



ISSUED ON BEHALF OF THE ASSOCIATION FOR MONITORING AND ADVOCACY OF GOVERNMENT PENSIONS (AMAGP)

Cape Town
19 March 2021

MEETING OF STANDING COMMITTEE ON FINANCE (SCOF) 17 MARCH 2021.

**Was this performance by Independent Media and AYO at SCOF necessary?
Advisable?**

The Association for Monitoring and Advocacy of Government Pensions (AMAGP) exists to protect the interests of current and future civil service pensioners. This association is apolitical and does not wish to be involved in political matters. It is, however, a matter of concern if it appears that the Minister of Finance is involving himself in matters concerning GEPF pensioners in a manner which might lead to an incorrect impression being created - as we explain in this media release.

According to media reports, Finance Minister Tito Mboweni suggested in December last year that Dr Iqbal Survé's companies be invited to meet the parliamentary Standing Committee on Finance (SCOF) to discuss the disputes between his companies and the Public Investment Corporation (PIC).

He was reported as saying:

"I think that maybe this committee should invite the chair of AYO and Sekunjalo ... to have a conversation on how these arrangements were made. But I think it would be very wrong of us to tarnish the reputation of the whole of AYO or Sekunjalo organization based on this. I think it would be unfair..."

AMAGP then warned that this was wrong in principle and perhaps unwise in law because the disputes between the Survé-associated companies and the Public Investment Corporation are the subject of ongoing litigation – the PIC is seeking the liquidation of Sekunjalo Independent Media in an effort to recover about R1,5 BN and wants to recoup the R4.3 billion rand investment in AYO.

We were of the opinion that politicians should steer clear of matters concerning court cases especially if the cause of action falls within their portfolio. We are still of the same opinion bearing in mind that Mr Mboweni - as Minister of Finance - is in overall charge of the PIC, a party in the litigation. The Minister is also the responsible Minister for the Government Employees Pension Fund on whose behalf the investments in Sekunjalo Independent Media and AYO Technologies were made and which now forms the basis of the current and continuing litigation. Whatever the outcome of the court cases may be, the matter will eventually and inevitably land on the Minister's table in one form or the other.

It would therefore appear that, by suggesting this invitation, the Minister was trying to sit on two chairs simultaneously. Listening to the representatives of Sekunjalo and AYO at the

meeting of SCOF it would appear that they grasped this opportunity to propagate new conspiracy theories while singing their own praises.

Furthermore, they utilised the opportunity to continually stress the fact that the invitation had come from the Finance Minister, something that is causing concern among government employees and civil service pensioners.

The reactions of the PIC and Treasury at the SCOF meeting were telling.

Both wisely did not contribute much to the debate - the PIC's Mr Abel Sithole said: "I would like to say to the committee... there have been a number of factual assertions we are not able to respond to at this time."

National Treasury Chief Director Unathi Ngwenya said: "We appreciate the information shared with the committee. A lot of it, its new how it is conveyed in this perspective and we will relay this to our principals for... consideration. Thanks,"

The fact is that, except for new conspiracy theories, Dr Survé and his executives conveyed nothing new and did not respond at all the Mpati Commission's concerns – which was, after all, the reason the meeting was called.

Do they now fall into the trap of regarding these conspiracy theories to be facts?

Regarding the Sekunjalo Independent Media's constant claims that the Mpati Commission exonerated Dr Survé and his companies, the Commission's final report, made available to the public a year ago, inter alia made the following recommendations to the Public Investment Corporation in the context of his companies:

67. The Sekunjalo Group investments showed a marked disregard for PIC policy and standard operating procedures.

68. Proper governance was absent or poor, and risk identification processes were downplayed by looking for risk mitigants to make sure the deals were approved.

69. Due diligence reports highlighting issues around independence of Board members, policies to be implemented etc. were not followed up by the PIC to ensure implementation post the deal being approved and monies having flowed.

70. The "close relationship" between Dr Matjila and Dr Survé created top down pressures that the deal teams experienced to get the requisite approvals.

71. Board members within the Sekunjalo Group of companies are not independent. Some board members are related to Dr Survé, are long-serving employees, long-time friends or are non-executive directors on other Sekunjalo Group company boards and dominate the board seats in those companies. Independent non-executive directors are in the minority on the boards of AEEI and Ayo.

72. In the light of the above, the Commission recommends that the PIC must conduct a forensic review of all the processes involved in all transactions entered into with the Sekunjalo Group and ensure that the PIC obtains company registration numbers of every entity in the Sekunjalo Group to be able to conduct a forensic investigation as to the flow of monies out of and into the Group.

73. It is further recommended that the PIC must ensure that all pre- and post-conditions for all investments made, not just those in the Sekunjalo Group, have been

fully met and implemented, and that effective processes and systems are in place to properly monitor investments post disbursement.

74. Steps must be taken to recover all monies with interest due to the PIC, especially where personal or other sureties was a precondition to approval of the investment.

75. The PIC must also determine the future role, if any, of the PIC in all of the transactions with the Sekunjalo Group, to protect the interests of the PIC and its client; and review all aspects of the transactions entered into with the Sekunjalo Group to determine whether any laws or regulations have been broken.

76. It is also recommended that the PIC reviews its internal processes, including its standard operating procedures, together with the DoA, to determine responsibility and culpability, and to consider whether there are grounds for disciplinary, criminal and/or civil legal action against any PIC employees or Board members, current or previous.

77. The Commission recommends that the Regulatory and Other Authorities should consider whether any laws and/or regulations have been broken by either the PIC and/or the Sekunjalo Group; determine what legal steps, if any, should be taken to address any such violations; and assess whether the movement of funds between accounts, as indicated above, was intended to mislead/defraud investors and/or regulators.

CONCLUSION

We wish to emphasise that we have no interest in the politics of the matter or whether Dr Survé and his employees are or are not people of integrity.

What AMAGP is interested in is the huge losses our pension fund is suffering.

As members of the Government Employees Pension Fund whose pension money has and is being squandered by Dr Iqbal Survé and the companies linked to him, we perceive the sympathies of Minister Tito Mboweni to lie with Sekunjalo Independent Media and AYO and not with the current and future pensioners whose interests he is mandated to represent.

What is equally disturbing is the fact that the Board of Trustees of the GEPPF, who are entrusted with the guardianship of the our pension funds, was not invited - even as observers – to the Standing Committee on Finance meeting in parliament on 17 March.

This needs to be explained.

END

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