Laying ghosts to rest: Addressing the challenge of ghost workers in South Africa's public service

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"The world is full of ghosts and some of them are still people" - Peter Straub – The Throat

The South African public service, with its proud history of striving for equitable and efficient service delivery, faces a persistent and systemic challenge: The phenomenon of "ghost workers". These are fictitious or non-existent employees fraudulently listed on government payrolls, drawing salaries without rendering services. This issue undermines the integrity of the public sector, erodes public trust, and siphons off critical resources meant for service delivery.

The Public Servants Association (PSA), as a politically non-affiliated trade union advocating for more than 245 000 public-sector employees, presents this discussion paper to highlight the extent of the ghost-worker problem, its mechanics, financial implications, impact on job opportunities, and potential links to early retirement schemes. This paper furthermore proposes actionable solutions, drawing on innovative international practices and enhancing proposals from the Public Service Commission (PSC), whilst outlining the PSA's role in addressing this scourge.

South Africa's public service has undergone significant transformation since the dawn of democracy in 1994 with transition from an *apartheid*-era bureaucracy to a democratic, inclusive public service aimed to uphold the *Batho Pele* ("People First") principles, emphasising accountability, transparency, and service excellence. Systemic challenges inherited from the past, including weak administrative controls and entrenched patronage networks have, however, persisted.

The public service employs more than 1.3 million workers, making it the country's largest employer. Inefficiencies such as payroll fraud have hindered its ability to deliver on its mandate. The ghost-worker phenomenon, rooted in historical administrative weaknesses and exacerbated by modern corruption, represents a critical obstacle to professionalising the public sector.

Extent of ghost worker problem

The ghost-worker issue is a pervasive form of occupational fraud, costing South Africa billions of rands annually. Whilst precise figures are difficult to ascertain owing to underreporting and incomplete audits, several high-profile cases highlight the scale of the problem. For an example:

- In 2024, the Auditor-General uncovered R6.4 million in fraudulent salary payments to ghost workers in the Mpumalanga Department of Education, with monthly savings of R2 million achieved after their removal from the payroll.[i]

- In 2021, the Passenger Rail Agency of South Africa (Prasa) launched *Project Ziveze* to verify its payroll, identifying approximately 3 000 potential ghost workers out of 17 268 recorded employees. This investigation faced challenges such as evidence tampering and collusion, underscoring the depth of the issue.
- In May 2025, the Gauteng Department of Health froze the salaries of 230 employees who could not be verified, a small fraction of its 85 000-strong workforce, indicating widespread vulnerabilities.
- The Department of Public Service and Administration (DPSA) acknowledges that ghost workers exist across all tiers of government - national, provincial, and local - as well as at state-owned enterprises, pointing to a systemic issue.[ii]

Estimates suggest that there could be thousands of ghost workers across the public sector, with financial losses running into billions of rands over time. For instance, if each ghost worker earns an average annual salary of R300 000 (a conservative estimate for public-sector wages), 3 000 ghost workers could cost the state R900 million annually. This drain on public funds diverts resources from critical services such as healthcare, education, and infrastructure development.

Mechanics of collusion in ghost-worker fraud

Ghost-worker fraud is not a result of mere administrative oversight. It is a deliberate act of systemic corruption requiring collusion amongst multiple actors. According to the DPSA, inserting a ghost worker into the Personnel and Salary (Persal) system involves at least three colluding officials:

a) First, there must be a complicit data inputter: This is the official who enters fraudulent employee details into the Persal system, creating a fictitious persona or manipulating records of deceased or retired employees.
b) Second is the authoriser: This employee would often be in a supervisory role, and is the one who approves the fraudulent entry, bypassing verification protocols.
c) Third is the sign-off: This must be a manager, essentially a senior official who must sign off on payroll reports, often exploiting shared login credentials or weak oversight mechanisms to conceal the fraud.[iii]

This layered approval process, designed to prevent fraud, is undermined by compromised personnel, inadequate biometric or physical verification, and paper-based systems prone to manipulation. It must also be noted that in some cases, ghost workers are linked to criminal syndicates operating within government departments, siphoning salaries into private bank accounts. The PSA has correctly described this as a "shocking misuse of public funds" and a "gross violation of financial accountability."

Cost and impact of ghost workers

Financial Impact on state

The financial toll of ghost workers is substantial, exacerbating South Africa's fiscal constraints. The R6.4 million uncovered in Mpumalanga and the estimated 3 000 ghost workers at Prasa represent a fraction of the problem. If ghost workers constitute even 1% of the 1.3 million public servants, the state could be losing over R3.9 billion annually, assuming an average salary of R300 000. These funds could be redirected to address pressing needs, such as hiring qualified nurses, educators, or social workers, or investing in infrastructure to stimulate economic growth. The Portfolio Committee on Public Service and Administration has emphasised that ghost workers are a "significant drain on already limited public funds", undermining public trust and hindering service delivery.[iv]

Impact on job opportunities and vacancy filling

The presence of ghost workers has a direct and detrimental impact on job opportunities in the public service, particularly for South Africa's youth.

With unemployment rates exceeding 30%, and even higher amongst young graduates, every ghost worker represents a lost opportunity for a qualified person to contribute to the public sector. As noted by Jan de Villiers, Chairperson of the Portfolio Committee, "Every ghost worker represents a post that could have been filled by a qualified graduate, a dedicated nurse, a teacher in a rural school, or a social worker supporting the vulnerable."[v]

The public service struggles to fill critical vacancies owing to budget constraints exacerbated by fraudulent payroll expenses. For instance, the Department of Health's inability to verify 230 employees in Gauteng highlights how payroll fraud diverts funds that could be used to hire additional healthcare workers. Moreover, the lack of transparent, merit-based recruitment processes, coupled with the presence of ghost workers, discourages young professionals from pursuing public-sector careers, further weakening the sector's capacity to build a "future-ready" workforce.

Early retirement as mechanism to cash out

A concerning conspiracy theory has emerged, suggesting that the recent push by politicians and senior officials for early retirement schemes could be a covert strategy to lay off ghost workers whilst allowing colluding officials to cash out substantial retirement benefits. The theory posits that senior officials, aware of impending payroll audits, may be exploiting early retirement packages to quietly remove ghost workers from the system without triggering scrutiny, whilst simultaneously securing large pension payouts for themselves or their accomplices. This is a huge cause for concern.

Whilst no direct evidence confirms this theory, it gains traction owing to the lack of transparency in early-retirement processes and the significant financial incentives involved. For example, public servants with decades of service can receive pension payouts worth millions of rands, which could be manipulated to benefit those complicit in ghost-worker schemes. The PSA views this theory with concern, as it undermines the integrity of legitimate early-retirement programs designed to create space for younger professionals. To address this, the PSA calls for rigorous audits of early-retirement applications, including biometric verification and cross-referencing with payroll records, to ensure that such schemes are not exploited for fraudulent purposes.

International best practices

The phenomenon of ghost workers is not unique to South Africa. Various countries have experienced this and have found solutions to curb the scourge. There are lessons that South Africa can draw from and adapt some of the strategies taking into consideration the domestic context.

- **Kenya**: The Kenya Human Resource Information System (KHRIS), developed with World Bank support, integrates a payroll module to manage public-servant salaries. A 2023 PSC report identified 19 467 ghost workers, prompting Kenya to implement biometric registration and unified payroll systems, saving billions of shillings. South Africa could adopt a similar integrated HR system to streamline payroll management.[vi]
- **Tanzania**: In 2016, Tanzania launched a nationwide audit ordered by President John Magufuli, identifying 10 000 ghost workers and saving $64.8 million annually. The audit combined physical verification with cross-referencing against national databases, a model South Africa could replicate.[vii]
- **Nigeria**: Nigeria removed 23 846 ghost workers from its payroll in 2016 through biometric verification and data analytics, demonstrating the effectiveness of technology-driven solutions.[viii] South Africa could invest in similar tools to enhance payroll transparency.

Proposals to mitigate ghost workers

To address the ghost-worker crisis, the PSA calls on the state to adopt a multi-faceted approach that combines technological innovation, robust oversight, and accountability measures. The PSA proposes the following strategies:

Biometric and physical verification

The state must implement mandatory in-person verification for all public servants, underpinned by biometric identification (*e.g.*, fingerprints and facial recognition). This aligns with the Portfolio Committee's call for face-to-face audits to ensure that "names on the payroll correspond to individuals who really exist". Cross-reference payroll data with records from the Department of Home Affairs, the South African Revenue Service, and the South African Qualifications Authority must also be used to verify employee identities and qualifications.

Digitalisation of payroll systems

The PSA calls on the state to move swiftly with the transition from paper-based to fully digital payroll systems with real-time monitoring and multi-factor authentication to prevent unauthorised entries. The DPSA's planned comprehensive audit of the Persal system is a step in the right direction but must be expedited and standardised across all departments. The PSA proposes the introduction of blockchain-based payroll systems to create an immutable record of transactions, which will go a long way in reducing the risk of tampering with records.

Strengthening oversight and accountability

The PSA proposes that a national framework for eliminating ghost workers must be established in line with the recommendation of the Portfolio Committee. This framework must be accompanied by clear timelines and enforcement mechanisms. There must be no mercy on ghost workers and accomplices in this fraud. Harsh penalties, including criminal prosecution and asset forfeiture, for officials found guilty of facilitating ghost worker fraud must be imposed. The PSA supports the Committee's call to "name and shame" culprits to deter future violations.

Public-private partnerships

The PSA calls on the state to foster collaborations with private-sector experts in cybersecurity and data analytics to enhance payroll-system integrity. Firms and corporates with expertise in large-scale data audits should be drawn to collaborate with the state in these endeavours. There is enormous potential for the state to leverage on private-sector expertise, albeit under strict oversight to minimise the risk of data abuse and exploitation for other profit motives.

Enhancing Public Service Commission proposals

The Public Service Commission has proposed several measures to address payroll fraud, including strengthening the National Anti-Corruption Hotline, conducting service-delivery inspections, and professionalising HR management. The PSA supports these initiatives but recommends the following enhancements:

National Anti-Corruption Hotline

Expand the Hotline's capacity to manage anonymous tips specifically related to ghost workers, with dedicated investigators to follow up on credible leads. Government must integrate the Hotline with a digital platform for real-time reporting and tracking of complaints, ensuring transparency and accountability.

<u>Service-delivery inspections</u>
Prioritise inspections in high-risk departments (*e.g.*, Education, Health, and Prasa) identified as having significant ghost-worker issues. This must include unannounced physical audits to verify employee presence and cross-check against payroll records.

<u>Professionalisation of HR management</u>
Accelerate the implementation of the National Framework Towards Professionalisation (2022), which includes rigorous pre-entry assessments and qualification verification. Continuous training for HR officials on fraud detection and ethical conduct must be mandatory. South Africa must draw on models such as India's Union Public Service Commission, which uses competitive examinations to ensure merit-based recruitment.

Role of PSA in unmasking ghost workers
As a Union representing more than 245 000 public servants, the PSA is uniquely positioned to play a proactive role in exposing ghost workers.

<u>Whistle-blower support</u>
The PSA will endeavour to establish a dedicated whistle-blower protection program to encourage members to report suspected ghost-worker fraud without fear of retaliation. Noting that 76.2% of South Africans are reported to fear reprisals for reporting corruption, the PSA will investigate the feasibility to provide legal and financial support to whistle-blowers. The PSA will also partner with the PSC's National Anti-Corruption Hotline to ensure safe reporting channels for PSA members.

<u>Member education and engagement</u>
The PSA commits to conducting awareness campaigns to educate members about the signs of ghost-worker fraud and their role in maintaining payroll integrity. Members will be encouraged to participate in verification exercises and report discrepancies in their workplaces.

<u>Collaboration with oversight bodies</u>
The PSA will be working closely with the DPSA, the National Treasury, and the Special Investigating Unit to support payroll audits and share insights from grassroots-level members. The PSA will lobby and advocate for the inclusion of union representatives in oversight committees to ensure transparency and accountability in audit processes.

<u>Advocacy for systemic reforms</u>
There is a need for legislative reforms to strengthen penalties for payroll fraud and mandate biometric verification across all government departments. The PSA will lobby for increased funding for digital payroll systems and training to prevent future fraud.

The ghost-worker phenomenon in South Africa's public service is a systemic crisis that demands urgent, coordinated action. By draining billions of rands, undermining job opportunities, and eroding public trust, ghost workers represent a significant barrier to achieving a professional, merit-based public service.

The PSA, as steward of public servants' rights, is committed to supporting robust payroll audits, biometric verification, and digitalization efforts to eliminate this scourge. By learning from international best practices and enhancing PSC proposals, South Africa can build a transparent and accountable public sector. The PSA is ready to partner with government, oversight bodies, and civil society to unmask ghost workers, protect public funds, and create opportunities for a new generation of public

servants dedicated to serving the people of South Africa. Ghost workers have haunted, tormented, and exhausted the state enough. Now is the time to exorcise and finally lay the ghosts to rest!

References and endnotes

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