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PRESS CONFERENCE BY MAJOR-GENERAL BANTU HOLOMISA, MP, PARLIAMENT, CAPE TOWN, 16 FEBRUARY '95, AT 11:00

You will recall that on or about August/September last year a certain Mr Mpambani of the Eastern Cape government claimed that the then Military government of Transkei, had left behind a deficit or overdraft of +- R300 million and that his government was to have conducted a judicial commission of Enquiry. I welcomed it and pledged to cooperate with it. At the time I advised the (EP government) to check the financial transfers by Pretoria to Transkei. I again early this year on 8 January challenged the said government to go ahead with the promised enquiry, but nothing has happened to date.

In the meantime the media is making their own conclusions around the previous leadership of the then Transkei, as well as it's civil servants. A game if not stopped, can easily lead to the prejudicing of the Transkei government's employees.

Seeing that there is no progress in this regard, I have decided to call this Media Conference to answer any queries you might have, as some of you suggested that I mismanaged the affairs of the then Transkei, which led to the deficit.

The then Transkei government was run on an overdraft as early as 1976. I guess that even the then National Party Pretoria government did have deficit projections before borrowing. We have never heard people accusing Deputy President De Klerk for his then overdraft. He is now comfortable in President Mandela's Cabinet. During the recent Cabinet "Bosberaad", the Deputy Minister of Finance, Mr Erwin briefed us that the debt alone which the Government of National Unity (GNU) inherited from previous government, stand between R 220 billion and R 230 billion. When I posed a question as to whether his department can unpack the said debt, I did not get a yes answer. However I recorded my concern. I made it clear to the meeting that it is not ethical to expect the present government to service a debt whose details are not even known by the highest decision-making body. Obviously we should know where and how the money was borrowed and for which purpose. I further said - what if part of the borrowed money was used for CCB activities and many others, including the so-

called De Kock settlement by the NP government. I finally added that it would not be moral on behalf of the ANC led government in the event that some of the monies borrowed were used for CCB and counter-insurgency activities. If the Government of National Unity is serious about the transparency principle, it should investigate the said debt. The ANC is being accused of not delivering her promises, yet the main opposition party is shy to tell South Africans that the priority of the GNU is to service their debt, which the ANC inherited from them.

Coming back to the +- R 300 million overdraft, I do hereby confirm that according to the Transkei Cash-flow Projection of 1994/95 Financial Year, as was printed out in January 1995, the closing balance as at end of July was R 307425 million (deficit). The same printout will show that at the time Holomisa and his colleagues left office in May last year, the closing balance on deficit was R 44148 million.

Deputy Minister of Finance, Mr Erwin, did personally investigate the Transkei's cash flow and has told me that some of the monies were never transferred to Transkei and that the region was terribly underfunded by the NP government. He asked me how we were managing. Almost all South African newspapers and Radio stations carried my pleas to the South African government to address the backlogs and imbalances in areas like hospitals, clinics, roads etc. Instead the already approved projects for Transkei were frozen as early as 1989. The KEOSSA projects which the Foreign Affairs department of South Africa managed, would have helped in upgrading our infrastructure.

It was as if Pretoria realised their mistake - by December 1994, according to the printout, the closing balance of the Transkei region's deficit was R 98 million. I thought I should brief you on these matters whilst waiting for the promised Enquiry - I hope as from now on you will have a better picture when you print my name alongside the likes of people who were operating the Trust Institution.

The Transkei overdraft has been fluctuating for many years. The average has been around R 30 million or R 47 million when books are closed. It is not a Holomisa government's own making. Matanzima, Sigcau, Botha, De Klerk will conform this as they observed Transkei's budget for many years either as Heads of Government or Cabinet Ministers.

President Mandela during his recent trip to the Eastern Cape told the media that the former Transkei government officials had stolen millions if not billions of Rands. Obviously the President must have been briefed by his officials. However the allegations made by the President can never be regarded as a last word on this matter until an investigation has tabled its findings. For the Sunday Times to use that statement against me is not going to hold water until President Mandela's remarks have been tested in a judicial commission of enquiry.

When it comes to dealing with corruption related cases in the then Transkei, I left that exercise to courts and investigation teams - composed of Transkei's Police and Senior Advocates from South Africa at the time - i.e. Advocate Finely, Advocate Locke and Advocate Barrat. Their investigations led to a number of prosecutions. The fate of all those involved was decided by our judicial system, which was completely independent. However there were frustrations especially cases which involved big fishes in this country, like Sol Kerzner. I hope that when we in government are implementing the President's campaign on a cleanup crusade - we will first deal with these straight forward pending cases.

In Parliament this year, I will be tabling facts and figures on how millions of Rands was corruptly used by the NP government, and I would expect that a Government of National Unity will come up with a programme of action after I have tabled my statement or report.

Parliament and Government should approach the question of corruption holistically, not in a piece-meal manner. At the end you will realise that the Mother of all corruption and mismanagement and violence was the apartheid government. Therefore no meaningful investigation will emerge if we concentrate on former homelands and ignore the former NP government. The norms and standards applied by it when distributing financial resources to homelands must form part of any investigation. Then you will know why the infrastructure of some of these areas are lagging far behind. The then Chairman of the RSA/Transkei - Joint Financial Adjustment Committee, Mr Richte of BDSA will confirm the financial strangulation. I am sure even the auditors we were using at the time to audit our books would confirm that only 10% of our budget was approved by Pretoria for capital projects, 40% for running costs and 50%

for salaries. (Aiken & Peat, Coopers & Lybrandt, Filtane & Nkonki, De Loitte & Touche, Ernst & Young, Nkuhlu Auditors and many others) who assisted our own auditors.

I will now take questions from you.

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