



## FOREWORD BY THE CHAIRPERSON OF THE PSC



The quality of public service is a key issue affecting development and growth in any society. This is particularly true in South Africa, where the state has historically had a very direct and brutal impact on many people's lives. One of the major challenges of democratisation has been to change the nature of our state and its public service to become developmental and service oriented.

Managing this shift has consumed significant resources and public energy, and is still in progress. The benefits of the process are being felt as the public service becomes transformed to meet the needs of a democratic South Africa. Much remains to be done, but a solid and coherent foundation has been laid that will serve us well in the future.

It is important that in managing and directing the process we remain mindful of the kind of society we want to build. Our Constitution provides us with a clear statement of the values and principles that should underlie the public service. We need to enable all South Africans to enjoy their full potential and to live life to the full.

This is the second edition of the Public Service Commission's State of the Public Service Report. In this publication we draw on a wide range of PSC and other research to assess how far we have come in breathing life into our Constitutional values and principles. Our public administration monitoring and evaluation project is also generating data used to develop the analysis presented here.

The Report is intended to provide information to our legislators, policy makers, practitioners, students and the public in general. It is a high-level strategic overview that will hopefully contribute to the long-term process of creating a truly developmental state. We hope you enjoy reading it and find it useful.

**Professor Stan S. Sangweni**  
**Chairperson: Public Service Commission**





# STATE OF THE PUBLIC SERVICE REPORT 2002

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The Public Service Commission's  
**STATE OF THE PUBLIC SERVICE REPORT 2002**

<b>Executive summary</b>	<ul style="list-style-type: none"> <li>An overview of the State of the Public Service Report 2002</li> </ul>
<b>Introduction</b>	<ul style="list-style-type: none"> <li>The Public Service Commission (PSC) is responsible for monitoring and evaluating the public service and promoting a high standard of professional ethics.</li> <li>It undertakes a wide range of research projects that investigate strategic issues and uses this knowledge to provide advice to national and provincial organs of state.</li> <li>This is the second edition of the State of the Public Service Report and covers the 2002 calendar year. It provides a high-level strategic overview of the public service and makes suggestions on specific interventions to support improvements.</li> <li>The Report focuses on the 9 Constitutional principles governing public service and administration, looking at 3 of them in detail.</li> </ul>
<b>Overview of the South African public service</b>	<ul style="list-style-type: none"> <li>Rooted in exploitative and racist social relations, the South African public service has undergone a fundamental transformation since democratisation.</li> <li>The policy objectives of good governance and improved public management have been important drivers in the change process.</li> <li>The report suggests a need for increased use of performance management techniques, partnerships for service delivery, improved human resource utilisation and increased support to provincial administrations.</li> </ul>
<b>Efficiency, Economy and Effectiveness</b>	<ul style="list-style-type: none"> <li>The report defines the three E's and describes a conceptual framework for understanding value for money service delivery.</li> <li>Each phase of the framework is described and current practices in national and provincial governments are noted.</li> <li>The report calls for the adoption and promotion of a performance evaluation framework that includes best practice guidelines for performance budgeting and management and a shared approach to monitoring and evaluation.</li> </ul>
<b>Human resource development</b>	<ul style="list-style-type: none"> <li>The report defines human resource management and identifies a number of different approaches in the public sector.</li> <li>It looks at important developments since 1994 and lists challenges with regard to human resource management including clearer career pathing, improved evaluations, improved recruitment, flattening organisational structures and better use of IT.</li> <li>The report calls for training in human resource management for public servants, as this has become an increasingly complex area.</li> </ul>
<b>Professional ethics</b>	<ul style="list-style-type: none"> <li>The report describes the various forms of corruption found in the public service and explores some of the reasons for the problem. It notes that corruption is difficult to quantify but is officially recognised as a serious concern.</li> <li>There is a need to build institutional integrity systems. Key elements required for such systems are identified.</li> <li>A training course on integrated ethics management is proposed.</li> </ul>
<b>Other constitutional principles</b>	<ul style="list-style-type: none"> <li>The report argues that many sound policies that will support the realisation of the other six Constitutional principles generally still need implementation.</li> <li>Suggestions for improvement are made. These relate to meeting specific training needs and for clarity on key areas of policy and strategy.</li> </ul>
<b>Conclusion</b>	<ul style="list-style-type: none"> <li>The Constitutional principles offer a clear long-term vision for the public service of the future and help to identify where change is needed now.</li> <li>The PSC looks forward to contributing to making the vision a reality.</li> </ul>



## Introduction

### Note on the Public Service Commission

- The Public Service Commission is constitutionally mandated to investigate, monitor and evaluate the organisation, administration and personnel practices of the public service and to advise national and provincial organs of state.
- The Public Service Commission presents its reports to Parliament, Provincial Legislatures, Provincial Premiers and the President.
- The PSC comprises 14 Commissioners with one Commissioner resident in each of the provinces.
- The PSC's national office is in Pretoria.
- The Office of the Public Service Commission (OPSC) led by its Director General supports the Commission and implements the Commission's programme. It currently has a staff complement of 182 people out of an official establishment of 212 posts.

### Constitutional principles governing public service and administration

The Constitution of the Republic of South Africa states that public administration should be governed by adherence to the following values and principles:

- A high standard of professional ethics must be promoted and maintained.
- Efficient economic and effective use of resources must be promoted.
- Public administration must be development oriented.
- Services must be provided impartially, fairly, equitably and without bias.
- People's needs must be responded to and the public must be encouraged to participate in policy making.
- Public administration must be accountable.
- Transparency must be fostered by providing the public with timely, accessible and accurate information.
- Good human resource management and career development practices, to maximize human potential, must be cultivated.
- Public administration must be broadly representative of SA people, with employment and personnel management practices based on ability objectivity fairness and the need to redress the imbalances of the past to achieve broad representation.

### This publication

This Report is intended as a high level strategic overview of the public service during 2002 and draws on PSC research to reach its overall conclusions. The empirical base on which the Report is prepared is still being developed through our public administration monitoring and evaluation project and our other research projects. The limitations of this publication are acknowledged, particularly in the area of statistics.

This edition undertakes a more detailed analysis of three priority areas from the Constitutional values and principles listed above:

- Efficiency, economy and effectiveness
- Human resource management and
- Professional ethics.



Table: Staff numbers in the SA Public Service

STATE OF THE PUBLIC SERVICE : RACE AND GENDER STATISTICS - 30 SEPTEMBER 2002												
Race		African		Asian		Coloured		White		Total		
Gender		Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Province		No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	
<b>E/CAPE</b>	Subtotal	69,590	38,785	262	304	5,427	3,274	4,605	2,348	79,884	44,711	124,595
<b>F/STATE</b>	Subtotal	25,166	18,333	24	26	1,234	761	6,492	3,134	32,916	22,254	55,170
<b>G/PROV.ADMIN</b>	Subtotal	53,553	27,094	1,859	1,042	3,049	1,420	18,431	7,005	76,892	36,561	113,453
<b>KZN</b>	Subtotal	78,349	43,090	10,359	7,431	2,166	930	6,662	3,233	97,536	54,692	152,228
<b>MPUMALANGA</b>	Subtotal	26,386	17,931	127	116	236	98	3,506	1,686	30,255	19,831	50,086
<b>N/WEST</b>	Subtotal	34,850	21,925	137	162	552	286	3,519	1,633	38,858	24,006	62,864
<b>N/CAPE</b>	Subtotal	2,729	1,870	18	29	4,842	3,217	1,935	819	9,524	5,935	15,459
<b>NORTH PROV.</b>	Subtotal	55,845	51,193	88	90	76	52	1,965	1,040	57,974	52,375	110,349
<b>W/CAPE</b>	Subtotal	6,071	3,649	231	190	26,611	15,027	9,143	5,255	42,056	24,131	66,187
<b>NATIONAL DEPT:</b>												
DEEDS REGISTRATION		132	180	19	10	97	61	268	130	516	381	897
DEFENCE		7,249	38,892	1,658	7,550	177	771	6,463	12,230	15,547	59,444	74,991
DEPT. PROV. LOCAL GOVT.		85	69	2	5	8	12	36	25	131	111	242
DEPT. MINERAL & ENERGY		221	238	3	8	20	17	115	185	350	448	807
DOC		100	66	5	3	10	1	19	22	134	92	226
GOVERN PRINTING WORK		86	138	5	2	17	7	166	188	274	335	609
GOVT. COMMUNICATION		101	119	5	3	9	17	42	17	157	156	313
INDEP COMPLAINTS DIR		38	52	5	7	10	3	9	9	62	71	133
AGRICULTURE		323	1,031	13	25	73	209	487	365	896	1,630	2,526
ARTS AND CULTURE		138	147	9	5	20	21	98	54	265	227	492
CORRECTIONS SERVICES		4,229	15,107	118	469	974	4,148	1,310	6,722	6,631	26,446	33,077
EDUCATION		239	172	11	11	12	9	141	53	403	245	648
ENVIRONMENTAL AFFAIRS		157	153	11	15	46	162	130	213	344	543	887
FOREIGN AFFAIRS		399	479	29	46	31	49	346	284	805	858	1,663
HEALTH		418	345	23	14	44	29	237	89	722	477	1,199
HOME AFFAIRS		2,099	2,098	37	39	233	169	961	353	3,330	2,659	5,989
HOUSING		59	66	5	2	4	5	42	17	110	90	200
JUSTICE		3,327	3,761	319	178	564	363	2,362	1,416	6,572	5,718	12,290
LABOUR		2,026	1,962	100	92	381	274	1,009	351	3,516	2,679	6,195
LAND AFFAIRS		477	534	38	24	104	113	360	217	979	888	1,867
PUBLIC SERVICE ADMIN.		84	70	4	5	6	2	25	31	119	108	227
PUBLIC WORKS		1,316	1,565	26	58	229	530	337	460	1,908	2,613	4,521
SPORT		15	13	1	0	0	6	13	5	29	24	53
TRADE AND INDUSTRY		362	278	30	30	19	24	234	141	645	473	1,118
TRANSPORT		92	85	9	6	5	4	41	25	147	120	267
WATER AFFAIRS & FOREST		5,044	11,586	40	48	67	633	506	928	5,657	13,195	18,852
WELFARE		119	82	9	3	5	7	74	23	207	115	322
NATIONAL TREASURY		93	95	3	17	21	20	117	97	234	229	463
NPA		579	1,036	145	73	136	152	631	544	1,491	1,805	3,296
NYC-OFFICE OT PRESIDENT		19	14	0	0	0	0	2	1	21	15	36
PENSIONS		159	109	13	9	28	15	145	34	345	167	512
PUBLIC SERVICE COM.		62	74	3	4	7	13	23	18	95	109	204
PUBLIC ENTERPRISES		46	39	3	3	3	1	10	6	62	49	111
SA MAN. & DEV. INSTITUTE		38	48	4	2	4	2	31	10	77	62	139
SA POLICE SERVICE		14,291	61,547	1,231	3,517	3,471	8,521	12,692	20,790	31,685	94,375	126,060
STATISTICS SA		809	608	14	15	17	24	190	81	1,030	728	1,758
THE PRESIDENCY		159	116	10	3	23	20	21	14	213	153	366
<b>NATIONAL DEPT</b>	<b>Total</b>	<b>45,190</b>	<b>142,974</b>	<b>3,960</b>	<b>12,301</b>	<b>6,875</b>	<b>16,414</b>	<b>29,693</b>	<b>46,148</b>	<b>85,718</b>	<b>217,838</b>	<b>303,556</b>
<b>Total</b>		<b>397,529</b>	<b>366,852</b>	<b>17,065</b>	<b>21,691</b>	<b>51,068</b>	<b>41,479</b>	<b>85,951</b>	<b>72,311</b>	<b>551,613</b>	<b>502,334</b>	<b>1,053,947</b>

Source: Department of Public Service and Administration



## CHAPTER ONE

- Overview of the state of the South African public service

### The SA public service in its historical context.

The previous edition of the State of the Public Service Report drew attention to the need to understand the South African public service in its historical context. Originally structured as an institutional instrument through which racism and exploitation could be maximised, the South African public service was rooted in a set of discriminatory and undemocratic social relations. It has had to undergo a series of profound changes since the political transition of the 1990s.

This transition has generated some institutional fatigue and has only been partially successful but has also energised the service in many ways. The process of transforming state institutions has been extremely challenging and will require sustained effort for years to come.

Despite the scope and scale of the challenge, there are reasons to be optimistic: a fundamental shift has taken place in the public service that has seen its reconstitution as a network of delivery oriented service providers. This creates the foundation for operational success. Major challenges are in the areas of implementation, coordination and integrating services to end-users.

At a political level, this process has been underpinned and driven by an unwavering political commitment to good governance. The depth of this commitment suggests that the time and resources needed to allow systems and structures to improve will be provided and that the overall goals expressed in the Constitutional values and principles will become a reality in the future.

### The challenge of implementing good governance and administration

An essential component of the change has been a shift to make good governance a cornerstone of the new democracy. This has entailed addressing fundamental issues such as accountability and transparency, particularly during the implementation of new policies that involve the expenditure of state resources.

Such operating principles were absent from the previous regime's administration and have required the introduction of new policies, legislation and regulations. This has absorbed significant amounts of energy and resources and has drawn people in the public service away from other areas of activity.

The fundamental principle underlying the shift has been to ensure that each government entity is individually managed by accountable officers according to national norms and standards without prescribing rigid uniform procedures. This is consistent with international good practice.



**Performance management and measurement**

Following the transition to democracy, an initial concern with policy was later overtaken by a concern to promote efficient and effective implementation of well-intentioned developmental policies. As the public service has developed, there is now increased interest in monitoring and evaluation, and more specifically with performance management.

This is based on an analysis that argues that, given the resources dedicated to improved service delivery, the results should be better. This necessitates a closer look at the intended objectives, processes, outputs and outcomes of public administration.

A key issue is the delivery of integrated governance. Coordinating the delivery of services at the end user level remains a challenge for many administrations. The Executive's approach of forming Cabinet Clusters to address thematically linked issues is a useful start, but is not supported by Departments' independent budgeting and planning.

This document argues for a sustained focus on performance management. This is a critical area needing attention in South African public management and will create a better understanding of important issues, such as how the implementation of affirmative action has affected performance and service standards.

**Partnerships for improved service delivery**

Given the enormity and complexity of the challenge facing public service in South Africa, it has become clear that government cannot meet it alone. Various forms of partnership have become essential: in service delivery, public sector partnerships with the private sector are increasingly important, while civil society and others are playing an important role in promoting good governance. These practices need to be promoted and extended.

At the same time it must be recognised that partnerships have their own limitations with weaker partners often needing support and capacity building.

Ordinary citizens at the community level have always been important actors in South Africa's political economy and this has not changed. One of the key challenges is for government to find ways to draw all these stakeholders in at the right level to promote peace, growth and development not only in South Africa but also in the region as a whole.

One such approach would be for departments and administrations to respond to the President's call to develop mechanisms or programmes for volunteer work, so that citizens who wish to contribute to social development have entry points into the system.





<p><b>Making better use of human resources</b></p>	<p>South Africa's single most important resource is its people: innovative, courageous and conscientious, South Africans are well placed to address the challenges facing the country. The important point is to develop frameworks and systems that allow this precious resource to be effectively utilised.</p> <p>A major issue in this regard is HIV/AIDS and the impact it has on individuals and organisations. The launch of the public service's HIV/AIDS policy late in 2002 was a welcome development.</p> <p>The public service is the country's single largest employer and it needs to continue to incorporate further aspects of modern human resource management in its systems and procedures. This should lead to increased productivity, job satisfaction and security.</p>
<p><b>Provincial administrations</b></p>	<p>The PSC has found that provincial governments are in many ways more vulnerable than national departments and face special challenges.</p> <p>Management in provinces is generally less developed, and systems, procedures, controls and other elements of governance and integrity are also often weaker.</p> <p>Provincial administrations have experienced serious impediments in provinces that have had to integrate former homelands into their organisational set-up.</p> <p>Around seventy per cent of public service personnel (excluding local government and parastatals) is located in provincial governments. While they are consumers of significant public resources, their results are often not satisfactory. Efforts to ensure value for money should take provincial governments as a priority target group and work with them in a constructive and supportive way.</p>
<p><b>A period for consolidation</b></p>	<p>The South African public service has made great strides in its efforts to become developmental, accountable, transparent and service oriented. It has undergone a major change in terms of its racial profile, its structures and its underlying management approach.</p> <p>This process has been rapid and demanding. A conscious effort should be made to move into a consolidation phase so that the requirements of the new approach to public management can be met before additional demands are made upon the service. As part of this consolidation phase, the existing policy frameworks in all sectors should be protected and major changes avoided unless absolutely necessary.</p>





## CHAPTER TWO

- “Efficient, economic and effective use of resources must be promoted”

### Understanding the three Es

It is important to clarify what is meant by each of the three concepts included in the constitutional principle.

Government policy outlines what the long-term goals of government are. These goals feed into policy formulation for each of the sectors in the public sector. Sectoral policies in turn feed into the definition of overall outcomes and objectives of individual sectors, which are then stated as strategic plans.

For the achievement of sectoral outcomes, each of the sectors has to define appropriate and relevant outputs and their associated activities. Based on what the sectors want to produce, decisions are made on the nature and level of inputs required for the production of outputs. The inputs are things such as personnel and equipment.

Outputs produced through a chosen production process must be appropriate and relevant for what the sector concerned wants to achieve. These must also be produced at the lowest cost bearing in mind the need to meet quality standards. This is efficiency.

The inputs that are chosen should be the most appropriate and should have the best effect given the cost. The lowest cost employment of the mix of alternative inputs is called economy; that is, the second E of the 3Es outlined in the constitutional principle.

The achievement of outputs should lead directly to the realisation of outcomes or objectives defined in response to government policy. This relationship between outputs and outcomes is what is referred to as effectiveness. Cost-effectiveness relates to the relationship between the outcomes and the costs of producing or achieving them.

Efficiency is a relative concept that goes hand in hand with productivity. Productivity is a technical measure that is expressed as a ratio of inputs to outputs. It is useful to define productivity targets in a given period in advance in order to assess efficiency, although this can be done retrospectively.

The constitutional principle in effect outlines a performance evaluation framework for considering public sector service delivery. This performance evaluation framework cannot be separated from budgeting. The three concepts included in the constitutional principle are relative, interdependent and dynamic.



**Value for money service delivery: A conceptual framework**

The public sector needs a clear management framework within which service delivery should happen to ensure value for money. In South Africa's public management framework performance management and budgeting should be integrated and linked to both strategic planning and actual service delivery. Actual performance should be independently and objectively evaluated against plans and reported for continuous improvement.

Performance budgeting is concerned with the linking of plans with resources used in service delivery to produce planned outputs for the achievement of long term outcomes or objectives. (International experience has shown the need to ensure that supplier's contracts must specify outcomes rather than simply outputs)

Performance management involves the definition of performance targets and measures (indicators) against which actual performance is assessed.

**Strategic Plans**

Strategic plans detail the vision, mission, outcomes and objectives that a particular department would like to achieve over a given period of time. They also include information about the mix of outputs to be produced and plans about timeliness, quantity and quality. Strategic plans usually cover more than one year of operations. The first year in the strategic plan is usually an operational plan that details the operations for the coming financial year.

For each of the activities detailed roles and responsibilities are assigned. A detailed definition of inputs to achieve outputs and outcomes should also be provided in the operational plan. This includes human resources, information technology, information resources and physical resources such as building or office space. The information on activities, measures and target levels of performance is then used to draw up performance contracts for each of the officials within the organisation.

At the national and provincial levels a Medium Term Strategic Framework planning format has been provided for uniform application across all agencies. This should ensure that the information needed for proper planning is included and will make benchmarking and the sharing of best practices easier.

The linking of strategic plans with budgets has been implemented to varying degrees across government. While public sector departments do focus on defining their outputs and report against them, comparisons with plans are not always made.



## Budgeting

Budgets need to be shaped by and linked to plans of the state organ concerned. To be realistic, there is a need to link to a multi-year budget system.

For a strategic plan to be a sound basis for a performance budget, it must have detailed the organisational structure. For each of the programmes, objectives need to have been defined and aligned with organisation-wide objectives and policies. A budget for the programme has to be specified to show how the financial resources available to implement the programme will be utilised.

Objectives must be measurable in order to facilitate performance assessments. That is, each of the objectives must have effectiveness indicators expressed in terms of timeliness indicators, quality indicators (standards) and levels of service. It is also important to define qualitative indicators, although defining such indicators is often difficult.

Providing the information detailed above ensures that unit costs of producing outputs are known and embedded in budget estimates. It is also important to recognise that not all costs can be described at a unit level, which often contributes to unanticipated expenditures. Unit costs help legislatures approve budgets because they then know what public funds are to be spent on.

The Public Finance Management Act (PFMA) requires the Accounting Officer of each Department to table measurable objectives for each programme in the budget when its vote is introduced in legislatures. It also requires that legislation with financial implications be properly costed.

A standardised budgeting format has been introduced and is widely used. Budgets are prepared based on the medium term expenditure framework that provides information on the budgetary implications of current and future programmes two years in to the future.

At national level, estimates of national expenditure provide information on objectives, policy and outputs. This is a major step towards integrating budgets with policy priorities. Provinces are not all as clear in their statements of planned expenditure. The variable quality of provincial expenditure plans could be addressed through a dedicated budgeting improvement programme.



<p><b>Service Delivery (Implementation)</b></p>	<p>Service delivery involves the actual production or provision of goods and services to the community. This needs to be conducted in accordance with plans and within the allocated budgetary funds.</p> <p>The focus here is on ensuring that all systems that support the implementation of the budget in service delivery are in place. These include personnel management systems, procurement systems, risk management and internal control systems, financial management systems and information systems.</p> <p>At the level of individual departments and administrations, systems and procedures have improved with a general movement towards compliance with norms and standards.</p> <p>However, in certain cases, the institutional set up has still not been aligned with service delivery requirements. There is still the need for some further restructuring of public service entities, particularly in the provinces. Also, in certain instances basic management systems need serious attention.</p>
<p><b>Monitoring and evaluation</b></p>	<p>Performance should be monitored to ensure that implementation is done according to plans. Such monitoring should not only focus on financial performance, but should also include non-financial performance. Reporting should be targeted at managers so that the data is useful and practical. Performance measures and indicators developed in the planning phase serve as a very important vehicle in the monitoring process.</p> <p>Monitoring and evaluation depends heavily on the availability of timely and relevant information. The absence of proper and adequate management information systems often makes it difficult to undertake this task.</p> <p>PSC research has shown that while some departments do have performance monitoring systems, by and large this is an area of weakness for the public service. The PSC promotes the practice and would consider supporting legislation to specifically require systematic monitoring and evaluation by all government departments and entities, even though it is already mentioned in the PFMA.</p>



<b>Reporting</b>	<p>Reports need to be generated on a regular basis to ensure that problems are detected early. In general, reports should be produced annually, quarterly and monthly.</p> <p>The information reported must cover not only financial information but should also cover non-financial performance information. The focus should be on actual performance as compared to planned performance and actions that will be taken to correct problems encountered. A general weakness in public service reporting is a failure to refer back to plans as a framework for assessing performance.</p> <p>New accounting systems and standards are being introduced in keeping with generally recognised standards. This will contribute to improved accuracy in calculating the costs of service delivery and improve comparability.</p> <p>The PFMA also requires that Annual Reports be submitted within five months of the end of the financial year. Many departments still struggle to meet this timeframe. In 2002 only 11 percent of national departments met the 5-month deadline, although 49% had submitted their reports within 6 months.</p>
<b>Auditing</b>	<p>In addition to steps outlined above, there needs to be independent assurance of the integrity of information reported by both the national and provincial executives. It is the duty of the auditor to look at the integrity of such information. The audits have to cover both financial and non-financial performance information and should be conducted by both internal and external auditors.</p> <p>In South Africa, non-financial performance audits are not currently always undertaken because of capacity constraints.</p> <p>The PFMA requires that financial statements be submitted to the Auditor General within three months of the end of the financial year for auditing. Generally this function is undertaken well and public sector auditing in South Africa is of a high standard, although more attention could be paid to assessing value for money. The Office of the Auditor General (AG) is building its capacity to undertake performance audits. The PSC plans to draw more upon AG reports in its own work and is developing a closer relationship with the Office.</p>



<p><b>Best practice guidelines on performance management and budgeting.</b></p>	<p>It is important that a best practice guideline to economic, efficient and effective (value for money) service delivery be developed.</p> <p>The guideline could outline processes to be followed in planning, budgeting, performance measurement and programme evaluation, and reporting, as well as how individual components should be integrated to facilitate value for money assessments of individual state organs.</p>
<p><b>Evaluations</b></p>	<p>The PSC supports the development of a national evaluation approach be developed and agreed upon in the Governance and Administration cluster. The strategic approach could outline the components that should be evaluated as well as a range of methods to be used and promoted in all state organs. It should not be prescriptive in any way.</p> <p>In the long-term evaluations should be used to conduct assessments of progress made by individual organs of state in promoting efficient, economical and effective (value for money) utilisation of resources.</p> <p>It is important that sectoral buy-in and support is obtained on the applicability and customisation of a shared approach to individual sectors because evaluations also draw upon subjective and non-measurable information to reach their conclusions and agreement in advance on the role of such data will minimise tensions.</p>
<p><b>Systems for monitoring the effectiveness of state service delivery</b></p>	<p>Better systems need to be put in place to help in monitoring not only financial performance information, but also non-financial performance information, including the realisation of whole of government outcomes.</p> <p>Although individual state institutions might have such systems, these are not interlinked or consolidated to provide a picture of the whole of government in terms of effectiveness of service delivery across the spheres of government and geographical boundaries. For this to happen, such information would have to be linked to geographical information systems (GIS) and coordinated by a central body like Statistics South Africa.</p>
<p><b>Costing of outputs and legislation</b></p>	<p>The cost of delivering services in the public sector is usually disregarded although this activity is at the heart of efficiency assessments. It is important that guidelines to costing service delivery processes also be developed to aid state organs in costing their activities and outputs.</p> <p>The adoption of international standards (specifically the Generally Accepted Accounting Practices, Generally Recognised Accounting Practices and Generally Accepted Municipal Accounting Practices prescribed by the PFMA) should assist in providing the true costs of service delivery, which is usually understated when cash- or expenditure-based budgets are in use.</p>



<p><b>Adoption of performance budgeting</b></p>	<p>Performance budgeting is at the heart of linking strategic plans and budgets as well as service delivery. Although legislation in South Africa recognises the need to provide information on non-financial performance, it does not specifically require state organs to adopt performance budgeting.</p> <p>The Public Finance Management Act and its local government counterpart requires the Accounting Officers to submit measurable objectives for each main division of the vote, they do not mandate state organs to express their budgets in terms of activities and outputs. In such cases the link between plans and budgets will not always be obvious. Adoption of this budgeting system should take a long term, capacity building approach.</p>
<p><b>Training of civil servants</b></p>	<p>The reforms in public sector management require skills that are not always present among civil servants. It is thus important to embark on a comprehensive programme of training civil servants in planning, budgeting and financial management. This is especially true in view of the adoption of the three-year rolling budgets, which requires civil servants to have adequate skills to conduct Medium Term Expenditure Framework (MTEF) projections.</p> <p>Without such training planning will continue to be separated from budgeting and service delivery and budgeting will simply change from annual incrementalism to incrementalism with a three-year horizon.</p>
<p><b>PSC's suggestion / recommendation</b></p>	<p>The PSC proposes that a performance evaluation framework for the public service be developed in a participatory and collaborative project.</p> <p>This framework should comprise a number of components such as best practice guidelines for performance budgeting and management and the promotion of monitoring and evaluation as a standard management practice.</p>





## CHAPTER THREE

- “Good human resource management and career development practices, to maximize human potential, must be cultivated”

### Understanding human resource management and career pathing

Human-resource management (HRM) refers to measures to ensure that employees are able and willing to implement government policies. Career pathing means the systems that determine promotions, as opposed to annual notches for experience and merit.

HRM affects service delivery in three important ways: it shapes the way work is organised to deliver government services; it affects culture and morale; and it supports the retention and development of skills.

HRM has a range of tools to induce desired behaviour. They include laws and policies on employment; assessment procedures for employees; the allocation of decision-making power; various forms of informal pressure and support from colleagues and supervisors, including mentoring; financial rewards and other incentives such as access to promotion, vacation, awards or more interesting work; and skills development.

HRM in the public service differs strongly from the private sector. For one thing, the public service involves unusually large organisations. For instance the average education department has around 50 000 employees; SAPS has over 100 000. Very few companies have anywhere near that number of workers. Furthermore, the outputs expected from the public sector are diverse and often poorly defined.



Four dominant models of public-service management can be identified. The bureaucratic model relies on rules to control the discretion of officials, ensuring they work to achieve national objectives. Its vision is a rule-bound, hierarchical and apolitical public service, which simply carries out the orders of the political leadership. If employees do not break the rules, they will not face disciplinary measures. If they obey them, they have a chance of steady if slow advancement leading to a good pension.

In South Africa, the core civil service was historically run under an extreme form of the bureaucratic model. Detailed regulations laid down criteria and procedures for virtually every significant decision, and indeed for many insignificant ones.

The critique of the **bureaucratic** model centres on its rigidity and lack of accountability. The reliance on centralised rules and decision-making makes it hard to adapt to rapidly changing conditions. Very often, the rules effectively prevent the implementation of new policies. In addition, the rules-bound system makes it hard to retain more qualified and competent employees.

In contrast to the bureaucratic approach, the professional model suggests that skilled employees do not need detailed rules, since their training, **professional** socialisation and peers will ensure service delivery. The main incentive for good work becomes the career path within a profession.

In South Africa, in addition to the tertiary level of health and education, the recently established Senior Management Service introduces a professional model for the very highest echelons. It aims to establish a professional ethos and build expertise, so that senior officials will maintain quality even when there are no rules to dictate their actions.

The main objection to the professional model is that it substitutes the expertise of the professionals for the policy decisions of the elected leadership.

The managerial approach argues that public sector HRM should mimic the private sector. That means it must define and reward specific outputs for individual employees and organisations. In its most extreme form, the managerial model argues that service delivery should be outsourced to private or public enterprise.

The **managerial** approach has in many ways characterised public-service reform in South Africa since 1994. Most broadly, the 1999 public service regulations required departments to define objectives and then measure their progress against them. The outsourcing of pensions payments, prison administration and a host of other functions reflects the argument that government should pay for and monitor, but not itself deliver, services.

Critics of this model argue that the political leadership rarely has the capacity to define, monitor and enforce targets precisely. In these circumstances, the managerial approach gives managers extraordinary discretion and corruption or incompetence can creep in. A subtler problem is that government agencies start trying to maximise profits, as the most obvious goal in the absence of other clear objectives. As a result, they may cut back on services to poor communities, which cannot afford to pay them.

The **developmental** model agrees on the need to match procedural rules with accountability to goals. But the goals must specify services for the poor, which managers will otherwise avoid. Moreover, such goals must be set and evaluated by stakeholders, not just political leadership or supervisors. That requires that public servants develop new skills and systems for consultation. Finally, the rewards for public servants should centre on intangibles such as social support and praise as well as career development.

Criticisms of the developmental model centre on the time, energy and resources needed for continual consultation and identifies the risk of "macro-populism," where stakeholders – particularly from poor communities – insist on an unaffordable level of service. Ensuring a real voice for the poor who typically lack capacity and skills is also harder than the model acknowledges.

The model also has the potential of replacing professional decision-making with community politics.

No HRM model will solve all the problems of the public service. Each has their own shortcomings and what is required is flexibility and openness to change, underscored by a commitment to good governance.



<p><b>Transformation since 1994</b></p>	<p>Before 1994, HRM in the public service was characterised by rules and career paths that differed according to race and gender as well as occupation. The rules varied for top management, the big professions, (educators, health workers and police) and for unskilled workers. Most black unskilled workers, especially African workers, were deemed “casual,” with no benefits or job security.</p> <p>Efforts were made to dictate all decisions through centralised rules and regulations. The previous Public Service Commission (PSC) made key decisions for departments about work organisation and staffing levels. Line managers generally saw themselves only as administrators of centralised rules.</p> <p>The former Public Service Commission controlled work organisation in part by setting up career paths and pay scales for different occupations, based on job descriptions included in the Personnel Administrative Standards (PAS). Departments then had to build their work organisation around the defined occupations.</p> <p>Hiring, promotions and career paths were based very heavily on formal qualifications and seniority. This effectively discriminated against black people, who had less access to education. Unskilled workers had virtually no career path at all, while those for African educators, nurses and police were generally truncated.</p>
<p><b>Decentralisation of decision making to Departments</b></p>	<p>Since 1994, this system has undergone a qualitative change, starting in 1994 with the rationalisation of the different administrations established under apartheid.</p> <p>The 1996 Constitution initiated the process of decentralisation and increased accountability by redefining the role of the PSC and shifting policy decisions to the Department of Public Service and Administration. In 1998, amendments to the Public Service Act explicitly located decisions on employment in the political heads of individual departments.</p> <p>Soon after, new regulations eliminated the detailed central rules on HRM. In essence, they combined the managerialist and developmental approach, with an emphasis on departmental planning and monitoring. Regulations that governed conditions of service were simplified and made into collective agreements.</p>



## Conditions of service

The process of unifying the administrations and ending discrimination saw the extension of regulations that historically applied to high-level white personnel to all public servants. Senior management and many political leaders soon argued that as a result, the conditions of service for all public servants had become both unaffordable and excessively rigid.

The transition to democracy also brought about normal labour relations in the public service. Unions were legal and recognised for the first time. In this process, the Public Service Regulations were transformed into collective agreements within the formally recognised Public Service Collective Bargaining Chamber (PSCBC). As a result, every change to a Personnel Administrative Standard, no matter how few workers were affected, had to be negotiated. This caused huge delays in re-organising work and establishing new departments.

In 1996, a collective agreement established a single pay scale for the entire public service. The aim was to permit the comparison of pay across occupations, as the basis for ending discrimination. Requirements for promotion between salary levels were standardised at three years seniority combined with a more or less pro forma performance assessment. Only educators were left out of the system, because both education management and unions were uncomfortable with the proposed promotion system.

The changes resulted in virtually automatic promotions, known as rank and leg promotions, for most employees in health and to a lesser extent in police and correctional services. As a result, these departments faced disproportionate real increases in their wage bills.

Another consequence was more systematic efforts to close the wage gap between the best and worst paid public servants, despite tight limits on the overall increase in pay. Virtually every year until 2000, workers at the lowest level received increases well above inflation, while pay for the professions stagnated and salaries for top managers and professionals dropped substantially in real terms.

This system has been substantially changed since 1996.

In 1999, government and labour agreed that senior managers would be paid on the basis of performance contracts with their political head. This agreement laid the basis for the Senior Management Service. It affected around 3000 people, or 0,03% of the public service and led to a rapid increase in pay for senior managers, and growing differentiation between managers and management structures.

In 2000, the PSCBC reached an in-principle agreement to replace the seniority-based rank-and-leg promotions with career paths for major occupations. It also agreed to provide annual notches based on performance assessments. The agreement on notches was finalised in 2001, but the process of developing career paths is still not complete.

In 2001, the PSCBC agreed to a three-year wage agreement that set annual increments above inflation. The aim was to ensure adequate real increases while stabilising negotiations.



## Restructuring and redeployment

Improving service delivery requires the re-organisation of work and the redeployment of public servants both to overcome the severe regional inequalities left by apartheid, and to carry out new policies and respond to new circumstances. Restructuring to meet these demands has, however, been slow at best.

The initial assumption was that consolidating the apartheid administrations would permit substantial downsizing. In the event, because only about 10% of public servants work in administrative functions, the expectations in this regard were probably overly optimistic. In addition, in the former homelands, the main professions were understaffed and underqualified.

Nonetheless, the public service as a whole has shrunk by about 15% since 1994, mostly as a result of attrition in low-level jobs, particularly in construction and forestry.

Restructuring is very difficult: redeployment imposes substantial costs on employees, workers fear that restructuring may be a euphemism for downsizing and the equalisation of conditions of service between workers established an expensive retrenchment package, equal for senior employees to between three and five years' salary. The state generally argued that this made retrenchment unaffordable.

In an attempt to overcome these obstacles, the government has entered into various agreements with labour. One of these was the 1996 wage agreement that established a voluntary severance package (VSP) to encourage people to leave the public service, while freezing retrenchments for three years.

## Stopping discrimination in hiring and firing

Even after the elimination of explicit discrimination in hiring and promotion, the Personnel Administrative Standards contained elements that militated against the hiring and promotion of black public servants, especially at higher levels.

The main hindrances were dictates on years of experience within the public service that ruled out many competent applicants who, because of the apartheid past, had not started their careers in the public service. The standards also required specific qualifications but black and especially African applicants were historically barred from some of the relevant degree programmes. The government often did not recognise foreign, especially Eastern European, degrees, which militated against returnees.

While the requirements on experience were relaxed around 1996, only the collective agreements associated with the new regulations in 1999 ended the rigid qualifications requirement. They let departments determine if an applicant had the equivalent of the required degree in terms of schooling or experience.



## Remaining challenges

The public service continues to face substantial challenges around human-resource management and career pathing.

The **evaluation process** for public servants remains heavily dependent on annual evaluations linked to salary notches. The risks with this type of arrangement are that they do not help employees improve their work. Without clear career paths a central incentive falls away, few managers know how to undertake evaluations properly and assessments focus on individual performance rather than assessing the delivery by units or Departments.

In 1999, the PSCBC negotiated new codes for **discipline and incapacity**. These codes make it much easier for supervisors to impose discipline and improve productivity but managers have not been trained in the new codes and so the changes have had limited impact. PSC research into the management of suspensions in 2002 clearly shows that disciplinary codes are not reinforced by supportive managerial infrastructure such as trained chairpersons for hearings.

Hiring procedures remain weak, leading to a failure to match people appropriately for the job. Job descriptions are typically vague, making it difficult to assess whether candidates have the necessary competencies while most departments rely too heavily on interviews and formal qualifications. There is a widespread failure to check applicants' references. Analysis of grievances submitted to the PSC show that dissatisfaction with appointments is a significant source of conflict in the public service.

**Work organisation** remains hierarchical. There is often limited scope for decision-making by professionals, while unskilled workers have even less scope for innovation or promotion, which is ultimately very de-motivating. Few public-service managers are trained to assess work organisation and cannot assist much in this area.

The use of **information technology** in the public service remains problematic and often inadequate, particularly in the poorer provinces. While the main administrative departments in Pretoria have efficient IT systems, many of the large service departments are seriously underprovided. The Department of Public Service and Administration's Inventory of Government wide Information Systems (2001) showed that major departments' IT systems still do not talk to each other adequately.

The elimination of rank and leg promotions left most occupations without any defined route to promotion yet the main incentive for skills retention and development in any system is **career pathing**. The prospect for movement within a career not only provides material incentives but often increases respect and ensures more creative and interesting work.

In the past few years, various initiatives were supposed to develop career paths for the public service. The most ambitious of the initiatives was the Code of Remuneration or COREs, which replaced the Personnel Administrative Standards, but the COREs still do not adequately define career paths for most workers.

There is no clear conception in the public service on how to define promotion opportunities. In deciding on automatic as opposed to vacancy-based promotions, the key question again revolves around the type of incentive that is desired.

Formal **job evaluation** is one of the main ways to control discrimination in ranking jobs. Historically, jobs where blacks, especially Africans and women predominated were systematically undervalued in terms of their rank. The public service obtained a unique evaluation system to reflect the priorities of the public service. The system thus provides

## PSC's suggestion / recommendation

The PSC urges that outstanding issues in the new HRM framework be addressed in order to facilitate its widespread implementation. More extensive training must be provided to public sector managers on this increasingly complex and challenging area, particularly the management of discipline, sick leave and suspensions.

This is a challenge to both the South African Management Development Institute and to private training providers.



## CHAPTER FOUR

- “A high standard of professional ethics shall be promoted and maintained”

### Understanding professional ethics

Professional ethics is a cornerstone for sound administration and progressive governance. Professional ethics is the practical application of values and principles in a working environment to ensure that honesty and integrity underpin all transactions and relationships.

Because the apartheid regime was founded on unethical values the administration inherited in 1994 was characterised by high levels of corruption and maladministration. Since 1994, transformation has also created opportunities for corruption. In South Africa, as in many developing countries, professional ethics has thus come to be associated with efforts to fight corruption but the issue has a far broader scope.

Simply reacting to corruption is inadequate: what is required is an approach that aims to build integrity systems that are resistant to corruption and which promote and encourage ethical behaviour by officials and those with whom they do business on behalf of the state.

The most common definition of corruption is that of using public office for private gain. Types of corruption include the following practices:

- Bribery:** Receiving a benefit that affects the decision of a public servant
- Fraud:** Actions by a public servant to trick another into providing a benefit that should not accrue to them
- Embezzlement:** Theft of resources by a person entrusted with their control
- Extortion:** Coercion of a person into providing a benefit
- Abuse of power:** Use of a vested authority to improperly benefit another party
- Conflict of interest:** Acting or failing to act on a matter in which the public servant has an interest to ensure a benefit is received
- Insider trading:** Use of information to provide an unfair benefit
- Favouritism:** The provision of service according to a personal affiliation
- Nepotism:** Ensuring family members receive advantaged consideration.

It is important to understand the social roots of corruption in the South African context. Historical exclusion from the means of production for most black people has meant that one of the few opportunities for accumulation has related to the state and state related business. In a fragile and vulnerable public sector unscrupulous individuals have quickly taken advantage of the opportunities to exploit loopholes to their own advantage.

The relative inexperience of some new public servants combined with the fact that many of the business relationships are of a new nature has also contributed to opportunities for corruption.





## Work done in this area

The PSC has undertaken a number of important projects in this area. These have involved initiatives to both combat and prevent corruption, and have taken the form of research, much of it undertaken in partnership with leading civil society players, as well as promotion activities such as workshops to promote the public sector Code of Conduct.

Research in which the PSC has been involved has included:

- **Participation in the Ethics Survey 2001.** This assessed the extent to which South African organisations have succeeded in establishing certain basic ethics management practices. The report showed that while management efforts to address corruption have been implemented, there is much to be done in this area. This includes ethics training and the clearer assignment of responsibility for ethics to senior managers.
- **A report on the effective management of hotlines.** This project looked at the existence, operation and management of anti-corruption hotlines in the public sector. While it acknowledged that eight national departments and five provinces have created anticorruption hotlines, these vary tremendously in quality. As a result, the report called for the establishment of a single national hotline and greater support in the development of a national operational approach and increased training for officials involved.
- **A review of national anti-corruption agencies.** This project identified variable levels of performance by agencies and argues strongly for increased cooperation and a cautious approach to creating a single anti-corruption body for the public sector. It noted that anti-corruption agencies tend to be poorly resourced.
- **An evaluation of corruption in the Eastern Cape.** This project evaluated the province's anti corruption strategy and undertook an administrative review of the Departments of Health, Welfare and Education. It identified the most vulnerable components of the administration and explored the reasons for this vulnerability. It also proposed a number of practical steps that could be taken by the Eastern Cape provincial government to address corruption.
- **An investigation into blacklisting:** this report looked at the feasibility of blacklisting of persons or tenderers found to have behaved unethically. The report proposed the creation of Anti-Corruption Compacts with suppliers in which they agree to penalties and sanctions should they be involved in practices such as fraud or bribery.

## Risk management

An important and innovative area of work undertaken in the PSC has involved developing a methodology and promoting the use of risk management strategies in order to identify areas of vulnerability and putting measures in place to contain and reduce risk. The project has been extended to include the development of an evaluative instrument for assessing the quality of departmental plans and strategies for reducing risk.

## Investigations

The PSC is also involved in a number of investigations into particular instances of corruption and has a dedicated component working in this area. Cases are selected for their ability to shed light on systemic weaknesses and the emphasis is on using investigations to aid the process of building management and implementation systems and procedures that resist corruption

## Monitoring

The PSC's public service monitoring system has also looked at the manner in which departments handle cases of unethical conduct. The findings show that handling cases is often a lengthy process and that there are fewer than expected convictions, but that at an official level there is commitment to addressing the issue. The project is still in the process of developing benchmarks and baseline statistics that will allow useful comparisons.



**Building integrity systems and combating corruption**

The ethics infrastructure required in the public service agencies should include codes of conduct, fraud prevention strategies, risk management strategies and consistent financial disclosure.

Many of these elements are often present but are often generic and inappropriate as well as being poorly supported. The effectiveness of the different elements in the same institution is often compromised by their failure to account of each other and to operate in an integrated and coordinated fashion.

An important development in the public sector was the National Anti-Corruption Summit in 1999. This led to the formation of the National Anti-corruption Forum and promoted the formation of a broader public sector strategy.

A comprehensive Public Service Anti-Corruption strategy was then developed by the Department of Public Service and Administration. The strategy seeks to prevent and combat corruption through a multiplicity of supportive actions.

An important development in public sector management was the requirement in the PFMA that each government organisation appoint a Chief Financial Officer and creates an internal Audit function. This has made financial accountability clear and provides the capacity to undertake consistent internal scrutiny. While these may not yet be working optimally, they have created the capacity and potential for these important issues to be addressed in a systematic and structured way.

**The state of ethics**

It is widely recognised that corruption is a serious problem in the South African public sector. It must however be noted that media coverage often sensationalises the issue and sometimes promotes a distorted analysis of its scope and scale.

While recognising the seriousness of the problem, it is virtually impossible to provide an accurate assessment of the state of ethics in South Africa This is because of the inadequacy of the current methodologies and indicators of corruption.

Most international surveys and indices are based on perceptions, often primarily of business people and are thus of limited value from a practical, action-oriented perspective. Also, the methodologies often fail to take account of the providers of unethically received benefits and focus exclusively on the recipients thereof. This provides insight into only half the problem.

The Country Assessment Report on Corruption for South Africa due to be released early in 2003 will provide greater clarity on the issue and may lay the basis for agreement on alternative indicators.

It has become clear to the PSC that the area of public management in which most corruption takes place is that of procurement. The purchasing of goods and services for the public service offers many opportunities for corruption. The procurement and tendering systems that need to be in place to prevent corruption are often time-consuming and tedious, and as a result are often not properly implemented.





**Deepening the national approach to combat corruption**

Addressing corruption will take concerted and coordinated efforts and must be driven at all levels of public sector institutions. Management support needs to be visible and it is important that cases that are identified are speedily and effectively managed.

Instances of public servants being suspended on full pay while lengthy investigations are undertaken are not acceptable and promote the impression that corruption is not taken seriously. For example, the PSC was recently notified that an important national department suspended a staff member on full pay for 3 years, while allegations of provincial administrations suspending staff for up to five years have been received. In response to this problem the PSC recently released Guidelines on the Management of Suspensions.

The PSC has often noted the weakness of public administration fundamentals in many organisations, particularly in areas such as filing and record keeping. Provincial investigations have revealed widespread failure to follow prescribed filing systems or to update electronic systems such as PERSAL.

Poor administration and distance from decision makers creates opportunities for corruption that would be easily addressed by a focus on sound public administration fundamentals such as good reporting and the consistent use of standard controls. Improved basic administration will help to prevent corruption.

**PSC's suggestion / recommendation**

Departments should be required to establish a minimum anti-corruption capacity with standardised reporting areas. Also, a training course on integrated ethics management should be developed and should be a requirement for all public service managers. The course should be a short module that clearly explains the various forms of corruption and what is required to build integrity systems and prevent fraud.



- Remaining constitutional principles governing public service and administration in South Africa:
  1. Development orientation
  2. Impartiality, fairness and equity
  3. Responsiveness and participation
  4. Accountability
  5. Transparency
  6. Representivity

### “Public administration must be development oriented”

This is a contested and provocative topic. No standard definition of development exists, although the PSC emphasises the extent to which government agencies focus on addressing poverty and its causes.

There is also a view that takes a broader perspective on the meaning of the concept “development” to include concepts such as the development of human potential.

PSC research on this area suggests that while most public service entities do implement some kind of poverty alleviation programme, these are often not well managed, with strategic issues such as project management and monitoring not effectively done. In other cases, such as in land reform, the complexity of the development framework makes serious demands on government capacity.

Of equal importance is the lack of coordination that characterises poverty alleviation programmes. The PSC’s Citizen’s Forums have shown very clearly that much more could be achieved with the same resources if development interventions were coordinated for maximum impact.

There are issues relating to competing and conflicting policies at a national, provincial and local level. The tensions caused by the different needs of a prudent, macro-economic framework and people-centred, participatory local development need greater recognition and debate

There also needs to be recognition that local governments have a special role to play in which they are often not successful. This is often due to capacity constraints and a complex institutional environment that sees local actors having to take responsibility for implementing nationally designed policies.

Key agencies active in this area include the Departments of Social Development and Provincial and Local Government at a national level, and Premier’s Offices and the Department of Economic Affairs or Development at a provincial level. Performance here is often inconsistent.

The impact of the National Development Agency, the facility intended to support and fund civil society organisations, is not clear but there is no evidence to suggest that it is having the intended effect of enabling civil society to contribute to the national development process.

Policy issues and poor coordination are important concerns that would benefit from a more open, constructive and forward-looking national debate. There is also a strong need for better performance management in this area, since the outcomes of development projects and programmes are often intangible or poorly defined..

While the Reconstruction and Development Programme released in 1994 remains official government policy, its implementation infrastructure has been redeployed and it has in many ways been overtaken by subsequent policy developments, most importantly by the Growth Employment and Redistribution strategy. As a result there is no clearly stated national strategy for development incorporating poverty alleviation and local economic development.

#### **Suggestion / recommendation:**

The PSC supports a cluster-based approach to articulating a comprehensive national development strategy. Of particular importance would be recognition of the lead role local authorities need to play. If undertaken in a participatory and inclusive fashion the process of developing the strategy could help with the identification of imaginative and innovative approaches that may escape the sterility of many current debates on the issue



**“Services must be provided impartially, fairly, equitably and without bias”**

This is a complex set of principles, some of which could be contradictory if interpreted in certain ways. As a result of South Africa’s history of providing certain race groups with more benefits than others, in many instances fairness require that redress take the form of prioritising the needs of historically disadvantaged groups.

This is a form of positive bias that stretches this principle in terms of its meaning and application. More reflection on the real meaning of the principle at this point in South Africa’s development is needed.

The apartheid legacy of bias requires redress but the fairness of such processes needs constant scrutiny. South African society as a whole must become more sensitive to the need to balance and trade off certain elements of the principle in order to ensure equity and justice. Openness and a greater preparedness to acknowledge the views of others would assist in this regard.

Much of the PSC research into institutional performance has considered these issues, such as the audits of the Departments of Home Affairs and Correctional Services and a number of others. The quality and nature of service delivery is a pressing national concern that could benefit from increased attention.

Government has instituted an impressive set of initiatives to promote fairness and equity. These include the adoption of the Batho Pele principles, the Promotion of Access to Information and the Administrative Justice Acts, the promotion of codes of conduct and improved public service regulations.

However, implementing these policies has proved to be a major challenge. PSC research on compliance with the requirements of the Administrative Justice Act has found that in most instances there is low awareness of what is now required of public agencies to operate fairly and in many instances the systems and procedures required to comply with challenging pieces of legislation are not in place.

A further issue is that in many agencies standards are still in the process of being defined and measured. This makes it difficult to undertake any real assessment of performance in these areas. In keeping with the general need for improved implementation of policy, there needs to be a greater focus on ensuring that the policies and statements of intent in this area are properly executed.

There is also a clear need for more information and training, while improved monitoring and evaluation should be undertaken in order to provide managers with current and useful information.

**Suggestion / recommendation:**

Increased training should be provided to public sector managers on their responsibilities in terms of the Access to Information Act and the Administrative Justice Act. Also, official funding sources should seek to support civil society organisations that work in this area in order to increase demand for better performance in these areas.



**“People’s needs must be responded to and the public must be encouraged to participate in policy making”**

Internationally there is increased acceptance of the need for additional community level consultations on important matters, even in highly developed democracies. Participation in the design and implementation of government programmes generates a sense of ownership amongst participants thereby enhancing sustainability.

In South Africa there is a generally well-developed understanding of the importance of public participation, which relates closely to the national experience of democratic transition.

The PSC has undertaken limited direct research into this area, although its public administration monitoring project investigates the extent to which public participation is included in policy making. Our findings suggest that most policy development does include public participation, but the depth and quality of these consultations vary widely.

During 2002 the PSC hosted a number of Citizen’s Forums in rural communities in the Eastern Cape and Mpumalanga, an innovative and exciting approach to consulting communities and receiving feedback on what they consider to be important issues. Initial findings suggest:

- A clear need for improved coordination
- Procedures need to be streamlined to suit citizen’s rather than official requirements
- Improved human resource management particularly in the filling of posts to ensure optimal service delivery.

Politically and structurally there is strong recognition of the weakness of South Africa’s formal democratic system and the need for supplementary participation. This is reflected in the creation of public participation offices in many provincial governments and the requirement that strategic pieces of legislation make provision for public hearings.

Imbizo focus weeks in which the President consults communities on their views of government performance and Provincial Executive Council outreach programmes are also examples of official efforts to encourage public participation.

In many instances legislation also requires the creation of formal structures to advise Ministers and others. However, many of these initiatives receive limited support and are ineffective formalistic processes, and in many instances important policy is made with limited reference to community views. A further issue is the general weakness and limited capacity of civil society to play a representative role since the transition to democracy.

**PSC Suggestion / recommendation:**

Clarity on what constitutes an acceptable level of consultation and public participation is required, which could form the basis for policy development by the Department of Public Service and Administration. Such policy could also call for agencies to adopt their own formal policies on public participation: this should describe who should be consulted and how.

Reference to public participation could also be included in performance agreements for senior civil servants. There is also a clear need for more innovative consultative techniques given the high levels of illiteracy nationally. Approaches such as Citizens Forums or the deepening of the Imbizo weeks and Provincial Executive Council Outreach programmes should also be adopted more widely.



**“Public administration must be accountable”**

Like many states in the global village, South Africa subscribes to the view that public governance is not only about the institutions, processes and functions of the state and the realisation of the rule of law, but also involves the interaction between the state and civil society. In such a governance system, public accountability commits public officials to answer to the public for their actions (or inaction) and subjects them to internal or external sanction where necessary.

Accountability requires a well-developed regulatory framework that is still in the process of being created in South Africa. Much has already been done in this regard, especially through the implementation of the PFMA. The challenge relates to deepening compliance and implementation of these measures.

A number of important bodies have been created to support parliamentary democracy in South Africa such as the PSC, the Public Protector, and the Human Rights Commission, while Parliamentary committees and the Auditor General contribute significantly in this area.

There is a need to take stock of the impact of certain of these bodies in order to streamline and improve their performance. Some of the bodies, such as the Auditor General, have managed to attain good levels of performance.

Many PSC research projects into public service practices as well as institution-specific evaluations have considered issues of accountability. One of the specific areas researched by the PSC has been into the quality of risk assessments and fraud prevention plans of some government departments and state agencies.

Our findings have shown that while there is a distinct movement towards making use of these important accountability strategies, in many instances plans are not tailored to meet the specific risk profiles of individual agencies and are not properly integrated and implemented. Making the controls and systems specified in these plans a reality is a management challenge that will need focused attention over a sustained period.

Legislation such as the PFMA and Treasury regulations on issues such as annual reports have also contributed to the framework. Work in combating corruption also strengthens accountability but as noted in earlier sections of this report this area remains a major challenge to government.

As noted above, the overarching regulatory framework has many elements in place, but needs better implementation and an increased focus on compliance monitoring to prescribed standards.

Managerially, a clearer relationship between agency objectives and workplans at an individual level will promote increased awareness of the need to operate accountably.

General improvements in the quality of public sector management are also required if accountability is to be strengthened. This should include a focus on improved reporting systems and standards.

**Suggestion / recommendation:**

Performance agreements for senior officials should include specific reference to their responsibilities for implementation of departmental risk management and fraud prevention plans. Their roles and responsibilities should be clearly described in as much detail as possible.





**“Transparency must be fostered by providing the public with timely, accessible and accurate information”**

Transparency is closely related to the principle of accountability and should be considered as one of the central pillars of good, open government.

Transparency essentially relates to ensuring access to information and providing clear, simple reports on progress achieved in meeting objectives.

In the past year the PSC undertook a survey of public service departments’ Annual Reports as an accountability mechanism. The report concluded that performance in this area has improved but that annual reports would benefit from a more strategic orientation, so that outcomes and impacts form a larger element of the analysis, rather than describing activities and expenditure. Annual reports should be edited for simple language to prevent confusing jargon from being used.

Examples of our findings include that the 2001 Report of the South African Police Service was of a very low standard, offering very little information, while that of the National Treasury was of a high standard. In 2002 annual reports, the national Department of Social Development’s was found to be of a very high standard.

Annual reports are just one way in which departments can demonstrate accountability, but they are a very important public statement of performance and are an easy format for accessing information that is otherwise hard to obtain.

The creation of the Annual Public Sector Reporting Awards by the Southern African Institute of Government Auditors is a welcome initiative supported by the PSC. The 2002 overall winner of the Award was the Department of Provincial and Local Government.

South Africa has recently introduced new requirements into the public management system to facilitate transparency. Legislation such as the Promotion of Access to Information Act and the Administrative Justice Act (both mentioned earlier in this report) as well as the Protected Disclosures Act (which protects whistleblowers) are important milestones in this regard.

In many ways, transparency is a constitutional right, although as with other third generation rights much has to be done to give effect to the policymakers and legislators’ intentions.

Transparency requires that public management systems be effective: they should provide all parties with the appropriate levels of access to information. The key challenge is to develop such systems to ensure that the capacity and skills required for compliance are in place. Training and subsequent support are priority areas.

**Suggestion / recommendation:**

Departmental monitoring and evaluation components should play a greater role in the preparation of annual reports, since their findings and outcomes should form the basis of the reports. Their direct and widespread involvement in the preparation of annual reports will provide a clear focus for much of their work.



**“Public administration must be broadly representative of SA people, with employment and personnel practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation”**

This principle aims to address the results of the apartheid government’s promotion of white people in government.

In practice application of the principle of redress has concerned the equitable implementation of affirmative action. This involves the systematic and deliberate promotion of the previously disadvantaged sectors of the South Africa population people to create better representation of all racial groups in government employment.

The PSC has undertaken a number of projects researching this issue, including an audit of affirmative action implementation and a study into representativeness in the public service. PSC research has also looked at the progress achieved by government departments in implementing their Employment Equity plans.

The findings of this research have largely been positive. Government has performed well in terms of its efforts to attain more equitable representation and has created a number of useful mechanisms to assist in this area. The Employment Equity Act is the key piece of legislation in this regard.

The Employment Equity Act seems to have successfully provided the right kind of structured framework around which programmes could be built without imposing rigid quotas that would have inhibited operational flexibility.

Research has shown slow but significant progress numerically. Under-represented groups have grown, with African women for example growing from 33% of the public service in December 1997 to making up 37% of the service in December 2002. However, the segmented nature of racial distribution across occupational levels remains an important concern. White people still dominate managerial levels while black people remain clustered at the lower levels.

Important gender dynamics are also present. Women have increased their presence in certain areas but often remain confined to the “caring professions”. There has been significant progress by women in achieving appointments at the higher levels although equal representation by women in playing chief executive roles is still far from being achieved. DPSA statistics show that 10 women compared with 62 men occupied the highest-level posts in the public service in January 2002.

Disabled people are the targeted group that remains most underrepresented and special efforts are required in this regard. Only 0,25% of public servants are disabled people, far short of the target of 2%. Of this small number of disabled people in the public service, two thirds are men. Barriers to entry such as the built environment and patronising attitudes need to be addressed through long-term strategies.

It is important to celebrate the significant progress achieved in getting the public service to be more representative numerically. The focus now needs to shift to qualitative issues so that affirmative action does not undermine the quality of service delivery.

Amongst these important issues are shifting the distribution of black staff in lower levels and in providing affirmative action appointees with the support they require in order to succeed in their work and are able to enjoy job satisfaction and security.

Targeted and effective recruitment is also important to ensure that equity targets are met. Strategic support that aims to improve the quality of public service recruitment should be considered.

**Suggestion / recommendation:**

Employment equity programmes should be supplemented by capacity building and training programmes that are activated during the recruitment phase when affirmative action appointees should have specific training needs identified. Assessments should then include reviews of the extent to which the necessary training has been undertaken by the appointee.



### Summary of recommendations



1. **Efficiency, economy and effectiveness:** The PSC proposes that a performance evaluation framework for the public service be developed in a participatory and collaborative project. This framework should comprise a number of components such as best practice guidelines for performance budgeting and management and the promotion of monitoring and evaluation as a standard management practice.
2. **Human resource development:** The PSC urges that outstanding issues in the new HRM framework be addressed in order to facilitate its widespread implementation. More extensive training must be provided to public sector managers on this increasingly complex and challenging area, particularly the management of discipline, sick leave and suspensions. This is a challenge to both the South African Management Development Institute and to private training providers.
3. **Ethics:** Departments should be required to establish a minimum anti-corruption capacity with standardised reporting areas. Also, a training course on integrated ethics management should be developed and should be a requirement for all public service managers. The course should be a short module that clearly explains the various forms of corruption and what is required to build integrity systems and prevent fraud.
4. **Development orientation:** The PSC supports a cluster-based approach to articulating a comprehensive national development strategy. Of particular importance would be recognition of the lead role local authorities need to play. If undertaken in a participatory and inclusive fashion the process of developing the strategy could help with the identification of imaginative and innovative approaches that may escape the sterility of many current debates on the issue.
5. **Impartial fair equitable and without bias:** Increased training should be provided to public sector managers on their responsibilities in terms of the Access to Information Act and the Administrative Justice Act. Also, official funding sources should seek to support civil society organisations that work in this area in order to increase demand for better performance in these areas.
6. **Public participation in policy making:** Clarity on what constitutes an acceptable level of consultation and public participation is required, which could form the basis for policy development by DPSA. Such policy could also call for agencies to adopt their own formal policies on public participation: this should describe who should be consulted and how. Reference to public participation could also be included in performance agreements for senior civil servants. There is also a clear need for more innovative consultative techniques given the high levels of illiteracy nationally. Approaches such as Citizens Forums or the deepening of the Imbizo weeks and Provincial Executive Council Outreach programmes should also be adopted more widely.

### Summary of recommendations

7. **Accountability:** Performance agreements for senior officials should include specific reference to their responsibilities for implementation of departmental risk management and fraud prevention plans. Their roles and responsibilities should be clearly described in as much detail as possible.
8. **Transparency:** Departmental monitoring and evaluation components should play a greater role in the preparation of annual reports, since their findings and outcomes should form the basis of the reports. Their direct and widespread involvement in the preparation of annual reports will provide a clear focus for much of their work.
9. **Representivity:** Employment equity programmes should be supplemented by capacity building and training programmes that are activated during the recruitment phase when affirmative action appointees should have specific training needs identified. Assessments should then include reviews of the extent to which the necessary training has been undertaken by the appointee.

### Final points

The values and principles for South African public administration contained in the Constitution set a very high and demanding standard. As a developing country with serious problems of poverty, crime, violence and HIV/AIDS, it would be easy to dismiss these principles as unrealistic and impossible to achieve.

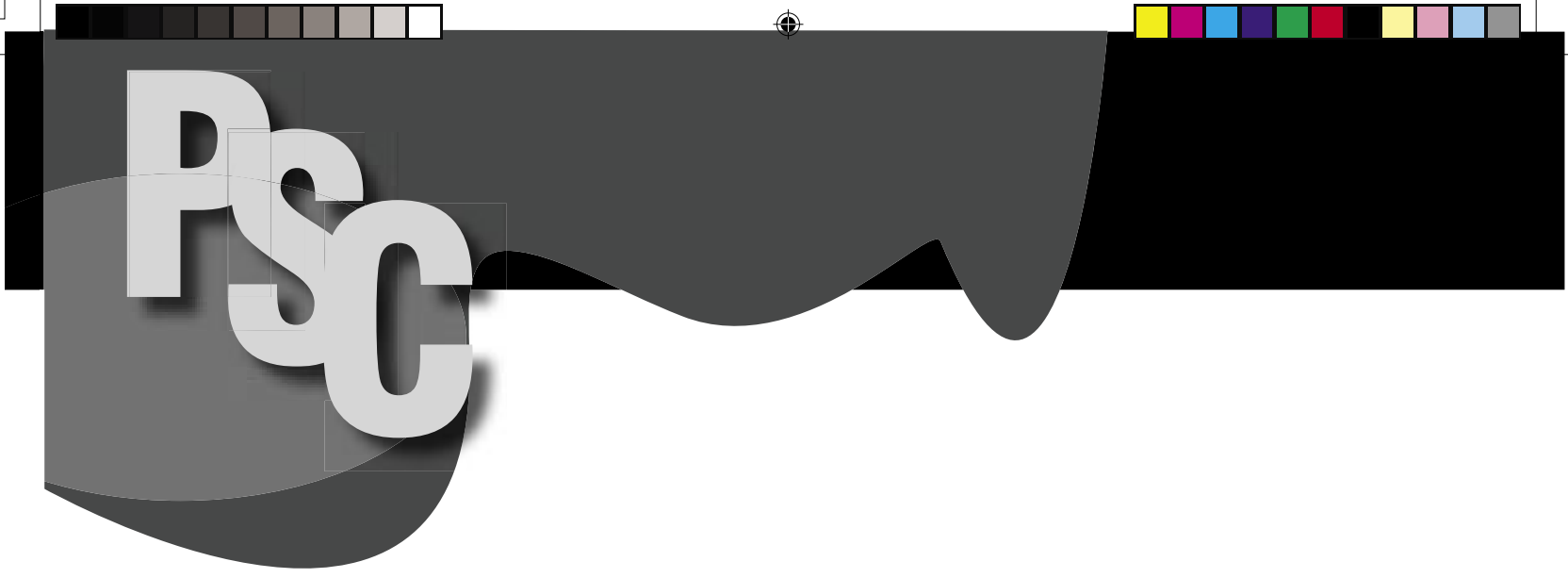
The PSC is strongly opposed to such a view and is committed to contributing to the creation of a society in which we succeed in meeting the demands of our pioneering Constitution.

The changes already recorded in the South African public service have been profound and impressive. Making the Constitutional values and principles a reality is also possible, provided we continue to apply ourselves with diligence and vigour.

Public administration has a key role to play in facilitating sustainable development. The PSC looks forward to helping build our public service's ability to play such a role. It will do this by meeting its own monitoring and evaluation mandate through the provision of strategic and thoughtful advice and support to its principals, based on rigorous and meaningful research and consultation.



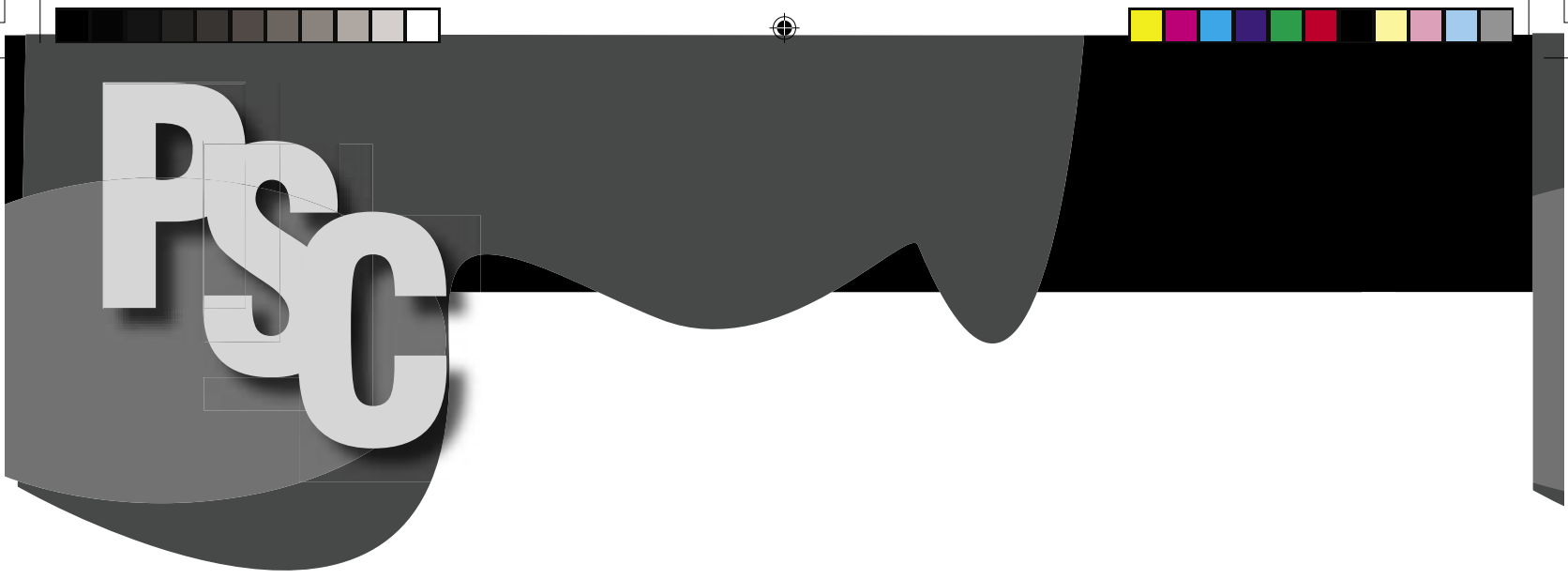




*Notes*

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Public Service Commission  
National Office:  
Commission House  
cnr Hamilton & Ziervogel Streets  
Arcadia 0083

Private Bag X121  
Pretoria  
Tel: (012) 328-769  
Fax: (012) 325-8382  
Email: [info@opsc.gov.za](mailto:info@opsc.gov.za)

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