officials and elected representatives with citizens' money.

This is as true of established democracies as of new ones of industrial as well as developing countries to name obvious examples, Italy, the US and Britain have had more than their share of corruption allegations this decade

Any government which claims, therefore, that it has managed to find a set of public officials and elected politicians who are all so squeaky clean that they never break the rules is likely to be treated by voters with deep suspicion

So the real test is what governments do about misuse of public funds when it happens — not the extent to which they insist on being judged by their ability to prevent it from happening at all.

Acting against the culprits — or even against those who allowed others under their control to be culprits — is far more likely to win public confidence than blaming the claims on racists or by insisting that other governments were worse.

The survey perhaps shows that it does not matter how many NP ministers resign or how many new cases of old-order corruption are unearthed (as if any more were needed) Voters will probably remain sceptical until the majority party shows itself willing to act against those within its own ranks who do not look after public funds

We might also ask whether appeals to township residents to pay for what services they receive from government will be heeded when people are not sure what will become of their money

The majority party's failure to act is, in some ways, predictable

We are emerging from a history — and we may take decades to emerge from it — in which the country was clearly divided between "them" and "us". When claims are made against public figures, there is an immediate tendency for "us" to band together against "them".

ANC defensiveness also owes much to a widespread perception among its MPs that most whites assume that blacks cannot run a country and that they have been waiting with an air of inevitability for black ministers to mess up or run off with the loot There is more truth to this perception than many whites would care to admit: the inevitable consequence is a tendency to assume that any action against a minister will simply confirm the prejudice.

This does not excuse the failure to act, but those who are now muttering "I told you so" ought to be aware of it

It is worth noting, therefore, that, while the ANC at national level has not been prepared to act against its own ministers, the same is not true in some provinces.

When Free State premier Patrick Lekota discovered that his housing MEC was accused of impropriety, he immediately suspended him — and then fired him after an investigation found that the allegations against the MEC had substance

This should have been heralded as a major breakthrough for clean government — which, in principle, it was In reality, however, the event passed almost unnoticed About the only attention it received was from some minority parties in Parliament, who cited it as evidence of ANC malfeasance.

In a slightly different category, an ANC MEC in the Eastern Cape was fired after it was discovered that he was distributing arms to combatants in a local conflict.

Again, the event made little impact, at least outside the province

All this suggests that the fight against corruption or incompetence or impropriety requires a change of mindset both from the national ANC and from its opponents

From the former, it requires an acceptance that a willingness to act against inevitable abuses is a far likelier route to credible government than denying their existence

From the latter, it requires a willingness to treat our new political order on its merits. A tendency to assume that the new incumbents will botch the task of government unless compelling contrary evidence is produced is likely to become a self fulfilling prophecy.

This does not require a willingness to ignore corruption, but an understanding of the need to encourage attempts to fight it as well as denouncing the failure to do so.

From both, it requires an acknowledgement that incompetence and some ministerial failure are inevitable, and that governments should be judged, at least initially, by whether they act against them, and not by whether they make them magically disappear

Friedman is director of the Centre for Policy Studies.

Browde probe gets new head (259)

MR Justice C S White is the new head of the Browde Commission, which is investigating irregular promotions and payments to officials in the former homelands

This was announced yesterday by the Minister for Public Service and Administration, Dr Zola Skweyiya. CT 11/4/96

Skweyiya said President Nelson Mandela had appointed Judge White to head the commission in terms of the constitution to replace Mr Justice Jules Browde, who had resigned

"The Browde Commission was extremely successful in identifying and investigating malpractice in various parts of the country," Skweyiya said.

It had investigated cases of alleged irregularities involving 529 people, and found 487 of these to be irregular, 11 not to be irregular and 31 were still pending because a final decision had not yet been taken.

"Preparatory work has already been done in the case of another 12 000 persons whose cases can now be heard by the commission.

"The irregularities which the commission investigated had a bearing on the public services of the TBVC states, the former self-governing territories, as well as former South African public service departments," Skweyiya said

Judge White set to take over from Browde

(259)

Business Day Reporter

BD 12/4/96

PRESIDENT Nelson Mandela has appointed Judge CS White to head the commission investigating public service malpractices White replaces Judge Jules Browde, who has returned to private practice.

Fears that the commission would not be able to complete its work when its mandate ran out at the end of last year were addressed when the interim constitution was amended to extend the lifespan of the commission

In terms of the Constitution Amendment Act, 1996, complaints of malpractice may now be submitted to the commission until the end of the year.

The provision that complaints could be submitted only by national or provincial ministers was also amended to allow "any interested party to submit complaints"

To date the commission has investigated alleged irregularities involving 529 individuals Of these, the commission found 487 cases to be irregular and 11 not irregular

A final decision has been reserved in the case of the remaining 31 individuals.

Cases involving thousands of other individuals — most still employed as public servants in the former TBVC states — await investigation

Public Service Minister Zola Skweyiya said 12 000 cases were ready to be heard His ministry intended expanding the investigative capacity of the commission and had asked national and provincial departments to second experts to it

Call to disband the govt communications service

BD 30/4/96 (259)

Mduduzi ka Harvey

A BLACK journalists' lobby group has called for the SA Communications Service (SACS) to be disbanded, because it was duplicating duties which could be performed by government departments and was costing the taxpayer about R50m a year

The interest group made recommendations to the 10-member government communications task group yesterday, and called for the redeployment of SACS personnel into national and provincial government departments, which should take over all progammes handled by SACS

The annual SACS budget, estimated at about R50m, should be distributed evenly among the government departments, which should have a strong training component

The group noted that SACS had failed in its objective of informing the public on all aspects of government, involving communities in the RDP at a grassroots level and facilitating dialogue between government and the public.

In addition, it said, SACS had failed to provide a co-ordinated and cost effective communication and information service at all levels of government.

The group's vision for a new government communication strategy was one where government spokesmen were up to date with what was happening in their departments instead of pleading ignorance and offering to find out Spokesmen should not see their roles as defensive, but should inform the public about the successes and shortcomings of their departments

Parliamentarians were called on to be more accessible to the public as this would give the public a sense of ownership of government

Other recommendations included the opening of channels to give equitable control and ownership of the media to black communities, the use of affirmative action as a tool to address historical imbalances in the media and more input from black stakeholders in the strategic planning and financial aspects of the media.

The task group would also visit countries in Africa, Europe, the US and Asia to research and write up on international models by June.

After visiting all the provinces, the first report would be drafted in June and finalised by September, and would include comments from stakeholders.

Bill will allow govt to police its own wrongs

(259) BD 9/7/96

PRETORIA — The Cabinet last week approved a Bill providing for summary investigations into allegations of serious maladministration, misappropriation of state funds and corruption, the justice ministry said yesterday

The Institution of Special Investigation Units and Special Tribunals Bill, approved on July 3, will provide an alternative to commissions of inquiry.

The special tribunals will adjudicate upon justiciable disputes of a civil nature emanating from investigations by the Special Investigations Unit.

The introduction of the Bill resulted from concern by the government to act swiftly and decisively in cases of serious corruption, the ministry said.

Existing measures include commissions of inquiry, the courts of law, the Office for Serious Economic Offences, and the Public Protector.

The Bill also provides for any commission of inquiry in force at the time of the commencement of the Bill to be dissolved and substituted by a special investigation unit and a tribunal.

Aggrieved

Any finding, ruling or order made by the commission will be deemed to have been made by the special tribunal concerned, with the provision that any aggrieved party may appeal to the Supreme Court for the setting aside of the decision made.

Such appeals will be deemed to be an appeal against a decision by a single judge of the Supreme Court. — Sapa.

Bill will allow govt to police its own wrongs

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AMBROSINI TO BE CALLED BEFORE PARLIAMENTARY COMMITT-

IFP adviser's amaz

amazing speding spree

(259)

CT. 25/10/96

THE CONSTITUTIONAL adviser to the IFP is to appear before the Portfolio Committee on Home Affairs after it was claimed that he worked solely for the IFP but was paid by the department. **BARRY STREEK** reports.

A CONTROVERSIAL IFP constitutional adviser who incurred almost half a million rands in expenses in two years is under scrutiny after a claim that he has done no work for the department that is financing him

Dr Mario Oriano-Ambrosini is to appear before the Portfolio Committee on Home Affairs on Monday in connection with the R463 372,36 he has incurred in expenses in addition to his R28 000 a month salary

Committee chairperson Mr Desmond Lockey said yesterday his committee had been told by the director-general of Home Affairs, Mr Piet Colyn, that Ambrosini had done no work for the department, but he had to be financed out of its budget

Between July 1, 1994, and September 1996 Ambrosini had cost taxpayers R1 240 972,36, including a salary of R777 600, on which tax of R270 369,99 has been paid His expenses included R173 187,57 for "public transport"

Technically, he is employed as special adviser to Minister of Home Affairs, Chief Mangosuthu Buthelezi

Lockey said Ambrosini was a constitutional lawyer, but how this qualified him to be an adviser to the Minister of Home Affairs "is a mystery to us"

"The director-general has told us he is never there for Home Affairs

"He is the constitutional adviser to the IFP As far as we are concerned taxpayers should not pay for this He has absolutely no use or purpose in Home Affairs yet his salary and expenses come out of the department's budget What are the benefits of his employment to the department?"

Lockey said that as a result both Colyn, as the accounting officer, and Ambrosini would appear before the committee.

"All other special advisers have a line function in their departments"

He said Buthelezi had called on businesses to employ local labour, but was not setting a good example by employing a foreign national

Colyn has given the committee full details of all expenses incurred by Ambrosini This includes R22 873,75 for parliamentary subsistence, R58 950,10 for "normal subsistence", R173 187,57 for "public transport", R65 680,62 for "telephone services", R6 968,11 for stationery, R121 814,41 for secretarial services, R102,58 for "private motor transport" and R620,16 for incidental payments

He spent only R2 on "publications"

Effectively, Ambrosini has cost taxpayers R45 961,94 a month to work for the IFP, if Lockey is correct

On August 16, 1994, the cabinet decided that foreigners could not be employed as special advisers without special permission, but through a technical loophole Buthelezi has been able to get around this

● Dr Ambrosini, who recently has been romantically linked to former Sunday Times columnist Jani Allan, is jokingly described as chief "rat-smeller" for the IFP

He has played a significant role in shaping the abortive KwaZulu Natal provincial constitution and is credited with being a key player in the IFP s withdrawal from the constitution-making process

A native of Italy, Ambrosini is a constitutional law graduate of Rutgers University in New York state He acted as an adviser to the IFP at the Kempton Park constitutional negotiations to end apartheid

Ambrosini has apparently been instructed not to talk to the press

PATH TO THE FUTURE: Jakob Willems and Carmen Pedro c

IFP adviser to be grilled on expenses claims

By BARRY STREEK

Controversial IFP constitutional adviser Dr Mario Ambrosini is to appear before the portfolio committee on home affairs on Monday following the disclosure that he had incurred expenses of R463 372,36 in two years in addition to his R28 000-a-month salary

Committee chairman Desmond Lockey said on Thursday his committee had been informed by the Director-General of Home Affairs, Piet Colyn, that Ambrosini had done no work for the department but had to be financed out of its budget.

Between July 1 1994 and September 1996 Ambrosini has cost taxpayers a total of R1 240 972,36, including a salary of R777 600, on which tax of R270 369,99 has been paid His expenses include R173 187,57 for "public transport"

Technically he is employed as special adviser to Minister of Home Affairs Mangosuthu Buthelezi, who is the IFP leader. Lockey said Ambrosini was a constitutional lawyer, but how this qualified him to be an adviser to the minister of home affairs "is a mystery to us".

"The director-general has told us he is never there for home affairs He is the constitutional adviser to the IFP. As far as we are concerned, taxpayers should not pay for this

Benefits

"He has absolutely no use or purpose in home affairs, yet his salary and expenses come out of the department's budget What are the benefits of his employment to the department?"

Lockey said both Colyn, as the accounting officer, and Ambrosini would appear before the committee on Monday morning Ambrosini had confirmed with the committee clerk that he would be present

"All other special advisers have a line function in their departments " He also said Buthelezi had called on businesses to employ local labour but he was not setting a good example by employing a foreign national

Colyn has given the committee full details of all expenses incurred by Ambrosini This includes R22 873,75 for parliamentary subsistence, R58 950,10 for "normal subsistence", R173 187,57 for "public transport", R65 680,62 for "telephone services", R6 968,11 for stationery, R121 814,41 for secretarial services, R102,58 for "private motor transport" and R620,16 for incidental payments. In sharp contrast to the costly nature of his expenses, Ambrosini has spent only R2 on "publications"

Ambrosini dismissed as "hogwash" claims that he was wrongfully funded by taxpayers The reports were a "propaganda operation without any factual basis", he told Sapa. This was underscored, he said, by the fact that no journalist had bothered to call him before reporting on "what at best is news of marginal interest"

(259) Star 26/10/96

'Chief rat smeller' has had big say in Inkatha affairs

Dr Mario Oriano-Ambrosini, jokingly described as the chief "rat smeller" for the Inkatha Freedom Party, has played a significant role in shaping the abortive KwaZulu Natal provincial constitution and is credited with being a key player in the IFP's withdrawal from the constitution-making process

A native of Italy, Ambrosini is a constitutional law graduate of Rutgers University in New York State. He followed in the heals of his mentor, Professor Albert Blaustein, as the IFP's adviser at the Kempton Park constitutional negotiations to end apartheid

Recently linked romantically to former Sunday Times columnist Jani Allan, Ambrosini was appointed adviser to Minister of Home Affairs Mangosuthu Buthelezi shortly after the national election in 1994

The mystery character, who apparently has been instructed not to talk to the press, once tried to apply for Ciskei citizenship to ensure accreditation to the negotiating forum at Kempton Park. He is a US citizen.

Earlier this year Buthelezi faced a grilling by the National Assembly's home affairs committee on Ambrosini's role in advising the IFP, but the IFP leader said he was subject to his instructions. Asked by a journalist once whether Ambrosini was "shadowy", the minister responded: "What does that mean?"

Call for action on advisers

OWN CORRESPONDENT

THE African National Congress in KwaZulu-Natal has urged the Government to implement a policy decision not to employ foreigners as special ministerial advisers and to resolve the "problem around the employment" of Dr Mario Oriano-Ambrosini.

The call was made on the eve of Home Affairs Minister Dr Mangosuthu Buthelezi's special adviser's appearance today before the home affairs portfolio committee — to explain why he (Ambrosini) has allegedly received R500 000 in expenses over two years, in addition to his R28 000-a-month salary

Buthelezi, who is not expected to appear alongside his Italian adviser, has defended Ambrosini's appointment on the grounds that he has "special legal skills"

(259)

CT 28/10/96

'Spending machine' hits back at critics

ARG 28/10/96 (259)

CLIVE SAWYER
POLITICAL CORRESPONDENT

Mario Ambrosini, the controversial special adviser to the Home Affairs ministry, came under fire today from a parliamentary committee for his other role, as Inkatha's constitutional guru.

Dr Ambrosini, long the subject of media interest, hit the headlines again last week when he was dubbed Home-Affairs Minister Mangosuthu Buthelezi's "Italian spending machine" for running up nearly R500 000 in expenses in addition to his R28 000 monthly salary.

Desmond Lockey, head of the National Assembly home affairs committee, was quoted as saying Dr Ambrosini was paid by the Home Affairs ministry but did no work for it, spending his time as constitutional adviser to the Inkatha Freedom Party

In evidence to the committee today, Dr Ambrosini hit back that he was not a public servant: "I do not work for the department but only for the Minister of Home Affairs," he said His contract was the same as the other 40 special advisers to various cabinet ministers, he added.

Because Chief Buthelezi, as a cabinet minister, was accountable for all Cabinet decisions, Dr Ambrosini believed, "my scope of work relates to any matter being discussed, or capable of being discussed in the Cabinet".

Answering criticism that he was not a South African citizen, he said he was not the only special adviser about whom this could be said

"All my expenses are verified by internal administrative and accounting procedures within the department

"All are related to the scope of my contract and none has been incurred for private or frivolous reasons."

Ambrosini comes out fighting over ANC expenses probe

BD 29/10/96 (259)

Wyndham Hartley

CAPE TOWN — An ANC attempt to put the IFP's controversial ministerial adviser Mario Ambrosini on the carpet for running up excessive expenses and for working for the IFP and not the state backfired yesterday when it was pointed out that presidential adviser Fink Haysom had done work for the ANC

Ambrosini, special adviser to Home Affairs Minister and IFP leader Mangosuthu Buthelezi, was called before the National Assembly's home affairs committee to account for R500 000 in expenses over the past 27 months

ANC committee chairman Desmond Lockey wanted to know what the SA taxpayer was getting for its money The perception was Ambrosini worked for the IFP and not for the home affairs department.

Ambrosini confirmed that he had done no work for the home affairs department, but stressed that he was employed by the minister and his contract specifically barred him from becoming involved in the administration of the department

He presented a full list of his expenses, and after comparing them with those incurred by a director in the public service, claimed his expenses were less He also said the R112 000 spent on domestic flights was roughly the same as the 56 free flights a year allowed to MPs

Members of the committee demanded to know what he was doing at the Constitutional Assembly during the hearings on the certification of the new constitution and also in negotiations for the constitution Ambrosini said the ANC had been represented by Haysom He said he had been in negotiations where Haysom had represented the ANC

Ambrosini said that because of the principle of collective responsibility for Cabinet decisions, he had to advise on many matters so that Buthelezi could adopt informed positions in cabinet

ANC MP Jannie Momberg said there were perceptions that he worked for the IFP and not for the minister. Ambrosini said he was not responsible for perceptions, insisting his presence at the constitutional hearings was legitimate, so that he could advise Buthelezi on one of the most important events in SA

He said he was not a member of Inkatha and never gave advice on party political matters

Ambrosini said all his expenses claims had been properly processed by the department, and this was confirmed by home affairs director-general Piet Colyn.

He suggested the interest in his remuneration and expenses was aimed at undermining Buthelezi's credibility and integrity He hoped the committee was not doing the same Lockey said the committee was not vilifying Buthelezi, but merely monitoring expenditure

Ambrosini defends 'huge' expenses

CT 29/10/96 (259)

POLITICAL WRITER

HOME Affairs Minister Chief Mangosuthu Buthelezi's constitutional adviser Dr Mario Ambrosini yesterday defended his post and the almost half a million rand in expenses he has run up over the past two years.

Appearing before the portfolio Committee on Home Affairs, Ambrosini, who advised Buthelezi throughout the constitutional negotiations and who was retained as the minister's special adviser after the1994 election, admitted there was an anomaly between his being paid by the department while performing as the minister's adviser in areas not related to Home Affairs.

None of his expenses had been incurred for "private or frivolous reasons". The cabinet was reviewing the posts of advisers to ministers, he said

Ambrosini has been criticised for appearing at events apparently related to the IFP's political affairs during office hours and was heavily involved in helping draw up the party's rejected KwaZulu-Natal constitution

He also attended Constitutional Court sessions in July and was recently seen at the trial of former defence minister General Magnus Malan and high-ranking IFP officials.

On the Malan trial, Ambrosini told the committee: "I popped in to express solidarity with a friend."

Ambrosini also conceded that there was a perception that he advised Buthelezi on Inkatha Freedom Party-related issues.

"I am aware of that perception and I regret the perception created in the media Perhaps in future I should be more careful," Ambrosini told the committee.

Ambrosini said he was in the same position as other ministerial advisers who were paid out of department funds yet who did not perform tasks related to the line functions of the departments which employed them.

He referred to President Nelson Mandela's adviser Mr Fink Haysom who routinely advised the ANC on constitutional matters even though he was paid out of the President's budget

"My employment is determined and defined on the basis of a standard contract which is used for all the 40 full-time special advisers employed by government ministers Neither I nor the minister have the liberty to change portions of this standard contract."

His contract specifically required him to "refrain from interfering in the administration and management of the department which is the sole responsibility of the director-general".

He said his work reflected the "range of duties and responsibilities of the minister" which "means that the minister, especially in his capacity as leader of a party participating in the government, is constitutionally responsible and accountable for all the decisions of cabinet, including those affecting other government departments".

Ambrosini defends his R500 000 expense account (259)

By Patrick Bulger
Cape Town

Argus 29/10/96

Home Affairs Minister Chief Mangosuthu Buthelezi's controversial Italian constitutional adviser, Dr Mario Ambrosini, yesterday defended his post and the almost R500 000 in expenses he has run up over the past two years.

Ambrosini, who advised Buthelezi throughout the constitutional negotiations and who was retained as the minister's special adviser after the April 1994 election, admitted there was an anomaly between his being paid by the department

Admits to payment anomaly

while performing as the minister's adviser in areas not necessarily related to home affairs matters

Ambrosini has been criticised recently for appearing at events apparently related to the IFP's political affairs, during normal office hours He was heavily involved in helping to draw up the IFP's rejected KwaZulu Natal constitution, attended Constitutional Court sessions in July and was seen at the trial of former defence minister Magnus Malan

On the Malan trial, Ambrosini told Parliament's portfolio committee on home affairs "I popped in to express solidarity with a friend who, it turned out, was the subject of political victimisation"

Ambrosini also conceded there was a perception, fuelled by media reports, that he advised Buthelezi on IFP-related issues "I am aware of that perception and I regret the perception created in the media Perhaps I should be more careful," Ambrosini told the committee, which summoned him for an explanation of his job and expenses

None of his expenses had been incurred for "private or frivolous reasons" His expenses compared favourably with a director's during the parliamentary session, he added

No policy for paying advisers

Sowetan 29/10/96

(259)

Premiers of the Western Cape and Free State do not employ advisers

By Rafiq Rohan
Political Correspondent

IN THE ROW that has erupted between the portfolio committee on home affairs about the earnings of the special adviser to Minister Mangosuthu Buthelezi it has emerged that there appears to be no uniform policy regarding payments to different special advisers

However, they all earn astronomical salaries courtesy of the taxpayers.

Dr Mario Ambrosini, adviser to Buthelezi, earns a monthly salary of R28 800 a month with huge expense claims

Some of the ministries, like Arts, Culture, Science and Technology pay advisers by the hour They have four advisers, Dr G Sibiya, Mr M van Graan, Professor L Schlemmer and Professor J Sellschop, who all earn R150 an hour

Correctional Services, Land Affairs and Defence pay their advisers R24 000 a month

Ambrosini earns the same as the advisers of Deputy President Thabo Mbeki, Advocate M Gumbi, Mr V Mavimbely, the Reverend Frank Chikane and Mr M Ngoasheng, who earn R28 800 a month.

President Nelson Mandela's one adviser, Professor Fink Haysom, earns the same

Lowest paid adviser

Minister of Justice Mr Dullah Omar's special advisers are the lowest paid. Both Mr V Pikoli and Mr E Daniels earn R18 150 a month each

Also, Gauteng premier Tokyo Sexwale pays his two advisers, Ms M Xayiya and Mr M Phillips R24 000 a month, Eastern Cape premier Raymond Mhlaba pays P Maqubela R28 800, Northern Cape premier Manne Dipico pays both Mr M Mthembu and Mr K Mathews R28 800 a month.

Northern Provinces pays Mr L Mahlangu, Mr G Pitje and Mr P Mothle R24 000 a month each

North West pays Professor Coetzee R180 an hour while KwaZulu-Natal pays Mr W van der Merwe and Mr A Ngcobo R19 000 each

The premiers of the Western Cape and Free State do not employ special advisers

Row over R0,5-m expenses claims

(259) Sowetan 29/10/96

By Rafiq Rohan
Political Correspondent

CLAIMS for expenses from the Government by Home Affairs Minister Mangosuthu Buthelezi's foreign adviser Dr Mario Ambrosini amount to more than R500 000.

In addition, Ambrosini earns a salary of R28 000 a month

Ambrosini, referred to as Buthelezi's "gum-chewing Italian lawyer", yesterday appeared before the portfolio committee on home affairs to explain how he qualified for these huge amounts of taxpayers' money

Ambrosini has been called upon to explain his huge expenses claims of R508 061,43 and whether he is also the adviser to the Inkatha Freedom Party

The committee also wants to know what he had been doing at the trial of General Magnus Malan in Durban and what role he had played in drafting the KwaZulu-Natal constitution

At the end of the hearing, committee chairman Mr Desmond Lockey told Ambrosini "It remains a mystery what you do"

After more than an hour of Ambrosini grilling, Lockey said "There is no proof of any substantial work you have done"

What is also of concern to most members of the committee is that Ambrosini has contravened terms of his contract by being paid from taxpayers' money while working for a political party – the IFP

Ambrosini defended his expenditures by saying he was appointed on the level of a deputy director-general

Although denying he worked as an adviser to the IFP, the committee's Mr Jannie Momberg said Ambrosini had, in fact, admitted he was working for the IFP

● See Page 6

PUBLIC WORKS (259)

A NEW APPROACH

FM 1/11/96

The Public Works Department (PWD) aims to transform itself into an effective, efficient and cost-effective service, while contributing to government's socio-economic objectives These goals are set out in a Green Paper released for comment by Minister Jeff Radebe last week

Based on "international best practice" to guide policy, the document attempts to establish a "durable strategy that not only sets out key programmes for the next few years, but conclusively demonstrates how government's broader socio-economic objectives will be met in part through expanded investments in public works, and dynamic changes in the department's approach to property investments, property and facilities management, and project management"

PWD director-general Sipho Shezi, the driving force behind what he calls a "paradigm shift" in public works, aims to rationalise the department's staff complement, commercialise many services and promote partnerships with the private sector.

Shezi also foresees the "launch of the most ambitious and potentially most rewarding programme of infrastructural development ever seen in Africa," which would "ensure sustainable growth throughout SA society"

Jeff Radebe

In carrying out its mandates to provide government accommodation, maintain facilities and "influence and stabilise the construction and property industries," the department takes its cue from the RDP, government's macroeconomic strategy and the White Paper on transforming the public service

The PWD aims to play a major role in generating higher growth and employment, partly through job creation and by efficiently managing public assets which represent major investments in infrastructure, electrification, telecommunications and information technology

The department says it has a strong basis from which to "influence" developments in construction and the property market Each year investment by public authorities accounts for 10%-15% of all new residential buildings, 15%-25% of all new nonresidential buildings and 50%-75% of all construction works

The PWD property portfolio includes 112 000 properties (excluding those in the former TBVC homelands)

Of these, 58 000 are parcels of land, 26 000 residential (excluding government's public housing stock), 3 600 offices and 25 000 other buildings An additional 7 500 properties are leased, including 1 700 offices

He is adamant that he will never do business in Uganda again "If this had been a bad business decision on our part, I will accept that What however concerns me is the total breakdown of justice in that country and that we are unable to obtain a court order to stop the vandalising" *Eddie Botha*

Blocking money leaks

Since the discovery of the Independent Broadcasting Authority's financial mess, many people are wondering about the money matters of other state entities. **Sharon Chetty** investigates...

Sowetan 18/9/97 (259)

AFTER OVER THREE YEARS of its existence, the Independent Broadcasting Authority has been plunged into a financial fiasco

But, more than its abuse of money and lack of proper financial controls, the debacle leads to another question What are the checks and balances by Government on statutory bodies?

A special investigation by the auditor-general's office found numerous shortcomings in the way the IBA's finances were managed

Lack of proper controls led to, among other things, councillors claiming thousands of rands in daily allowances when on overseas trips even though their expenses were already paid by sponsors

Diners Club cards were used for personal expenses and the organisation was often reimbursed late, if at all, and "fruitless" expenditure included R167 050 in rent for unoccupied offices

At times sponsored air tickets were upgraded from economy to business class at the IBA's expense and the financial control over credit cards, and the manner in which they were used, "left much to be desired", the auditor-general said

After the report, co-chairpersons Sebiletso Mokone-Matabane and Peter de Klerk and councillors Lyndall Shope-Mafole, Felleng Sekha and Lutando Mkumatela fired chief executive officer Harris Gxaweni and then resigned

Sekha and Mkumatela were subsequently reaccepted as nominees for councillorship, while the rest are working out a three-month notice period President Nelson Mandela still has to confirm the replacement councillors but Sekha has been punted as the favoured chairperson to lead the new council

Profound changes

There is no doubt about the value of a body like the IBA in three years it has brought profound changes to the broadcasting scene which included the sale of SABC radio stations, the establishment of at least 82 new stations and it will soon start an inquiry into private television

But, in contrast to its good work, the IBA's inability to keep its financial house in order raises numerous questions, one of which is whether Parliament should institute greater control over "independent" groups like the IBA, whose function it is to stay aloof from government while monitoring it

After the resignations, which were welcomed by Communications Minister Jay Naidoo as a "significant benefit for good governance" because the councillors accepted collective responsibility, the real extent of the financial mess began to emerge

Although IBA staff were under the impression that they had surplus money, it was suddenly found that they owed creditors R3,8 million There was also a shortfall of R9 million simply because its budget was submitted late to the Communications Ministry

Acting IBA chief executive officer Bronwyn Keene-Young.

The IBA was therefore given the same allocation (R33 million) for this financial year as the last, although they needed R42 million

Additional funding is needed as this year licensing is expected to reach a "peak" because of two of its biggest projects – the licensing of a private television station and four-year community radio stations

Acting CEO Bronwyn Keene-Young says international advisers with first-hand experience of television licensing need to be brought to South Africa to assist with assessing applications

The radio licensing will require much travel for hearings in the areas where the stations will be based Applicants will also need help in making their bids and interpreting IBA policy, she says

A team from accounting firm Deloitte and Touche was called in to investigate and restructure the IBA's finance and administration department, and found the R3,8 million left unpaid to creditors which will now have to be paid out of this year's budget

The Deloitte and Touche investigation is expected to be completed by the end of August

Communications Ministry spokesman, Connie Molusi said all portfolio organisations are informed timeously of the deadlines for their budget and the onus lay with them to keep to the deadline.

Suggestions from the IBA that it will not be able to continue its work because of lack of funding are "alarmist," he says, adding that the organisation had been asked to explain more fully how the deficit arose before they had more detailed discussions with the Ministry

Spokesperson for the Ministries of Finance and State Expenditure Jennifer Wilson says Deputy Finance Minister Gill Marcus proposed amended legislation at the end of the last parliamentary session that will ensure greater financial accountability from public entities like the IBA

Financial performance

There are potentially more that 500 public entities that receive some form of state funding Among other things, the Bill will clarify the kind of information to be presented in their annual financial statements

They will also be expected to report their financial performance, financial position and how much of their objectives they have achieved

The auditor-general will also be able to investigate the affairs of these organisations whenever it is deemed to be in the public interest or when a complaint is received

Since the discovery of the financial mess, the IBA has instituted several cost-cutting measures, which will now see all staff and councillors travelling economy class, the cancelling of overseas trips and using its Rosebank premises for public hearings whenever possible

If large numbers are expected, city halls and civic centres will be used instead of expensive venues like hotels Restrictions were placed on hiring cars and using cellular telephones Staff appointments and training were also put on hold

While the IBA has not yet asked Parliament or the Communications Ministry for more money, it is revising its 1997-98 budget and will have to see what savings it can make Thereafter, they will know how much additional funding is needed.

While the cost-cutting measures are laudable, it still begs the question why was the organisation not always so prudent with money from the public purse?

Financial watchdog keeps calm under fire

(259) (49) M+G (pm) 18-24/7/97

The office of the auditor general has come under attack from the old guard as well as the new — for doing its job properly Henri Kluever is standing his ground, reports **Mungo Soggot**

THE auditor general, Henri Kluever, has not had much luck with the Ministry of Mineral and Energy Affairs As he took his seat at a parliamentary committee meeting in 1995 to explain why Mossgas, PW Botha's synthetic fuel producer, was a financial black hole, he greeted the then mineral and energy affairs minister with a polite "How are you?" Pik Botha shot back "What's it got to do with you?"

Now, two years later, Botha's successor, Penuell Maduna, has given the auditor general's office its most severe drubbing since the passing of the new Constitution.

In Parliament, Maduna criticised Kluever's office for failing to find evidence of foul play in the state's oil companies — evidence the minister says he has unearthed with the help of a team of auditors from the private sector Maduna has not let the auditor general's office in on his investigation, the preliminary results of which were used to justify the suspension of the state's top oil trader, Kobus van Zyl.

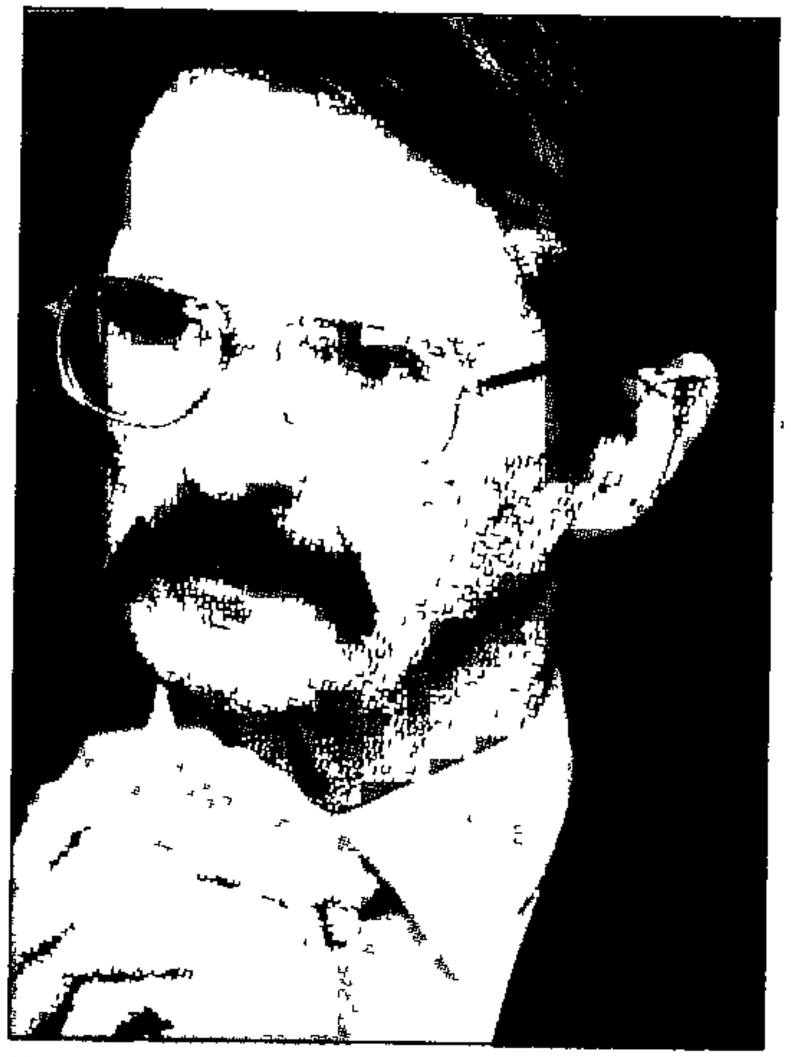
Maduna trumpeted the discovery by his auditors of a R170-million loss from the transfer of oil stocks The loss referred to a "book debit" — a reflection of the Strategic Fuel Fund's conservative accounting policy and not its efforts to pilfer state oil

After the parliamentary lashing, which followed a series of snipes by Maduna's office in the press, Kluever's office decided against a public rebuttal — a decision he insists should be interpreted as cautious, not timid

"I am not reluctant to take on anybody," says Kluever "It is easy enough to make enemies and we try not to If push comes to shove we will The problem is then you have made a more or less permanent enemy of the guy I had that with the previous government too "

Kluever's office has openly slated financial mismanagement in both the national and provincial government He is reluctant to finger the worst managed province. "But I can give an idea of some of the front runners in the competition the Eastern Cape, the Northern Province The front runners for the best-run provinces are Gauteng and the Western Cape "

In his address to Parliament on the national government's1995/96 accounts, Kluever said he had "serious doubts" about 22 departments' accounts Highlights of his critical tour of government's shoddy financial mismanagement included R58-million in unauthorised expenditure at the Departmentof Health, which included R10-million on the *Sarafina II* Aids play



Henri Kluever: Colour-blind auditing system
PHOTOGRAPH, SIDDIQUE DAVIDS

Kluever, who was appointed for a seven-year term in 1993, is keen to emphasise the similarities between his treatment by the old government and the new But he says "It is my impression that the new government has not been enjoying this criticism, to put it bluntly I am not sure if the displeasure is increasing, but it would seem so from some "

He agrees Maduna's attack is the most significant yet "I am not immune to it I still get all tensed up about it If it becomes too general an attack on the attorney general's office then I will have to take the government on and ask, do you want first-class auditing or don't you? If government does not like the reporting that results from applying those standards then they must tell me what they want "

The key difference between the auditor general's status under the old and new regimes is that it, and other watchdog bodies like the public protector, are protected by the Constitution The Constitution says these institutions "must be impartial and must exercise their powers and perform their functions without fear, favour or prejudice" It also says, "Other organs of state, through legislative and other measures, must assist and protect these institutions to ensure the independence, impartiality, dignity and effectiveness of these institutions " Considering the paltry state of political opposition, bodies like the auditor general are key checks on unframmelled African National Congress rule

Kluever says he has already sought informal legal advice on Maduna's attack and will probably seek formal counsel

"I assure you we will not take it lying down What I am doing is following due process I did report fully to the [parliamentary] audit commission and they have to meet now."

Kluever is reluctant to discuss tensions between his predominantly white office and the government in the context of an old guard-new guard struggle

"The thing that is furthest from the mind of a financial technician like myself is politics I try to understand it. There is only one world and there is only one auditing standard that applies. So the fact that you are white or brown or black makes no difference You are going to apply those standards and you are going to get those results "

Kluever says his office's report on the Mpumalanga housing scandal — which involved friends of Minister of Housing Sankie Mthembi-Mahanyele — will contain no political comment. He says the report, due out shortly after Parliament reconvenes, will refer to any relationships that could have influenced due process, but that it will go no further So he is unlikely to say anything about the role of director generals as whistle-blowers In the Mpumalanga case, former housing director general Billy Cobbett alerted Kluever to the deal — which involved the granting of a R200-million housing contract to an unknown company run by the housing minister's friend — and subsequently lost his job

But Kluever has no immediate plans to take early retirement "I feel I am making a contribution to making the new South Africa work As long as I have that feeling I am prepared to stuck it out " He does add, rather swiftly, "I have got 29 months to go"