

30 October 2018

Dear Susan

Please find attached response to your query.

Molelwane Consulting CC started operating 20 years ago (1998), providing services in the Accounting, Tax Consulting, Advisory and Financial Services spheres. As an accounting and finance professional and a long-standing activist I did pursue entrepreneurial activities before I was a public representative. Over the years, Molelwane Consulting built skills base ranging from Business Process re-engineering, consulting and ICT. The firm further did business in partnership with other large companies ranging from auditing firms, large consulting firms and ICT firms. This included Molelwane Consulting having a wide-range of clients in the non-governmental, public and private sectors. Client included companies operating in the asset management, pension administration, energy, petroleum and ICT sectors.

Molelwane Consulting's agreement with Regiments was to explore business opportunities on mutual areas of interest and for Molelwane Consulting to provide advisory services within its areas of expertise. This was also done with a view to build capacity in other areas where Regiments had deep skills over time. The agreement also included exploring opportunities in all sectors of the economy.

There was never a conflict of interest as the term of Molelwane agreement with Regiments on the first Sinking Fund would have lapsed in January 2011 the year I took public office. Molelwane Consulting didn't continue providing services to Regiments on the second contract as it did not participate in the RFP. Further to this, I declared all my private business interests upon taking public office as required by law.

In addition to this, I subsequently resigned as a Member of Molelwane Consulting and Director of all other companies in November 2011. This was in line with my decision to use my skills as a public representative. I also made a commitment to the Mayor of the day and the ANC when I was appointed MMC that I will unwind my interests and resign all my directorships.

Political office bearers are by law precluded from participating in procurement processes hence I

couldn't have been involved in "overseeing the renewal of the Sinking Fund contract". The same restrictions/limitations would have applied to "investigating Colourfields allegations" as you may be aware that the matter went to court.

Regarding the Vox, each member was expected to contribute as part of capital raising. I didn't make such a contribution as the transaction never materialised.

As non-governmental organisation, the African National Congress, like any other political party, depends on donations to run its affairs. As leaders and members of the organisation, we are expected to participate in fundraising efforts to help the organisation with the running of its operations. Where possible, individual members can also contribute their own resources, in person or through their businesses, to help with the running of the organisation.

Regards

Geoff Makhubo

Dear Susan

This is with reference to your follow up questions. Molelwane Consulting entered into an agreement with Regiments Capital which, clearly stated that “the parties have been in discussions regarding working together in a strategic and mutually beneficial commercial relationship in jointly pursuing various fund management and financial advisory services within primarily the public sector in South Africa.” The agreement was to explore business opportunities on mutual areas of interest including for Molelwane Consulting to provide advisory services in our areas of expertise with a view to build capacity in Assets-Liability Management overtime.

Pursuant to our agreement, Molelwane worked with Regiments Capital on the opportunity to respond to the COJ RPF to design, structure, establish and manage a Sinking Fund.

Molelwane Consulting had an agreement to provide services to Regiments Capital and not any other entity. The agreement was between the two parties. The clauses of the contract were very clear, commercial and had no other meaning as suggested. Molelwane Consulting started operating in 1998 and not as an influencer broker. Any suggestion otherwise, particularly of impropriety or corruption in the relationship between Molelwane and Regiments is without basis.

The entity was only involved in the first Sinking Fund contract and no other business with Regiments Capital at the end of that contract. I do not recall receiving an instruction nor acting on any instruction from Regiments Capital beyond our contractual agreement. Furthermore, I have never been involved in procurement processes therefore I wouldn't know how a bidding party would derive a sense or feeling of surety.

I did not introduce Mr Teboho Makhubo to Regiments neither was I aware of any of his probable business dealings with Regiment Capital and hence I wouldn't know the details of their agreement if any was concluded.

I tendered my resignation as a Member of Molelwane Consulting in November 2011. This was in line with my decision to use my skills as a public representative. I also made a commitment to the Mayor of the day and the ANC when I was appointed MMC that I will unwind my interests and resign all my directorships. All this was done in November 2011. This was to deal with real or potential conflict of interest. I have from the time of joining COJ, always disclosed and declared my business interests. My wife's business interests have been fully disclosed in the City's register of interests.

As indicated in my previous response, leaders and members of the organisation are expected to participate in fundraising efforts to help the organisation with the running of its operations. Where possible, individual members can also contribute their own resources, in person or through their businesses, to help with the running of the organisation. Molelwane Consulting was a commercial entity and not a fundraising vehicle for the ANC but would from time to time contribute to the ANC.

In my capacity as a former executive member of Molelwane Consulting I can emphatically state that all my dealings and the operations of the company have been ethical and in accordance with strict corporate governance. I am satisfied that I have always complied with all relevant laws and regulations relating to ethical practices. This is no different as an office bearer of the ANC and during my tenure as the MMC of Finance in the City of Johannesburg.

**Thank you once again for providing me with the opportunity to respond.**

This is with reference to your follow up questions.

Molelwane Consulting entered into an agreement with Regiments Capital which, clearly stated *that “the parties have been in discussions regarding working together in a strategic and mutually beneficial commercial relationships in pursuing various fund management and financial advisory services within primarily, the public sector in South Africa.”*

Pursuant to our agreement and as part of the relationship, Molelwane Consulting worked with Regiments Capital on the opportunity to respond to the COJ RPF A148 to design, structure, establish and manage a Sinking Fund. Each party to the contract had specific roles and responsibilities. Part of Molelwane Consulting’s responsibilities was to analyse and understand the City’s capital expenditure requirements, capital raising needs, appetite for different funding mix and a broad funding direction, as would’ve been outlined in the municipality’s Integrated Development Plan and official public statements of the municipality’s objectives such the State of the City Address and Budget speeches.

We wish to reiterate that Molelwane Consulting had an agreement to provide services to Regiments Capital and not any other entity. The contract stated without contradiction that this was a commercial agreement between the two entities and had no other meaning as suggested in your questions.

There are no merits to suggest that a risk based remuneration agreement would be solely based in “exchange for maintaining strategic relations.” That’s a very narrow and simplistic way of looking at it. Once an agreement has been entered into, it naturally becomes the responsibility of all parties to the agreement, without exception, to build and maintain relations with the client. There’s absolutely nothing peculiar with that.

Molelwane Consulting started operating in 1998 as a financial consulting company with clients in various sectors and not as an influencer or broker of relationships. Any suggestion otherwise, particularly of impropriety in the relationship between Molelwane Consulting and Regiments Capital is far-fetched and without basis.

Molelwane Consulting’s partnership with Regiments Capital was only based on the first Sinking Fund contract. No other business was done with Regiments Capital after the contract lapsed. I never received any instruction nor act on any instruction from Regiments Capital beyond our contractual agreement. I have no recollection of the so-called “cheat sheet” and the issues raised have nothing to do with neither Molelwane nor our agreement with Regiments Capital.

As stated previously I tendered my resignation as a Member of Molelwane Consulting and other business interests in November 2011 (See attached letters). This was in line with my decision to utilise my skills as a public representative. I also made a commitment to the Mayor of the day and the ANC when I was appointed to the position Member of Mayoral Committee that I will unwind my interests and resign all my directorships. All this was done in

November 2011. Subsequent to that the office made follow ups and confirmation was received that my resignations have been noted and processed.

This was to deal with any real or perceived/potential conflict of interest. I have, from the time I assumed my responsibilities at the City of Johannesburg, always disclosed and declared my business interests as required by law. I have continued to disclose all companies I was part of since 2011 in order to err on the side of caution.

My wife's business interests have been fully disclosed in the City's CONFIDENTIAL register of interests. I have written to the Integrity Commissioner in this regard to enquire why they gave incorrect information on your direct enquiry

Molelwane Consulting's earned fees from the partnership with Regiments Capital were as per our agreement as previously stated. I unfortunately I haven't had the opportunity to do a reconciliation of the actual total earnings to Molelwane Consulting given the limited time, as these would date back 12 years ago.

I trust you find my response helpful for your assignment.

Regards

Geoff Makhubo

**Thank you once again for providing me with the opportunity to respond.**

I note the additional 4<sup>th</sup> and 5<sup>th</sup> set of questions sent. I would like to reiterate that I have replied to the questions and provided requisite clarity.

I have known one of the directors of Regiments professionally since the late 1980s and early 1990s.

I hope our

Regards

Geoff Makhubo.