COMBATING CORRUPTION AND MALADMINISTRATION IN THE SOUTH AFRICAN PUBLIC SECTOR

TIPS FOR MEMBERS OF PARLIAMENT
SOUTH AFRICA’S SOVEREIGNTY AND CONSTITUTIONAL DEMOCRACY HAS BEEN HARD EARNED.
ITS BEAUTY AND ABUNDANCE OF NATURAL RESOURCES AND DIVERSE CULTURAL HERITAGE ARE PRECIOUS TO US.

AT OUTA, WE CHOOSE TO TAKE ACTION.
Public office-bearers ignore their constitutional obligations at their peril. This is so because constitutionalism, accountability and the rule of law constitute the sharp and mighty sword that stands ready to chop the ugly head of impunity off its stiffened neck.

Chief Justice Mogoeng Mogoeng
INTRODUCTION

The Constitution is the supreme law of the Republic of South Africa. When Members of Parliament (MPs) are inaugurated they take an oath "that I will be faithful to the Republic of South Africa and will obey, respect and uphold the Constitution and all other law of the Republic; and I solemnly promise to perform my functions as a member of the National Assembly to the best of my ability." 1

According to Professor Thuli Madonsela (Public Protector 2009-2016), "integrity isn’t just about not lying and not stealing" but should be about honouring and protecting the Constitution.2 As our Auditor-General, Kimi Makwetu, has stated:

“Public servants and their representatives stand as midwives between these limited resources and the prospects for a better qualitative life for all citizens. If the lure for money and material benefits is their primary motivator, the service ethos and care for others is compromised.” 3

“If we are looking for ethical leadership, we need to heed three principles,” Professor Thuli Madonsela has said. We need people who are most competent, most trustworthy and least selfish. We then need to trust their integrity to do the right thing.2 Over the course of the Fifth Parliament, ethical leadership was found to be seriously lacking. This led to gross abuse of South Africa’s tax revenue, to the disadvantage of the majority.

This booklet provides a simplified explanation of how public finances were exploited and how the recurrence of such abuse can be avoided going forward. The aim is to assist MPs to live up to their oath and ensuring that resources in the public sector are used optimally to provide a better life for all.

Ongoing inquiries and investigations are exposing the depth and breadth of corruption and maladministration over the past decade. Still, a comprehensive plan to deal with systemic and organised corruption is lacking. As part of the Medium-Term Strategic Framework for 2014 to 2019 the South African government appointed a Steering Committee to develop the National Anti-Corruption Strategy (NACS) with the goal of “developing a set of shared commitments across sectors, to support collaboration within and between sectors, and to direct renewed energy towards the goal of reducing corruption and building an ethical society”. Along with other civil society organisations, OUTA is currently a member of the NACS Reference Group.4

Civil society has an important role to play in addressing corruption and maladministration. To this end, OUTA and other organisations intend to engage and partner with Parliament on behalf of all our citizens. This sentiment resonates with the following comments from the September 2019 National Assembly Planning Session in Parliament:

“The last few years have seen the rise of citizen groups such as OUTA, human rights organisations and business associations such as Business Unity South Africa, that are also representing the needs of citizens. If Parliament is seen as ineffective, these bodies will disintermediate Parliament from its role as the people’s representative. The response of these new entrants in the arena cannot be a competitive one, but rather a collaborative one involving coordinated effort, and creating partnerships to best represent the needs of citizenry.” 5

Without strong watchdog institutions, impunity becomes the very foundation upon which systems of corruption are built.

Rigoberta Menchú Tum
Nobel Laureate
CHALLENGES AND RECOMMENDATIONS

Until now, Parliament’s performance has fallen short of society’s expectations when it comes to effective oversight. Parliamentary committees relied almost exclusively on the superficial contents of departmental reports and quarterly PowerPoint presentations to conduct oversight.

Several core government departments and other organs of state are on the verge of financial collapse. A systemic abuse of procurement procedures, discretionary ministerial powers and the appointment of officials lacking competency to carry out their responsibilities, as well as a general failure to implement serious consequences for non-compliance, are among the core reasons for this.

By analysing a sample of parliamentary committees’ work to date, OUTA presents this booklet with the intention of providing current parliamentarians and other state officials with objective insights on the ins and outs of corruption and maladministration in the public sector. Our primary aim is to curb graft and the abuse of tax revenue.

OUTA intends to cooperate with and aid those government entities that have the responsibility, will and capacity to achieve the same objectives. Parliament and its committees are key examples in this regard. These committees are ideal forums for improved engagement with civil society on issues of accountability that matter to ordinary South Africans, especially taxpayers (which includes all who pay VAT on any purchases).

In the first section, examples of failure in terms of oversight are discussed and some impacts of such failure are briefly illustrated. Potential remedies for known challenges are recommended at the end of each subsection.

The second section describes in more detail potential solutions to the problems outlined in section one. It also recommends general practices that can flout attempts to undermine the authority and responsibility of parliamentarians. In the context of state capture and widespread maladministration, the key role and responsibility of Parliament should be to ensure that the Executive arm of government is hallmarked by good governance, efficient and effective spending, as well as the rule of law.

Appointment of underqualified public officials

On countless occasions, public officials were appointed with inadequate qualifications. Competent, hardworking officials who were opposed to state capture and general maladministration experienced intimidation and were often pressurised to neglect their duties or resign altogether. This enabled further appointments of people without the necessary skills and discipline to perform their duties in the public service effectively and efficiently.

Consider the following case that illustrates this issue well. According to the interim report from the Ad Hoc Committee on Communications, the actions of the South African Broadcasting Corporation (SABC) “saw the purging of highly qualified, experienced and skilled senior staff members in violation of recruitment/human resource policies and procedures; purged staff have in many instances been replaced without due consideration for, or compliance with established recruitment policies”.

An excellent source that speaks to this challenge is the well-known Report of the High-Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change, which was published in November 2017. Former President Kgalema Motlanthe drove the research, analysis and publication processes that led to this report. It was undertaken by order of the Executive. In it, the problem identified here is dealt with at length:
“As part of the next generation of reforms to accelerate fundamental change, trust in leaders and institutions needs to be restored. A lack of trust is often informed by inappropriate appointments to senior positions in the state, which undermines trust in those individuals and the institutions that they lead. The Constitution empowers the President and Premiers to appoint members of the National and Provincial Executives without abrogating from these constitutional powers. Measures should be introduced that allow for more transparent and participatory appointment processes.

“Such processes would empower the public with more information and knowledge about the new members of the Executive and their relative skills, experience and merits, and would provide a forum where appointees can publicly commit themselves to applicable standards and to certain objectives, against which their subsequent conduct and performance can be measured. An empowered public will, in turn, be able to assist the legislatures in ensuring that Executives are more accountable to electorates.

“Parliament should consider opening up debate on the desirability and feasibility of a system that incorporates public participation and Parliamentary oversight for certain categories of appointments to public office to increase independence (where required) and accountability to achieve the objectives of a capable and developmental state.”

OUTA RECOMMENDS THE FOLLOWING PROCEDURES TO REALISE THE REPORT’S SUGGESTIONS:

- Lifestyle audits for all senior public officials, at Director General and Deputy DG levels
- Strict verification of qualifications and experience
- Departments should report to Parliament on staff recruitment processes, motivations for replacements, staff turnover and performance appraisals
- Develop the structural involvement of civil society in decision-making processes around human resources in the public service

Corrupt leadership

Political leaders must always uphold the Constitution and act in the public interest, especially those deployed in the Executive. Several high-ranking political office bearers and ministers have wrongfully interfered in the due process of their departments, to position their allies in influential positions. Such wrongfully appointed persons then further undermine regulatory processes within the organ of state in which they are deployed, to divert money and assets away from the public good toward selected private interests.

Such officials become instrumental in the strategic abuse of taxpayers’ money, disabling state-owned entities from effectively doing their work in the public interest. There is a common thread running through all spheres of government: they don’t look after money that has been entrusted to their care for delivery of various public services.

In the SABC case, the inquiry found that the minister disregarded the primary act governing the SABC (the Broadcasting Act), referring to the Companies Act to preferentially empower herself, effectively enabling her to interfere within the SABC’s operational matters. A good example of legislative amendments that speak to such issues in the sphere of local government is the Municipal Systems Amendment Bill. This, however, is long overdue and now the Bill has lapsed since it was left to the final moments of the Fifth Parliament.

TO REMEDY THIS PATTERN OF POOR GOVERNANCE, OUTA SUGGESTS:

- Accusations of misconduct must be investigated promptly, ideally within a month
- Public hearings and inquiries should be normalised and provided for in the Parliamentary budget
- Where matters are referred to the Joint Committee on Ethics and Members’ Interests, it should report back to the Speaker’s Office, the relevant Portfolio Committee and/or the National Assembly with detail on its progress and findings
- Proactive lawmaking and serious consequences to prevent recurrence of known criminality
- Paying attention to organisational structure of organs of state, as excessive centralisation of decision-making power facilitates corruption
Misuse of discretionary powers

Another sign of corrupt activity is the use of alternative procurement processes that are allowed in specific scenarios. These are commonly referred to as deviations and expansions. These often involve exemptions in expenditure ceilings, the bypassing of regular procurement policies, virements, and/or undue involvement of political heads in the procurement process.

Legal loopholes and provisions that allow for the disregard of ordinary due process in emergency situations should be reviewed and updated with caution by lawmakers. A good example of this was deliberated on during the Inquiry into Early Naturalisation of the Gupta Family by the Portfolio Committee on Home Affairs. In that case, the legal provision that empowers a sitting minister to waive regular prerequisites for early naturalisation of foreign nationals was scrutinised and the committee ultimately recommended that the legislation be amended to remove the discretionary power. This was a positive move, blocking the minister’s arbitrary use of powers.

Another example is the excessive reliance by various state entities on external consultants (outsourcing) rather than developing internal human resource capacity to perform certain functions. The power or discretion to make such costly decisions should be critically reviewed.

OUTA RECOMMENDS THE FOLLOWING AVENUES TO ADDRESS THIS ISSUE:

- Amending the law to disallow excessive individual discretionary powers - c.f. Home Affairs case.
- MPs should be briefed on legal issues – for example, the use of the Companies Act to trump the Broadcasting Act in the SABC case
- Committees need to fiercely challenge the decisions of ministers or empowered public officials when their actions do not represent the public interest, and discretion should be discouraged if it undermines transparency, public participation or due process

Expenditure

The Auditor-General of South Africa (AGSA) has raised red flags on many organs of state that continue to receive qualified audits, year after year, consistently showing substantial wasteful and irregular expenditure. Adding insult to injury, virements are proposed where monies are moved from one sector to another without detailed motivation or explanation.

The SABC received qualified audit outcomes with findings for the 2013/14, 2014/15 and 2015/16 financial years. A qualified opinion refers to an outcome where the entity failed to produce credible and reliable financial statements, and had material misstatements on specific areas in its financial statements which could not be corrected before the financial statements were published. Why were no serious measures taken to address this unacceptable situation from 2014 to 2016? Parliament has the power and responsibility to intervene in such scenarios.

Bureaucratic efficiency and administrative professionalism across the spectrum of government entities should be enforced by Parliament. Accountability requires adequate and accurate administration of all key decision-making processes in terms of tax money spent.

In local government, fruitless and wasteful expenditure across the country’s municipalities rose 71% from 2015/16 to 2016/17, reaching R1.5-billion, Auditor-General Kimi Makwetu stated in 2018. He also revealed a general deterioration in all audit outcomes, saying that despite his office’s “constant and insistent advice and caution to those charged with governance and oversight about administrative lapses since 2013, their counsel has largely not been heeded”. We still see this regressive pattern continuing today – and it must stop.

Only 33 out of the country’s 257 municipalities, or 13%, managed to produce quality financial statements and performance reports and receive a clean audit. The extent of irregular expenditure rose from R16.2-billion in the previous year to over R28.3-billion during 2016/17. MPs, especially those deployed in financially focused committees, must use their powers of oversight to ensure that the AGSA’s directives are indeed heeded. The AGSA’s findings should

Circumstances and priorities change over time, but good values don’t go out of fashion.

Archbishop Emeritus Desmond Tutu
be used as an alternative source of performance information when quarterly financial statements are presented to the various portfolio committees by departments and their entities. The recent enactment of the Public Audit Amendment Bill further empowers the AGSA to hold individuals and accounting officers personally liable for material irregularities.

Clear-cut legislation, such as the Municipal Finance Management Act, should be applied during oversight proceedings in Parliament when dealing with these issues. In the SABC example, irregular expenditure of R35.1-million was misstated, which contravened the Public Finance Management Act section 55 (2). Each and every instance of inappropriate self-enrichment in the public service must be named and shamed, and result in harsh consequences.

Public officials in capital-intensive state-owned enterprises must be monitored in terms of operational expenditure decision making. Lessons should be learnt from the Passenger Rail Agency of SA scandal. Locomotives were procured that were not fit for purpose. Such failures are not always intentional or strategic, but may also result from gross incompetence of key decision makers.

In the case of Transnet’s locomotive scandal, procurement processes were blatantly circumvented by board members. Knowing that ministers are responsible for overseeing expenditure choices in state-owned entities above a certain quantitative threshold, MPs must in turn ensure that ministers are also accountable and abide by the laws and shareholder compacts that govern their decision-making power.

OUTA RECOMMENDS THE FOLLOWING ADDITIONAL MEASURES TO REMEDY THE PROBLEMS OUTLINED ABOVE:

- Major state-owned entities and departments must report back to portfolio and select committees on progress within two months of Budget Review and Recommendations Reports being processed
- Budgets must be dissected during public hearings held on appropriation bills as well as the division of revenue bills to ensure that proposed budgets are fit for the needs of the people
- Any virements that appear to take money away from the pro-poor targeted expenditure and capital expenditure should be rejected

Consequence management

Over the past decade, taxpayers’ money has been squandered and intentionally misappropriated; but there has been very little accountability for known and alleged transgressors. Officials resign or are redeployed elsewhere before appropriate disciplinary action has been taken. In its deliberations on its outgoing legacy report for the Fifth Parliament, the Standing Committee on Finance demanded that its successors lay more emphasis on consequence management at a broader scale.

In terms of financial management, the AGSA has displayed a similar sentiment: “Either their accounting records are not kept and maintained with requisite competencies, or senior management never take steps to ensure these are carried out, or corrective steps aren’t taken where there is flagrant disregard for norms and standards.”

An example of failure to manage consequences in a parliamentary context is the dismal attempt of the former Portfolio Committee on Mineral Resources to undertake its inquiry into the conduct of former Minister Mosebenzi Zwane around allegations of state capture in that sector. After its authority was undermined repeatedly by the former minister, the committee abandoned its resolution to investigate the allegations, citing a lack of financial resources.

An example of success in this regard is the Portfolio Committee on Public Enterprises’ Inquiry into Corporate Governance at Eskom. During the inquiry, interested and affected parties testified before the committee. Ultimately, a report of the proceedings was submitted to the Zondo Commission of Inquiry into Allegations of State Capture.

The AGSA has also indicated that, in general, where services are not delivered, infrastructure has deteriorated or assets have gone astray, there is often no real accountability for such lapses. This can be seen in the water and sanitation sector where the provision of water as a fundamental human right as enshrined in the Constitution has not been realised since the dawn of democracy in some parts of South Africa.

The Department of Water and Sanitation has suffered irreversible financial losses, as well as erosion of its skills and expertise, reaching a point of near bankruptcy. This has effectively stopped the Department from maintaining and upgrading the infrastructure and assets necessary to ensure that all South Africans have access to safe, potable water.
OUTA’S RECOMMENDATIONS TO ADDRESS THIS ISSUE:

- Where there are any allegations of misconduct, MPs must insist that the relevant public officials report back to the responsible committee(s) on the processes being followed to not only discipline or lay charges, but to claw back financial losses.

- When the transgressor is a minister or high-level politician, he or she should be referred to the Joint Committee on Ethics and Members’ Interests and, if necessary, criminal charges should be laid with regular updates and feedback from law enforcement agencies.

- MPs should cooperate with relevant law enforcement agencies when foul play has been confirmed or is reasonably suspected.

ADDITIONAL INTERVENTIONS TO CONSIDER

Technology

High-tech tools have great potential to enhance transparency and better inform government officials. These can transform the way information is captured, stored, processed, shared, and disposed of in the public sector and at the interface with private commercial entities.

The public can access government information by making a request in terms of the Promotion of Access to Information Act, but Corruption Watch states that this process is slow and cumbersome and that it undermines those working to fight corruption effectively. Parliament must ensure that relevant state information is accurately captured and made available to public forums in a user-friendly way. Civil society organisations like Right2Know and Open Secrets are important influencers in this field and should be heard in Parliament.

To illustrate the potential of better information systems in terms of public spending, the former Chief Procurement Officer in National Treasury, Kenneth Brown, suggested that procuring entities could enter their needs into a system that would generate the tender according to pre-programmed requirements. Such systems can also be designed to track government employees’ performance and disbar them from working in government if they are guilty of foul play. It could collate data from various departments, refine it, and make the information easily available for accounting and executive officers – as well as MPs and the public at large. Underperforming officials could then be subjected to lifestyle audits and closer scrutiny.

While these solutions can’t cure corruption, they have potential to prevent it from spreading. Any intervention that closes the net around corruption should be welcomed. However, the will to develop and use such technology must be instilled in every public official, otherwise it will be left to other stakeholders like business, academia or civil society to develop it.

OUTA recommends that such measures are developed and implemented in collaboration with prominent civil society organisations and private information and computer technology companies that have a proven interest in ensuring good governance.
Integrity, capacity building and accountability

Integrity is one of OUTA’s core organisational values. This value should be at the forefront of every MP’s conduct. To achieve this, Dr Terence Nombembe, Chairperson of the Ethics and Anti-Corruption Council, has proposed an “integrity compact”. We strongly agree with the call for much more meticulous vetting, screening and publicly informed induction programmes for new public officials (as well as existing incumbents moving into new positions).

We also support the call for the overall professionalisation of the civil service, with training and education aimed at improving compliance, whilst optimising government performance and public spending. The process of civil service professionalisation, which could be driven by MPs, has the potential to decrease irregular and wasteful expenditure resulting from skills deficits, making instances of corruption far easier to identify. 10

Parliament must ensure that there is effective consequence management for officials who contribute to maladministration and corruption. The days of lip service and slaps on the wrist for those who are found wanting or unfit for office need to be put behind us permanently. Whether in committees or sittings, MPs need to show their teeth by ensuring that every allegation of corruption is appropriately investigated, and that those who are found guilty are held to account.

Methods available to MPs include summoning implicated officials (and insisting that such officials appear before Parliament), conducting parliamentary inquiries and making appropriate referrals to law enforcement agencies.

Mass mobilisation and public involvement

The public can and should play a central oversight role in the appointment of public officials. Civil society organisations can provide platforms and forums for these processes by publicising upcoming appointments, while making candidates and their credentials known. An example of this is the campaign by MyVoteCounts regarding the appointment of electoral commissioners, which highlighted the fact that the public is entitled to comment on shortlisted candidates.

There is an urgent need for greater public involvement in tackling corruption. When the victims of corruption are excluded from oversight and corrective action, the result is that communities chronically suffer from a lack of proper service delivery.

For example, the people of Nala Local Municipality, an administrative area in the Lejweleputswa District of the Free State, were forced to continue to use buckets for sanitation, despite a tender being granted for the provision of toilets. Advocate Thuli Madonsela recounted how her former office’s investigation revealed that while the toilets were built, no piping was laid to connect the toilets to the sewer system.

Mining communities are also exposed to unique risks of corruption, such as damage to land and water supply due to a failure to enforce the conditions of mining permits. Other vulnerable groups who may be overlooked include immigrants and refugees, who can encounter small-scale corruption at border posts.

General measures

During discussions between the National Anti-Corruption Strategy, the Public Affairs Research Institute, the Administrative Justice Association of South Africa and the Institute for Security Studies, innovative anti-corruption methods were debated at length.

By way of some examples, new forms of policy input and legislative reform strategies, technological solutions, as well as large-scale education and public involvement solutions were proposed. The result of these engagements is set out below in the form of practical recommendations that can be implemented to eradicate corruption (as explained by the Helen Suzman Foundation11).
Constituency engagement

Constituency Offices

MPs represent the voices of millions of ordinary South Africans. A critical part of engaging with citizens is via parliamentary constituency offices. Parliament allocates a budget for these offices and, further to this, makes available time in the parliamentary calendar (every Monday during term and several weeks during recess) to allow for constituency engagement. It is important to note that such engagement should be open to all members of the community, regardless of political or party affiliation. To this end, political parties should make MPs’ performance with regards to their constituency offices a matter of public record.

Supporting the whistleblowers

Whistleblowing is vital in the fight against corruption. MPs could, and should, play a greater role in the encouragement and protection of whistleblowers. In Australia, for example, recent changes to legislation have allowed for members of the public to make “emergency disclosures” to MPs. Our own Protected Disclosures Act could be similarly amended to give MPs greater powers to support whistleblowers (including those in their constituencies) in exposing corruption and maladministration.

Electoral reform

The disconnect between MPs and citizens is lamentable and, arguably, arises from the lack of direct accountability to constituencies. This is, of course, not a new problem. Efforts to implement the recommendations of the Van Zyl Slabbert Commission on Electoral Reform (through the creation of a mixed proportional representative and constituency system), while noble, have not been successful. It is also notable that the High Level Panel on the Assessment of Key Legislation made the following recommendation:

“The Panel recommends that Parliament amend the Electoral Act to provide for an electoral system that makes Members of Parliament accountable to defined constituencies in a proportional representation and constituency system for national elections.”

Regardless of the outcome of efforts to bring about electoral reform, the responsibility that MPs have in terms of their constituency offices remains. To this end, MPs must engage with citizens in their constituency work in a manner that promotes ethical and democratic participation and furthers the fight against the scourge of corruption.
CONCLUSION

This booklet has provided a brief description of problems and potential solutions to the known shortfalls of parliamentary oversight, with emphasis on the role of various committees in curbing corruption, ensuring accountability and addressing financial maladministration.

Enhancing the role of public participation, the use of technological tools in this, incorporating the capacity and political neutrality of civil society institutions in public sector decision making, opening up the financial and operational details of all organs of state for public scrutiny, bridging the gap between MPs and citizens, and enforcing consequence management for those who transgress financial management laws are some key recommendations made.

In general, the South African public sector stands at a crossroads and the right choice is no longer a matter of opinion. **Good governance and efficient spending in the public interest must be enforced by the institution that is elected by and for the people: Parliament.** This is ultimately where the buck stops when high-ranking political figures are involved in maladministration, corruption, incompetence and gross neglect of duty.

What is undeniably necessary now is sustained economic growth and social justice in our young democracy. For this vision to become a reality, three pillars must be reinforced aggressively. These are:

OUTA is a proudly South African non-profit organisation that aims to play its role, however small, in bringing about this reality. To all those MPs who took the time to digest this document, civil society is capable and willing to work for our nation. *Thuma mina.*

ADDENDUM

Five universal ingredients to fight corruption: Transparency International & Corruption Watch

1. **“End impunity” –** Effective law enforcement is essential to ensure the corrupt are punished and break the cycle of impunity, or freedom from punishment or loss.

2. **“Reform public administration and finance management” –** Reforms focusing on improving financial management and strengthening the role of auditing agencies have in many countries achieved greater impact than public sector reforms on curbing corruption.

3. **“Promote transparency and access to information” –** Access to information increases the responsiveness of government bodies, while simultaneously having a positive effect on the levels of public participation in a country.

4. **“Empower citizens” –** Strengthening citizens’ demand for zero tolerance of corruption and empowering them to hold government accountable is a sustainable approach that helps to build mutual trust between citizens and government.

5. **“Close international loopholes” –** Without access to the international financial system, corrupt public officials throughout the world would not be able to launder and hide the proceeds of looted state assets.
REFERENCES


