

IT'S TIME



TO ACT

ACT REPORT 2018

VOLUME 2 • ISSUE 2

corruption
watch





CORRUPTION IN SAPS

CORRUPTION IN SCHOOLS

CORRUPTION IN LOCAL GOVERNMENT

CORRUPTION IN THE HEALTH SECTOR

REPORT CORRUPTION

0:00

ACT REPORT

2018 HIGHLIGHTS



2017

VS

2018

2744

TOTAL REPORTS

2469

TOTAL REPORTS

REPORTS

1624

QUARTER 1

1120

QUARTER 2

1353

QUARTER 1

1116

QUARTER 2

PROVINCES

37.3%

GAUTENG

7.1%

KZN

10.4%

WESTERN
CAPE

4.4%

EASTERN
CAPE

39.8%

GAUTENG

9.6%

KZN

6.5%

WESTERN
CAPE

6.5%

EASTERN
CAPE

MUNICIPALITIES

19.5%

JOHANNESBURG

9.3%

TSHWANE

6.5%

CAPE TOWN

5.6%

EKURHULENI

20.1%

JOHANNESBURG

10.1%

TSHWANE

6%

CAPE TOWN

6%

EKURHULENI

TRENDING ISSUES

9.9%

CORRUPTION
IN SCHOOLS

6.4%

CORRUPTION
IN MUNICIPALITIES

7.6%

CORRUPTION
IN SAPS

10.8%

CORRUPTION
IN SCHOOLS

9.2%

CORRUPTION
IN MUNICIPALITIES

6.3%

CORRUPTION
IN SAPS

TYPES OF CORRUPTION

29.5%

BRIBERY

12.7%

PROCUREMENT
IRREGULARITIES

14.4%

EMBEZZLEMENT /
RESOURCES THEFT

23%

BRIBERY

16.9%

PROCUREMENT
IRREGULARITIES

11.3%

EMBEZZLEMENT /
RESOURCES THEFT

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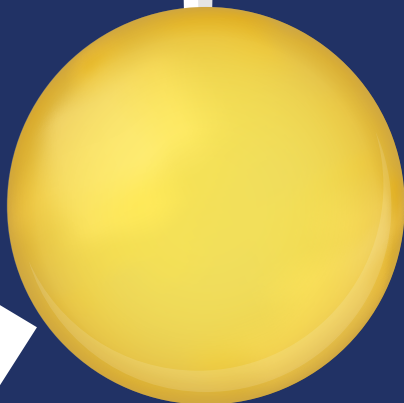
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BE THE KNOCK-ON EFFECT OF POSITIVE CHANGE



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FOREWORD

BREAKING T





THROUGH THE CYCLE OF CORRUPTION



A year ago, we published the first edition of the ACT (Analysis of Corruption Trends) report – a half-yearly analysis of all of the reports that Corruption Watch received in the period from 1 January to 30 June 2017. The report highlighted cases that ordinary South Africans brought to our doors, allowing us to share that the problem areas of corruption are, among others, the South African Police Service (SAPS), municipalities and schools. We told a story of how these focus areas were plagued by procurement irregularities, bribery, embezzlement of funds, and theft of resources as well as irregularities in employment.

In this year's edition of the ACT report, we reveal that although the overall statistics we present are lower than the previous edition, the outlook remains glum, with thousands of members of the general public confiding to us their harrowing experiences with corruption and resulting adversity. We also note with great concern that most of the areas previously discussed again feature in this ACT report and we illuminate other troublesome categories to which almost 2 500 whistle-blowers have pointed us. Of particular significance to us are the cases of corruption that allege serious discrepancies with employment processes across several categories. From the early days of Corruption Watch, our data has shown a reoccurring theme in irregularities in employment in, among others, schools, municipalities, state-owned entities and health facilities (clinics and hospitals). This, we believe, has manifested itself as nepotism as key persons responsible for recruitment are flouting employment processes.

However, as gloomy as this picture may be, we salute those who took it upon themselves to blow the whistle on graft.

This report tells the story of these ordinary men and women with whom the message of cultivating a corrupt-free society resonates. They are fathers, mothers, grannies, grandpas, uncles, aunts, and children. To date they have related over 2 600 accounts of corruption in schools, of resources misappropriated by those with sticky fingers. Since Corruption Watch's inception in 2012, almost 1 500 of them have shared cases of police corruption, of ill-treatment by those from whom they seek protection. Others have spoken of thousands of rands solicited from vulnerable individuals seeking refuge or asylum, by officials staffing immigration offices.

It is our duty to publicly share a portrait of these cases and others, and to let our whistle-blowers know that we take their fears and concerns forward to projects such as our five-year schools campaign, to Project Lokisa where we raise awareness about the abuse of foreign nationals, and more recently, our work with SAPS.

Melusi Ncala | **Editor / Researcher**

BACKGROUND

Corruption Watch opened its doors on 26 January 2012 and to date we have received over 23 000 reports of corruption. Many of these reports have formed the basis for further investigations, for advocacy campaigns and for litigation.

The campaigns that we have embarked on are addressing the scourge of corruption in health and the police service, as told by over 2 000 whistle-blowers to date.

A BIRD'S EYE VIEW OF THE DATA

A WATCHFUL EYE ON CORRUPTION









TRENDING FORMS OF CORRUPTION AND AREAS OF CONCERN

We define corruption as the abuse of entrusted power for private gain. The reports of corruption reflected in the first edition of this report clearly demonstrate that the power entrusted to individuals and institutions in both the public and private sectors may be abused to the detriment of the people of South Africa.¹

As seen in Figure 1, the 2 469 cases of corruption received in the first half of 2018 bring into focus six trending areas: schools, municipalities, the SAPS, licensing centres, state owned entities and the health sector. Together these areas count for 36.1% of the cases of corruption received.

FIGURE 1: TRENDING ISSUES

| | 2017 | 2018 | |
|--|------|-------|---|
| CORRUPTION IN SCHOOLS | 9.9% | 10.8% |  |
| CORRUPTION IN OFFICES OF MUNICIPALITIES | 6.4% | 9.2% |  |
| CORRUPTION IN SOUTH AFRICAN POLICE OFFICES | 7.6% | 6.3% |  |
| LICENSING CENTRES | 2.8% | 3.3% |  |
| STATE-OWNED ENTITIES | 2.2% | 3.1% |  |
| HEALTH SECTOR | 2.5% | 2.7% |  |

1. <https://www.corruptionwatch.org.za/wp-content/uploads/2017/09/Corruption-Watch-ACT-Report-August-2017.pdf>

N



Across these areas, the most common forms of corruption are bribery, irregularities in procurement and the embezzlement of funds and theft of resources. Below is the breakdown of the various forms of corruption emanating in all of the cases collected in the period in question:

Bribery (which pertains to the soliciting of funds by a public servant or someone offering to pay varying amounts of money to obtain a tender, a job or to avoid arrest/prosecution) counts for 23% of cases – a decrease of approximately 6.5% compared to the same period in 2017;

Irregularities in procurement, including conflicts of interests and/or nepotistic appointments, and/or flouting of procurement processes, account for 16.9% of cases – an increase of about 4.2% when compared with the first half of 2017;

Embezzlement of funds and theft of resources counts for 11.3% of cases – a difference of almost 3.1% from last year’s figure, and;

Irregularities in employment (such as the flouting of recruitment processes and/or the submission of false qualifications by serving persons and/or nepotistic appointments and/or the creation of ghost posts) comprise over 10.4% of cases – a slight decline of about half a percent in comparison to the same six-month period last year.

FIGURE 2: TYPES OF CORRUPTION 2017 2018

| | | |
|--|-------|-------|
| BRIBERY | 29.5% | 23% |
| IRREGULARITIES IN PROCUREMENT | 12.7% | 16.9% |
| EMBEZZLEMENT OF FUNDS & THEFT OF RESOURCES | 14.4% | 11.3% |

GEOGRAPHICAL BREAKDOWN

Our public profile is highest in Gauteng Province so, coupled with the fact that this is the most populous province in South Africa with the highest level of economic activity, it is no surprise that we received 39.8%, a slight increase of 2.3%, of cases from this location.²

The cases received from KwaZulu-Natal dipped under 10%, a decrease of almost 0.8% compared to the same time last year. In joint third were Eastern Cape and Western Cape with 6.5% of cases apiece. The former grew by over 2.5% largely due to our outreach intervention there since we published the first edition of this report, while the latter shrank by a marginal 0.6%.

As Figure 4 shows, the cases received from metropolitan areas have grown to over 52%, compared to last year's figure of under 50%. The growth in cases of corruption in local municipalities can be attributed to the 0.6% increase in cases received from the City of Johannesburg, compared to last year's 19.5%. Meanwhile, cases from the administrative capital of South Africa, City of Tshwane, increased by almost a percentage point to 10.1% this year.

Sharing third place are Gauteng Province's City of Ekurhuleni and Western Cape's City of Cape Town, which each contributed 6% of cases respectively. Ekurhuleni's number went up by almost half a percent, while Cape Town's figure shrank by a similar figure compared to the same period in 2017. Lastly, the cases of corruption received from KwaZulu-Natal's eThekweni increased by 0.2% to 5.5% this year.

2. <http://www.statssa.gov.za/?p=11341>



FIGURE 3: PROVINCIAL BREAKDOWN

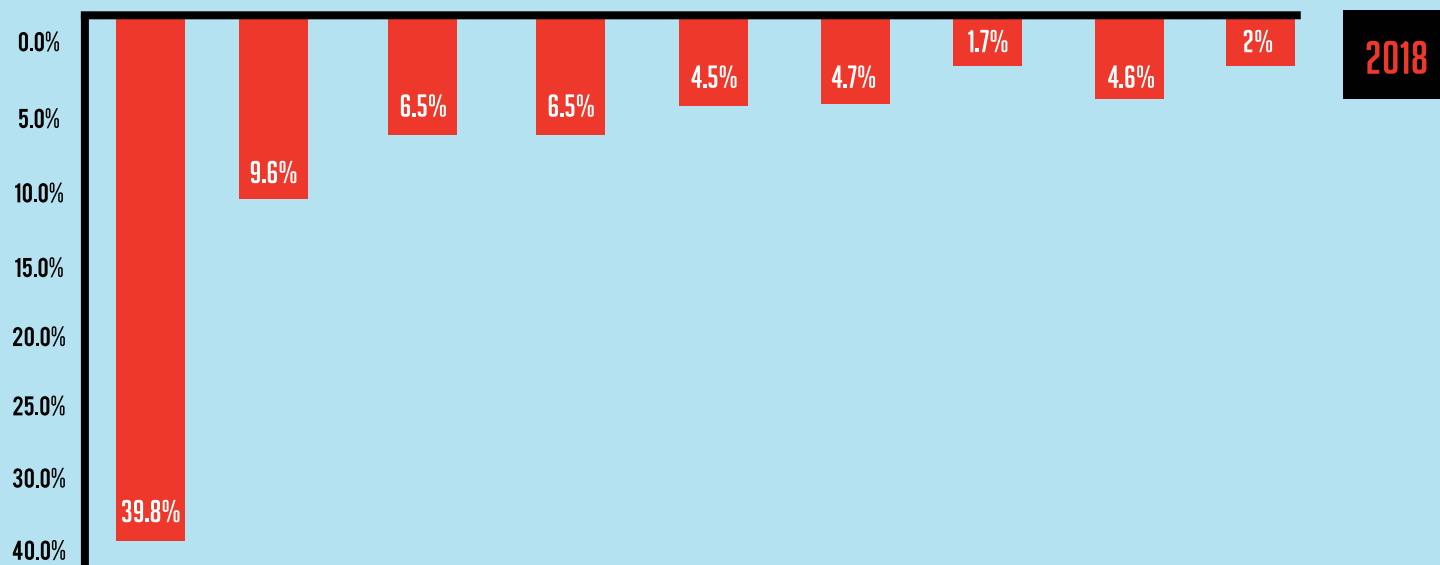
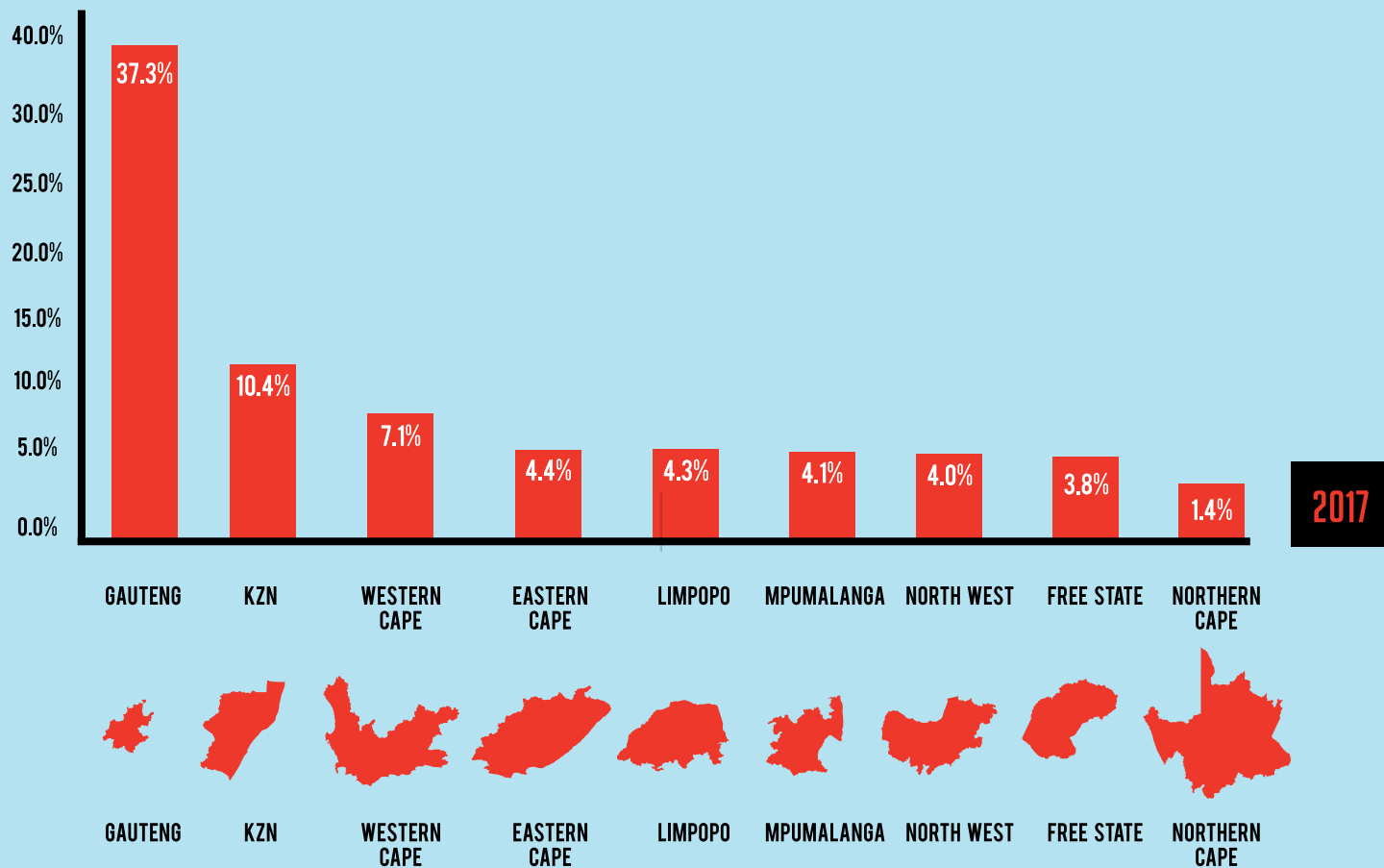
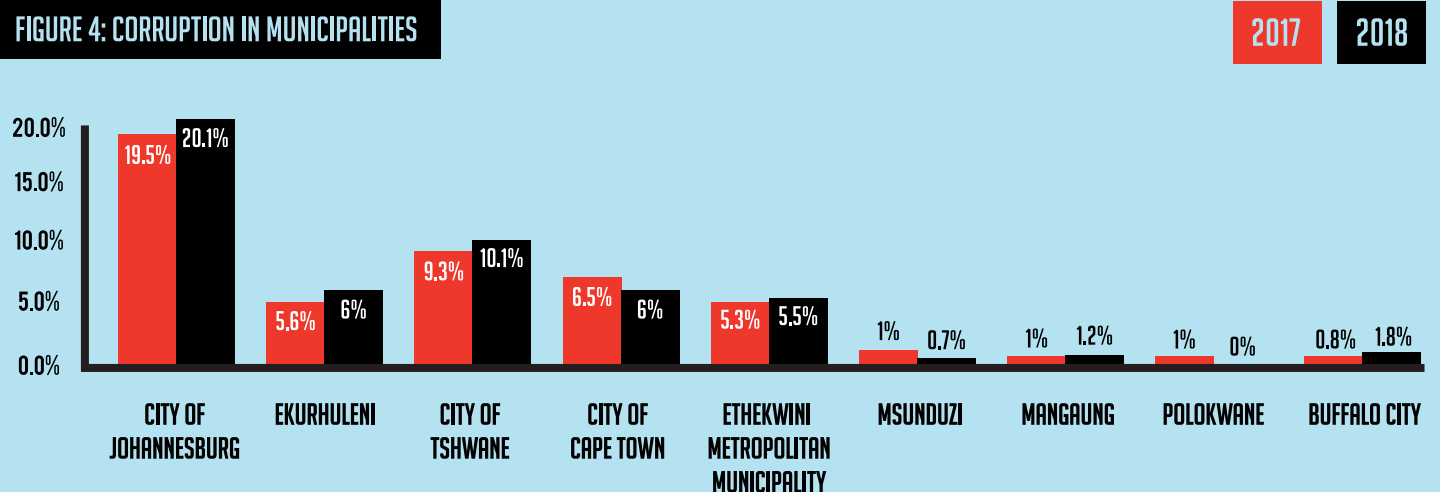


FIGURE 4: CORRUPTION IN MUNICIPALITIES



UNPACKING THE TRENDING AREAS:

CORRUPTION

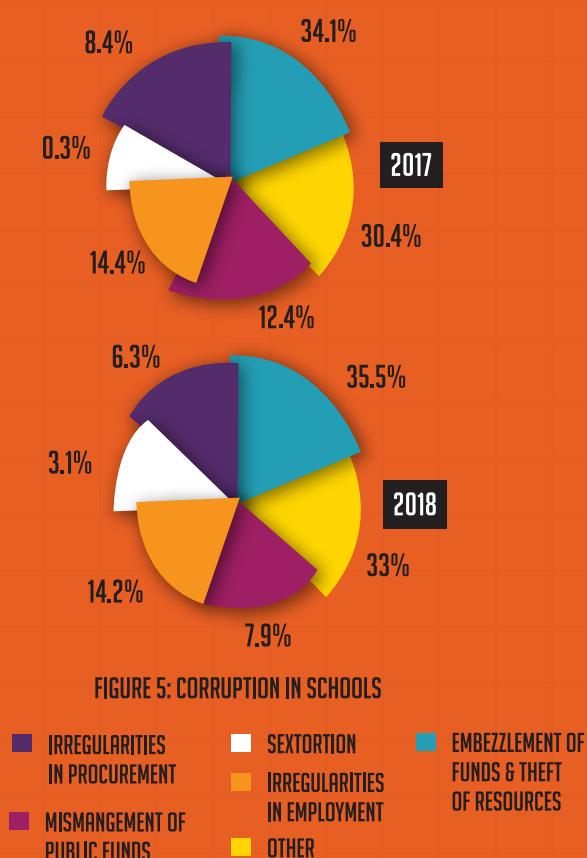


IN SCHOOLS

Corruption in schools is a blight to which we have devoted a great deal of our time and resources during the past five years. Like most South Africans, we are outraged that there are people living among us who are willing to misappropriate and steal funds that are meant to shape the lives of millions of this country's youth, people who are willing to take the lunch out of the mouths of school children from impoverished households.

The thousands of reports we have received over the five-year period echoes the outrage that we feel as an organisation. Within the first six months of 2018, 10.8% of the cases of corruption received showed a continuing trend that we have noticed since inception. The trend features principals, school governing body (SGB) members and staff members conspiring and colluding to rob schools of funds and resources or to flout procurement and employment processes, with the sole goal of creating favourable conditions for acquaintances, friends and relatives who seek procurement deals and employment opportunities.

Figure 5 below illustrates the level of thieving that occurs in schools – between the periods 1 January to 30 June 2017 and 1 January to 30 June 2018, the number of cases of corruption related to embezzlement of funds and theft of resources grew by 1.4% to 35.5%. This is exacerbated by the 7.9% of cases that pertain to the mismanagement of school funds. The reporters with whom we engage often highlight shocking details of principals and SGB chairpersons and treasurers who siphon off funds meant for school projects supported by external donors. **Some whistle-blowers informed us that they took it upon themselves to raise funds for schools, only for the principals to enrich themselves with those very funds that were designated for building laboratories, libraries and sports facilities.**



It is also said that principals blackmail parents or guardians into paying school fees at known “no-fees” schools. Should the caregivers be unable to comply with this demand, their children are victimised. **These allegations are supplemented by 3.1% of corruption cases that feature sextortion – criminal activity involving teachers and principals who are said to solicit sexual favours from learners, to award them with higher marks or promote them to the next grade.**

Another noteworthy statistic in this focus area is irregularities in employment, with 14.2% of cases bringing this form of graft to the fore. Part of the reason could be that the public sector is under immense strain in supplying jobs to a population where more than 30-million people are living in impoverished conditions. Kerr and Wittenberg (2017) say that after the economic crises of the late 2000s it is not too surprising to see that 18% of employment opportunities are found within the public sector, as private sector growth was severely hampered.

Additionally, wages and salaries are higher in the public sector with the mean and median growing by 25% and 33%, respectively, between 1997 and 2007. In the private sector, the median remained stagnant in the same period³ though the mean did increase by 25%. For this reason, schools may be viewed as a soft target for corrupt activities.

Our whistle-blowers in this facet of corruption tell us that school officials flout employment processes to not only recruit people with no qualifications, but also to promote persons on illegitimate grounds. They say that nepotistic appointments are made through posts being sold or spousal/sexual relationships.

This is despite the fact that in 2013 the Constitutional Court (in the matter of Nkosinathi Lawrence Khumalo and Krish Ritchie v Member of the Executive Council for Education: KwaZulu-Natal) ruled against the applicants Khumalo and Ritchie, who sought to lobby the court to agree to their illegal appointments made by the KZN Department of Basic Education. Khumalo was said to have been promoted to chief personnel officer whereas Ritchie was side-lined for the position even though the latter, according to his employment status at the time, was more experienced than Khumalo. An agreement was made that Khumalo would remain in the post, while Ritchie received a “protected promotion”, i.e. he was compensated for the misdeed.⁴

3. Kerr Wittenberg REDI3x3 Working Paper 42 Public sector wages and employment.pdf

4. <http://www.saflii.org/za/cases/ZACC/2013/49.pdf>



UNPACKING THE TRENDING AREAS:

CORRUPTION IN LOCAL GOVERNMENT



CORRUPTION IN MUNICIPAL OFFICES AROUND THE COUNTRY ACCOUNTS FOR 9.2% OF THE REPORTS CORRUPTION WATCH RECEIVED DURING THE PERIOD UNDER REVIEW.

This figure has grown by more than 2.6% when compared with 2017's six-month data and it excludes an additional 3.3% of cases that speak directly to corruption in licensing centres – an aspect of governance that is administered at the local government level.

The pervasiveness of bribery extends into the awarding of licences with **82.9% of the corruption cases suggesting that it remains difficult to obtain a legitimate driver's licence if a prospective driver is unwilling to yield to officials' demands for a "cold drink"**.

Depending on which municipal area the particular licence centre falls under, a prospective driver may pay between R2 500 and R3 500 (excluding the driving instructor's fee, which is said to be in the thousands of rands too).

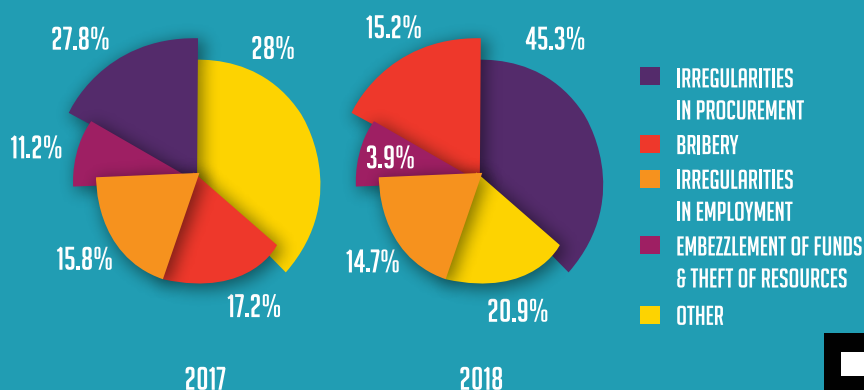


FIGURE 6: CORRUPTION IN OFFICES OF MUNICIPALITIES

Procurement irregularities are most noticeable in this regard, and the related cases have grown substantially by 17.5% to 45.3% during this period. Whistle-blowers allege that officials are in cahoots with unscrupulous businesspersons, contributing to the 15.2% of bribery cases. They suggest that officials who serve on tender adjudication committees continue to solicit bribes from bidders and continue to favour service providers to whom they are personally connected, a classic conflict of interest that is at the heart of much procurement corruption.

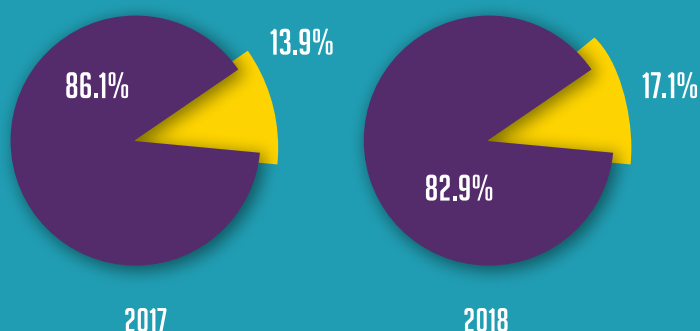
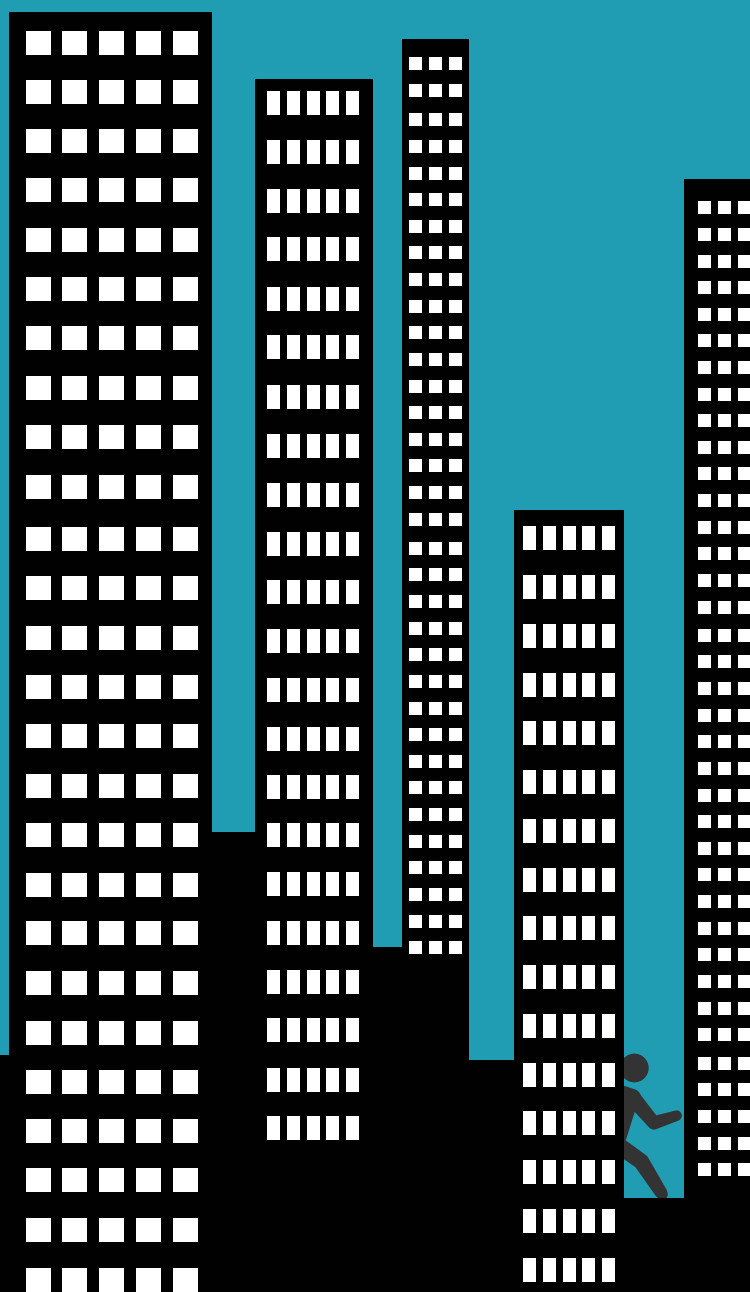


FIGURE 7: CORRUPTION IN LICENSING

■ BRIBERY ■ OTHER



UNPACKING THE TRENDING AREAS:

THE PREVALENCE OF CORRUPTION IN THE SAPS



0:16



Each and every South African, more so the vulnerable among us, has entrusted SAPS with the safety and security of their lives and property, as well as that of public resources. It is cause for serious concern that corruption permeates through the various structures of that institute, and that it is seemingly part of the ethos of the police. The first publication of ACT bears testament to that fact, and reveals that at times we, as ordinary civilians, can suffer the consequences of resisting the advances of corrupt SAPS members. In this second edition, these messages are emphasised by the number of corruption cases Corruption Watch has received that allege serious abuse of power, bribery, and careless behaviour by police officers.

Many of the reports Corruption Watch receives show some correlation between certain forms of corruption, for example, bribery and irregularities in procurement as hinted at in the section pertaining to corruption in municipalities. However, this pattern is more pronounced in corrupt activities involving the police.

IN THE 28.9% OF BRIBERY CASES, IT IS SUGGESTED THAT OFFICERS ACCEPT BRIBES FROM SUSPECTS WHO WISH TO HAVE A DOCKET TAMPERED WITH.

These cases, which constitute more than 6.3% of the total number of corruption cases received in this six-month period, show a disturbing connection between the abuse of power, bribery and dereliction of duty complaints.

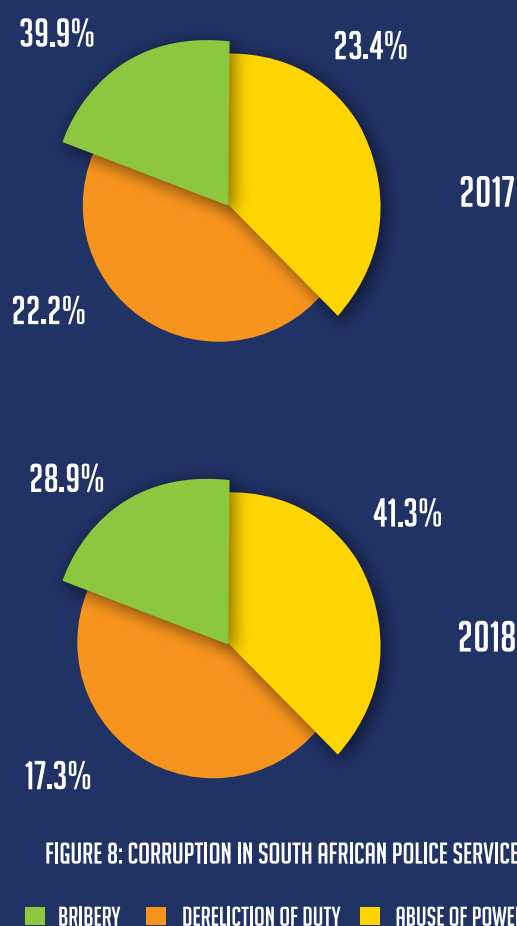
The majority of police corruption cases – 41.3% – involves abuse of power. Whistle-blowers claim that police have a propensity to be violent not only to

suspects, but also to those who lodge criminal cases. We continue to learn of officers making wrongful arrests and sexually harassing and physically abusing women.

The 17.3% of dereliction of duty cases speak to the lackadaisical manner in which the aforementioned issues, and others, are addressed. When persons seek to hold officers accountable for attempting to solicit a bribe or insisting on payment for a service, these complaints are brushed aside by senior officials up the command chain.

Meanwhile, in the 28.9% of bribery cases, it is suggested that officers accept bribes from suspects who wish to have a docket tampered with or destroyed. In other instances, perpetrators of crimes pay officers to look the other way when there is drug dealing, burglaries and car thefts.

Figure 8 below shows that reports of both of the latter types of corruption declined, while reports alleging abuse of power increased by a massive 17.9%.



UNPACKING THE TRENDING AREAS:

STATE-OWNED ENTITIES AS HUBS FOR CORRUPTION



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PROCUREMENT OFFICERS CONTINUE TO FAVOUR FRIENDS AND FAMILIES FOR LUCRATIVE CONTRACTS.

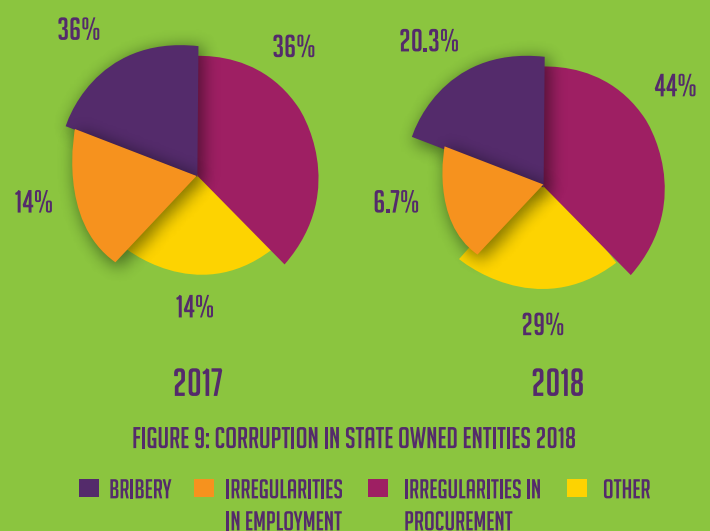


The first edition of the ACT report did not deal with this area, but the increased number of reported cases of corruption demands that we put the spotlight on these companies that are most crucial to South Africa's economy. Therefore, we look at the 3.1% cases of corruption collected during this half-year period, in relation to this trending area, as a general indictment on state-owned enterprises (SOEs).

As seen in figure 9, the bulk of the corruption cases – 44% – indicate irregularities in procurement in SOEs. Whistle-blowers have informed Corruption Watch that contracts in Eskom, for example, are awarded to bidders who fail to comply with tax laws, but somehow officials within Eskom are willing to flout processes. Furthermore, it is alleged that those procurement officers who fail to uphold the rule of law and follow due process in appointing contractors at SOEs are not held to account for their transgressions and as a result, they continue to favour friends and families for lucrative contracts.

Going hand-in-hand with the claims of procurement impropriety are the 20.3% of cases pertaining to bribery. These reports reveal that certain companies are repeatedly granted contracts by SOEs on the basis that they pay bribes to officials who hold key positions. In other instances, some bidders receive confidential information relating to projects, giving them a distinct advantage over other competitors.

The bribes do not only take monetary form – officials are sent on expensive holidays and their lavish lifestyles are catered for.



INCREASED NUMBER OF REPORTED CASES OF CORRUPTION DEMANDS THAT WE PUT THE SPOTLIGHT ON THESE COMPANIES THAT ARE MOST CRUCIAL TO SOUTH AFRICA'S ECONOMY.

UNPACKING THE TRENDING AREAS:

CORRUPTION IN

IT IS REPORTED THAT PATIENTS ARE
FORCED TO PAY FOR MEDICINE
AT PUBLIC HEALTH FACILITIES



THERE IS A GENERAL CONCERN THROUGHOUT THE
COUNTRY THAT THE HEALTH SECTOR, PARTICULARLY
HOSPITALS AND CLINICS, ARE IN DEEP CRISIS.

THE HEALTH SECTOR

We bring your attention to corruption in the health sector, partly because of the growing number of corruption cases that Corruption Watch has received since inception, and particularly during the first six months of 2018, but also because we are soon to launch a campaign calling on the public to report experiences of corruption in the health care sector.

This call is inspired by the alarming allegations that we have heard from whistle-blowers thus far and the extent to which corruption in this sphere weighs on the most vulnerable parts of our population. In addition, there is also a general concern throughout the country that the health sector, particularly hospitals and clinics, is in deep crisis and we believe that corruption plays a significant role in this regard.

The 2.7% cases attributed to this trending corruption area, though seemingly miniscule, tell harrowing accounts of ordinary South Africans whose health was compromised through corruption. This could be because a health official stole medical supplies, like HIV/AIDS treatment, to sell to drug dealers who in turn make a drug called nyaope (a concoction of antiretrovirals, rat poison and other harmful chemicals). In other instances, it is reported that patients are forced to pay (when no payment was necessary) for medicine at public health facilities, while medical staff are purportedly absent because they are running private businesses on state resources and time.

Figure 10 breaks down the prevalent types of corruption in this sector. According to the allegations of bribery, comprising 22.8% of the corruption cases, officials in hospitals and clinics solicit bribes from job seekers and companies bidding for goods and services contracts.

In terms of the former, Corruption Watch understands that job applicants are called to formal interviews where they are told that recruitment can only be secured through a facilitation fee.

The bribes related to securing tender contracts often serve as kickbacks to officials who have clout in procurement processes. It is in the 21% of procurement irregularity cases that whistle-blowers claim that some senior managers at hospitals and clinics at times blatantly disregard procurement process and merely give instructions to staff to award tenders to companies owned and operated by their political cronies and, at times, family members.

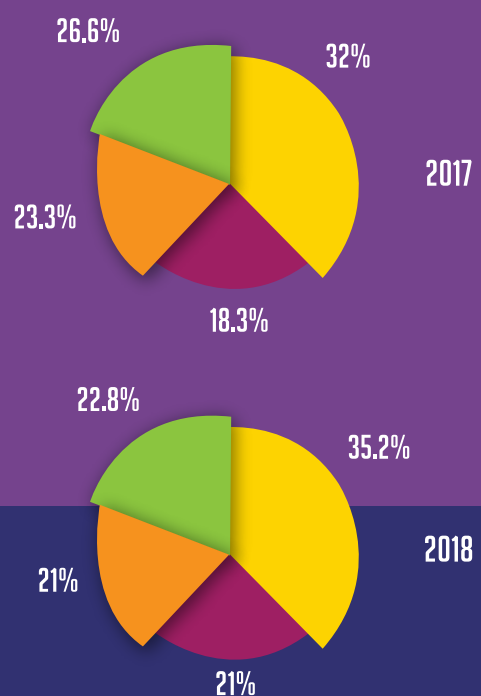


FIGURE 10: CORRUPTION IN HEALTH SECTOR 2018

IRREGULARITIES
IN EMPLOYMENT

IRREGULARITIES
IN PROCUREMENT

BRIBERY

OTHER



0:21



CONC

**ACT
TODAY**

**REPORT
CORRUPTION**

0800 023 456
TOLL FREE FROM LANDLINES

CONCLUSION

IT'S TIME TO ACT

It is difficult to read this report without feeling horrified and disheartened at the tragic state of South Africa's institutions, some government departments, others in the private sector, for these are the vital organs that we rely on in shaping a just and democratic society and economy for all citizens.

The extent to which corruption is corroding our schools, the hope of generations of South Africans to come; our municipalities which we trust to provide us with basic amenities through clean governance; our police service which also employs men and women who take their duty seriously and serve our country with honour; our public enterprises, which should grow the economy without robbing the citizenry; and our health sector, where many men and women have sworn to caring for the sick, calls for concern, but more importantly, action.

We should take heart from the thousands of people who cared enough to pick up a phone to call or message Corruption Watch when they saw that a public official was skimming from the state. It should encourage us all that people of all walks of life saw it as their responsibility to visit Corruption Watch's offices when a shady business enterprise sought to feed off the state at the expense of tens of millions of poor South Africans' lives.

WE NEED TO SEE CORRUPTION FOR WHAT IT TRULY IS – A MALIGNANCY, A DEVIOUS ACT OF IMMORALITY THAT HARMS ALL OVER A LONG PERIOD, AND A PROBLEM THAT WE MOST CERTAINLY CAN OVERCOME JUST AS LONG AS WE REMAIN VIGILANT AND FIRM IN OUR EFFORTS TO ENCOURAGE AND PROTECT THOSE WILLING TO BLOW THE WHISTLE ON CORRUPTION.



**ACT
NOW**



OUR CORRUPTION HOTLINE

0800 023 456

(toll-free from landlines)

REPORT VIA WHATSAPP

072 013 5569

CALL-BACK SERVICE

**SMS "CALLME" TO
44 666**



REPORT CORRUPTION ONLINE

Report an incident online on
our website now.
The communication is secured
and your information will be
treated with outmost
care and security.

www.corruptionwatch.org.za



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