

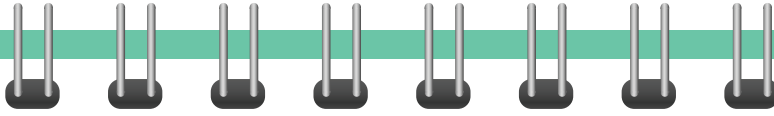
corruption
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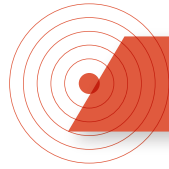
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INTRODUCTION

“The safe and clean hands that can be relied upon to look after the public’s finances in local government are few and far between.”

- Kimi Makwetu, former auditor-general -

Local government is the sphere of government closest to the people. Under the Constitution of the Republic of South Africa, we all have a right to local governments that work, that efficiently provide basic services, and that promote social and economic development. Functional and well-governed local municipalities will play a key role in addressing systemic inequality in our country, and will contribute towards the realisation of socio-economic rights for the people of South Africa.

In October 2021, South Africa is currently scheduled to hold its sixth municipal election since the end of apartheid. Should the environment be deemed to be conducive for a free and fair elections, the public will go to the polls to elect leaders to occupy positions in the country’s eight metropolitan municipalities, 44 district municipalities, and 200 local municipalities. This will be a significant election, as many communities have been negatively impacted by the novel coronavirus pandemic, in significant part because of the poor state of their local systems. Curbing the spread of the virus remains difficult when schools and informal settlements do not have adequate access to water and sanitation, when areas are over-crowded due to a lack of proper housing, and when local health facilities are not able to provide the necessary care and services.

Current scientific evidence suggests that the world will continue to battle Covid-19 for the immediate future. We thus have a public health responsibility to comply with the necessary measures and keep our hands clean. As the public, we also have a responsibility to demand that our leaders keep their hands clean and out of the public purse, by committing to principles of anti-corruption, accountability and transparency. The dirty hands of some local government officials and their service providers bear a large responsibility for the inadequate services that make it so challenging to grapple with the virus.

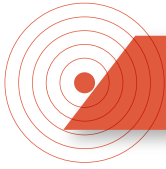
And so, the third edition of Corruption Watch’s sectoral report is focused on unpacking corruption trends within municipalities. Over 5 000 whistle-blowers have approached Corruption Watch, since its inception in 2012, to report cases of corruption within local government and these reports provide a disturbing snapshot of how some municipalities are captured to serve private interests, how municipal managers abuse their power and position, and how procurement and employment processes are continuously subverted – all of which results in vulnerable communities being denied access to basic human rights and services.

We hope that the information in this report will provide the public with an understanding of how corruption manifests within local spheres of government, assist them to make informed decisions in the upcoming elections, and contribute towards the demand for increased transparency and accountability.

SUMMARY OF FINDINGS

- Between 2012 and 2020, Corruption Watch received 32 998 whistle-blower reports, of which 16% contain allegations of corruption within the local spheres of government;
- The majority of complaints stem from Gauteng (41%), followed by KwaZulu-Natal (11%), with 8% of reports each coming from Limpopo, Mpumalanga, and the North West;
- The municipalities most implicated by whistle-blowers are the City of Johannesburg (700 reports), Ekurhuleni (354 reports), City of Tshwane (325 reports), eThekweni Metropolitan Municipality (166 reports), and the City of Cape Town (125 reports);
- The most common forms of corruption at a local level are bribery (28%), procurement irregularities (24%), employment irregularities (11%), abuse of power (9%), and embezzlement of funds (8%).
- According to whistle-blowers, most corruption occurs within the office of the municipal manager (34%), or relates to local/metro police (30%), housing and human settlements (10%), transport (5%), and the office of the executive (5%); and
- In 2020, Corruption Watch received a record number of 857 whistle-blower allegations relating to corruption within local government. We also saw a 50% increase in cases stemming from the Eastern Cape, Free State, KwaZulu-Natal and the Western Cape, compared to the previous year.





UNDERSTANDING LOCAL GOVERNMENT

Before delving into the corruption issues plaguing municipalities throughout South Africa, it is worthwhile to understand broadly the structure and workings of local government. The governance, objectives and functions of local governments are mainly provided for by Chapter 7 of the Constitution of the Republic as well as the Municipal Systems Act.

All local government municipalities are autonomous institutions with their own processes and programmes. However, it is important to note that the three types of local governments – metropolitans, district councils and local municipalities – operate under provincial and national laws. Thus, it is critical that municipalities adhere to principles of accountability, democracy and good governance. These manifest through the provision of basic services, cultivating safe and healthy environments, and encouraging community members and organisations to participate in municipal processes and programmes.

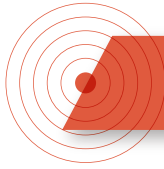
The Department of Cooperative Governance and Traditional Affairs (Cogta) assists municipalities, with a primary role of providing budgetary support. In addition, the South African Local Government Association, which is overseen by Cogta, acts as an employer body for municipalities and its key purpose is to empower members with skills and to lobby for the interests of municipalities.

Municipalities are comprised of two main structures – council and the administrative arm. The former consists of political officials who are elected directly and indirectly. Half of the political officials in the council are voted for directly and the other half are voted for based on proportional representation. The citizenry votes for the political component in local government elections that are held every five years. It is in this process of direct and proportional representation that the citizens select the individual councillors and political parties who are responsible for the affairs of their communities. The basic unit of each municipality is a ward and half of every municipality council is made out of individual ward councillors. The administrators, who are appointed by the Council, act as the executive arm of the municipality. These are the employees of the local government.

The Council is tasked with, among other things, developing policies, determining budgets, writing by-laws, and appointing the municipal manager who oversees the administrative arm of the municipality. The municipal manager oversees the administration of the municipality, executing its service delivery mandate and implementing the policies and by-laws determined by the Council.

Ultimately, municipalities ensure that communities have water and sanitation provisions, electricity, developed and maintained infrastructure, and that community members have a voice in decisions to be taken. To ensure that the aforementioned is realised, every community and household, especially those categorised as indigent, receive a financial provision in the form of the equitable share grant and the municipal infrastructure grant. These fiscal instruments aid in the upkeep of towns and cities and ensure that households are given a certain amount of electricity and water free of charge.



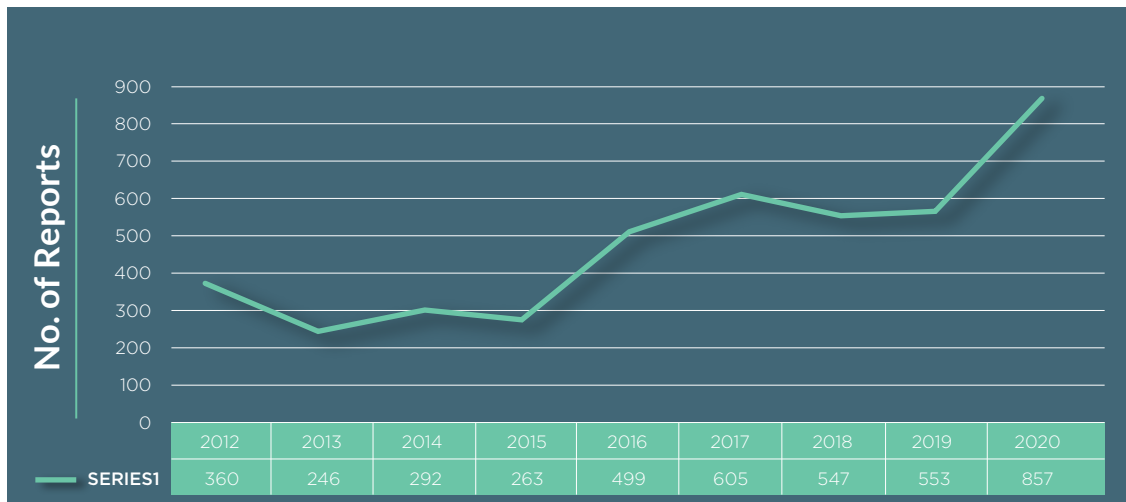


UNPACKING THE TRENDS

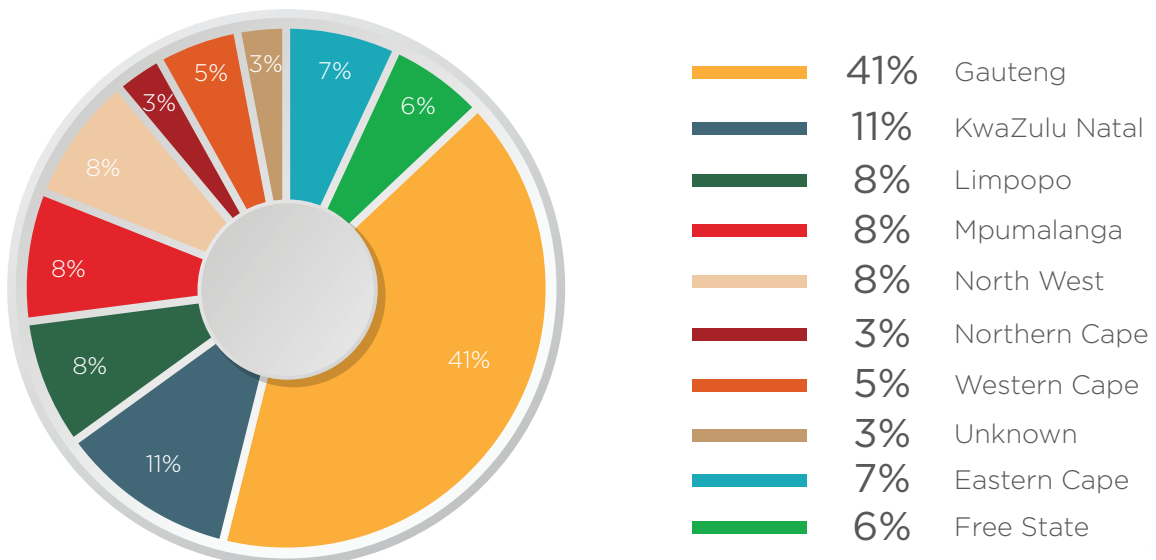
Corruption Watch encourages all members of the public to report incidents of corruption to us. We receive reports of graft from all towns and cities, suburbs and townships in South Africa. These whistle-blower complaints are used to develop anti-corruption interventions such as research reports, policy advocacy, public mobilisation campaigns, mass communications, and strategic litigation.

Since our inception in 2012 to the end of 2020, Corruption Watch has received 33 000 whistle-blower reports. Of these, 5 094 complaints (16%) relate to corruption in local government, and more than 50% of these reports were gathered in the last four years. The peak occurred in 2020, when we received 16.8% of the 5 094 reports – this was a defining year for the country’s health sector, because of the Covid-19 global crisis.

WHISTLE-BLOWER REPORTS RELATING TO LOCAL GOVERNMENT



PROVINCIAL ALLOCATION



From the 5 094 whistle-blower cases relating to local government corruption, 41% of the corruption cases implicate municipalities in Gauteng, the country's most densely populated province, and also where our organisation's work is concentrated. ¹ The top contributors to the high volume of cases in Gauteng, as well as nationally, are City of Johannesburg, which counts for 16.5% of corruption cases, and City of Ekurhuleni and City of Tshwane that account for 8.3% and 7.6% respectively.

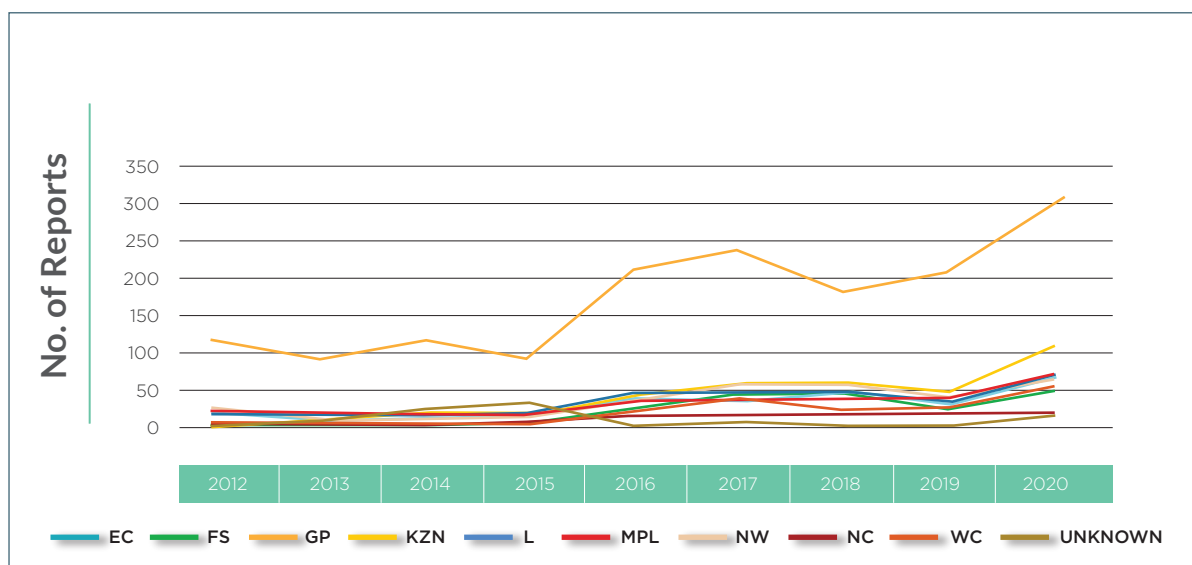
¹ <http://www.statssa.gov.za/?p=13453>



In provincial terms, the second and third highest number of reports emanate from KwaZulu-Natal and Limpopo, with municipalities from these provinces counting for 11% and 8% each.

In 2020, there was a general increase in reports across all provinces; however, whistle-blower complaints emanating from the Eastern Cape, Free State, KwaZulu-Natal, and the Western Cape increased by 50% in comparison to the previous year.

ANNUAL PROVINCIAL DISTRIBUTION



The ten municipalities from which we received the most corruption complaints over the last nine years include seven metropolitan municipalities and three local municipalities.

MUNICIPALITY	REPORTS
City of Johannesburg	700
Ekurhuleni	354
City of Tshwane	325
eThekweni Metropolitan Municipality	166
City of Cape Town	125
City of Matlosana	51
Buffalo City	46
Mogale	45
Mangaung	39
Polokwane	39

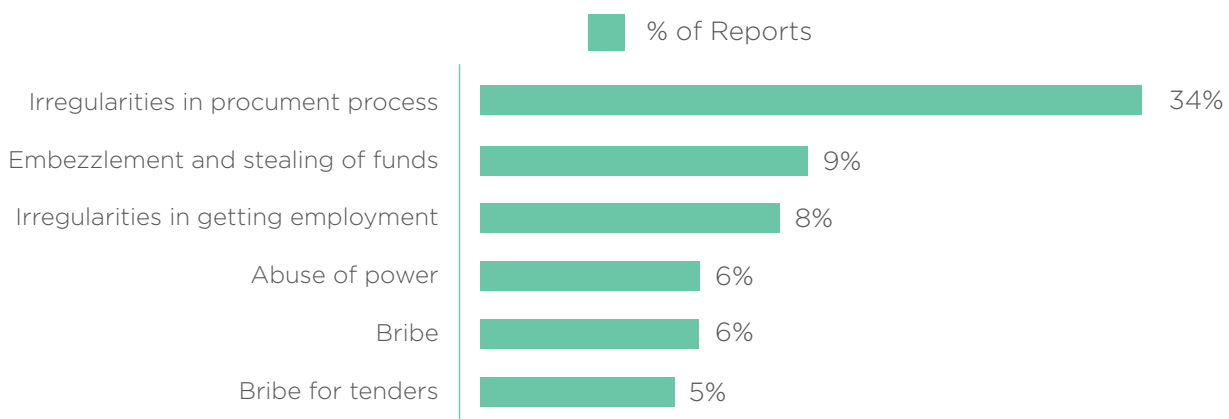
Our working definition of corruption is the abuse of entrusted power for personal or private gain. This understanding of impropriety fits aptly in terms of how we view operations at the local level of government. After all, immense power is entrusted to the people who have been elected to serve communities across the country. According to Corruption Watch’s whistle-blowers, the most common forms of corruption at a local level are bribery (28%), procurement irregularities (24%), employment irregularities (11%), abuse of power (9%) and embezzlement of funds (8%).

Our whistle-blower data highlights that the main hotspots for local government corruption occur within the office of the municipal manager and the office of the executive. We also received complaints related to the metro/local police, housing and human settlements, and infrastructure development.

MUNICIPAL HOTSPOTS	PERCENTAGES
Office of the municipal manager	30%
Metro/local police	27%
Housing and human settlements	9%
Traffic and licensing	5%
Office of the executive	4%
Public works and infrastructure development	4%

OFFICE OF THE MUNICIPAL MANAGER

Further analysis of the top three hotspots reveals the most common corruption types taking place within those offices/departments. In the office of the municipal manager, the most prevalent types of corruption reported include irregularities in the procurement process (34%), embezzlement of funds (9%), and employment irregularities (8%).

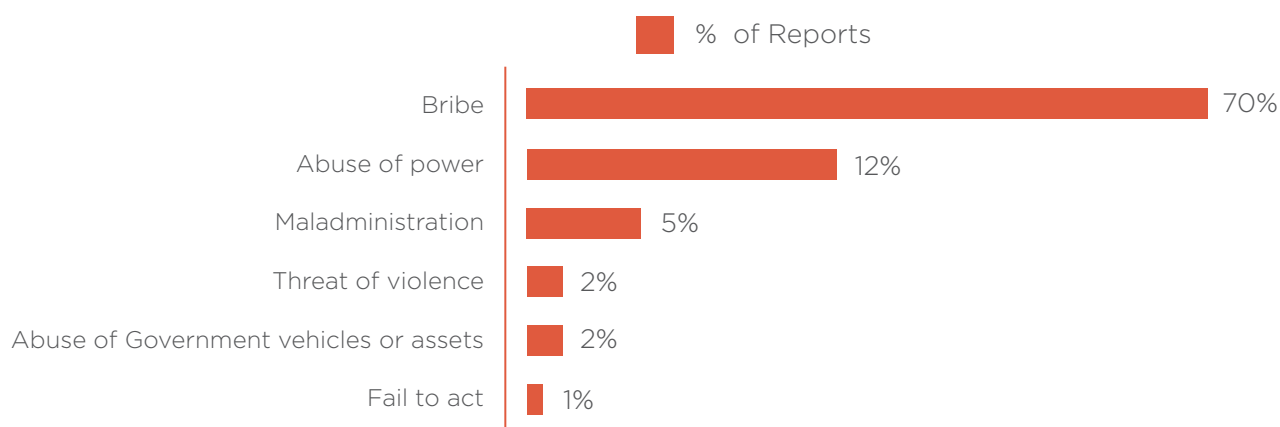


Our whistle-blowers allege that nepotism, bribery, and disregard for policies and laws are common practice, with implicated officials rarely facing accountability. In the City of Cape Town, for example, whistle-blowers allege that companies are encouraged to corrupt the municipality by billing double the amount for services. Furthermore, in the same municipality, it is stated that officials opt to give friends and relatives employment opportunities without following the legislated procedures.

In other municipalities, whistle-blowers allege that there are business syndicates with major influence in municipal processes. These apparent criminal structures, by virtue of their deep pockets and willingness to pay 10% kickbacks, have been guaranteed tenders for many years. Yet community members have seen no development in their environments and there is little to no maintenance of roads, parks and municipal buildings.

MUNICIPALITY	NO. OF REPORTS RELATING TO THE OFFICE OF MUNICIPAL MANAGER
Buffalo City	52%
City of Matlosana	49%
City of Cape Town	37%
Mogale	37%
eThekweni Metropolitan Municipality	34%
Polokwane	30%
Ekurhuleni	27%
Mangaung	23%
City of Tshwane	22%
City of Johannesburg	11%

METRO/LOCAL POLICE

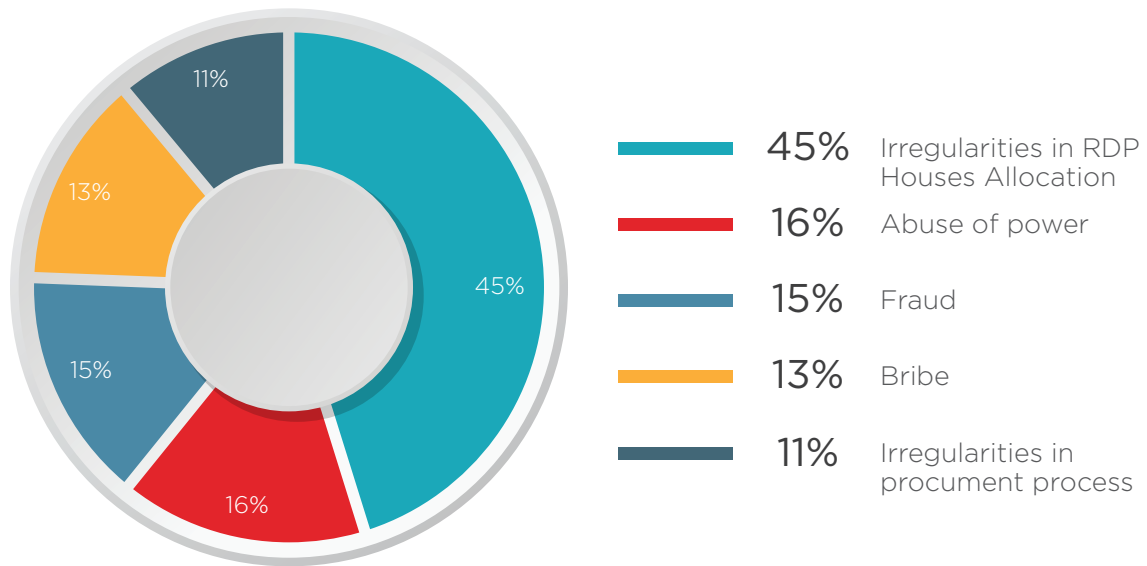


Unsurprisingly, complaints relating to metro/local police reveal that the most common form of corruption experienced is bribery (70%), followed by abuse of power (12%) and maladministration (5%). The trend appears to be that when officers spot a traffic violation, instead of following the letter of the law they regard such incidents as opportunities to make a quick buck.

In a number of cases in the City of Johannesburg, it is claimed that traffic officers harass motorists who admit to have been driving under the influence of alcohol. Whistle-blowers allege that officers give motorists the choice of paying a hefty fine, or the option to pay a 'small' bribe. In one of the reports, a whistle-blower states that at OR Tambo International Airport, in the City of Ekurhuleni, officers have a corrupt system that draws a distinction between local persons and tourists. When it has been determined that a person is a tourist, they are scammed into making large payments after undergoing an illegitimate process of verifying whether or not the person(s) is eligible to drive in South Africa.



HOUSING AND HUMAN SETTLEMENTS

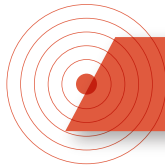
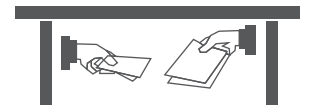


In terms of the provision of adequate housing and related matters, the common forms of corruption are irregularities in the awarding of RDP houses (45%), abuse of power (16%) and fraud (15%). According to whistle-blowers, corruption has exacerbated the ubiquitous backlog problems experienced by those who have applied for subsidised housing. It is almost impossible to find a single municipality wherein applicants are not complaining about the long waiting lists or, in some instances, claiming that their names are moved further down the list because they are unwilling or unable to pay a bribe to an official.

In some cases, based on community engagements, we have learnt that male officials attempt to extort sex from female beneficiaries in return for an RDP house.

In other reports, it is said that, without adhering to processes, officials sell plots of land or properties to businesses and/or private persons for financial gain. This is apparently a common practice in the metropolitan municipalities. We have also received further allegations of contractors building sub-standard houses, and whistle-blowers have complained about the structures' walls cracking, doors falling off their hinges and windows not fitted properly.





MUNICIPAL SNAPSHOTS

This section highlights the specific corruption types, as well as the offices/departments most implicated in corrupt activity in 10 municipalities, based on the complaints that we have received from whistle-blowers.

CITY OF JOHANNESBURG

TYPE OF CORRUPTION		% OF REPORTS
Bribe		50%
Abuse of power		12%
Irregularities in procurement process		7%
Maladministration		5%
Irregularities in getting employment		3%
Embezzlement and stealing of funds		3%
Failure to act		3%
CITY OF JOHANNESBURG	LOCAL GOVERNMENT DEPARTMENT/OFFICE	% OF REPORTS
	Metro/local police	62%
	Office of the municipal manager	11%
	Housing and human settlements	8%
	Traffic and licensing	7%
	Office of the executive	3%

EKURHULENI

TYPE OF CORRUPTION		% OF REPORTS
Bribe		35%
Irregularities in procurement process		16%
Abuse of power		11%
Irregularities in RDP houses allocation		6%
Embezzlement and stealing of funds		5%
EKURHULENI	LOCAL GOVERNMENT DEPARTMENT/OFFICE	% OF REPORTS
	Metro/local police	36%
	Office of the municipal manager	27%
	Housing and human settlements	13%
	Traffic and licensing	8%
	Office of the executive	4%
	Public works and infrastructure development	4%

CITY OF TSHWANE

TYPE OF CORRUPTION		% OF REPORTS	
Bribe		44%	
Irregularities in procurement process		11%	
Abuse of power		9%	
Maladministration		4%	
Bribe for tenders		3%	
Conflict of interest/nepotism in procurement		3%	
CITY OF TSHWANE	LOCAL GOVERNMENT DEPARTMENT/OFFICE		% OF REPORTS
	Metro/local police		47%
	Office of the municipal manager		22%
	Housing and human settlements		9%
	Traffic and licensing		8%
	Public works and infrastructure development		2%

ETHEKWINI METROPOLITAN MUNICIPALITY

TYPE OF CORRUPTION		% OF REPORTS	
Bribe		27%	
Irregularities in procurement process		18%	
Abuse of power		9%	
Embezzlement and stealing of funds		8%	
Bribe for tenders		7%	
ETHEKWINI METROPOLITAN MUNICIPALITY	LOCAL GOVERNMENT DEPARTMENT/OFFICE		% OF REPORTS
	Office of the municipal manager		34%
	Metro/local police		28%
	Housing and human settlements		10%
	Traffic and licensing		7%
	Public works and infrastructure development		4%

CITY OF CAPE TOWN

TYPE OF CORRUPTION		% OF REPORTS	
Irregularities in procurement process		17%	
Abuse of power		16%	
Bribe		14%	
Fraud		7%	
Irregularities in getting employment		6%	
CITY OF CAPE TOWN	LOCAL GOVERNMENT DEPARTMENT/OFFICE		% OF REPORTS
	Office of the municipal manager		37%
	Metro/local police		18%
	Housing and human settlements		15%
	Office of the executive		6%

CITY OF MATLOSANA

TYPE OF CORRUPTION		% OF REPORTS	
Irregularities in procurement process		27%	
Bribe		16%	
Embezzlement and stealing of funds		8%	
Irregularities in getting employment		8%	
Abuse of government resources		8%	
Irregularities in RDP houses allocation		6%	
CITY OF MATLOSANA	LOCAL GOVERNMENT DEPARTMENT/OFFICE		% OF REPORTS
	Office of the municipal manager		49%
	Housing and human settlements		12%
	Office of the executive		8%
	Metro/local police		6%
	Financial services		4%

BUFFALO CITY

TYPE OF CORRUPTION		% OF REPORTS	
Irregularities in procurement process		30%	
Bribe		13%	
Abuse of government resources		9%	
Mismanagement of funds		7%	
Maladministration		7%	
BUFFALO CITY	LOCAL GOVERNMENT DEPARTMENT/OFFICE		% OF REPORTS
	Office of the municipal manager		52%
	Metro/local police		15%
	Public works and infrastructure development		7%
	Housing and human settlements		4%

MOGALE

TYPE OF CORRUPTION		% OF REPORTS	
Bribe		22%	
Employment irregularities		13%	
Irregularities in procurement process		11%	
Failure to act		9%	
Fraud		9%	
MOGALE	LOCAL GOVERNMENT DEPARTMENT /OFFICE		% OF REPORTS
	Office of the municipal manager		37%
	Housing and human settlements		16%
	Traffic and licensing		16%
	Metro/local police		9%
	Financial services		4%

MANGAUNG

TYPE OF CORRUPTION		% OF REPORTS	
Irregularities in procurement process		28%	
Bribe		13%	
Irregularities in getting employment		13%	
Nepotistic appointments		5%	
Fraud		5%	
MANGAUNG	LOCAL GOVERNMENT DEPARTMENT /OFFICE		% OF REPORTS
	Office of the municipal manager		23%
	Metro/local police		15%
	Housing and human settlements		13%
	Public works and infrastructure development		10%
	Financial services		5%

POLOKWANE

TYPE OF CORRUPTION		% OF REPORTS
Bribe		31%
Irregularities in procurement process		23%
Irregularities in RDP houses allocation		8%
Irregularities in getting employment		5%
Bribe for tenders		5%
POLOKWANE	LOCAL GOVERNMENT DEPARTMENT/OFFICE	% OF REPORTS
	Office of the municipal manager	30%
	Metro/local police	26%
	Traffic and licensing	13%
	Housing and human settlements	8%
	Public works and infrastructure development	5%

CONCLUSION

This report has shown that the door is often shut on the citizens who rely on municipal managers, committees and elected officials for basic amenities. As told by over 5 000 whistle-blower accounts received by Corruption Watch in a nine-year period, there is truth to the Auditor-General of South Africa's (AGSA) findings that the eight metropolitan municipalities, 44 district municipalities and estimated 200 local municipalities are in the main poorly managed.

The snapshot presented in this report reveals that when AGSA decries officials and employees for over R32-billion in irregular expenditure, those who actually feel the cost of maladministration and corrupt and unethical practices are the senior citizens who rely on welfare, women and children who head households, and destitute men.² In effect, the most vulnerable in our society are left in squalor and the only hope is an oft-repeated political promise that service delivery will improve.

It is apparent to all, however, that corruption is impeding our attempts to realise constitutionally enshrined socio-economic rights.

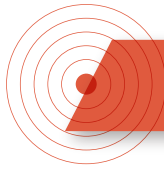
That said, this report is published at a time when we need to reflect frankly and honestly about the state of the country's young democracy that every so often teeters when confronted by serious challenges. It also comes at an opportune time when we are presented with the chance to exercise our right to vote as activists, workers, professionals, the elderly, students and the unemployed, in electing representatives that will manage public finances responsibly and deliver much-needed services to our communities.

Many amongst us have yet to experience a reality where basic and fundamental rights are a given and not merely a political slogan. Much of that is due to the failures of politicians and businesspeople who put self-preservation over public service. As a result, they are no longer beholden to the people who have entrusted them with democratic duties and responsibilities.

Thankfully, we have the voices of thousands of brave whistle-blowers who live in these hardships and who have witnessed the injustices brought about the insatiable greed for power and money. Their accounts tell the stories of communities throughout the length and breadth of this country and thus afford us all the opportunity to give meaning to accountability in our pursuit for social justice and leadership that is corruption-free, ethical and imbued with integrity.

²<http://www.agsa.co.za/Portals/0/Reports/MFMA/201819/Media%20Release/2020%20MFMA%20Media%20Release%20Final.PDF>





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