

POLITICS



Our strike against corruption is going ahead - NUMSA

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Union serves notice of intention to embark on massive protest action on 30 September

Labour to Strike Against Corruption on 30th September, 2015!

"In a democratic republic, wealth exercises its power indirectly, but all the more surely, first, by means of the direct corruption of officials; secondly, by means of an alliance of the government and the Stock Exchange." (Lenin, The State and Revolution, 1917)

This morning (Tuesday 15 September 2015), the National Union of Metalworkers of South Africa (Numsa) served a notice on behalf of a growing number of unions and the coalition to the National Economic Labour and Development Council (NEDLAC) of its plan to proceed with the union's intention to **embark on protest action on Wednesday 30 September 2015.**

Two months back on 08 July, Numsa gave notice to NEDLAC of its plans to embark on stayaways, strikes, marches and demonstrations across the country against escalating corruption in the country. This we did in terms of Section 77 of the Labour Relations Act (LRA) to conduct protest action that promotes or defends socio-economic interests of workers.

After two meetings – one on the 5th of August and a second one on the 4th of September - what we did today was in line with the law. We gave NEDLAC notice of our intention to proceed with the strike at least 14 days before the commencement of the protest action.

We are glad that the FEDUSA, National Union Council of Trade Unions (NACTU) and its 19-affiliates, and a significant number of independent unions, are joining us in this action and as a federation have dispatched a letter to NEDLAC indicating such support. We are also overjoyed that other trade unions have indicated their determination to do likewise in the next few days. This support puts to rest attempts to portray the action on 30 September as a Numsa strike. **The action on 30 September is people's action united against the cancer of corruption.** As the labour movement we are joining other civil society organisations - social movements, civics, women's organisations, student, youth organisations, faith-based organisations from every denomination, rural organisations, the LGBTQI people, other membership-based organisations and individuals; to say **we have had enough of corruption.**

In a recent meeting of labour organisations, we unanimously committed ourselves to be part of the Unite Against Corruption coalition that will have as its main actions, a march to the Union Buildings in Pretoria and a march to parliament in Cape Town on 30 September 2015. By joining the coalition, we are asserting that corruption does not only take place in the public sector. Our employers and the business sectors are directly involved in acts of corruption.

In most instances, the corruption in the public sector is as a result of links between private sector entities that have connection with public officials. Perhaps the biggest private sector corruption scandals to be exposed in a democratic South Africa, is the revelation of a R30-billion price-fixing and collusion by the country's biggest construction companies. The Competition Commission also found cartel-like behaviour in cases of bread and cement price-fixing. As we speak, the Competition Commission announced that it had initiated an investigation against 11 foreign currency traders for fixing the values at which they trade the South African Rand against other currencies such as the dollar, euro and pound.

We also know that on 27 October 2014, the South African Reserve Bank (SARB) and the Financial Services Board (FSB) announced a review of the foreign exchange trading operations of authorised dealers in South Africa. The Governor of the SARB and the Chief Executive Officer of the FSB appointed Mr. James Cross, a former Senior Deputy Governor of the Reserve Bank, to lead the review task team, produce a report and to advise the bank and the FSB on its findings and recommendations. The task team was given the second quarter of 2015 as its deadline. Unfortunately, we have not seen the report!

But more scandalous are the illicit capital outflows that leave the country and the practice of transfer pricing. It is estimated that in 2012 close to 30-billion US dollars left South Africa as illicit capital outflows. Briefing recently the Parliamentary Portfolio Committee on Trade and Industry, Judge Dennis Davis who heads of the Davis Tax Review Committee said that, "if the South African Revenue Services (SARS) focused on recovering money from transfer pricing abuses, Finance Minister Nhlanhla Nene probably would not have had to raise taxes by 1% in his budget speech earlier this year". Recent SARS investigations into 30 multinational corporations recouped about R5-billion in transfer mispricing.

By joining the Unite Against Corruption coalition we are asserting that no other people can be better whistle-blowers of the corruption that takes place in the private sector than our members. If you have any doubt about how workers are the best whistle-blowers read the recent Public Protector report on Passenger Rail Agency of South Africa (PRASA). Without the tenacity of the transport workers and members of the National Transport Movement (NTM) there would have been no exposure of the large-scale looting within the passenger rail entity.

Why are we taking action against corruption?

1. Corruption robs us of potential jobs and it undermines existing ones. The Auditor-General (AG) found that 72% of organs of state audited for 2013/14 did not comply with tender procedures. The non-compliance does not only apply to departments and local governments. As unions who organise in state-owned enterprises, we have found large-scale non-compliance with the local content requirements of the Preferential Procurement Policy Framework Act (PPPFA) and its regulations leading to massive job losses in companies owned by local suppliers. The Procurement Policy Framework Act requires the use of locally-produced goods when state organs procure goods and services. Instead of this, what we have seen is large-scale importation of solar water geysers. The R50-billion Transnet tender to build 1 064 locomotives was awarded to five foreign companies – China South Rail (CSR), ZhuZhou Electric Locomotive, China North Rail (CNR) Rolling Stock, Bombardier and General Electric; leading to a loss of 242 jobs in South Africa. We already know that in the Prasa debacle, Swifambo Rail Leasing imports the trains as completely-built units from Spain. The first 20 trains that Gibela-Alstom is delivering are built in Brazil. Corruption robs us of potential jobs and undermines existing ones! The trick of the corrupt elite is to find politically-connected BEE and non-manufacturing companies to partner with these foreign companies.

2. Corruption is spreading in South Africa. In January 2015, the Institute of Internal Auditors reported that South Africa has lost R700 billion to corruption over the last 20 years. The latest Auditor-General report for national and provincial departments noted an increase in unauthorised and irregular expenditure and that "little progress has been made in decreasing the extent thereof in the past three years". The corruption cancer is spreading! South Africa is engulfed by an epidemic of corruption. Private companies and individuals are corrupting the fabric of South Africa. A war room to fight corruption is expected to be led by the President. But instead it seems that corruption is now endemic in the office of the President, infects parts of the Cabinet

and spreads throughout government, businesses, including trade unions and non-governmental organisations (NGOs). This must be stopped!

3. **Corruption takes away resources from provision of basic services meant for the working class.** Resources that go down the corruption tube could be used to deliver basic socio-economic services, provision of adequate housing, basic education, healthcare services, water, social welfare and basic nutrition for children. Corruption also takes away resources from urgent land reform, rural development, programmes to help small-scale farmers and support for extension services. Corruption is an assault on the socio-economic rights in our Constitution!

4. Corruption is a licence to hunger as it ensures that food conglomerates dominate a broken food system (as seen in the bread price fixing scandal) and undermines the quality and scale of the school feeding schemes.

5. There are little consequences for those involved in corruption. “Our key findings in this regard include failure by management to take effective and appropriate disciplinary steps against officials who made or permitted unauthorised, irregular or fruitless and wasteful expenditure”, says the Auditor-General in his 2013/14 report. **If you doubt what the Auditor-General said about lack of consequences and political accountability just look at what happened around Inkandla.**

6. But corruption is not new in South Africa. Once it became clear that the end of white rule was at hand, there was a rush to grab as much in the way of spoils as possible before the curtain came down. Many individuals in the public and private sectors used the cloak of secrecy under apartheid and sanctions-busting campaigns to steal vast amounts of money and move this abroad. Involved in these economic crimes were the white political and economic elite; their Bantustan cronies; and other apartheid collaborators. In 1990, the Auditor-General released a damning report to the House of Representatives claiming that millions of rands had been misused or stolen.

A recently leaked report (commissioned by the South African government in 1999) identified almost US\$2.9-billion that could be uncovered from three large corporations (two of which are South African) and a further US\$3.1-billion in questionable payments made in Luxembourg to purchase weapons. Several notable South African corporations were implicated by the report, which also suggests criminal collusion involving individuals within the South African Reserve Bank (SARB) in the late 1980s. With the apartheid-era Auditor-General severely limited in terms of oversight over the military’s special defence account, more than R400-billion was transferred abroad between the late 1970s and early 1990s in order to purchase weapons and wage international propaganda campaigns.

Although the Truth and Reconciliation Commission (TRC) did not probe economic crimes under apartheid, in its report the commission concluded that the need “clearly exists for the President to appoint an appropriate committee to enquire further into covert funding—not least with a view to ensuring that, where possible, funds in covert accounts are paid back to the treasury”. Unfortunately, this recommendation has never been implemented.

What are then our demands?

Although we know that the system of capitalism is inherently corrupt, we do not think that we should wait for its demise before taking concrete steps to deal with the corruption that takes place in front of our eyes. Hereunder are some of the steps we can take to deal with the hyenas that are determined to ruin our future and the future of generations to come.

These are some of the concrete demands as the labour movement, we will mobilise our members around for the actions on 30 September:

1. A compilation of a report by National Treasury on all organs of state that do not comply with legislation that says that such entities should procure local goods and services. The report must outline steps to ensure compliance. According to the Procurement Policy Framework Act, although designation is done by the Department of Trade and Industry (DTI), National Treasury is the department responsible for compliance. The department must do its job!
2. The South African Revenue Service (SARS), the South African Reserve Bank (SARB) and Finance Intelligence Center (FIC) must investigate the problem of illicit financial flows, transfer pricing and money laundering in the country, and take strong steps to deal with the phenomenon.
3. We demand the release to the public of all forensic audits conducted in terms of section 6(2)(e) of the Public Finance Management Act (PFMA) and section 5(2)(d) of the Municipal Finance Management Act (MFMA); particularly the 2009 Siculo Shiceka audit of potential irregularities and maladministration in municipalities in the North West. Although handed to the Directorate of Priority Crime Investigations and leading to several arrests and prosecutions for fraud and other irregularities, the Shiceka audit has never been released to the public.
4. A multi-disciplinary team made up of National Prosecuting Authority (NPA) Priority Crimes Litigations Unit, South African Police Services (SAPS) Directorate for Priority Crime Investigation, the Office of the Public Protector and Auditor-General must investigate economic crimes committed under 'late apartheid' (1980-1994).
5. We demand the strengthening of the Offices of the Public Protector and the Office of the Auditor-General. The trick to merge the Office of the Public Protector and the South African Human Rights Commission being cooked by the Speaker of Parliament Baleka Mbete using the 2007 Kader Asmal Report must be resisted.
6. We demand the strengthening of anti-corruption laws such as domestic legislation such as the Prevention and Combatting of Corrupt Activities Act; the Prevention of Organised Crime Act; the Protected Disclosures Act (also known as the Whistle-blowing Act); and the Criminal Procedure Act, among others.
7. We demand measures on how to strengthen domestic anti-corruption institutions such the Directorate for Priority Crime Investigation (DCPI) – also known as the Hawks; the Special Investigating Unit (SIU); the Financial Intelligence Centre; the National Prosecuting Authority (NPA) which has a number of specialised units, including the Specialised Commercial Crime Unit; the Asset Forfeiture Unit and the Witness Protection Unit.
8. Probe the effect of corruption on the delivery of socio-economic services, the provision of adequate housing, basic education, healthcare services, water, social welfare and basic nutrition for children.
9. Conduct an investigation into corruption and economic crimes during the apartheid years in particular in relation to sanctions busting.
10. Demand an end of the use of arbitrary golden handshakes to silence people or to remove those who are seen as determined fighters of corruption.
11. We demand the investigation of how life-style audits can be used to find out those who live beyond their means and fraudulently.

Conclusion

Our demands are not a wish list. We plan to mobilise around them. We plan to meet with National Treasury to find out how to deal with those organs of state that are not complying with local content regulations. We cannot fold arms when local jobs are being lost.

We intend to meet with SARS to say that instead of the institution being used for political games, it has a responsibility to deal with the problem of illicit financial flows, transfer pricing and money laundering in the country.

As the labour movement we intend to lodge the Promotion of Access to Information Act ([PAIA](#)) application to have the Shiceka report released publicly. If not made public, the South African Reserve Bank (SARB) and the Financial Services Board (FSB), as labour we will lodge another PAIA application for the review of the foreign exchange trading operations to be made public.

As the labour movement we are not prepared to see widespread looting and keep quiet. We will take the demands outlined above and fight for their realisation with our allies in the Unite Against Corruption coalition.

Issued by Castro Ngobese, Numsa National Spokesperson, 15 September 2015