CORRUPTION
Bigger than Nkandla

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To be sure, if South Africa is to tackle the many ills that afflict it and thrive socially and economically, corruption needs to be combatted much more successfully than is currently the case. A comparison of any development and corruption indices proves an indelible correlation between the levels of corruption in a given country and the well-being of its citizens. The more corrupt a country is, the poorer, sicker, underdeveloped and unsuccessful its people are. Lower levels of corruption are tied to higher levels of advancement, better mortality rates and a higher quality of life. If left unchecked, corruption erodes public confidence in the country’s institutions as well as investor confidence, poisons the business climate and fosters despair. It menaces the very survival of the state.

It should therefore be a great cause for concern that South Africa’s 2014 rating in Transparency International’s Corruption Perception Index was an unsatisfactory 44 out of 100 (with 0 indicating a perception that a country is highly corrupt). South Africa ranked 67th out of 175 countries – with Denmark claiming top spot as the least corrupt country and Somalia and North Korea having the dubious honour of sharing the 174th position. Although South Africa is not in the bottom half, it finds itself in disreputable company in this index.

Other less-developed African countries such as Namibia, Ghana, Lesotho and Rwanda achieved better scores than South Africa. The 2013 Afrobarometer report on corruption in Africa showed corruption increased considerably in South Africa between 2002 and 2012. Moreover, exactly half of the South African respondents said most or all of their government officials are corrupt. Quantifying the exact extent of graft in a given country is a notoriously difficult exercise, but according to the Institute of Internal Auditors of South Africa R700 million was lost due to corruption during the two decades following the dawn of democracy.

There are a myriad of definitions for corruption, but in this report the following simple yet comprehensive Oxford Dictionaries definition will apply: “Dishonest or fraudulent conduct by those in power, typically involving bribery.” With this definition as a guide and drawing on various media sources and indices, ten case studies will be analysed. In tenth place is the infamous Nkandla debacle whilst nine other institutions or cases outrank it in terms of the scale, seriousness and pervasiveness of their corruption.
Corruption and financial irregularities are rife within local government and has a dire impact on the lives of communities. As government’s interface with the public, officials that irregularly spend, solicit or waste much-needed and precious resources are diverting them away from essential service-delivery functions and local economies.

In 2013, Corruption Watch declared local government to be the most corrupt institution in the country. Between its launch at the beginning of 2012 and January 2013, a quarter of all tip-offs to this watchdog involved corruption at municipal level. Samwu spokesperson Tahir Sema says local government “is riddled not only with financial woes, but also with corruption, maladministration and a lack of accountability”. Corruption Watch spokesperson Bongi Mlangeni summarises it perfectly: “We receive too many reports about maladministration, mismanagement of public funds and abuse of resources by officials at local government levels. It seems there is a need to rethink how systems of accountability can be applied at these levels.”

The Auditor-General’s latest round of audits (2013-14) revealed alarming levels of supply chain management (SCM) irregularities, a primary driver of irregular spending and a common form of corruption in South Africa. For instance, more than two-thirds of the municipalities and over 40% of the municipal entities had material SCM findings. Moreover, 304 awards were made to suppliers at 72 auditees (22%), totalling R60 million in which employees and councillors had an interest. A total of 189 employees, 21 councillors and 198 suppliers benefitted. This is a regression from the previous year’s 55 auditees. The AG adds the following: “At 113 auditees (35%), the municipal manager and council did not investigate the irregular expenditure of the previous year to determine if any person was liable for the expenditure. Consequently, it was not determined whether the irregularities constituted fraud or whether any money had been wasted.”

The Solidarity Research Institute’s own research on municipal affairs have since 2013 reported large-scale irregularities and corruption in many municipalities. Municipal managers, chief financial officers and mayors in numerous municipalities around the country have, with impunity, siphoned off millions meant for serving the need of residents. Moreover, these instances are merely the cases reported in the media and do not fully encapsulate the many transgressions that go unnoticed and unpunished, especially in rural municipalities in provinces like the Free State, Limpopo and North West. Reports received by Corruption Watch confirm that corruption is indeed high in rural areas, with 42% of the complaints on local government coming from small towns.
Tenderpreneurship

Masked as a way to empower previously disadvantaged businesspeople, tenderpreneurship has become one of the most deleterious banes of the new South Africa. It is completely systemic, it has degenerated into unalloyed cronyism and is costing the economy billions each year. In its most basic form, tenderpreneurship involves government employees colluding with politically-connected people, as well as family members and friends of politicians, in order to flout supply chain management (SCM) procedures with the aim of winning tenders from the state. The price of the tender is usually grossly inflated and certainly not the most competitive. Both parties usually gain from this highly irregular and corrupt practice as those awarding the tenders are paid kickbacks from those being awarded the highly lucrative contracts. The biggest losers are the taxpayers, who invariably pay excessively for, and consume, inferior products and services rendered by venal tenderpreneurs. Sometimes these products and services are not even rendered at all.

The Auditor-General (AG) highlights some of the egregious abuses taking place at provincial and municipal level under the banner of tenderpreneurship. For instance, irregular expenditure of R2.429 billion was incurred by 17 auditees in the Free State during 2013-14. It was mainly caused by non-compliance with SCM requirements. In KwaZulu-Natal, irregular expenditure worth R4.32 billion was incurred owing to goods and services received despite SCM processes not being followed. In Limpopo, irregular expenditure almost doubled from R2 million to R3.5 million between 2012-13 and 2013-14, and the main contributor was non-compliance with SCM procedures. Every provincial administration in the country contravened the prescribed SCM procedures during 2013-14.

Forty-five percent of municipal auditees did not invite three written quotations for procurement below R200 000 during 2013-14 and the deviation was not approved, or the approved deviation was not reasonable or justified. Nearly 60% of the auditees had material findings concerning uncompetitive and unfair procurement processes and these findings were also the main cause of the irregular expenditure of R1 351 million.
Tshwane Prepaid Meters

What seemed like a wise measure aimed at combating the non-payment of electricity in the City of Tshwane, was exposed as an exceedingly expensive and corrupt imbroglio. The DA equated it to eight Nkandlas and it is yet another example of the nefarious and noxious nature of tenderpreneurship.

Following a flawed tender process that saw the dubious PEU Capital become the successful bidder and an initial roll-out process, Tshwane abruptly cancelled the controversial contract in May 2015. Amongst other charges, one of PEU’s subsidiaries, Masana Technologies, was responsible for Johannesburg’s recent billing crisis. Tshwane had paid PEU a gargantuan R830 million between October 2013 and May 2015 to install 800 000 meters and manage the project for eight years. At the time of cancellation, only 12 930 meters had been installed while PEU was required to install more than 435 000 during the first two years – a target it was highly unlikely to achieve. Cilliers Brink, a DA councillor in the Tshwane council, said the PEU deal would shift the responsibility for prepaid metering from “unreliable comrades in government to unreliable comrades in business, while we all end up paying more”.

Asked about the reasons for the cancellation, the Metro merely stated that it got too expensive and it blamed AfriBusiness, the business watchdog of the Solidarity Movement, for undermining the roll-out of the meters. AfriBusiness launched a court bid to halt the installation of the meters and declare the contract invalid on the grounds that the tender process was flawed. According to Willie Spies, representing AfriBusiness, the termination was just as corrupt as the agreement itself. He said according to reliable sources the Metro was planning to keep paying PEU R3 million per day (R800 million) after the cancellation of the agreement. “This means that the cancellation of the agreement will be even more harmful than the maintenance thereof,” Spies said in a statement.

Soon after the cancellation of the contract, the bidding process was reopened and Tshwane mayor Kgosiemtso Ramokgopa told a press briefing that PEU would again be able to tender.
Corruption in the police is a very serious matter as issues of justice and accountability are at stake. Cash-flush criminals could bribe police officers to thwart cases against them while poor people are denied justice as they simply do not have the means to pay police officers to do the work they are supposed to do as a free public service. If the police become sufficiently corrupt, the country’s social fabric could fray and we are on our way to becoming a failed state.

According to Transparency International’s Global Corruption Barometer (GCB) for 2013, more than a third (36%) of people said they had paid a bribe to police officers in the previous year and 83% said the police were corrupt. In 2012, a survey by the Human Sciences Research Council (HSRC) – assisted by the South African Social Attitudes Survey (SASAS) – showed two-thirds of South Africans believe police officers are the most corrupt government officials. Home Affairs officials trailed badly in second place with only 38% – nearly half of the police’s 66%. Paradoxically, 66% of the respondents indicated that the police are the most effective weapon against corruption.

Corruption involves low- and high-ranking officials, and this demonstrates its systemic nature in this prized institution. For instance, ten SAPS members were arrested at the Parow police station on bribery and corruption charges in late 2014. In early 2015, the Hawks arrested six police officials in three different provinces on suspicion of corruption. The embattled national police commissioner, Riah Phiyega, also stands accused of tipping off the Western Cape police commissioner, Arno Lamoer, about a Hawks corruption probe against him. Lamoer is suspected of having a corrupt relationship with the Cape Town drug dealer Salim Dawjee and accepting bribes of more than R1.6 million in return for his influence in cases. However, the most controversial corruption case was that of the R500 million lease of the police’s new headquarters in Pretoria. After a 10-minute meeting with the police in 2010, the deal was irregularly awarded to property mogul Roux Shabangu. The fallout later claimed the head of the then police commissioner Bheki Cele, who is the current Deputy Minister of Agriculture, Forestry and Fisheries.
A simple Google search combining the terms “metro police” and “corruption” generates 123 000 results within 0.3 seconds. Transposing “corruption” and “bribes” delivers more than 35 000 results instantaneously. This institution frequently hogs headlines for all the wrong reasons. Metro police officers are regularly accused of soliciting and accepting bribes from motorists and abusing their powers to intimidate those they are supposed to protect. Corruption in an institution like this is very disquieting because, as is the case with the police, criminals and traffic offenders are cognisant that a mere bribe could easily get them off the hook. Bribes also routinely substitute for lost legitimate income via speeding tickets and other traffic fines that are not issued. Members of the public are obviously not only victims in this as corruption is a reciprocal process and bribes are offered as well as solicited. Justice, the rule of law and law-abiding citizens are the ultimate victims.

Documenting the number of incidences of corruption involving metro police officials and revealing the full extent of corruption in the metro police in a limited space like this is not possible. It is, however, instructive to highlight some of the many cases – big and small – reported by the media. In January 2015 alone, three Tshwane metro cops were arrested for bribery. Two of them tried to solicit a bribe from Crime Line head Yusuf Abramjee and met their comeuppance. Even more startling is that the Tshwane Metro Police Department sacked the 67 members of its anti-corruption unit in late 2011 and officially disbanded the unit in 2012. The reason for this was that many of these officials were leaking information on corruption investigations to those being probed in exchange for pay-offs.

A worrying 184 out of 2 600 officers at the Johannesburg Metro Police Department (JMPD) were probed for corruption between 2009 and 2011. As recently as June 2015, four members of the JMPD were arrested for soliciting a bribe from a suspect in exchange for making the docket disappear.

These arrests and investigations could be considered the mere minimum of rot at the metro police. The media simply do not report on all of its corrupt activities and the pervasiveness of its corruption remains covered up. The problem is therefore exceedingly more serious than what is reported in the media.
Reeling from recent revelations on a corrupt tender that saw R620 million being wasted on unsuitable locomotives, the beleaguered Passenger Rail Agency of South Africa (Prasa) has been coming off its rails. Articles in the Afrikaans Sunday paper Rapport detailed how former CEO Lucky Montana had benefited abundantly and irregularly from Prasa's tenders with companies he has ties with. Numerous reports in Rapport outlined the dearth of due process followed in the awarding of property contracts on Montana's watch.

The paper was viciously attacked by Prasa, but the Auditor-General (AG) has delivered a damning confirmation of Prasa's iniquities. According to a preliminary summary by the AG of the organisation's 2014-15 financial affairs, serious misgivings are expressed on expenditure of R3,9 billion. This includes irregular, fruitless and wasteful expenditure.

In one instance, R17 million was apparently spent on rent for a piece of land in Nigel on which a manufacturing plant was supposed to be erected. There was no lease agreement to justify this expenditure. Furthermore, the Ekurhuleni Metro confirmed that they have not seen a cent from Prasa since the deal was concluded.

But this is a mere drop in the bucket. Prasa racked up irregular expenditure of at least R790 million. This exceeds the R38 million of the previous financial year by nearly 2,000%. Moreover, the AG’s summary also shows Prasa failed to appoint an independent entity to monitor the tender process that led to the French Gibela consortium being awarded a R51 million contract to supply it with new passenger coaches.

In a recent damning report titled Derailed, the public protector found that Montana was responsible for large-scale maladministration, abuse of power and wasteful expenditure during his tenure at Prasa. Among other things, she found that Prasa had irregularly extended the amount awarded for tenders for passenger gates to an overall cost of R1,95 billion. She also recommended that a forensic audit be carried out on all Prasa tenders issued between April 2012 and June 2015 (when Montana was CEO of Prasa) that exceeded R10 million.

Montana has since been relieved of his duties, yet he steadfastly professes his innocence and has even laid corruption charges against some of his former high-ranking colleagues.
False qualifications

Ever since the ignominious revelations that ANC spokesperson Carl Niehaus lied about his qualifications, many government bigwigs have been outed as qualification falsifiers. Although they do not directly accept bribes or manipulate tenders, they reap the substantial financial and other benefits of their positions solely due to their fraudulent CVs. This is often done with the full knowledge of their superiors, political bosses and boards.

No scandal of this kind was bigger than the one surrounding former Arts and Culture Minister and struggle stalwart Pallo Jordan. It was established in 2014 that Jordan lied about obtaining his PhD and has no tertiary qualifications whatsoever. His fall from grace was swift and embarrassing as he was sacked as a columnist for Business Day. He admitted his sins and resigned as a member of parliament. As the scandal unfolded, the ANC remained defiant in defending this fraud.

More recently, the Head of Engineering Services at the Passenger Rail Agency of South Africa (Prasa), Daniel Mtimkulu, became the latest victim of this organisation’s many scandals. Mtimkulu resigned after an internal inquiry had found he grossly misrepresented his qualification when he indicated he had a PhD in engineering. He has no such degree and is not registered with the Engineering Council of South Africa.

This falsifying scourge was particularly bad at the SABC, where former board chairperson Ellen Tshabalala and COO Hlaudi Motsoeneng count among the ranks of the disgraced after being far less than honest about their qualifications. At the embattled SA Airways (SAA), acting CEO Nico Bezuidenhout and board chairperson Dude Myeni were also exposed for listing fake qualifications on their CVs.

Other than that, former Minister of Cooperative Governance and Traditional Affairs Sicelo Shiceka lied about having a Master’s degree. Former Sanral board chairperson Tembakazi Mnyaka unceremoniously resigned after it was brought to light that she in fact did not obtain a Master’s degree in town planning that was listed on her CV.
Due to the nature of, and functions performed by, the Department of Home Affairs, this department is incredibly vulnerable to corruption. Without an identity document or birth certificate, a person cannot apply for work, study, obtain a driving license or conduct most personal and professional affairs. This apportions a lot of power to officials holding sway over issuing such documents. Bribes to falsify identity documents and passports and deliver legitimate free services have therefore been the order of the day for a long time at this institution.

Its long list of iniquities, and those that go unreported, would of course be impossible to divulge in such a limited space. However, a damning 2015 report pointed out the Marabastad refugee office in Pretoria as a hotbed of corruption and bribery and one of the most corrupt Home Affairs offices in the country. The report, which was a collaborative effort by Lawyers for Human Rights and the African Centre for Migration and Society, found that a total of 51% of the respondents experienced corruption while queuing at the Marabastad office. Thirty percent said they were denied entry to the offices because they could not pay bribes. On weekdays between 500 and well over 1 000 people queue at the Marabastad office and the scale of the bribes becomes enormous. “Multiplied across the refugee system and over time, that equates to a river of money millions of rands wide,” writes Phillip de Wet in the Mail&Guardian on 24 July 2015.

Corruption Watch corroborated the extent of the rot at refugee reception offices. “This is a very deep-rooted system, it's a whole economy on its own,” said the organisation’s Kabelo Sedupane. On average, asylum seekers have reported being forced to pay a minimum of four bribes to get their legal documents in order.

In addition, a 2012 report analysing the complaints lodged with the National Anti-Corruption hotline stated that corruption at the Department of Home Affairs took fourth place, with 781 cases reported since the hotline’s inception in 2004.

Twelve employees of the department have very recently been arrested on suspicion of corruption and fraud. Many other arrests have been made over the last two years in connection with corruption and it is heartening to see some effort being made to arrest this scourge.
It should be a very worrying sign that the political custodians of the country are engaging in massively corrupt practices and have a wanton disregard for taxpayers’ money. For instance, in 2006, 14 ANC MPs were convicted and fined after pleading guilty to theft and fraud charges due to the abuse of parliamentary travel vouchers. The scandal subsequently became known as Travelgate and also implicated members of other parties. In a flagrant cover-up, parliament decided to write off R12 million owed by the MPs in 2011. National Assembly Speaker Max Sisulu willy-nilly decided that no further action would be taken against 73 implicated MPs. Only six were charged.

Sports Minister Fikile Mbalula grossly overspent (totalling R65 million) on one awards ceremony in 2013. Yet again a dodgy and inflated tender was involved. According to Business Day Live he spent a colossal R110 million on various prize giving ceremonies while sports development at school level is in the doldrums.

High-ranking ANC MP and Minister of Social Development Bathabile Dlamini pleaded guilty to submitting travel claims worth R254,000 to which she was not entitled.

The current Minister of Energy, Tina Joemat Pettersson, also has had serious allegations of corruption and misconduct levelled against her. The Public Protector issued two damning reports in which she stands accused of a conflict of interest. As Minister of Agriculture, Forestry and Fisheries, she irregularly awarded a contract amounting to R800 million to the Sekunjalo consortium to manage the country’s fishing vessels. Legal action was recommended by Thuli Madonsela in her report.

Prominent ANC MPs such as Nathi Mthethwa, Lindiwe Sisulu, Nosiviwe Mapisa-Nqakula, Beaty Dlulane, Mnyamezeli Booi, Lindiwe Sisulu, Ruth Bengu and Humphrey Mmenezi as well as EFF MPs such as Dali Mpofu and Julius Malema have all been implicated in irregular and corrupt practices.
Nkandla

Owing to intense and often sensational media coverage and the opposition parties’ expediency on the issue, President Jacob Zuma’s homestead (along with its many bells and whistles) has become the most prominent instance of corruption and the misuse of public funds in recent times. The Public Protector, in her report on the issue entitled “Secure in comfort”, found that Zuma and his family unduly benefitted from the upgrades and recommended that he pay back a reasonable sum of the R246 million not related to security. The ANC has used its majority in the ad hoc committee to stonewall critics and adopt Police Minister Nkosinathi Nhleko’s report, which contradicts Thuli Madonsela’s report and absolves Zuma of paying back any money.