



SPECIAL REPORT PODCAST

29 October 2010 02:09

## Dealing with corruption in government

**Gavin Woods explains the motivation behind the sudden burial of the arms deal saga.**

**ALEC HOGG:** It's Thursday October 28 and in this special podcast we speak with Professor Gavin Woods, yes Professor Gavin Woods, formerly known or better known as the corruption fighter in government. Aren't you risking giving it all up, Gavin, all the good name that you made for yourself by going into academia?

**GAVIN WOODS:** Most people seem to see it the other way around, they say, "Thank goodness you got out of politics, you can now try and redeem yourself and establish a good name."

**ALEC HOGG:** But it is an interesting move, why Stellenbosch University?

**GAVIN WOODS:** Stellenbosch University, yes.

**ALEC HOGG:** Yes, why Stellenbosch?

**GAVIN WOODS:** Oh, why Stellenbosch? While I was still a member of parliament, I started teaching here and eventually I became, what they call, an extraordinary professor and I did that for about three years until last year, when the elections came around and I decided not to go back to parliament. So, they said, "Well, please come across and become a fulltime professor." So, I had all these years teaching in the public school of management, which means we have students, a few hundred of them a year, all public officials, middle and senior management. So, I gained a lot of insights from all this experience.

**ALEC HOGG:** You were known in politics as a leader with integrity and honesty. So, I suppose, it's only natural that you would choose a field like corruption, where you can make your mark.

**GAVIN WOODS:** Yes, my professorship is actually in public finance but it's related of course. Corruption in government and public finance are very, very close together. But yes, I am quite a long history of one description or another, I've done auditing, I've done accounting, I've done financial management in big companies, Toyota, AECI, Premier. Then I did go to parliament and was on SCOPA, the public accounts committee, for 15 years and I was quite active in that regard, I was always in and out of government departments, seeing how things worked. So, I've accumulated a lot of experience, I think a lot of knowledge and yes, the corruption issue, I suppose, became accentuated when I was with SCOPA and the arms deal of course. Not only the arms deal, there were always issues on the go. When we conceptualised here at Stellenbosch, there was something missing in the anti-corruption makeup of the public sector that government was coming up with all sorts of strategies and new ideas, as did the Finance Minister yesterday but somehow it didn't appear to be working. The corruption levels are high and the best evidence available says they are getting worse. So, we all start sensing how close are we getting to that, what we call, a tipping point or an embedded point.

**ALEC HOGG:** Talking about the mini budget yesterday, Pravin Gordhan, shocked most of us by saying that there was investigation into R25bn worth of fraud regarding government procurement tenders. He mentioned that there had been lots of assets seized, including a Learjet, which I guess gives you an indication that there are a number of Mr. Bigs or at least one Mr. Big out there. Were you as shocked as the general public was by this disclosure?

**GAVIN WOODS:** I don't know if I was as shocked as the general public but yes, I was surprised at the size of the numbers. Having followed the auditor general's reports very closely for many years, I'm also a commissioner with the public service commission, by the way, and we monitor the national hotline. So, I also get a sense from those statistics that corruption is a bad picture in government and is getting worse.

**ALEC HOGG:** And the ideas that the government has or the finance minister laid out, didn't go into too much detail but he certainly did give us some indication. Do you think that we're on the right path there or is more needed?

**GAVIN WOODS:** I think everything government has done is good and there's a shopping list of all the different little things one can do, international best practices. The big problem and why we believe, why our research shows that they haven't succeeded is that somehow all these ideas and systems that they come up with etcetera, they never get internalised in the actual organisations. So with our connection to government departments and many officials, they don't really fully understand, firstly, the nature of corruption, what causes it, what they should watch out for, they don't have the natural awareness, they don't understand the basic systems, even like budgeting and the roles they could play in presenting budget. So, government can keep coming up with new ideas and new initiatives but until people within each department really understand them and their potential and factor them into their bigger anti-corruption scheme of things within each department, it's not going to work. So, we've developed courses and we're hoping to go into some form of informal partnership with government to say look, let us try and take these good ideas of yours and make them part of the capacity within departments.

**ALEC HOGG:** Let's hope that you do manage to make a breakthrough on that front. Gavin, an area where you have played a big role, and unfortunately it appears as though your departure from politics has, perhaps, not worked in the public's favour, was with the arms deal and with SCOPA. Interesting to note that just recently, the arms deal seems to have now been laid to rest, just at a time when internationally it seems to be gathering momentum.

**GAVIN WOODS:** Yes, it is a sad moment for me. From my side, in all the boxes and boxes of information that were given to me, some publicly, some privately, at the time that the arms deal broke, I and a couple of others were able to construct a very accurate picture of all the processes and individuals involved and where the problems were. But we never had any smoking guns on the other side. With the German and British investigations a year back, we started to see their smoking guns and they actually found the beginning of a paper trail of big bribes. So, suddenly we were in a position where we could start linking up what they had found and what we had been waiting for. All we needed was the co-operation of the Hawks. Well, first of all, the Scorpions were starting to bridge the gap but when the Hawks took over it seems they've had less of an appetite. So, right at this very late moment, just when we're so close, they seemed to have pulled the plug.

**ALEC HOGG:** If one looks at the latest developments internationally only this week, BAE, which is right in the middle of the arms story, its auditors, KPMG, is now being investigated by Britain's accounting body called The Accountancy and Actuarial Disciplinary Board. They are looking at what KPMG did with the British company for ten years, between 1997 and 2007. If something were to come up there, would that not be sufficient motivation for citizens of this country to say well, let's open up the arms saga again here?

### SERVICES

 [SUBSCRIBE TO NEWSLETTERS](#)

 [FEEDS](#)

 [BECOME A FACEBOOK FAN](#)

 [FOLLOW MONEYWEB ON TWITTER](#)

**GAVIN WOODS:** Yes, I believe it would Alec but I think the citizens in this country, a lot of them are already motivated. Even the secretary general of COSATU has expressed his disappointment about this latest decision to set off this investigation. Perhaps anything that's going to add to public indignation and public outcry might just, one day, force us to finish the job.

**ALEC HOGG:** It is interesting as well just to recap for those who haven't been following the story that closely that BAE, in fact, paid R3bn as part of a joint settlement with the American Department of Justice and Britain's Serious Fraud Office. There must be some smoke somewhere, clearly you have information on this side, what is motivating the burial now of the arms saga?

**GAVIN WOODS:** Well, I think it's apparent to all of us that with what came out of the initial British and German investigations that there were certainly huge bribes paid to South Africans. So, I think it's maybe rather wanting to live with the embarrassment of having it hanging over their head, rather than the embarrassment of the guilt actually having being established. If Andrew Feinstein was correct that money went into the ANC's coffers. That would be an appalling situation for the government to have organised.

**ALEC HOGG:** And from where you are sitting right now, if one has this big problem hanging over the country's collective head, where we do know that there has been a problem, how possible is it to have an anti-corruption drive?

**GAVIN WOODS:** Yes, it's a tricky situation because on the other hand, I have no doubt that the current cabinet are committed to stamping out corruption. Generally, they are embarrassed by it; they can sense the public cynicism growing by the day. So, hence they do come up every week with some new initiative and I think the arms deal is quite separate to that, they decided a long time ago to bury it and to hide it and somehow they can't let go of that. I don't know what the political forces are that drive that but I'm sure it's a lot to do with huge political issues within the ruling party that make them decide as such. On the other hand, I'm hoping to give them a chance and say, look, can we help you fight corruption? We think we've done some research, which puts our finger on ways to do it, we think that we can provide some of the courses that are going to really get organisations empowered and being far more effective with the systems and practices they use to fight corruption.

**ALEC HOGG:** So, on a positive note then, is there the political will to indeed go along that route?

**GAVIN WOODS:** I believe there is, yes. Having people like the Minister of Finance in particular, I know him personally and he's hugely committed but he perhaps needs to extend his repertoire a bit, bring in a few other players and maybe we'll start getting there.

**ALEC HOGG:** And perhaps turning things around from that tipping point that you spoke about earlier?

**GAVIN WOODS:** Yes because we've seen what's happened in countries like Russia and Nigeria, where things do become, what they call, systemic, where it becomes part of the system. Already we know an increasing number of people who just pay the traffic officer a bribe and it all goes away or you pay something to the home affairs official to get your ID book sooner and of course, the bribes for tenders. The one interesting observation I make and why I have some reservations about the measures announced yesterday by the Minister, is that within the actual tendering system, it's very, very subtle corruption. It's often just usually one personality who knows how to put pressure, who knows how to influence procedure, the decision-making procedure to a certain direction. People can do that quite easily without actually anybody being able to say, you broke the rules, you instructed me. That's exactly what happened in the arms deal of course but it happens all the time. So, we can often investigate, we're not going to find anything. The point is, once again, we have to work this from the inside, where there are people really close to the action, you really have the means to block that sort of thing. The anti-corruption units that spring up every second day and all these threatening noises and laws and procedures, they do make a difference but they're not going to break the bad trend that we're witnessing.

**ALEC HOGG:** Are we very close to that tipping point?

**GAVIN WOODS:** It's hard to say, I think anecdotally we all hear of people having had to pay bribes or been asked to pay bribes. So, certainly there are signs that it's becoming a little systemic, becoming part of the routine. We say in every government department or in every organisation, it's an international truism that of every ten people, one will always be corrupt, one will never be corrupt and the other eight in the middle can be swayed either way. The more we start swaying the eight the wrong way and they also start saying, well look, let us also make a bit of money because we can get away with it that's when I think you approach that tipping point far, far faster. If on the other hand, we can get those eight people, who most of them have a fundamental goodness about them I'm sure, then arm them correctly and point them in the right direction, we can steer it in the opposite direction. I can't really answer your question to say, I don't think anybody can. It's hard to find an empirical substance to say how close we are to the actual tipping point but we are heading that way. We've seen countries that have got there and we know that those countries that have got there find it hugely difficult ever to get out of it.

**ALEC HOGG:** Professor Gavin Woods of Stellenbosch University.

ARTICLE TOOLS



PRINT ARTICLE



SEND TO FRIEND



SHARE



**[Government Benchmarks](#)** Cognos.com/BusinessIntelligi

Read IBM Cognos White Paper On Benchmarks in Government Now.

**[R1 Mln Travel Allowance](#)** www.exchange4free.co.za

Move money out of South Africa Free Overseas Bank Accounts

**[Krugerrand Specialists](#)** www.jhbcoinexchange.com

We Buy/Sell Krugerrands/Gold Coins Kruger Rand Fractions and Gold ZAR

**[Invest In Crude Oil](#)** www.AvaFX.com/Investing

Trade Directly From Charts. Easy To Use Platform. 100:1 Leverage.

Ads by Google

**COMMENTS**

[View disclaimer](#)

**ADD YOUR COMMENT**

Name:

Surname:

Email:

Subject:

Comment:

[View disclaimer](#)

**SERVICES**

 [SUBSCRIBE TO NEWSLETTERS](#)

 [FEEDS](#)

 [BECOME A FACEBOOK FAN](#)

 [FOLLOW MONEYWEB ON TWITTER](#)