

MEDIA STATEMENT

THE MINERALS COUNCIL SOUTH AFRICA ENDORSES THE RECOMMENDATIONS IN THE STATE CAPTURE COMMISSION'S REPORT AND URGES SPEEDY IMPLEMENTATION OF THE MEASURES TO STOP AND ROOT OUT CORRUPTION IN PUBLIC AND PRIVATE SECTORS

Johannesburg, 6 January 2022. The Minerals Council South Africa endorses, and urges, the speedy implementation of the recommendations made in the first of three reports by the Commission of Inquiry into State Capture to prevent endemic and corrosive corruption in organs of the State and within the private sector.

The Minerals Council's members have, like the rest of the country's citizens and businesses, endured the consequences of years of unfettered fraud and corruption within the State and its entities, most notably Eskom, the monopoly electricity provider, and the rail and port operator, Transnet.

"The evidence regarding events at Transnet, Eskom and SAA present a scarcely believable picture of rampant corruption," the report states.

Bulk commodity exporters have, for example, experienced an opportunity cost of at least R30 billion because of the inability by Transnet to provide a contracted service to deliver iron ore, coal, chrome and manganese to the ports. The reasons given by Transnet include crime on its rail network, which speaks to ineffectual policing by the State on a strategic national asset, and the difficulties to procure spares for locomotives bought in a multi-billion-rand programme cancerous with corruption. The first report from the Commission touched on the locomotive procurement project and clearly found irregularities, the consequences of which the mining industry and other exporters and importers are now struggling with daily.

Of particular frustration for the Minerals Council is the lack of accountability and consequence management of years of wilful neglect, corruption and mismanagement for personal gain of the players involved in these acts because of deliberate inaction by the organs of state intended to uphold the rule of law.



“We trust the recommendations made in this report, and the others which will soon follow, will result in speedy and appropriate legal and prosecutorial actions taken against those political leaders, government ministers, CEOs and the leadership of state-owned entities, and officials in government departments who caused such egregious damage to the country, its people and its economy through their corrupt activities,” says Roger Baxter, CEO of the Minerals Council.

“What they did is tantamount to economic sabotage, and they must face the consequences on a much more urgent basis if South Africa is to restore trust and faith in the Government and its structures at this very difficult time for the economy. The recommendations in this report will go a long way towards doing that, but we cannot afford to wait much longer. Urgent implementation is key,” he says.

Billions of rands worth of production in the mining industry has been lost since 2008 when the inability of Eskom to provide consistent, competitively priced electricity was in clear evidence. The Commission's report details the level of malfeasance at the entity.

These opportunity costs have deprived the fiscus of billions of rands that could have been spent on education, health, security, and infrastructure, enabling the creation of strong, capable public and private sector entities that put the interests of its people first by fostering inclusive economic growth.

The first report handed to President Cyril Ramaphosa on Tuesday evening by Commission Chairman Raymond Zondo made ten clear recommendations that have the support of the Minerals Council.

The Minerals Council urged President Ramaphosa to implement those recommendations with all possible haste to prevent further corruption and maladministration that have become the hallmarks of South Africa. Corruption is one of the key factors preventing vital local and foreign investment that is needed to grow the economy and to stimulate job creation.

The State spends R800 billion a year on procurement of goods and services, making it a ripe source for fraud and corruption. Tighter, smarter controls and mechanisms must be established to ensure this does not happen again to the extent it has in South Africa. Evidence presented at the Commission showed a link between the corrupt granting of tenders and political party financing.

The Minerals Council gives unreserved backing to the establishment of a National Charter Against Corruption, which the Commission recommended be endorsed by all sectors of society as the first step towards restoring broken trust in the State through the incorporation of a standardised Code of Conduct adopted by all layers of the government and its entities, political parties, business organisations, listed companies, organised labour and others.

The recommendation goes further in wanting the Charter to be given legal status and effect by an Act of Parliament, with all people and companies tendering or contracted to supply the Government with goods and services signing an agreement to uphold the Charter and its Codes of Conduct.

The second recommendation of the formation of an independent anti-corruption agency that is free of political interference and appointments and does not rely on ministerial budget allocations or government oversight is a bold -- and overdue -- step to address fraud and corruption within the Government and private sector.

Funding for the agency would come from a parliamentary allocation, as well as a levy imposed on all public tenders, to fund the work of units engaged in inspections, litigation, court and appeals.

The Commission went on to recommend the protection of whistle blowers, and the introduction of legislation to introduce deferred prosecution agreements along the lines of those in the UK and US to deal with corrupt companies in an efficient way that does not stretch an overtaxed prosecutorial service. Companies that fully cooperate with authorities by self-reporting criminal activities can either pay a fine or are subject to remedial action to defer or avoid prosecution subject to agreement from the Tribunal of the anti-corruption agency. However, people who engaged in those criminal activities would still be investigated and prosecuted.

This is a critical and welcome step to address corruption in the private sector, which has flourished in step-time with fraud and corruption within the Government.”, says Baxter.

The Commission’s other recommendations include:

- The creation of a procurement officers’ professional body
- The enhancement of transparency
- Protection of accounting officers/authorities acting in good faith

- Amending the Prevention and Combatting of Corrupt Activities Act
- Amending the Political Party Funding Act
- Enacting legislation to centralise public procurement, harmonise procurement legislation.

Regarding the Commission's tenth recommendation, the Minerals Council does not support the centralisation of government procurement. Rather, procurement must be governed by clear rules and with strict accountability and consequence management, but at the same time, it must not delay the procurement of critically required spares in the rail, port and electricity sectors.

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