

# Government allowed to recover R1.125bn from Absa

Government is allowed to recover R1.125 billion in misappropriated public funds from Absa Bank and its predecessor Bankorp.



© olegdudko – [123RF.com](https://www.123RF.com)

This follows a proclamation by Public Protector Busisiwe Mkhwebane on Monday when she released a report into misappropriate use of public funds pre democracy.

The Public Protector investigated the matter after the complainant, Advocate Paul Hoffmann, alleged that government and the Reserve Bank failed to implement the recommendations by UK-based asset recovery agency, Ciex, and to recover the money from Bankorp Limited, which eventually becomes a part of Absa, without providing reasons to that effect.

The Ciex report alleged that R24 billion was unlawfully given out to Bankorp from 1985 to 1992 by the Reserve Bank (as a “lifeboat”/gift). It then provided Absa with a further R2.25 billion in bailouts from 1992 to 1995.

Briefing the media in Pretoria on Monday, Mkhwebane said the two investigations into the matter established that the financial aid given to Bankorp/Absa was irregular, but the correct amount attributable was R1.125 billion.

Mkhweban said Ciex was paid 600,000 British pounds for services which were never used by government. No evidence could be found that any action was specifically taken in pursuit of the Ciex report.

“The amount given to Bankrop/Absa Bank belonged to the people of South Africa. Failure to recover the ‘gift’ resulted in prejudice to the people of South Africa as the funds could have benefited the broader society instead of a handful of shareholders of Bankorp/ABSA Bank.”

The public protector report found that the failure by government and the Reserve Bank was inconsistent with the Constitution and it constitutes improper conduct and maladministration.

“The South African Reserve Bank in granting the financial aid failed to comply with section 10 (1) (f) and (s) of the South African Reserve Bank Act No.90 of 1989. The Ministry of Finance had a duty as obliged by section 37 of the South African Reserve Bank Act of 1989... this failed to adhere to section 195 of the Constitution by failing to promote efficient and effective public administration.”

Some of Mkhwebane remedial action include that the Special Investigation Unit re-open the case and recover the funds which she said were given unlawfully to Absa.

“The public protector refers the matter to the Special Investigating Unit ...to reopen and amend the proclamation R47 of 1998 published in the Government Gazette dated 7 May 1998 in order to recover misappropriated public funds unlawfully given to Absa in the amount of R1.125 billion and to investigate alleged misappropriated public funds given to various institutions as mentioned in the CIEX report,” Mkhwebane said.

The Public Protector said the Reserve Bank must fully cooperate with the SIU and also assist it in recovering the funds.

Another recommendation is that the Portfolio Committee on Justice must initiate a process that will result in the amendment of section 224 of the Constitution to emphasize that the Reserve bank must promote a balanced and sustainable economic growth, while ensuring that the wellbeing of the citizens are protected.

For more, visit: <https://www.bizcommunity.com>