

# ANNUAL REPORT

2019-2020



UNDOING CORRUPTION.  
HOLDING GOVERNMENT  
ACCOUNTABLE.



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OUTASouthAfrica



OUTA -  
Organisation  
Undoing Tax Abuse







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# THE OUTA CREDO

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SOUTH AFRICA'S SOVEREIGNTY AND CONSTITUTIONAL  
DEMOCRACY HAS BEEN HARD EARNED.

ITS BEAUTY AND ABUNDANCE OF NATURAL RESOURCES AND  
DIVERSE CULTURAL HERITAGE IS PRECIOUS TO US.

Our potential for higher prosperity is immense, and limited only  
by those in authority who consciously choose to abuse their  
power, joined by those who stand by and choose not to take action.

Corruption and cronyism are the products of leadership  
distracted by greed and matters of self-interest.

Silently and steadily, it carves away at our nation's soul.  
It disempowers the poor of their rights and receipt of decent  
education, employment, health housing and security.

We, the people, society and business, have two choices;  
We can look away and do nothing.  
Or we can take action and halt the decay.

**AT OUTA, WE CHOOSE TO TAKE ACTION.**

We do so without fear, through a focused strategy and motivated  
team that holds accountable, those in authority who ignore their  
responsibilities and run roughshod over our constitutional values.

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**OUTA**

ORGANISATION UNDOING TAX ABUSE

Holding Government Accountable

[www.outa.co.za](http://www.outa.co.za)



## OUR VISION

A prosperous country with an organised, engaged and empowered civil society that ensures responsible use of tax revenues throughout all levels of government.

## OUR VALUES

Integrity  
Resilience  
Courage  
Challenging  
Humility  
Honesty  
Inclusivity  
Accountability



## OUR MISSION

**Using clear and effective methodologies and project management processes, through multi-disciplinary high performance teams, OUTA will be a trusted vehicle for advocacy and positive change by:**

- Challenging and taking action against wasteful and corrupt expenditure or receipt of state revenue and, where possible, holding those personally responsible to account for their conduct and actions, while seeking to recover lost funds.
- Challenging policy and the regulatory environment as and when deemed as irrational, unfit or ineffective for their intended purpose.
- Working with communities and authorities in resolving decline in administration and service delivery, within all spheres of government.



# CHAIRPERSON'S REPORT 2019 – 2020

OUTA's staff and supporters have continued to be an excellent example of how ordinary people can shift power relations and outcomes.

When I look back at 2019, I see many of the staff and supporters of OUTA eager to roll up their sleeves and contribute to positive change no matter what challenges are thrown their way – going about their work with energy, drive and passion.

2019 has been a tough year, not just for South Africa but globally. The world was in a political, environmental and economic flux with Brexit, USA-China trade war, Hong Kong protests, fires in Australia and the USA, droughts and floods across the globe – to name just a few. We kept waiting for that moment when it would get better.

South Africa was not without its own challenges: load-shedding, growing unemployment, poverty, worsening drought, water scarcity and the collapse of local government – all of which have fed the negative sentiments and frustrations throughout our country.

The national elections provided a window of hope and the euphoria of President Ramaphosa's "thuma mina" became the mantra of many citizens, against the difficult socio-economic realities in our country. However, mantras are not enough – government needs to show bold and courageous leadership to

## FORMIDABLE FORCE



We opened 37 new projects in the year and closed off 45 projects – the most that we have completed in a year.

We continue to learn from our mistakes and build lessons learned into our success.

A society that is filled with compassion, hope and a desire to build another world that is not driven by greed, money and corruption. This is a role that OUTA can play successfully.



**Ferrial Adam – OUTA Board Chairperson**

continue to fight the scourge of corruption. The past year was quite disappointing to say the least. The National Prosecuting Authority and Hawks have largely been missing in action. That being said, OUTA has continued to push forward to remind those in authority of their duty to manage the affairs of our state in the best interests of the citizen.

While for some OUTA is primarily about the issue of e-tolls, for many it has become a formidable force in civil society. We continue to work on energy, water and environment, transport, communications, education and state capture.

We opened 37 new projects in the year and closed off 45 projects, leaving us with 65 open projects by the end of February 2020. The recent successes in the Dudu Myeni case and other projects are testament that we are improving as we mature. We continue to learn from our mistakes and build into our success!

Strategically, OUTA moves with the times and has taken in new learning around its Local Government



"I am inspired by the many South Africans who, in their own way, take a stand against corruption. People who are not afraid to be activists, to be vocal. The most powerful thing we can do is get involved."



division, which was wrapped up in its prior format of trying to introduce multiple branches, to planning for introduction of platforms to empower existing organised civil society and ordinary citizens to become part of the solutions. We have established a new division of Public Governance that is focusing on influencing government policy in areas of fiscal rights, electoral reform, national health and energy transition.

As regards to e-tolls, OUTA remains committed to this challenge, until the system is switched off: that is a promise!

We expect that 2020 will be a year of growing to reach broader geographic areas and communities, including more relevance to government (focused, solution-based engagement and assisting law enforcement) and the business community. However, we cannot ignore the COVID-19 pandemic that has hit us all. This crisis has spotlighted the many challenges we face as a country and as a world – poor health service, high levels of poverty.

It has also shown us what can be achieved when we work together for a better world. We can only hope that we navigate through this dark storm as best as possible. The time is perfect to reflect on the present form of governance and to admit what works, and what does not work in our country. I don't know what the world will look like in a year's time; I only hope that we find ourselves in a society that is filled with compassion, hope and a desire to build another world that is not driven by greed, money and corruption. This is a role that OUTA can play successfully.

OUTA's role as a civil society organisation is going to be paramount in the coming years. There is no doubt that our relevance to broader society has advanced day after day, and is going to be even more so while moving through these rough seas and building our country after the pandemic. I salute all the tireless fighters and builders in OUTA and wish you health and safety in the coming year.

**Ferrial Adam**



# CEO'S REPORT 2019 – 2020

The past year was meant to be a year of significant momentum when it came to the criminal justice system and action being taken against transgressors of corruption and gross maladministration of public funds. Sadly, this has not been the case. Instead, it has given rise to mounting frustration by civil society and the public at large. Many believe this is a main contributor to a substantial increase in the lack of trust in government, which in turn has resulted in rising emigration and a reduction of investment in South Africa.

For far too long now, society has witnessed multiple media headlines and mounting evidence of gross corruption and wasted state funds, which points to the loss of billions of rand flowing to undeserving beneficiaries and their off-shore bank accounts.

Since February 2019, the National Prosecuting Authority (NPA) has been under new leadership of Advocate Shamila Batohi, after the removal of Shaun Abrahams who was widely regarded as a Jacob Zuma, state capture lackey. When one combined this with the introduction of the new Investigating Directorate (ID), under Advocate Hermione Cronje, team OUTA certainly expected to see traction in the charging and arrests of high-



**Wayne Duvenage – OUTA CEO**

profile people, implicated in corruption and gross maladministration of state funds.

Against the backdrop of reams of strong evidence gathered and handed over to the authorities and the Zondo Commission by civil society, journalists

and whistleblowers alike, one can understand the mounting levels of public and investor frustration, along with the loss of hope by many who are beginning to believe that justice may never prevail against the corrupt, especially those who move in high places in South Africa.

**Another productive year for OUTA... we continue to evolve and strengthen our strategic intent, as we expand OUTA's relevance to a broader civil society audience.**

Despite the lack of traction in the criminal justice system throughout the past year, OUTA's executive remains committed to its mandate of compiling cases and exposing those who transgress laws and regulations when it comes to corruption and maladministration of the nation's tax coffers. We are always mindful of the fact that when justice is delayed, the evidence of wrongdoing must continue to be presented, using the formal processes available. This in turn makes it difficult for the authorities, both local and international, to look away or ignore that which they are compelled to act on. We believe the pressure is mounting and soon the floodgates of justice must open.

During the past financial year, OUTA opened another 37 projects (of a total of 160 over the past four years) and closed 45 (95 closed in total over the past four years), leaving us with 65 open projects at the end of February 2020.

All in all, it was another productive year for OUTA. The highlight of the year was seeing the long-awaited delinquent director case against Dudu Myeni (ex-chairperson of South African Airways) being ventilated in the Pretoria High Court. At the writing of this report, the judgment by Judge Ronel Tolmay had not yet been handed down.

## MAKING PROGRESS

OUTA introduced the Odoo integrated enterprise resource planning (ERP) system towards the end of the 2019 financial year. This has provided the



organisation with additional efficiencies and cost reductions over the past year, most notably direct management of our customer base debit-order system – previously handled by an intermediary prior to June 2019. The introduction of the ERP's HR, finance and project management modules will progress during the coming year, adding further efficiencies and improved control of our processes.

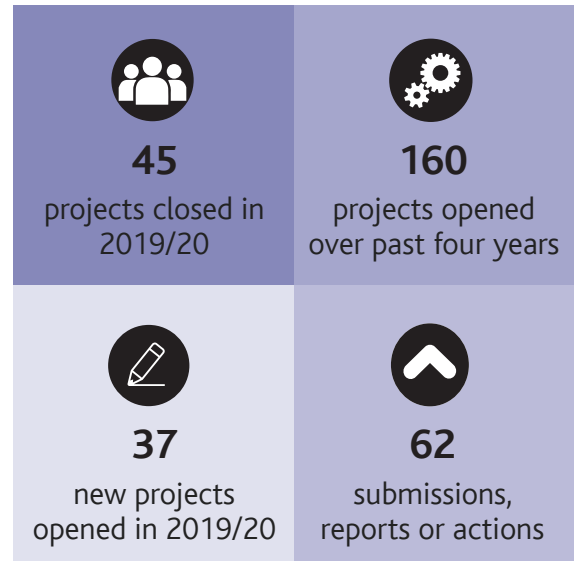
We continue to evolve and strengthen the organisation's strategic intent. While we remain committed to see the end of the Gauteng e-toll debacle (which was OUTA's initial project undertaken), as indicated above, numerous other projects taken on over the past four years have seen OUTA's relevance expand significantly to a broader civil society audience.

At the end of the 2020 financial year, government had made gestures to conclude the e-toll decision, having realised after six years of operation that the scheme had completely failed to raise the required revenue from motorists to settle the Gauteng freeway network upgrade bonds. We believe that government was about to announce its decision to end the e-toll mess when the coronavirus pandemic engulfed government's attention in March 2020.

During the past year, OUTA's first-hand experience and research into the excessive failure of municipalities and local government fed our decision to move away from introducing a costly branch network within municipalities. The team also tested the option of engagement at provincial MEC level, to both encourage and drive the provincial oversight and accountability required to address the collapse of municipalities. This was undertaken specifically within the provinces of Gauteng, Mpumalanga and Free State.

#### A TIMELY SHAKE UP

Unfortunately, while evidence of gross failure and fiduciary mismanagement of municipal management was obvious and presented to provincial government, backed up by evidence within the Auditor General's reports, the provincial government level lacked the necessary courage, competence and leadership to implement oversight. This has strengthened OUTA's resolve to seek changes within the mechanisms of municipal management, the plans of which will unfold in 2020/21.



While the full extent of national lockdown resulting from the coronavirus pandemic fell a month outside of the 2019/20 financial year, at the time of writing this report, OUTA's board and executive management team was assessing the negative impact of the economic downturn on the organisation's work, along with the opportunities and possible broader role that lay ahead for OUTA, post the coronavirus fallout.

There is no doubt that "business as usual" in the public governance environment pre-coronavirus, needed a shake up. Unfortunately, the cocktail of prevailing ruling party political dynamics and our flawed electoral system gave rise to a lack of appetite and reduced ability for government to implement the necessary reform and change required to put the country on a new economic growth trajectory. That situation, however, may just have changed for the better since the advent of coronavirus, which appears to have heightened the urgency for much-needed change in government's approach to tackling a myriad of barriers to South Africa's full potential.

The need for increased civil oversight, transparency and accountability of government's conduct when it comes to waste and corrupt use of public funds, is now more essential and possible than ever before. OUTA will be driving additional initiatives to strengthen civil intervention when it comes to poor public governance going forward.

In closing, OUTA's executive extends its gratitude to the supporter base for their financial contributions, all of which make our work possible and strengthen the hand of much-needed civil intervention in our country today.

**Wayne Duvenage**



# GOVERNANCE AT OUTA

Over the past year, the OUTA executive committee and its board, together with sub-committees, have continued to strengthen the organisation's governance processes. The board is compiled of autonomous individuals with complementary skill sets who constructively challenge each other and the team. The chair and vice-chair are among the five non-executive directors on the board, complemented by four executive directors who serve on the executive committee.

Additions to the board are voted for and approved by the board, which utilises various factors to determine the most suitable and holistic fit to our governing body. The aim is to maintain a balance of more non-executive board members than executives, at any one time. The table on page 13 depicts directors' appointments and resignations over the past year.

The board has institutionalised impartial and objective business and labour practices throughout the organisation. Authorised by the respective charters, the board has mandated two committees to oversee the execution of approved strategies and policies. Governance, ethics, audit and risk are overseen by the combined committee of Audit and Risk, with risk identification, assessment, management and review continuing as a vital component of ethical governance, which is intrinsic not only to what OUTA does, but to who we are.

Independent assurance providers are appointed to support our internal procedures and the board assesses its own performance annually. Board members receive fees in line with their services and time and for services as members of committees.

The organisation undergoes an annual strategic review to ensure the review and alignment of strategy and the uniformity of the OUTA brand and principles. The executive committee is empowered to act on behalf of the board, in line with its delegated authority, in the day-to-day operations of the organisation and to implement the board policies and strategies. The CEO is supported by executives from legal, financial and operational aspects within its day-to-day function.

A genuine passion for the vision of OUTA is universal, not only across the board, but throughout the culture of the organisation.

# HOW OUTA WORKS

OUTA's work largely revolves around three main areas of operation and a back office function:

## ACCOUNTABILITY DIVISION

Seeks to hold government accountable over its misspending and poor management of state resources. We do this by engaging with whistleblowers and monitoring government, which leads to building cases aimed at challenging poor governance and corruption. To be effective in this division, we have a team of Legal Project Managers and Investigators that build strong cases and applications for fast-paced litigation or engagements that are required. Having internal legal expertise helps OUTA to build cases quickly and at low cost, although we still have to hire outside legal assistance and senior counsel on occasion, but this is generally done at reduced rates.

## PUBLIC GOVERNANCE DIVISION

A recently-introduced initiative that employs researchers and public governance oversight experts and project managers who focus on bigger-picture issues that impact negatively on the country's ability to function efficiently. These projects revolve around citizens' rights, transparency and the necessary reform required in the electoral and financial space. This division also has a small parliamentary engagement team based in Cape Town and has proven invaluable to the flow of information both to and from Members of Parliament on projects that OUTA is involved in.

## STRATEGY AND DEVELOPMENT

As with any organisation, including NGOs, in order to grow there needs to be a focus on new business development and seeking opportunities to expand the strategy. OUTA's small Strategy and Development team is involved with a number of initiatives to assist society by improving transparency and accountability.

## OPERATIONAL AND BACK OFFICE SUPPORT

The Communication and Marketing team provides much-needed input on writing media statements, engaging with supporters on social media, newsletters and keeping the website up to date.

Four small teams of IT & Systems; Human Resources; Finance; and Strategy & Business Development.



# OUTA'S FIVE-STEP **METHODOLOGY**

1

## **RESEARCH AND INVESTIGATE**

This involves assessing an issue and deciding whether to pursue it.

2

## **ENGAGE THE AUTHORITIES**

Engagement enables those implicated to respond, explain, rationalise or rectify.

3

## **EXPPOSE THE AUTHORITIES**

Should engagement fail, we will expose the matter and those implicated to the public, media and authorities to create pressure to rectify the situation.

4

## **MOBILISE**

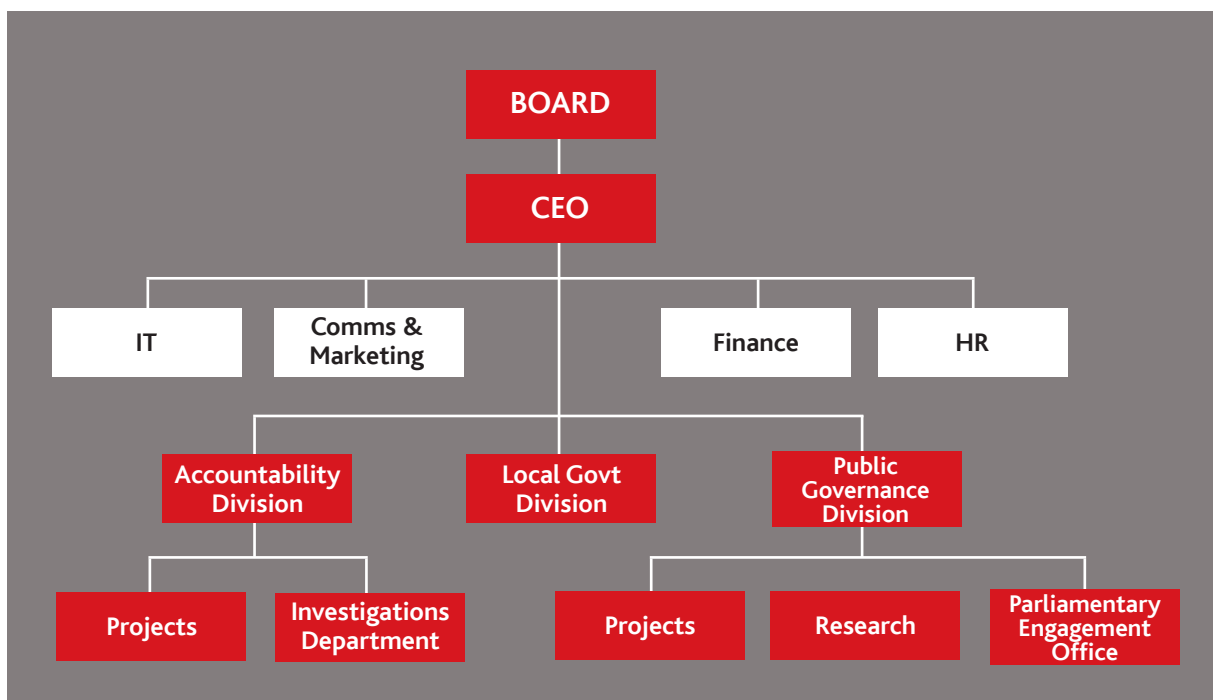
Mobilising public support further highlights the issue and again places pressure on the perpetrators to rectify the situation. Mobilisation may include media releases, public protests or pressure on oversight bodies.

5

## **LITIGATE**

The last resort is to use the law to correct the matter through opening criminal cases, litigation, mediation and arbitration.

# OUTA'S **STRUCTURE**





# OUTA BOARD AND EXCO MEMBERS

## NON-EXECUTIVE DIRECTORS ON THE BOARD DURING 2019/20



Ferrial Adam



Phumlani Majozi



Adv Simi Pillay  
van Graan



Wyna Modisapodi



Paul Pauwen

## EXECUTIVE DIRECTORS ON THE BOARD DURING 2019/20



Wayne Duvenage



Adv Stefanie Fick



Godfrey Gulston



Dr Heinrich Volmink

## EXECUTIVE COMMITTEE MEMBERS DURING 2019/20



Wayne Duvenage



Adv Stefanie Fick



Godfrey Gulston



Dr Heinrich Volmink



Julius Kleynhans



Kerry de Jonge



**DIRECTORS' ATTENDANCE AT BOARD MEETINGS: FINANCIAL YEAR 2019/20**

DIRECTOR NAME	Date Appointed	Director Status*	17 April 2019	30 May '19 (AGM 2018/19)	26 June 2019	2 October 2019	29 Jan 2020
Ferrial Adam (Chairperson)	April 2017	NED	Yes	Yes	Yes	Yes	Yes
Phumlani Majozi (Vice-Chair)	Mar 2017	NED	Yes	Yes	Yes	Yes	Yes
Adv Simi Pillay van Graan	April 2018	NED	Yes	No	Yes	Yes	Yes
Wyna Modisapodi	April 2018	NED	Yes	Yes	Yes	Yes	Yes
Paul Pauwen	April 2012	NED	Yes	Yes	Yes	Yes	Yes
Wayne Duvenage	April 2012	ED	Yes	Yes	Yes	Yes	Yes
Adv Stefanie Fick	April 2018	ED	Yes	Yes	Yes	Yes	Yes
Godfrey Gulston	Feb 2018	ED	Yes	Yes	Yes	Yes	Yes
Dr Heinrich Volmink	May 2018	ED	—	Yes	Yes	No	Yes

\* NED = Non-Executive Director. ED = Executive Director.

	BOARD OF DIRECTORS	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE
Ferrial Adam	Chairperson, Non-Executive Director		
Phumlani Majozi	Vice-Chair, Non-Executive Director		Chair
Adv Simi Pillay van Graan	Non-Executive Director	Chair	Member
Wyna Modisapodi	Non-Executive Director	Member	
Paul Pauwen	Non-Executive Director	Member	
Wayne Duvenage	Director: Chief Executive Officer	Invitee	Invitee
Godfrey Gulston	Director: Chief Financial Officer	Member	Invitee
Adv Stefanie Fick	Director: Chief Legal Officer		
Dr Heinrich Volmink	Director: Public Governance Division		



# OUTA **ACCOUNTABILITY** DIVISION

## HIGHLIGHTS

SANRAL stopped pursuing e-toll debt. Our legal action against SANRAL is thus on hold, but not abandoned. In July 2019, Cabinet appointed a committee to find a solution to the e-toll impasse, but this has still not been finalised.

OUTA's case against former South African Airways (SAA) chair Dudu Myeni finally reached court, more than two years after the case was filed. After initially refusing to attend the hearing, Myeni finally arrived and gave evidence in her defence. Judgment is awaited.

The South African Institute for Chartered Accountants (SAICA) began hearing OUTA's complaint against former Eskom CFO Anoj Singh. Our complaint was filed in September 2017. The SAICA hearing is ongoing.

In May 2019, three directors of the collapsed Aurora Empowerment Systems finally appeared in court to face charges of environmental pollution, arising from the looting and collapse of Grootvlei gold mine in Springs, Gauteng. OUTA lobbied the National Prosecuting Authority for nearly two years for this prosecution.

OUTA started investigating pollution in the Milnerton Lagoon in Cape Town.

In August 2019, OUTA applied to the Constitutional Court for permission to join a case on electoral reform as an *amicus curiae* (friend of the court). This case calls for the reform of the Electoral Act to allow independent candidates to stand in national and provincial elections. Judgment is awaited.

OUTA exposed corruption in the Services SETA, where contractors were being paid by the SETA but it did not pass on stipend payments to students.

OUTA is investigating corruption in the National Lotteries Commission after finding that funds which were supposed to be used to build ablution facilities at Limpopo schools went missing.

In November 2019, OUTA made a submission to the Ministry of Transport commenting on proposed new Administrative Adjudication of Road Traffic Offences Act (AARTO) regulations, which amend the 2008 regulations, opposing these as badly drafted and unworkable.

The Accountability Division has legal experts who use the information gathered by our Investigations Department as a basis to act against corruption and maladministration in government. This also requires a tremendous amount of desktop research, peer revision, and consideration of the applicable rules and legislation. We prioritise projects which are expected to have a significant effect on the people who have been adversely affected by the fallout of maladministration and corruption.



**Advocate Stefanie Fick –**  
Chief Legal Officer and Executive Director

## HIGHLIGHTS FROM THE FINANCIAL YEAR

### The e-toll litigation against SANRAL

OUTA's case against the South African National Roads Agency Ltd (SANRAL) over its claims against motorists for unpaid e-toll debt has been on hold since SANRAL's ambiguous announcement in March 2019 that it is no longer pursuing e-toll debt. While e-tolls still exist, SANRAL's announcement is a significant win for active citizens. In July 2019, Cabinet announced that President Cyril Ramaphosa had mandated Transport Minister Fikile Mbalula, Finance Minister Tito Mboweni and Gauteng Premier David Makhura "to find a solution to the e-tolling on Gauteng freeways", that consultations would be held within government and "workable outcomes" would be presented to Cabinet by the end of August 2019. Cabinet has since then missed various deadlines and the final decision on the future of e-tolls is still awaited.



### E-toll matters to date: Number of matters defended by OUTA's lawyers

High Court cases	99
Magistrate's Courts cases	1 929
<b>Total number of cases</b>	<b>2 028</b>

### Rand value

High Court cases	R86 857 450
Magistrate's Courts cases	R52 334 532
<b>Total value of cases</b>	<b>R139 191 982</b>

In August 2019, OUTA met with Minister Mbalula to express our view on the e-toll situation and discuss solutions. OUTA shared with the Minister our extensive research and empirical evidence which gives substantive input as to why e-tolls failed and cannot be resurrected, along with alternative solutions which could have, and still can be, implemented. This evidence is outlined in OUTA's 60-page e-toll position paper, *Getting Beyond the E-toll Impasse*.

In December, SANRAL's contract with Electronic Toll Collections (ETC) expired and SANRAL extended this for another year. SANRAL also advertised a tender for a new six-year contract for the collection process – OUTA exposed the fact that of the three bidders, two could not be traced and the third appeared to be ETC in a new guise.

We are undeterred by SANRAL's indifference to our legal case or Cabinet's failure to make a decision. We are ready for whatever the government decides about the future of e-tolls. Should SANRAL proceed with this irrational system, our constitutional challenge will continue in full swing in the Pretoria High Court.

### SAA: Delinquent director case against Dudu Myeni

In October 2019, the case brought by OUTA and the South African Airways Pilots' Association (SAAPA) against former SAA chair Dudu Myeni finally reached court.

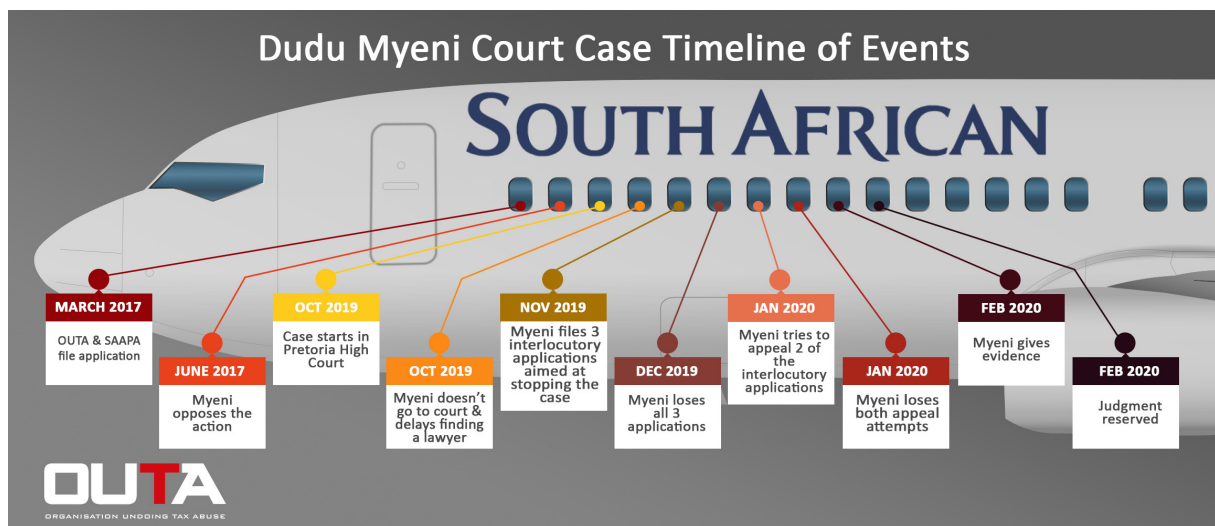
OUTA and SAAPA's application to the Pretoria High Court to have Myeni declared a delinquent director was filed more than two years earlier, in March 2017.

OUTA's legal team spent hours in consultations with witnesses and working on court papers, often resulting in sleepless nights, and five weeks at trial. We persevered, and finally the matter was heard – a victory both for OUTA-SAAPA and the country.

Evidence presented by OUTA-SAAPA showed how Myeni was instrumental in scuppering deals which had dire financial consequences not only for the national airline but for South Africa as a whole. It resulted in losses of billions of rand for SAA and took it to the brink of bankruptcy; in December 2019 the airline was placed in business rescue. From 2009 to 2017, Myeni was the one constant on a constantly rotating SAA board. From 2012 until her departure in 2017, she was the chair. SAA was technically insolvent from 2012/13.

Myeni opposed the OUTA-SAAPA action and she initially failed to turn up in court or even send a legal team. After much delaying, she arranged legal representation and eventually arrived in person to give evidence.

We regard her appearance in court as a significant victory, as she was obliged to explain her actions. This is the former SAA chair who had failed to attend





a meeting at Parliament where she had been ordered to appear, who finally arrived at our delinquent director challenge against her. Proceedings were aired on national television: the nation could finally see one of the state capture culprits being held to account for her actions.



The case revolved around two key matters from 2015: SAA's failed attempt to sign a memorandum of understanding (MOU) on route sharing with Emirates airline, and the Airbus swap transaction. Evidence showed that a deal arising from the MOU would have brought SAA a guaranteed minimum of USD 100-million per year, while the Airbus swap transaction was aimed at saving SAA hundreds of millions of rand in bills and providing more fuel-efficient aircraft. OUTA-SAAPA did not bring evidence on additional incidents outlined in the original case against Myeni, due to time limits and the belief that the two main incidents provided sufficient evidence, but we emphasised this did not concede any weakness in those allegations. OUTA-SAAPA called six witnesses against Myeni, included four former SAA executives. Myeni was the only witness in her own defence.

OUTA's advocates prepared strong heads of argument and Advocate Carol Steinberg delivered a powerful closing statement. Steinberg asked the court to declare Myeni a delinquent director for life and to refer the matter to the National Prosecuting Authority (NPA) for criminal prosecution. We are confident of our success on both fronts. Judgment was reserved on 28 February 2020.

Myeni attempted to divert attention away from the delinquency action brought against her by OUTA-SAAPA and instituted a defamation claim of R8-million against OUTA. We are confident that we can defend this matter and win a costs order against her.

### Complaint to SAICA about Anoj Singh

Anoj Singh, a former director at Eskom and Transnet, who was a big part of the crippling of these state-owned entities, is finally been held to account. Singh was CFO of Transnet from 2009 until August 2015, when he was appointed CFO at Eskom.

As a practising accountant, Singh is a member of the South African Institute of Chartered Accountants (SAICA). He has an obligation as a professional to uphold the highest ethical conduct, but failed dismally to do this. OUTA, among others, laid a complaint with SAICA in September 2017 against Singh for his unethical and unlawful conduct as a professional during his tenure at Eskom and Transnet. In 2019 SAICA instituted disciplinary action against Singh for his conduct. Singh failed to appear, but the hearing commenced in his absence. The disciplinary hearing is still ongoing, but we have full confidence in SAICA that they will find him guilty and order that he be barred from practicing as an accountant.

### Criminal investigation against Aurora directors

Since 2017, OUTA has been applying pressure on the NPA to prosecute those who were instrumental in polluting and stripping the Grootvlei gold mine in Springs, Gauteng, of all its assets, which had a detrimental effect on the surrounding communities when the business collapsed.

The accused in this matter are the directors of Aurora Empowerment Systems, which owned the mine, for their criminal transgressions in terms of the National Environmental Management Act. Aurora was in charge of Grootvlei from October 2009 to May 2011 and, during this time, the mine was looted. This resulted in human rights violations and uncontrolled pollution of water sources by acid mine drainage.

The Department of Water Affairs environmental investigators laid charges in May 2010, but the case had not progressed until OUTA intervened. This is the first prosecution of its kind and will set a precedent for future directors involved in such activities. In 2019, with OUTA's persistence and perseverance, the NPA finally informed us that the Aurora directors would be prosecuted and in May three of the directors finally appeared in court. Those directors are Khulubuse Zuma, Zondwa Mandela and Thulani Ngubane. We are optimistic that justice will be served and that the accused will face jail time. OUTA had lobbied the NPA for nearly two years to prosecute in this matter, as we believed there is enough evidence to prosecute.

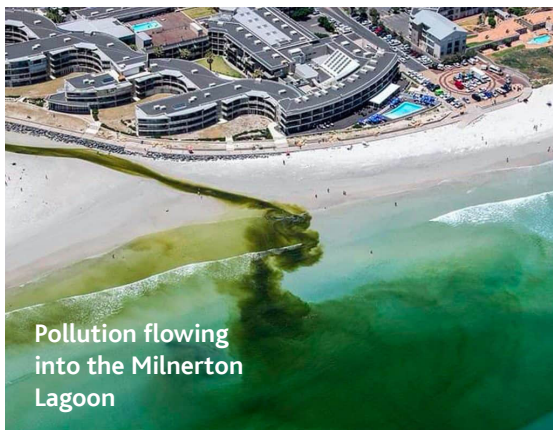


On 26 February 2020, the NPA removed the case from the court roll. OUTA is engaging with the NPA to establish what is happening in this case. Should the NPA decide not to continue with prosecution, we will request a *nolle prosequi* certificate (which confirms that the NPA has decided not to prosecute) so that we can privately prosecute.

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### Cape Town pollution due to inadequate sanitation services

Cape Town ratepayers' associations appealed to OUTA for help in addressing the ongoing pollution of the Milnerton Lagoon, after the City of Cape Town ignored their appeals to resolve the problem. Milnerton Lagoon, in the Diep River estuary and part of the Table Bay Nature Reserve run by the City, is so polluted that the Milnerton Canoe Club is not able to offer a beginner or development programme due to the risk of youngsters falling into the water.



OUTA started carrying out a series of independent water tests which confirmed the contamination. Some samples revealed bacteriological pollution levels up to 300 times the national guidelines for water safety for activities such as canoeing, sailing, or fishing. The results indicated that the key cause of the pollution is the lack of adequate sanitation infrastructure in Joe Slovo informal settlement and the collapse of the Potsdam Wastewater Treatment Works, both of which are the responsibility of the City of Cape Town. OUTA has been vocal about this problem and has arranged to meet with the City, to find workable, short-term solutions for the increasingly problematic environmental crisis. OUTA is dedicated to holding to account those city officials who fail their communities. Public monies should be used for what they are intended to be used for, to uplift and provide basic services to communities.

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### Concort case on electoral reform

In August 2019, OUTA applied to the Constitutional Court to join a case on electoral reform as an *amicus curiae* (friend of the court). This case calls for the reform of the Electoral Act to allow independent candidates to stand in national and provincial elections. OUTA is not associated with and holds no brief for the original applicants, but rather regards this case as a matter worthy of intervention due to the public importance of electoral reform for holding politicians to account.

The current system, based on party representation, results in MPs and MPLs who are primarily representative of, and beholden to, the political party to which they belong, effectively placing party loyalty above election promises. Independent candidates are more answerable to their voters as they face a real likelihood of being voted out if they fail to honour election promises.

OUTA's application to join and OUTA's argument in favour of electoral reform were heard on the same day the matter was argued. Judgment is awaited.

OUTA is in favour of electoral reform which will facilitate a more accountable and ethical political system in South Africa. This will also contribute to a reshaping of OUTA's identity as a policy advocacy institution that engages constructively with government and contributes to the development of our democracy.

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### Services SETA Corruption

OUTA has exposed gross corruption within the Sector Education and Training Authorities (SETAs), particularly in the Services SETA. Since this exposé, we received numerous complaints from students who do not receive their training stipends on time, or at all. This results in students being unable to reach their places of employment because they do not have transport money, and even being removed from training programmes due to non-attendance. There is also collusion between the Services SETA and service providers who are paid while not delivering the services they are contracted to provide. Some executives of the Services SETA were appointed to their positions without the requisite qualifications. Their ability to perform their duties is compromised, thus compromising adherence to policies and legislation, promoting wrongful and wasteful expenditure.

In October 2019, OUTA filed an application against the Services SETA in the Johannesburg High Court



calling on the court to order the SETA to comply with OUTA's request for information in terms of the Promotion of Access to Information Act. The outcome of this application is still awaited. OUTA's investigation into the Services SETA is ongoing.

### National Lotteries Commission

In May 2019, OUTA investigated allegations of corruption and misuse of grants by the National Lotteries Commission (NLC). This included a visit by an OUTA team to schools in Limpopo which were supposed to have had ablution facilities built from lottery funding. That visit uncovered significant corruption and misuse of the proactive funding mechanism of grant approval by the NLC. Since then, we have had numerous communications with the NLC board, following our first meeting with them at their offices in Pretoria in September 2019. In October, OUTA made a submission to the NLC board regarding conflicts of interest between Chief Operating Officer Philemon Letwaba and directors of non-profit organisations which benefitted from lottery funding.

### AARTO: The traffic offences law

The Administrative Adjudication of Road Traffic Offences Amendment Act (the AARTO Amendment Act) was passed by the National Assembly on 5 September 2017 and signed by President Ramaphosa on 13 August 2019. It will only come into effect on a date still to be gazetted by the President, which government has indicated is likely to be June 2020.

While OUTA is serious about improving road safety and reducing fatalities, we fear that the AARTO Amendment will not achieve this. AARTO was rolled out in Gauteng 10 years ago and failed spectacularly. Statistics do not support the claim that it will lead to a reduction in fatalities on roads.

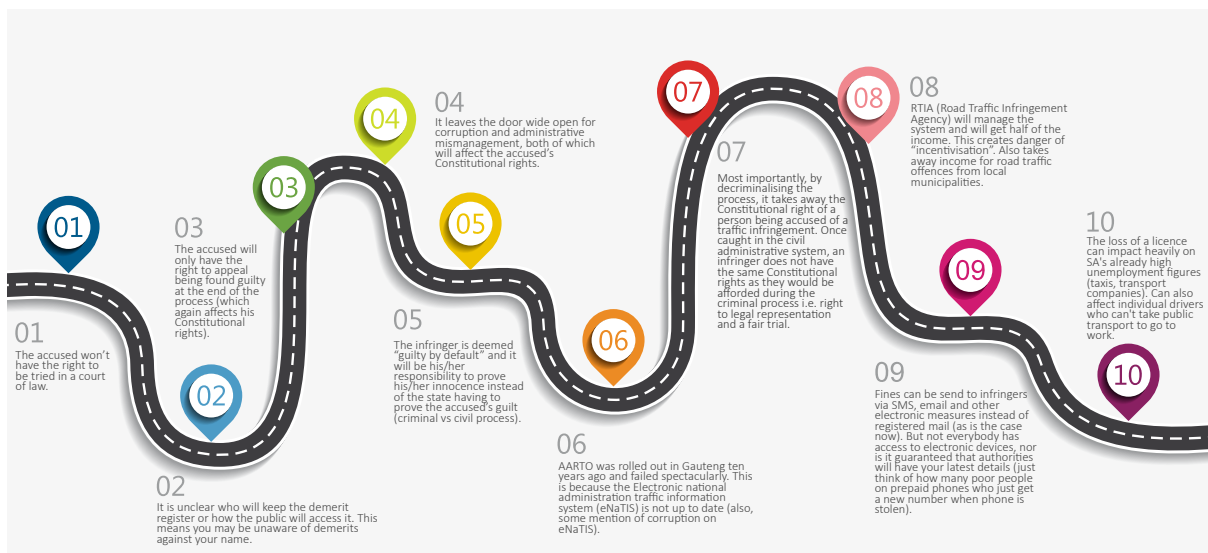
OUTA is planning a constitutional challenge to this law once the date for it to come into effect is gazetted.

In November 2019, OUTA made a submission to the Ministry of Transport commenting on proposed new AARTO regulations, which amend the existing 2008 regulations, opposing these as badly drafted and

## AARTO KEY FACTS

- AARTO = Administrative Adjudication of Road Traffic Offences Act.
- The AARTO Amendment Act was signed into law in August 2019 but it is not yet in effect.
- While government has held public hearings, it failed to fully explain or allow debate about the merits of the amendment.
- OUTA fears that the amendment is nothing but a back-door way of enforcing e-tolls.
- While OUTA is serious about improving road safety and reducing fatalities, it seems the AARTO Amendment Act is aimed at revenue and debt collection. Therefore it could even lead to an increase in lawlessness on the roads.

The amendment has several inefficiencies and legal challenges:







unworkable. Like the AARTO Amendment Act, these focus on revenue collection rather than road safety and carry a major administrative burden.

During the public hearings held countrywide on the AARTO Amendment Bill, OUTA pointed out several shortcomings, but these were ignored. These include:

- The AARTO Amendment is aimed at revenue and debt collection rather than road safety.
- It may become a back-door way of enforcing e-tolls.
- It infringes on the constitutional rights of road users.
- It may lead to even more corruption, as offenders may resort to bribery of law enforcement officers to avoid demerit points.
- It takes away the constitutional right of a person accused of a traffic infringement. Once caught in the civil administrative system, infringers do not have the same constitutional rights as they would have during the criminal process such as the right to legal representation and a fair trial.
- Fines can be sent to infringers via SMS, email and other electronic measures, instead of by registered mail (as is currently the case). However, not everybody has access to electronic devices, nor is it guaranteed that authorities will have up-to-date details for motorists.

**OUTA is planning a constitutional challenge to this law... the regulations are badly drafted and unworkable.**

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- The electronic national administration traffic information system (eNaTIS) is not up to date and has itself been the target of corruption, which raises questions about the reliability of the information.
- The Road Traffic Infringement Agency (RTIA) will manage the system and will receive half of the income. This creates danger of "incentivisation", where the focus shifts from traffic safety to revenue collection. This also takes away income for road traffic offences from local municipalities.
- The national system of road traffic regulation and enforcement created by the AARTO Act and the AARTO Amendment Act unlawfully intrude upon the exclusive executive and legislative competence of the local and provincial governments.

**Stefanie Fick**



# ACCOUNTABILITY DIVISION: INVESTIGATIONS DEPARTMENT

## HIGHLIGHTS



We focused most of our investigations on procurement management in local and national government. We observed an increase in sophistication by those involved in hiding their ill-gotten proceeds, using professionals and institutions to assist.

We continued to support those OUTA projects which oppose state capture and corruption in the Sector Education and Training Authorities.

We received 211 reports of possible corruption and maladministration, of which 134 were relevant to the OUTA mandate.

Our team of investigators personally interacted with whistleblowers on 41 occasions.

We continued to support improved protection for whistleblowers, as they are essential to combatting corruption.

The 2019/20 reporting period was a year of significant learning for the Investigations Department. Our staff complement remained unchanged from the previous reporting period.

Conducting investigations within the civil activism space is never an easy endeavour. This is particularly so when one reflects on the revelations of the extent, magnitude and complexity of corruption emerging from the Commission of Inquiry into State Capture. The nature of the information obtained from our brave whistleblowers across all segments of society indicates that the abuse of taxpayers' funds – through maladministration, negligence or pure criminality – is widespread.

It is important to highlight the impact of whistleblowers who approach OUTA with information on wide-ranging themes. In many cases, these individuals had reached out to multiple agencies responsible for assisting them with valid claims, but did not receive that help. It is for this reason that OUTA Investigations constantly liaises with other like-minded institutions to determine the most feasible ways to address reports of corruption and tax abuse.

As OUTA focuses on rooting out corruption and abuse of taxpayers' monies, we have found that the majority of our cases focus on supply chain and procurement management at local and national government level. The outflows are the proceeds of financial crimes. We are seeing an increase in sophistication with which government employees and their private sector partners hide their ill-gotten proceeds, using professionals and institutions to assist them. There are also examples of brazen theft, where individuals carry out multiple acts of criminality – with no repercussions.

It has become clear that state capture would have continued unabated, had it not been for brave whistleblowers.



**Erich Neethling** – Head of Investigations





OUTA received 211 reports of possible corruption and maladministration, of which 134 were relevant to the OUTA mandate. Many of these reports, while valid, in many instances lacked sufficient content and thus made them difficult to pursue. Our small team of investigators interacted personally with whistleblowers on 41 occasions.

Current projects include matters pertaining to the City of Tshwane metro, the City of Johannesburg metro (with specific concerns regarding the Johannesburg Roads Agency), the Ekurhuleni metro, the National Lotteries Commission, and the Sector Education and Training Authorities (SETAs), which fall under the Department of Higher Education and Training. The SETA project has continued to yield multiple streams of interest, with OUTA currently pursuing the obtaining of information through applications under the Promotion of Access to Information Act (PAIA). Several of these PAIA applications are being opposed. The Investigations Department also continues to support our projects exposing state capture.

One way we stay abreast of the latest developments in fighting tax abuse is by continuously engaging with like-minded stakeholders. OUTA took part in a public presentation in conjunction with the Ahmed Kathrada Foundation regarding the unpacking of the #GuptaLeaks and the importance of protecting whistleblowers.

OUTA also appeared on a Newzroom Afrika panel discussion with former SAA treasurer Cynthia Stimpel regarding the plight of whistleblowers.

Many of these engagements continue behind the scenes with knowledge shared and mechanisms devised on how best to hold government to account.

In June 2019, OUTA published an opinion piece to mark International Whistleblower Day, calling for greater support and respect for whistleblowers. It has become clear that state capture would have continued unabated had it not been for brave whistleblowers like Stimpel, the originators of the #GuptaLeaks and countless others who want to see a prosperous South Africa for all.

OUTA has not disregarded the role of government and will continue to seek fruitful engagement with law-enforcement agencies, including the National Prosecuting Authority, the Asset Forfeiture Unit and the Directorate for Priority Crime Investigation (the Hawks), as well as the State Capture Commission. Engagements have also taken place with the South African Revenue Service (SARS). OUTA provided inputs to the Financial Action Task Force (an inter-governmental policy making body) as well as the African Union Advisory Board on Corruption.

We once again thank all South Africans who continue to report incidents of maladministration and tax abuse. OUTA's Investigations Department will look to expand the protection of whistleblowers.

**Erich Neethling**



# SUBMISSIONS, REPORTS AND ACTIONS

March 2019 – February 2020

OUTA wrote submissions and reports across its projects for commissions, inquiries, Parliament, ministries and for public use. These included formal opposition to corruption and interventions in policy and regulatory matters.

- 1 March 2019:** Submission to the City of Cape Town on the City's water strategy.
- 2 April 2019:** *Position Paper for an Independent Water Regulator*, written jointly by OUTA and Water Shortage South Africa, motivating for the need for a regulator.
- 3 May 2019:** *OUTA Introductory Report on Parliamentary Oversight in South Africa* published.
- 4 May 2019:** Submission to the State Capture Commission on Transnet.
- 5 June 2019:** Petition to Parliament, backed up with a detailed submission, formally calling for an inquiry into the conduct and competence of Advocate Busisiwe Mkhwebane as Public Protector.
- 6 July 2019:** Submission to the National Prosecuting Authority (NPA) and the Special Investigating Unit (SIU) on Transnet.
- 7 July 2019:** Submission to the NPA, reporting on the criminal cases laid by OUTA.
- 8 July 2019:** Submission to the NPA on former Eskom director Mark Pamensky.
- 9 July 2019:** Submission to the NPA on the Sinqumo Trust, which owned the property used by Bongekile Ngema, a wife of former President Jacob Zuma.
- 10 July 2019:** Submission to the NPA on information in Gupta family identity documents and passports.
- 11 July 2019:** Submission to the NPA on Tony Gupta's meetings.
- 12 July 2019:** Submission to the NPA on Trillion back-ground.
- 13 July 2019:** Submission to the NPA on Gupta-related bank statements.
- 14 July 2019:** Submission to the NPA on former Denel chair, lawyer Lugisani Daniel Mantsha.
- 15 July 2019:** Submission to the NPA on Gupta bank transfers.
- 16 July 2019:** Submission to the NPA on the businesses linked to the Gupta family and Duduzane Zuma and the relationship between them.
- 17 July 2019:** Submission to the NPA on payments by the Guptas.
- 18 July 2019:** Submission to the NPA on Sahara Computers and FNB.
- 19 July 2019:** Submission to the NPA on Gupta vehicle transactions with Viglietti Motors.
- 20 July 2019:** Submission to the NPA on flight logs relating to travel by Tony Gupta, Salim Essa and Duduzane Zuma.
- 21 July 2019:** Submission to the NPA on former director-general of the Department of Public Enterprises, Richard Seleke.
- 22 July 2019:** Submission to the NPA on SAA directors.
- 23 August 2019:** Application to the Constitutional Court to intervene as an *amicus curiae* (friend of the court) in case 110/2019 brought by the New Nation Movement NPC *et al* against the President *et al*, attempting to reform the Electoral Act to allow independent candidates to stand in national and provincial elections.
- 24 August 2019:** Submission to the NPA on the Gupta-owned properties and the bonds against them.
- 25 August 2019:** Submission to the NPA on transactions by Hong Kong registered business Freedom Trading.
- 26 August 2019:** Submission to the SIU on South African Airways.
- 27 August 2019:** Submission to the Law Reform Commission inquiry commenting on the regulatory, compliance and reporting burdens imposed on municipalities by legislation.
- 28 August 2019:** Affidavit to the SAPS supporting the opening of a criminal complaint of perjury against Public Protector Advocate Busisiwe Mkhwebane, arising out of findings in recent court judgments.
- 29 August 2019:** *Getting Beyond the E-toll Impasse*, a report outlining the reasons for the failure of the scheme to toll Gauteng's commuter freeways, submitted to Minister of Transport Fikile Mbalula who headed the Cabinet team tasked with deciding on the future of e-tolls. This was an update of our 2014 report.
- 30 September 2019:** Submission to the NPA on all local and foreign bank accounts of the Gupta family and their associates.
- 31 September 2019:** Written and verbal submission to Parliament's Standing and Select Committees on Appropriations about the Special Appropriation Bill, which provides for the Eskom R59-billion bailout over 2019/20 and 2020/21.
- 32 September 2019:** Further submission to Parliament in support of our petition for an inquiry into the fitness of Advocate Busisiwe Mkhwebane to hold the office of Public Protector.



- 33 **September 2019:** Submission to National Treasury commenting on its policy paper on an economic strategy for South Africa.
- 34 **October 2019:** Submission to the NPA on former Minister of Mineral Resources Mosebenzi Zwane, about his involvement as a Free State MEC in the Gupta-linked Estina dairy project.
- 35 **October 2019:** Submission to the Portfolio Committee on Transport as part of the Budgetary Review and Recommendation Report process.
- 36 **October 2019:** The legal case brought by OUTA and the SAA Pilots' Association to declare former SAA chairperson Dudu Myeni a delinquent director started in the Pretoria High Court, a case originally filed in 2017.
- 37 **October 2019:** Brief on energy for the Budget Review and Recommendation Report Process 2019 on energy, submitted to the Portfolio Committee on Mineral Resources and Energy.
- 38 **October 2019:** Brief on environment for the Budget Review and Recommendation Report Process 2019, submitted to the Portfolio Committee on Environment, Forestry and Fisheries.
- 39 **October 2019:** Affidavit submitted to SAPS Brooklyn in Pretoria, backing up the opening of a criminal case against the directors of Tahal South Africa in connection with a contract with the City of Tshwane.
- 40 **October 2019:** Application filed in Johannesburg High Court against the Services Sector Education and Training Authority, calling on the court to order the SETA to comply with OUTA's request for information in terms of the Promotion of Access to Information Act.
- 41 **October 2019:** Input to the Ahmed Kathrada Foundation and Public Affairs Research Institute conference *Civil Society: Defeating State Capture and Rebuilding the State*.
- 42 **October 2019:** Supplementary submission to the NPA on Transnet and money flows.
- 43 **October 2019:** Submission to NPA on Gupta businesses.
- 44 **October 2019:** Submission to the NPA on money flows and analysis of Tequesta and Regiments Asia.
- 45 **October 2019:** Submission to the National Lotteries Commission board regarding conflicts of interest between Chief Operating Officer Philemon Letwaba and directors of non-profit organisations which benefitted from lottery funding.
- 46 **October 2019:** Ad-hoc submission to Parliament's Portfolio Committee on Sports, Arts and Culture on the plight of University of Witwatersrand students who were still waiting for the bursaries promised by the Department of Arts and Culture.
- 47 **November 2019:** *Ablution Improvement Project Disaster report* to National Lotteries Commission board regarding visits to schools in Limpopo where toilets were supposed to have been built with lottery funding.
- 48 **November 2019:** Submission to Parliament's Standing and Select Committees on Finance on the revised fiscal framework and revenue proposals of the Mid-Term Budget Policy Statement 2019.
- 49 **November 2019:** Submission to the NPA on Hong Kong companies and the business PAMM which acted as company secretary to various companies.
- 50 **November 2019:** Submission to the Road Traffic Infringement Agency and the Department of Transport on regulations in terms of the Administrative Adjudication of Road Traffic Offences Act.
- 51 **November 2019:** Submission to Parliament's Standing and Select Committees on Appropriations, commenting on the Mid-Term Budget Policy Statement 2019 and Adjustments Appropriation Bill 2019.
- 52 **November 2019:** Submission titled *Removing Barriers to Universal Health Coverage: Four areas of concern in the NHI Bill* to Parliament's Portfolio Committee on Health, as comment on the National Health Insurance Bill.
- 53 **December 2019:** Submission to the NPA on the Estina dairy farm and money flows through the United Arab Emirates.
- 54 **December 2019:** *Public Narrative Report on the Status of the Lesotho Highlands Water Project Phase II* published on the delayed project to increase Gauteng's water supply.
- 55 **December 2019:** Submission to SARS regarding tax evasion associated with South African Express airline.
- 56 **January 2020:** Submission to the NPA on Makareng Electrical Industries.
- 57 **February 2020:** Submission to NERSA opposing Eskom's application for a regulatory clearing account clawback for 2018/19.
- 58 **February 2020:** Submission to the NPA on Regiments Capital and The New Age newspaper.
- 59 **February 2020:** Application filed in the Pretoria High Court against Public Protector Busisiwe Mkhwebane, requesting the court to overturn the Public Protector's refusal to comply with OUTA's request for information through the Promotion of Access to Information Act. OUTA had earlier asked for documents used in the Public Protector's report exonerating former Mpumalanga Premier David Mabuza of procurement irregularities.
- 60 **February 2020:** Submission to the NPA on money flows involving Transnet and Regiments.
- 61 **February 2020:** Submission to the SIU on money flows involving Transnet and Regiments.
- 62 **February 2020:** Report published reviewing the history of broken promises on local government.



# PUBLIC GOVERNANCE DIVISION

## HIGHLIGHTS

We established the Public Governance Division to enable more robust engagement and strategic advocacy on public sector governance.

We engaged, networked and cooperated with groups including various portfolio and standing committees in Parliament, the South African Human Rights Commission, the Financial and Fiscal Commission, the National Anti-Corruption Strategy Reference Group, the Health Sector Anti-Corruption Forum, Business Leadership South Africa.

We continued to focus on the management and financial crisis in local government.

A new focus is working towards better implementation by government of the National Development Plan for 2030.

We continued to participate actively in the country's budget cycle through Parliament's public hearings and the National Treasury's calls for comment.

We extended our call for an Independent Water Regulator to improve water security and quality.

We support the concept of universal health coverage and made a submission to Parliament to address the shortcomings in the National Health Insurance Bill, including strengthening protection of the fund from corruption.

OUTA made the strategic decision to broaden its engagement in the area of public policy. Alongside the hard and necessary fight against corruption, maladministration and other forms of tax abuse, we introduced our Public Governance Division in 2019, to address the need for more robust engagement, coordination and strategic advocacy from civil society on how governance within our public sector is structured and carried out in the public interest.



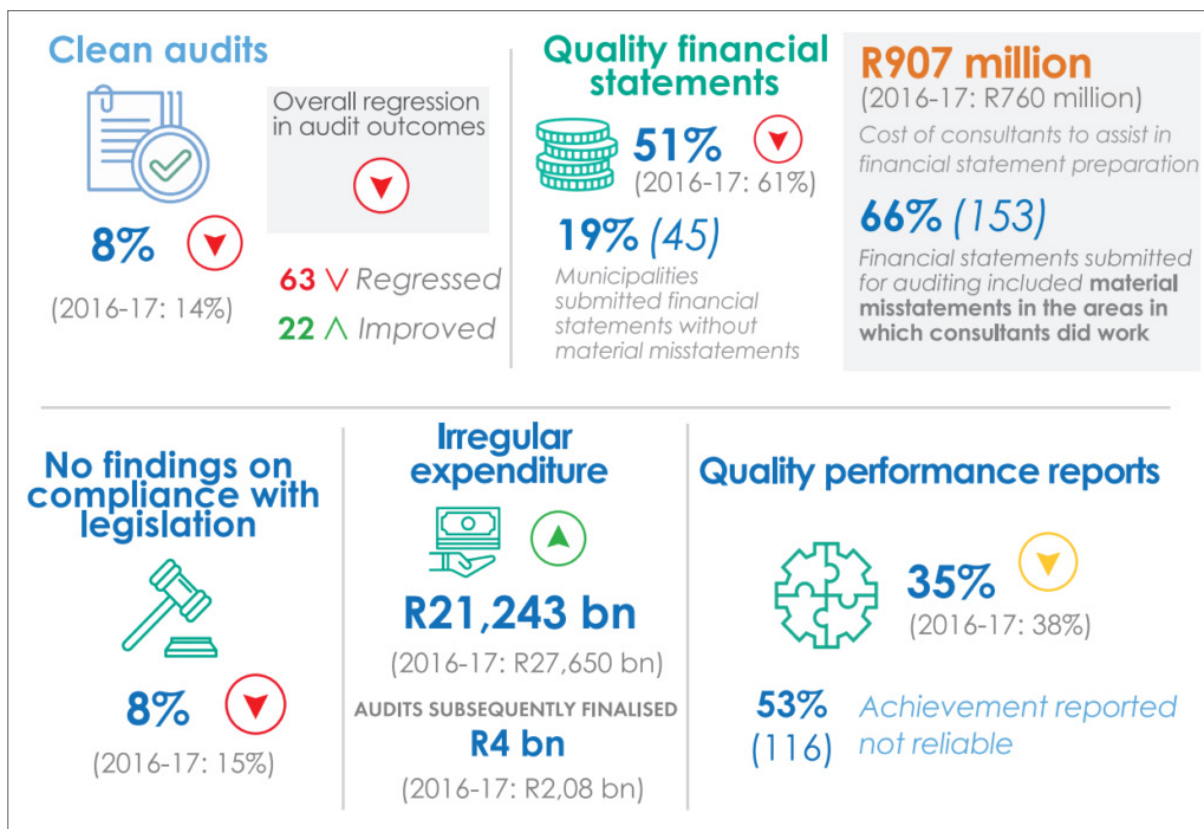
**Dr Heinrich Volmink –**  
**Director: Public Governance Division**

Following the 2019 election, which was a critical step for our democracy, we saw the urgent need for civil society to influence and inform government's course-correction efforts to encourage the rebuilding of trust with citizens. Indeed, civil action is required as we recover from the shocks of state capture and poor governance under the past Zuma administration. Moreover, we see the need for civil society to work constructively with the Ramaphosa administration towards the objectives of the

**We have added our voice in high level deliberations on how key regulatory and oversight mechanisms in government should be reformed.**



## THE STATE OF SOUTH AFRICAN MUNICIPALITIES



Auditor-General of SA: Local Government Audit Outcomes 2017/18

National Development Plan (NDP 2030) without compromising its role in holding government to account.

In the light of the above, OUTA has resolved to add our voice in high level deliberations on how key regulatory and oversight mechanisms in government should be reformed. Tax abuse is due not only to collusion, malfeasance and poor administration in the public service, it is also a result of deeper systemic shortcomings and inefficient policies and regulations. This has had a significantly negative impact on our economy, businesses and household livelihoods, perpetuating inequality and poverty.

Engagement with key roleplayers in the public policy arena is a core methodology of this division. Among the many stakeholders we have made contact with are various portfolio and standing committees in Parliament, the South African Human Rights Commission, the Financial and Fiscal Commission, the National Anti-Corruption Strategy Reference Group, the Health Sector Anti-Corruption Forum, Business Leadership South Africa and many outstanding, like-minded organisations within civil society.

The multiple crises we face as a society give rise to the need for greater cooperation and networking in order to succeed.

#### Local government

Municipalities are particularly challenging and have been falling far behind in terms of policy reform. We know that service delivery has been meagre at best across the country. Findings by the Auditor-General of South Africa show a continuous decline in this sphere of government. Undue political interference in municipal financial and operational management is one of the root causes of this issue. The Local Government: Municipal Systems Amendment Bill is an impending law that will prohibit the appointment of political office bearers in the local government public service and OUTA is calling for its finalisation in Parliament.

Local government is close to home: it's where we live, work and raise our children. Stewarding the infrastructure on which job-creating social and commercial enterprises are built is essential for our economy. We are working to consolidate a holistic and sustainable plan for municipal reform in addition to ongoing policy adjustments we are



involved in. The resultant plan will be shared with different stakeholders. This may spark discussions that could culminate in a self-driven turn-around of our municipalities. Ultimately, it should lead to sustainable, safe, self-reliant and affordable communities where households and businesses can thrive.

### **Fighting for fiscal rights**

The Constitution is our base document as a nation and the NDP 2030 contains some good practical steps we can take to realise the rights enshrined under the Constitution. The problem is that some of those steps have not been taken and, unless we act now, the lofty goals of NDP 2030 will tragically not be realised.

One tacit right OUTA finds lacking in the Bill of Rights is a fiscal right. This would include, for example, the right to have tax monies spent efficiently, equitably and free from corruption. In addition, all the associated policy and institutional mechanisms that would encourage effective oversight and serve to make this a reality, such as inclusive public sector budgeting processes, should be entrenched in the process. In line with this, we will continue with the work of our Fiscal Rights Framework project.

We find ourselves in an extremely precarious economic situation as a nation. Now, more than ever, it is crucial that the precious little resources we have in the public purse are spent legally, rationally, efficiently and effectively. To ensure that this happens, OUTA actively participates in the budget cycle through Parliament's public hearings and calls for comment by National Treasury. However, this is not enough. Structural interventions are also required in essential sectors such as energy, water, education, health and safety.

### **We want an independent water regulator**

Owing to failures in the regulatory function of the Department of Water and Sanitation, OUTA and Water Shortage SA are advocating for an independent regulator in the water sector. The department has been player and referee for far too long, and the substantive decline in water quality monitoring, planning and performance is due to lack of oversight and accountability. As a result, the nation's water quality and security has been severely compromised, despite the fact that South African water law is strict. This situation cannot be allowed to continue. As a concrete step towards this, OUTA is engaging



**Alexandra against the Sandton skyline highlights the stark inequalities across South Africa**

Credit: Mail & Guardian





## Corruption in service delivery leaves people living in squalor

Credit: Ground Up

with Parliament to advance the notion of an independent water regulator for South Africa.

### Unhealthy shortcomings in NHI Bill

Another sector that needs intervention is health. The most recent reform on the agenda here is the National Health Insurance (NHI) Bill. While we fully support the principle of universal health coverage, we are concerned that the NHI Bill, in its current form, has considerable shortcomings. For example, we've called for the establishment of an arms-length "Red Scorpions" to protect the vital resources in the proposed NHI fund, have argued for more democratic governance of the fund itself and have made the case for a greater promotion of the rights of all health service users. It is clearer now than ever that, in order for our health system to be strengthened, it must be protected against corruption. To this end, we have become an active member of the Health Sector Anti-Corruption Forum and will continue to enhance civil society's role in opposing fraud and maladministration in the health sector.

### The "new normal"

OUTA had the opportunity to serve as a member of the National Anti-Corruption Strategy

Reference Group, which is responsible for refining South Africa's strategic plans to eradicate criminal misspending of taxpayers' money.

We are participating in a crucial process that will guide the executive's formation of new and effective interventions, along with cultivating relationships with criminal justice agencies, all of which will enhance the fight against corruption.

South Africa can no longer afford to conduct public governance on a path of "business as usual". A "new normal" vision to overcome our growing poverty and inequality gap is essential. We need public leadership that will catapult us towards accomplishing NDP 2030 and, ultimately, the achievement of the Sustainable Development Goals in our nation.

This calls for moral courage and the need to tackle big challenges in uncharted territory. The Public Governance Division will help establish OUTA as a civil society organisation that helps to navigate our country along this upward trajectory.

**Dr Heinrich Volmink**



# OUTA'S ENERGY PORTFOLIO

## HIGHLIGHTS

We opposed Eskom's application for a backdated price increase for 2018/19.

We commented to Parliament on the Bill for Eskom's R59-billion bailout, calling for strict conditions to be imposed.

We provided background briefings to Parliament on the energy sector.



**Liz McDaid** – Portfolio Manager for Energy  
(Recipient of the 2018 Goldman Environmental Award)

OUTA has patiently and consistently pointed out that Eskom's woes are largely due to poor leadership, political meddling and corruption.

Energy is the economic driver for the South African economy.

OUTA's Energy Portfolio focuses on areas where we believe our work will improve the performance of government and the state-owned entities in the delivery of services. These are:

- Exposing and addressing maladministration;
- Providing a civil society input to government or Parliament; and
- Challenging unfair increases in electricity prices.

At the national level, OUTA continued to provide inputs on Eskom's price applications to the National Energy Regulator of South Africa (NERSA). In September, OUTA made a submission to Parliament's Standing Committee on Appropriations on the Special Appropriation Bill which legalised the Eskom bailout of R59-billion, calling for stricter conditions by national government and greater transparency. In February 2020, OUTA made a submission to NERSA, opposing Eskom's application for backdated price increases for 2018/19 (the regulatory clearing account application).

OUTA has pointed out that the current rules under which Eskom operates allow it to perform poorly, fail to bring in sufficient revenue and then go back to NERSA to ask for the public to pay more.

OUTA has patiently and consistently pointed out that Eskom's woes are largely due to poor leadership, political meddling and corruption which has permeated this largest state-owned entity and caused a rapid rise in operating costs (particularly primary energy and employee expenses) and debt, which mushroomed from R35-billion in 2007 to about R450-billion in late 2019.

Eskom should find savings by reducing its headcount and staff costs, along with returning to lower primary energy costs by undoing the inflated and often corrupt contracts entered into during the Jacob Zuma era.

The public should not have to pay the price for Eskom's corruption and poor leadership.

OUTA has been tracking the Oilgate saga and called on the minister of mineral resources and energy to intervene. Between December 2015 and January



## ESKOM PRICE TABLE 2020

	WHAT ESKOM WANTED FOR 2018/19	WHAT NERSA GRANTED FOR 2018/19	ESKOM'S ACTUAL REVENUE FOR 2018/19 (WHAT YOU PAID)	ESKOM'S RCA APPLICATION FOR 2018/19
ALLOWABLE REVENUE (AR)	R219.514BN	R190.348BN	R179.892BN	R27.323BN (R5.450BN FOR UNDER-RECOVERY IN REVENUE + R21.873BN FOR EXTRA EXPENSES)

2016, 10 million barrels of South Africa's strategic oil reserves were sold illegally to several companies, without due process and with a blatant disregard for any required approval of the boards of directors of both the Central Energy Fund (CEF) and the Strategic Fuel Fund (SFF). The decision to sell off our oil reserves was also done without notifying the minister of finance, which is a statutory requirement.

This unlawful transaction has placed South Africa at risk as the country could be in a dire situation if faced with unforeseen emergencies. South Africa's strategic oil reserves allow the country the liberty of being self-reliant and, in the case of an emergency, South Africa would be able to meet its daily national petroleum products demand of 704 000 barrels per day.

Surprisingly, these crucial strategic reserves were sold at a ridiculously low price of \$31 per barrel, under false pretences that the government would have the option of buying them back at an inflated rate. For most of the year under review, Brent crude oil traded at \$64 per barrel. Another factor is that the sale took place outside an approved strategic stocks rotation policy, to protect the country from any negative exposure.

In November 2019, OUTA wrote to the minister, asking when the forensic report that was completed

by the department on this matter would be made public and what steps were being taken to hold to account those officials who were implicated in the illegal sale of the 10 million barrels. We are still waiting for the minister to respond and we are considering the most effective way to act to ensure those officials are held accountable.

The President has made it clear that Eskom cannot continue to limp along as a monopoly electricity supplier, a drain on the economy. Eskom needs to be restructured in line with a modern energy service. The energy context has changed and so must Eskom. Progress has been very slow. During 2020 Parliament will consider legislation on dividing Eskom into three entities: generation, transmission and distribution. This matter was placed before Parliament at the end of 2019 and is currently under debate in the Portfolio Committee on Mineral Resources and Energy.

OUTA has also been monitoring the Department of Energy through Parliament. The portfolio committee requests briefings from the Department of Energy and calls the minister and his officials to account. As part of strengthening this oversight function, OUTA prepared briefings for, amongst others, the energy portfolio committee. This resource was well received.

**Liz McDaid**



# LOCAL GOVERNMENT DIVISION

## HIGHLIGHTS

We advocated for the removal of eThekweni mayor Zandile Gumede, who faces criminal charges, through various channels including the KwaZulu-Natal provincial government, eThekweni council and the ANC. Gumede was removed as mayor in 2019.

We launched a drinking water quality project in Gauteng, after 83% of Gauteng residents said they did not trust the quality of their drinking water.

We made a submission to the City of Cape Town on water strategy, following residents' calls for OUTA's input.

We built a criminal case against Tahal South Africa regarding a contract awarded by the City of Tshwane, and submitted this to the South African Police Service.

We intervened in the Hammanskraal community regarding dirty drinking water supplied by the City of Tshwane. We are still monitoring the water quality.

We engaged with the City of Johannesburg to get pointsmen back to relieve congestion, after the City failed to make a decision on the tender it had issued. The pointsmen were not fully reinstated and, with load shedding, congestion worsened.

We conducted financial analyses in nine key municipalities and engaged with provincial departments of cooperative governance and provincial treasuries to enhance oversight in local municipalities in Gauteng, Mpumalanga, North West, Free State and KwaZulu-Natal.

We engaged with the City of Cape Town and the Western Cape Province on sewage pollution in Milnerton Lagoon.

We are working on a criminal complaint on the Emfuleni sewage crisis, to hold former accounting officers accountable for neglect.

We believe the most effective way to ensure that municipalities comply with their mandate is through organised civil society groups.



**Julius Kleynhans – Operations Executive**

In March 2018, the decision was taken to explore how OUTA could apply its national impact and operational structure in the local government space, following significant demand from the public to duplicate our efforts in combating corruption and maladministration within local municipalities.

We received seed donor funding to launch the local initiative, with the aim of making it sustainable through crowd funding efforts in local communities. Pilot projects were set up in a few municipalities. However, fighting corruption and maladministration is a lengthy process and the uptake by communities to crowd fund such efforts without almost immediate action and success, was slow and unsustainable.

The local initiative was executed over 12 months in various regions and municipalities. We had more than 100 towns calling for OUTA's intervention, but we had resources to focus only on seven municipalities. Challenging the abuse of authority at the local government level is a far larger and more complex task than initially envisaged.





Maladministration and corruption in municipalities has become rife and complex. Tackling it requires an understanding of the nature of municipalities and the influences on their management, including: political interference; cadre deployment; bulk service providers pushing tariffs and not collecting funds; the involvement of municipal officials in power struggles; political loyalty; the protection by unions of those who do not fulfil their functions in the municipality; the failure by oversight bodies to act against non-performance; the involvement of business in corrupt deals; the failure of residents to pay for services; and climate change. The list goes on.

OUTA realigned its local government strategy in June 2019 – working smarter, adapting to shortcomings and taking into account the effects of the new political dynamics following the national election. Our journey incorporated the need for effective oversight by provincial government to ensure responsible municipal management. Instead of needing to establish a structure in each of the 234 municipalities, this would allow us to focus on nine provinces to influence change, while reducing costs. Our intention was to assist the provincial authorities with accurate financial oversight, with the expectation that they would act against non-performing municipalities and hold municipal managers to account. Unfortunately, this approach has been most challenging, due largely to a lack of political will and skills within the provinces.

Our experience over the past two years led to further revision of our strategy. This now centres around enabling and empowering existing organised civil society structures to drive change in municipalities.

The Constitution states that a municipality must: provide democratic and accountable government

for local communities; ensure the provision of services to communities in a sustainable manner; promote social and economic development; promote a safe and healthy environment; and encourage the involvement of communities and community organisations in matters of local government.

OUTA believes the most effective way to ensure that municipalities comply with their mandate is through organised civil society groups that operate within municipalities and which participate in the affairs of their own municipalities. However, these communities also need to be equipped in order to participate effectively and be able to hold those authorities to account.

These efforts need coordination, empowerment and support. Hence, we have shifted our focus towards finding innovative solutions to address municipal decay. Residents' associations, forums, community organisations, ratepayers' associations and similar groups have approached OUTA for assistance in improving their organisation, coordination and effectiveness. Accordingly, OUTA is in the process of developing a civil society community platform to enable such participation in local government, help monitor and evaluate performance, and to challenge maladministration and corruption.

Civil oversight mechanisms will also monitor the oversight bodies at provincial and national levels, encouraging them to fulfill their responsibilities of halting municipal decay and enhancing performance. Municipalities did not fail overnight, which makes provincial government just as responsible for the decay.

These efforts of innovation will be refined as we continue to work towards developing solutions to turn around local government.

**Julius Kleynhans**



# OPPOSING STATE CAPTURE

## HIGHLIGHTS



We made 33 submissions on state capture, with 30 to the National Prosecuting Authority (NPA), two to the Special Investigating Unit (SIU), one to both the NPA and SIU, and one to the State Capture Commission.

We became specialists on the topic of the #GuptaLeaks, following our extensive work on the leaked Gupta emails. We provided insights to various groups who are opposing state capture.

We used OUTA's unique data-mining programme to mine large datasets, making it easier to retrieve specific data – including data that was previously hidden or encrypted.

Our work on the #GuptaLeaks resulted in OUTA being handed other relevant datasets to mine for information and evidence.



**Rudie Heyneke –**  
Portfolio Manager for State Capture

In line with our purpose, OUTA continued to investigate irregularities, mismanagement, fraud and corruption that occurred in government structures and state-owned entities (SOEs). A large portion of our work was related to state capture and a continuation of OUTA's report, *No Room to Hide*, which was published in 2017.

In 2017, OUTA received a copy of the leaked Gupta emails. This enabled OUTA to become experts on the #GuptaLeaks topic. We were invited to participate in several meetings, forums and groups who work in the opposition to state capture environment, to provide insight into #GuptaLeaks. Using our unique data-mining programme that was developed specifically to mine large datasets, and incorporating additional features developed by our IT partners, it became easier to retrieve specific data, including previously hidden or encrypted data. The new features enabled OUTA to become the leading organisation on the subject of the #GuptaLeaks and, as a result, we were given other, related datasets to mine for information and extract evidence of corruption.

OUTA's efforts were acknowledged after we were approached by the National Prosecuting Authority's Investigating Directorate to assist with its investigations by way of submissions

**We received a copy of the leaked Gupta emails in 2017. This enabled OUTA to become experts on the topic.**

on specific state capture events. This directorate was established by President Ramaphosa in March 2019, specifically to investigate any unlawful activities relating to serious, high profile or complex corruption, as well as other serious offences or criminal or unlawful activities arising from commissions of inquiries or cases referred to the Directorate by the National Director of Public Prosecutions. This included state capture cases. To date, OUTA has submitted four official referrals in



terms of Section 27 of the National Prosecuting Authority Act, and handed over 26 information reports to the directorate, on specific individuals and events.

OUTA was approached by the Special Investigating Unit (SIU) to assist with its investigations into Transnet and South African Airways (SAA). Information, evidence and reports which we shared with the SIU enabled them to conclude their preliminary investigations into irregularities at SAA. These investigations were then handed to the President, who then issued a proclamation to investigate all contracts and procurement events at SAA, dating back to 2002.

With the Transnet case, OUTA worked closely with the SIU to provide information relating specifically to the acquisition of 1064 locomotives, along with money laundering allegations.

OUTA was also approached by foreign investigation agencies to discuss and assist with international money laundering investigations, specifically those relating to the flow of money in the United Arab Emirates and Hong Kong. Information retrieved from the #GuptaLeaks assisted international investigators to track Gupta-linked business partners in various countries, and to trace key transactions that took place abroad.

On several occasions, OUTA engaged with investigators and evidence leaders for the State Capture Commission. We provided the commission with supplementary information in addition to the formal submissions we made in 2018. OUTA may be requested to testify at the State Capture Commission in 2020.

A decision was taken by OUTA not to publicise most of these reports or interactions, so as not to compromise any of the investigations undertaken by various law enforcement agencies.

OUTA supported several other civil society organisations during 2019/20. We are part of the State Capture Working Group that was formed by 21 civil society organisations. This working group submitted a comprehensive joint submission to the State Capture Commission, highlighting the impact of state capture and corruption on society.

## OUTA TOP 10 TRANSNET MOST WANTED



The State Capture Commission, led by Deputy Chief Justice Raymond Zondo, continued its work during 2019/20 and was granted an extension until December 2020. OUTA believes that this extension will enable the commission to produce a comprehensive report and will also enable it to use the additional time to subpoena implicated individuals who are unwilling to appear before the commission.

Members of the South African public made numerous calls for the NPA to expedite its work – and charge people. As OUTA, we shared citizens' frustration, but remained optimistic that action will be taken against accused individuals in the coming year. We have seen the arrests of some high-profile persons implicated in wrongdoing, and we are encouraged by the establishment of the Special Tribunal for SIU cases.

OUTA will continue its work in the anti-state capture space, including providing support to the country's law-enforcement agencies and commissions of inquiry. We believe that the work we do in the state capture environment should be extended to tackle corruption at all SOEs and government departments. This will be done with support from the public and others, who want to see an end to corruption.

**Rudie Heyneke**



# OUTA PARLIAMENTARY ENGAGEMENT OFFICE

## HIGHLIGHTS

We shared OUTA's experience of parliamentary oversight and how it can be improved with new MPs.

We continued our strategic assessment of and reporting on committee inquiries related to state capture.

We made submissions to the Ethics Committee on potentially criminal conduct of former ministers under the Zuma administration.

We changed the game of local government: we pushed for the elimination of political influence in municipalities.

We forged avenues of influence to ensure that controversial cases of corruption see the light of day in Parliament.

We provided critical analysis of financial oversight of state-owned entities and national departments.

### Improving oversight by Parliament

Since September 2017, OUTA has been monitoring and engaging with Parliament on specific issues of corruption, financial mismanagement and systemic maladministration. Over the past year we prioritised our advocacy effort to push for proactive policy mechanisms that could help prevent the problems we have seen in government for a decade and more.

With time comes wisdom. The obscure processes of parliamentary committee operations revealed themselves gradually and brought to bear apparent shortfalls in oversight. Oversight is the keyword here: this, alongside policy making, is the primary responsibility of Parliament – holding executive departments and their state-owned entities (SOEs) accountable.

### Matt Johnston – Parliamentary Engagement Office



We see this as an opportunity to instil a culture of serious and capable oversight in parliamentary committee meetings.

Clearly parliamentary oversight has not been performed effectively. For this reason, OUTA has established a long-term presence in parliamentary matters, through our remote office located near the parliamentary precinct in Cape Town. Early 2019 saw national and provincial elections, which resulted in several new members being appointed to Parliament. We saw this as an opportunity to instil a culture of serious and capable oversight in parliamentary committee meetings – something we found lacking during the fifth Parliament under the Zuma administration.

Our Parliamentary Engagement team produced an oversight enhancement booklet containing recommendations and tips for Members of Parliament (MPs), to promote more robust and effective oversight of problematic government departments and dysfunctional SOEs. This booklet is currently being distributed to committees that are most relevant to OUTA's work.

### Assessment of committee inquiries on state capture

In June 2017, OUTA submitted a report on state capture to Parliament, titled *No Room to Hide*.



At around that time, various parliamentary committees set up inquiries into state capture. OUTA handed our report to these committees and gave further inputs into some of these inquiries.

In May 2019, OUTA compiled a report on Parliament's oversight including on the inquiries into state capture, *OUTA Introductory Report on Parliamentary Oversight in South Africa*. This report found that while one committee had conducted an exemplary inquiry, heard a range of inputs including from civil society, and passed its findings on to the State Capture Commission, another committee had mysteriously dropped its inquiry. Our report concluded that MPs often failed to hold the executive to account, due to a combination of incapacity and lack of political will.

The long-overdue admission of the existence of state capture caused a wave of hot debates in Parliament's National Assembly, most notably from opposition parties. Yet we still have not seen real consequences for high-ranking state officials and politicians who have not cleared serious allegations against them. Incredibly, several key individuals (some of whom face unresolved criminal charges laid by OUTA) were redeployed in important parliamentary positions, after serving as ministers during the heydays of state capture. This is unacceptable and, OUTA believes, far from over. Heads must roll.

### **Submissions to Ethics Committee on conduct of Zuma ministers**

OUTA's Accountability Division filed formal complaints to the Joint Committee on Ethics and Members' Interests, on what we considered to be criminal conduct by former ministers. However, the committee failed to take effective action. To support OUTA's independent submissions to the State Capture Commission, we plan to make another submission – this time focusing specifically on how Parliament failed to deal with these issues.

### **Eliminating political influence in municipalities**

A key theme that has permeated parliamentary debates is the major corruption and mismanagement challenge being faced by municipalities across the country. The Auditor-General of South Africa has pleaded with MPs to intervene, both because of dismal audit outcomes and the fact that, particularly in the worst-performing municipalities, auditors' lives have been threatened by corrupt government officials.

We have been emphatically knocking on the door of the Department of Cooperative Governance and Traditional Affairs to encourage the same portfolio committee in Parliament to finally process the overdue Municipal Systems Amendment Bill. The new rules contained in this Bill will prohibit political office bearers from unduly influencing procurement and other pivotal decision-making processes in municipalities.

### **Strengthening relationships with Parliament**

To achieve our objectives, the Parliamentary Engagement Office is forging ties with parliamentary staff, members of selected portfolio, joint and select committees. The aim is to establish avenues that we can use to bring the concerns of our supporters and the general public to the table. The workings of these committees are poorly understood and often disconnected from the reality on the ground. Encouragingly, some committee members have taken the time to get to grips with how the "pieces of the puzzle" all fit together.

Given the precarious position our nation finds itself in, the time for talking, thinking and planning must surely be over. It is now time for action and implementation. Our Parliamentary Engagement Office is consolidating all the information and institutional know-how we have gained into a comprehensive work schedule for 2020/21. Central to this schedule will be advocacy around financial oversight of debilitated national, provincial and local government departments, and the looted state-owned entities that are threatening the stability of our nation's economy. We are also pushing for more direct accountability by MPs to their constituencies, and for improvements to the public participation process used during the country's annual budget.

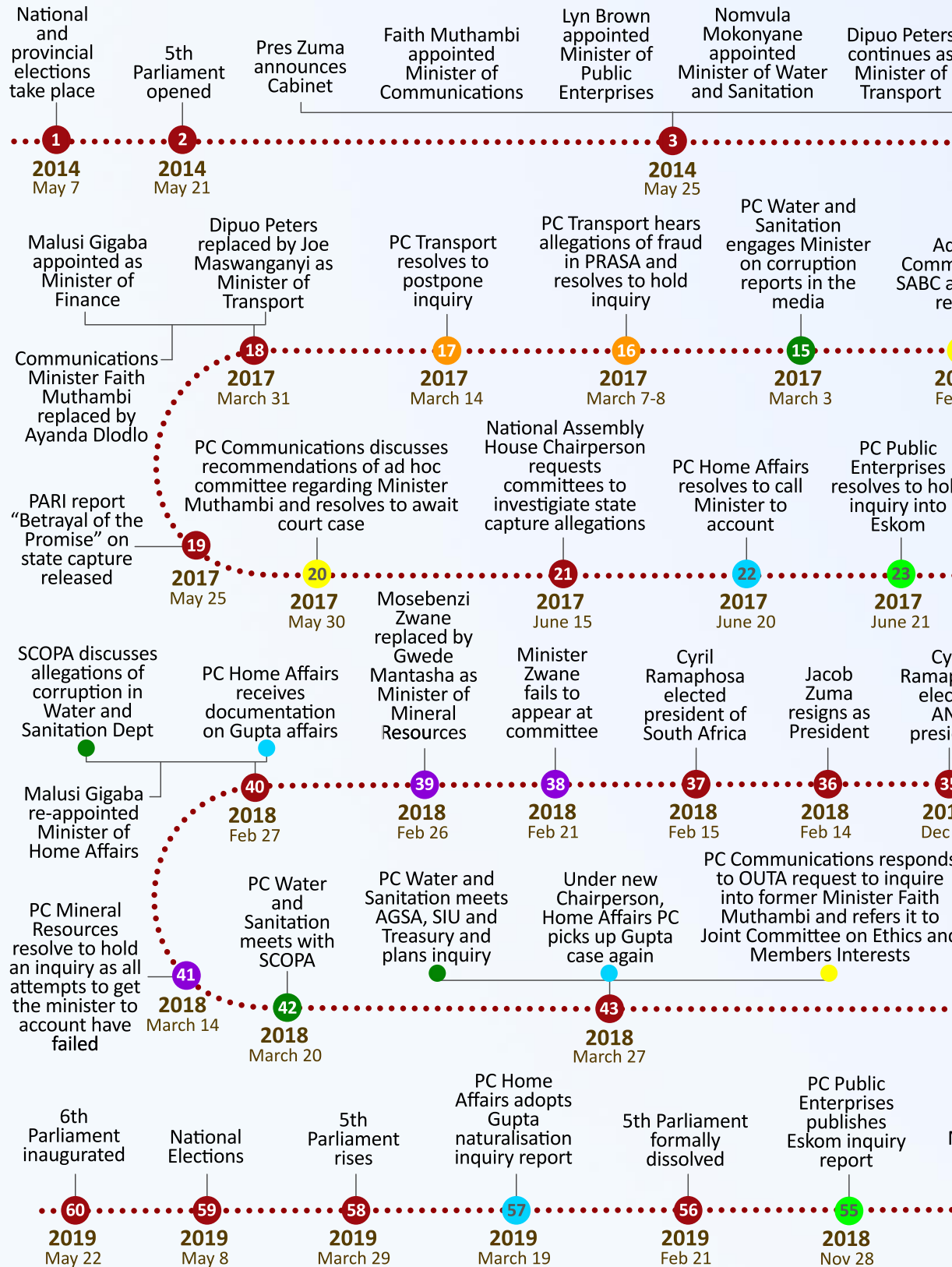
Efforts to get parliamentarians and support staff in the legislature used to OUTA's presence in its corridors are bearing fruit. We are increasingly being requested to give input into central committees in their attempts to deal with the mounting challenges we face as a nation.

The resources which government uses to deliver services, build infrastructure and pay public servants' salaries come from your pockets – and the time has come for you to be at the forefront of decision-making on how that money is spent.

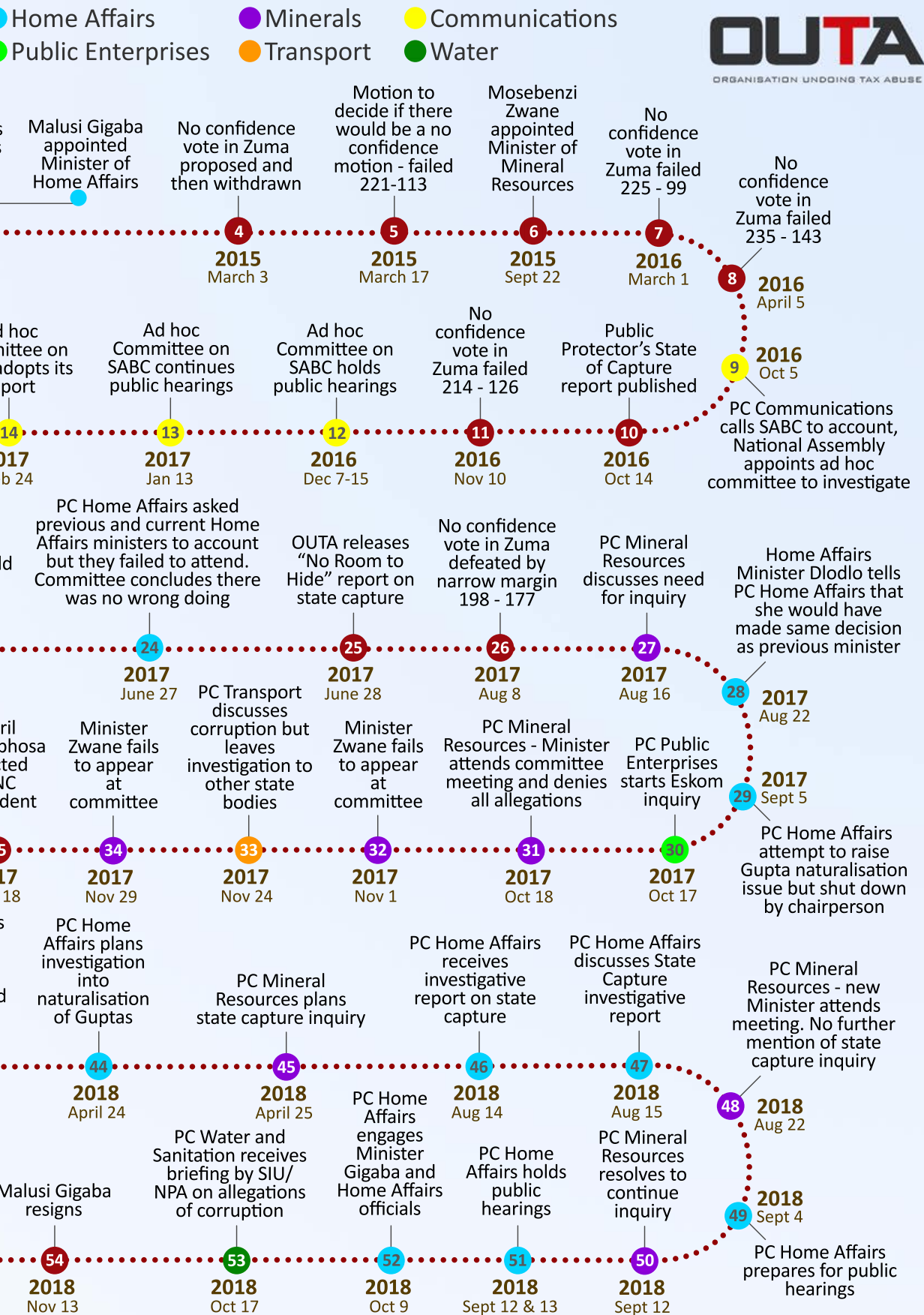
**Matt Johnston**



# Parliament Processes State Capture









# STAKEHOLDER **ENGAGEMENT**



1 710 294

social media  
engagements



343 923

link clicks via  
our website



148

media releases



194 958

visits to our  
website



209 155

media followers



7 306

media mentions



# HOW OUTA IS FUNDED

**To explain OUTA's journey and its funding since inception in March 2012, we reflect below on the two distinct periods of OUTA's first eight years.**

Over the eight-year period from inception in March 2012 to February 2020, OUTA generated an income of R175-million from its donors, which is broken down into two distinct periods that define the organisation's strategic intent, work and relevance to its supporter base. The table below shows the difference between the two four-year periods that make up the eight years of OUTA's existence from March 2012 to February 2020.

Organisation name	Opposition to Urban Tolling Alliance (OUTA)	Organisation Undoing Tax Abuse (OUTA)	Old and new OUTA periods combined	Note: A tale of two periods. The latter four years generated 10-fold revenue compared to the first, due to change in strategy.
No of projects	1 (e-tolls only)	159	160	
Period (ending Feb)	Four years 2013 - 2016	Four years 2017 - 2020	Eight years 2013 - 2020	
<b>Income</b>	<b>R15.6-million</b>	<b>R159.4-million</b>	<b>R175-million</b>	
<b>% of donation revenue</b>				<b>Ave value/donation</b>
Big business	30%	0%	2.7%	R118 000
SMME	27.8%	26.5%	26.2%	R463
Individuals	35.8%	70.3%	67.7%	R114
Political party*	6.4%	0%	0.6%	Once-off
Donor foundation	0%	3.1%	2.9%	Once-off

\* Once-off donation of R1-million in 2014 from the Democratic Alliance towards OUTA's e-toll litigation appeal to the SCA.

## PERIOD 1

**Four years from March 2013 – Feb 2016:  
E-tolls litigation period**

OUTA's work initially focused only on halting or reversing the Gauteng e-toll decision, which took place over the first four years between March 2012 and February 2016. This was when the organisation was known as the Opposition to Urban Tolling Alliance (OUTA).

During the first year of intensive litigation (March 2012 to February 2013), OUTA was funded mainly by larger business members of the South African Vehicle Renting and Leasing Association (SAVRALA), and other NGO / Industry Associations (RMI, SATSA, QASA, and SANCU).

These five entities gave rise to OUTA's formation as they agreed to drive and fund the litigation cases that unfolded. Of the R5.6-million raised in the first year ending February 2013, 80% was funded by big business and 20% by individuals.

Towards the end of 2012, government had placed pressure on OUTA's major business funders (the car rental holding companies) to stop backing the civil action organisation. This left OUTA in a precarious position, not least of which was an outstanding legal bill of R3-million.

## PERIOD 2

**Four years from March 2017 – Feb 2020: Broader mandate: general state corruption and e-tolls**

The second period ran from March 2016 until February 2020, and reflects the organisation's work under a new name, the Organisation Undoing Tax Abuse, retaining the OUTA acronym and with a broader mandate to tackle government's wasteful and corrupt expenditure while continuing to challenge the e-toll decision. During this period, big business was reluctant to support a civil action movement that was challenging government policy and corruption. OUTA needed to become more relevant to ordinary citizens and smaller businesses who believed strongly in our work.

This fundamental shift saw a dramatic increase in revenue, driven by OUTA's decision to support motorists who were summonsed for non-payment of e-tolls along with the broadening of our work (159 projects in four years), related to corruption and maladministration in government.

In this period, OUTA received a R5-million donation from the Millenium Trust, which contributed to the development of an initiative to tackle corruption and lack of service delivery at local government level.



# FINANCIAL

March 2019 –  
February 2020

## INFORMATION

The financial year ending February 2020 excluded any fall-out triggered by the COVID-19 pandemic. Nonetheless, it certainly was a tough year economically compared to previous years, with declining economic growth and the number of families emigrating from South Africa reaching the highest level seen for many years.

Corruption and maladministration continued relatively unabated under the new Parliament after President Ramaphosa's election in May 2019. The general sentiment was that South Africa was headed on a trajectory to junk status, unless something was forthcoming in the way of new economic policy and improved accountability for perpetrators of corruption.

These factors made it difficult for OUTA to grow its supporter base – a constraint experienced by most NGOs, as individual and business donations were affected due to reduced disposable incomes.

OUTA's income from donations remained flat throughout the financial year, ending 3.5% lower than the previous year.

Our 2019/2020 revenue was derived from two components: crowd funding through individual and business donations (95%), and a secondary source through Millennium Trust (5%), who supported our local government vision for the clean and efficient running of local municipalities. This revenue breakdown was similar to last year.

The nature and intricacy of OUTA's work requires significant experience and specialised skills, including legal expertise, investigations,

project management and communication. OUTA pays market-related salaries and our headcount increased slightly during the year, resulting in employee costs increasing to 71% of income, compared to 58% the previous year.

The higher headcount was due largely to OUTA's decision, in our previous financial year, to test the waters with a dedicated team for our local government division. We have since realigned our local government strategy and structure, which will result in a reduced headcount in the coming financial year.

OUTA's skilled legal team is adept at internal case-building. This allowed us to restrict litigation expenses to 6% of revenue – again, similar to the previous year. The SAA / Dudu Myeni delinquent director case accounted for the largest portion of expenses in this category in 2019/20.

OUTA's new ERP system is partially live, including the database for supporter collections. This has reduced our administration and other operational costs significantly, representing 7% of revenue – 5% lower than last year.

Other direct costs, at 10% of revenue, are in line with the previous year.

The executive committee is once again pleased to confirm that OUTA received an unqualified audit opinion for the year. This gives our supporters and board of directors the assurance that our financials present fairly and appropriately, without any exceptions, and are compliant with the relevant laws and regulations.

- 37 additional new projects taken on
- 45 projects closed
- Project management team productivity increases

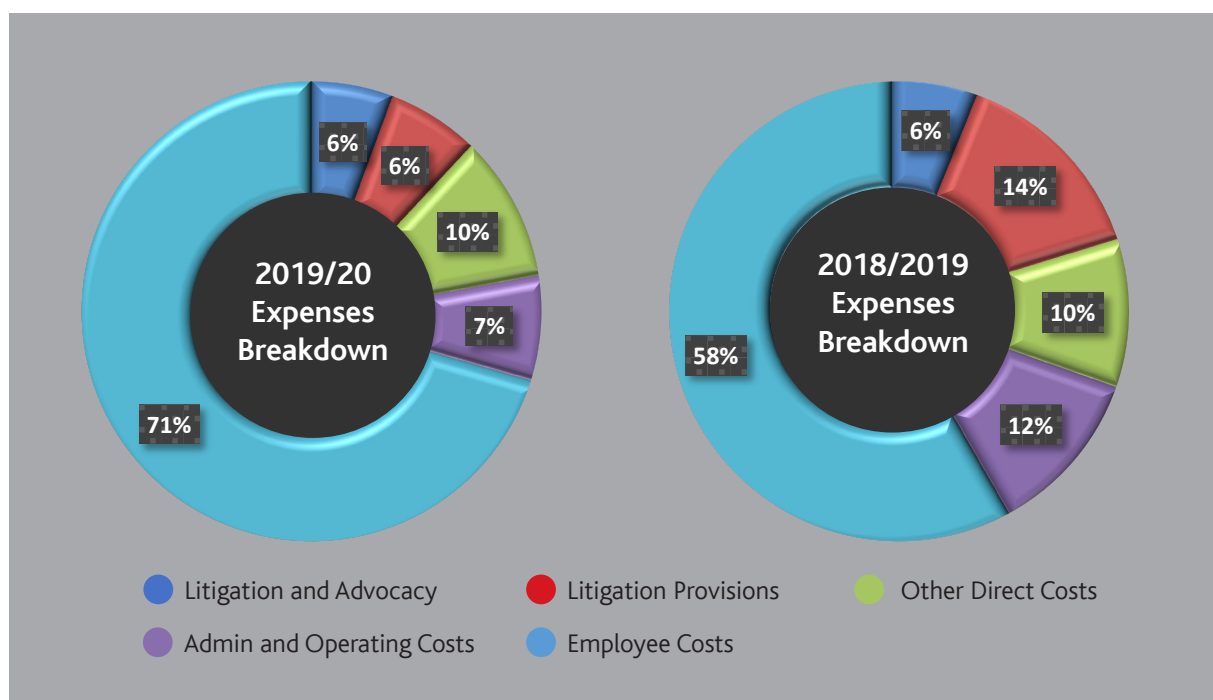


2019/20

**FINANCIAL YEAR**

2018/19

R44 393 299	TOTAL INCOME	R46 002 115
R9 709 501	DIRECT COSTS	R13 963 224
R34 683 798	GROSS SURPLUS	R32 038 891
R34 247 355	OPERATIONS & EMPLOYEE EXPENSES	R31 994 575
R436 443	SURPLUS	R44 316



47	HEADCOUNT Average throughout the year	44
37	NO. OF NEW PROJECTS Actual opened during the year	21
45	NO. OF CLOSED PROJECTS Actual closed during the year	38
75	NO. OF OPEN PROJECTS Average throughout the year	83
65	NO. OF OPEN PROJECTS At the close of the year	73





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