

Shelved SIU report highlights gross financial mismanagement underpinning current Gauteng health crisis

21 June 2018, Johannesburg: SECTION27, the Treatment Action Campaign (TAC) and Corruption Watch are today making public a Special Investigating Unit (SIU) report that documents widespread corruption and gross financial misconduct totalling some R1,2 billion in the Gauteng Department of Health (GDH) in the period 2006-2010.

This SIU investigation was authorised by a presidential proclamation issued in 2010. Since then, Corruption Watch, TAC and SECTION27 have regularly requested the SIU to provide them with updates on the progress of the investigation, to no avail. The report was eventually handed to President Zuma in March 2017, a full seven years after it was commissioned. Following a Promotion of Access to Information Act request, the Presidency released the report to SECTION27 in May 2018.

David Lewis, executive director of Corruption Watch, commented: “We find it frustrating that it took the SIU seven years to complete this investigation, despite the media having documented, as early as 2014, many of the most serious allegations and evidence of corruption traversed. This has abetted the extraordinary impunity enjoyed by major alleged perpetrators, at least one of whom, Brian Hlongwa, the former MEC for Health in the Gauteng government and now the ANC chief whip in the Gauteng Provincial Legislature, continues to occupy high political office.”

The financial misconduct is essentially rooted in the procurement of goods and services by the department, much of which benefitted particular private sector entities and the public sector officials who colluded with them. In addition to Hlongwa, the malfeasant conduct documented in the report implicates at least 10 former senior officials in the department, some of whom were lightly penalised following disciplinary enquiries, others of whom were simply permitted to resign without the imposition of any sanction whatsoever.

It appears that the Gauteng government failed to refer any of this conduct to the criminal justice authorities, although the SIU had referred some cases to the relevant authorities as early as 2011. TAC and Corruption Watch have this week written to the South Gauteng Director of Public Prosecutions, where criminal matters from the SIU report were referred for further investigation, copying the Anti-Corruption Task Team (ACTT) and the Asset Forfeiture Unit (AFU). A second letter was sent to the AFU, as assets held by Brian Hlongwa and 3P Consulting are currently in dispute.

Inevitably, with cases of procurement fraud and corruption, private sector interests are also deeply implicated. The principal private sector participants belong to a group of entities clustered around a company called 3P Consulting and its directors, which was named in five of the 10 matters investigated. The conduct of several of the directors of this network of companies has also been referred to the criminal justice authorities.

Lewis commented: “This is a textbook example of state capture in practice. Perhaps the most egregious conduct reported was the secondment of 20 3P Consulting staff members to key decision making roles within the GDH, including the appointment of one of the secondees as acting chief financial officer. His duties included approval of payments to 3P Consulting and serving as a voting member of the Departmental Acquisition Council.”

The SIU documents certain of the kickbacks received by the key public officials. This includes the usual litany of free overseas vacations and, in Hlongwa's case, the wherewithal to purchase a R7, 2 million residence in 2009 in a high-end Johannesburg suburb.

Anele Yawa, the general secretary of TAC, points out the direct connection between the current devastating financial crisis in the Gauteng health department and rampant corruption, which started during the tenure of Brian Hlongwa. "The Gauteng health system is in crisis. Patients' needs are growing yet critical posts are being frozen; community health workers are unpaid; billions of rands are owed to critical institutions like the NHLS and SA National Blood Service, threatening their viability. And despite all this several implicated officials remain in high office. This sends the message that crime does pay."

TAC, Corruption Watch and SECTION27 are determined that the perpetrators of these crimes will be brought to book. The organisations will actively engage the Gauteng government and the Presidency to ensure implementation of the policy recommendations contained in the SIU report.

The organisations are calling for national and provincial leadership of the ANC to repudiate the conduct of Brian Hlongwa by immediately removing him as a member of the Gauteng legislature. The findings of the SIU against him should also be referred to the ANC's Integrity Commission and dealt with speedily. It is also imperative that the private sector companies and individuals at the heart of the state capture of the GDH are prevented from doing any further business with the state, at any level.

Finally, the organisations call on the public to be vigilant about abuse of resources and to report corruption in the healthcare sector to [Corruption Watch, TAC](#) and [SECTION27](#).

[Access the report here.](#)

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