

**SDG Panel Discussion – Fixing the State
Gibbs Institute
09 November 2019**

Pam Yako, Chair SDG

Previous students and associates of AZASO, NUSAS and SANSCO

Non-Profit Organisation

Progressive thought leaders – shape debates of what should happen in our country

Hold seminars; work with partners

Take democratization agenda of our country and taking it forward.

Five areas of work:

- 1) Health
- 2) Haven't done much work on Education but it is critical
- 3) Economy: Recent employment stats – rising unemployment
- 4) Gender and power – GBV conversation required
- 5) State Capacity – this seminar today

Seminar focusing on two things:

- Characterise correctly what is wrong with the capacity of the state – pressure points moving forward
- What needs to be done?

Senzo Mchunu – Min PSA

Background that was a critical moment in the history of our country – student movements. You know the past but you were part of the people who gave birth to developments in the country.

Areas of focus are critical areas in the country at the moment – especially capacity and capability of the state.

7 challenges – President – SONA – leaving those aside - own take on challenges

Reorganisation of the state

- 1) During election campaign, President talking about changes to take place in govt as a structure – reconfiguring the state – reorganizing the govt. This is one of the challenges – we are in it but the scope that we have given ourselves is narrower than what we need to do. We got into it halfway – govt and how cabinet functions – critical in getting us to move forward. Why halfway? Reorganise and make it smaller to make it more effective and efficient but need to broaden the scope. Example: have DoT – everything moving – but it also includes transport infrastructure in terms of roads and rail. It also includes half of Transnet. Capability and capacity can be constrained if you do not address such issues fully – cannot go in half measures. How do organize a department like that? Let Transport confine itself to everything that moves but separate it and put it aside from infrastructure. Have Public Works and Infrastructure Dept. What do we mean by infrastructure? Everything infrastructure in the country must go through it. Transport Minister can focus on what roads/etc are needed and someone else can deal with the infrastructure. Cabinet must move with speed and also quality – it would enable dedication and capacity development of skills – need to keep pace with local and provincial and also rural areas – urbanization is posing a threat – need to develop rural areas.
- 2) Different departments in parastatals
- 3) Presidency includes Ministers in the Presidency – Women/People with Disabilities; Planning, Evaluation and Monitoring – ordinary Ministers – getting paid more – not contributing across other Ministries. Need to consolidate planning – unit in the state that sits above the Republic – looks at it 15 years – not 5-year terms. Yet, the Dept adopts a 5-year outlook – deprived of need to stay above – look at what is likely to happen in 50 years' time – act on them not just look at them. Do infrastructure planning (50 years) – so know that will need rail or road infrastructure in particular areas and will seek funding, etc over the longer term. – same with energy (outlook of mining) – that's what the Dept in the Presidency would do and should do – rather than paper/presentations right now. Should be based on scientific research – Presidency should be sitting above everyone and planning ahead. Chinese have this foresight.

Need to do more thinking, more research and not limit ourselves to 5 years

Economic challenge

- Stagnant economy
- Expenditure growing, borrowing increasing – wider gaps
- Concerned about the fiscus
- Economy issue cannot be addressed without dealing with Eskom – coal stations, emissions, dust – shift from the burning house – go to gas – workable - and other sources; Dept of Energy is warming up to these ideas.
- Unemployment as a threat – young men standing by corners at 09H00am – threat – sometimes associated to drink, violence, etc.

Education/skilling/re-skilling

- NSG – low stage of positioning this school for what needs to be done
- Try to remodel NSG to face some of the upper end of our challenges – capacity, training. Want ideas on how to position a school like that and how to compare with schools in other Continents. Cutting-edge of training – not only lower level but top leaders.
- Many officials in past 5-6yrs have operated in traumatised context – partly sick, stressed, etc. Bodily, spiritually, mentally ill – public service – 60% affected. Turmoil of survival – few working.
- Ministers – orientated away from dealing with administration – live on cruising rather than on running the administration and ensuring they work well. Senior management and unions – confrontational – not looking at overall strategic objective – unions would rather fall with the house. Unions need to be more progressive - i.e. sugar industry – focused on how to make industry better. Unions here have narrow focus.
- Education: far from fixing education – we have done well (curriculum, etc) but have problem in implementation of curriculum. Still have 5 categories of schools:
 - a. Schools in rural farms (little change, one teacher with one room different grades);
 - b. Schools in rural areas;
 - c. Schools in townships;
 - d. Schools for coloureds/Indians;
 - e. Model C schools (white children). In the Model C schools they functioned in a different way – but will have to pay a fee R80-100K – many of them are govt schools. What do they do with the money? They take govt resources – post-provision (lower than required – based on number of children not curriculum). They take the money and hire teachers and complement to speak to the curriculum – value added on. Private schools do not make much of a difference – not a better education per se.
- Lack of technology in the lower 3 tiers.
- Push for free education but need the resources to realise this.

Need to be more strategic in positioning your thoughts – you should know where the ideas should land - do not need to be a big group.

What is broken in the state and what are the reasons?

Tracy Ledger

- Excessive political discretion in appointment in public service and administration – with good historical reason – no real checks and balances –
- Candidates are unsuitable AND
- Procedures with political interference (political factionalisation – influences implementation)
- Middle management not interested in strategic plan, etc since leadership will move on shortly
- People working to political agenda rather than agenda of institution
- Cult of an institution – not just leader – but also whole of senior management that needs to be considered for transformation of organisation
- Inappropriate skills and experience – i.e. local govt – huge problem with enforcement of applicable legislation – vacancies Sec 56 posts – political contestation over posts not lack of funds
- Need innovative public service but created institutions that discourage risk taking and innovation – culture of blame institutions rather than culture of accountability

Local Govt - Chippy

- 1) Declining of Legitimacy – rising level of dissatisfaction with services received. Local govt insular and disconnected from civil society

- 2) Crisis of capacity: Building of institutions is lacking. – across all political parties – failure to build independent institutions. Meaning of crisis of capacity: see flashes of capacity in relation to odd things (i.e. Nelson Mandela Bay – procurement process finalised; VBS cash crisis – 30 min for payment to be triggered). So, not a capacity problem – can act quickly – it is an issue of intent. Repurpose institutions to serve specific ends. CT has been through similar repurposing and rents. Crisis of intent really.
- 3) The two above crises feed into fiscal crisis which has a number of dimensions: Poverty and equality in our cities and between rural and urban areas. Financial model is predicated on trading services – user-pay principle with some level of subsidy – system was not designed to run simply based on subsidies – so if do not pay – services collapse. Breakdown in the social contract between the state and communities – rising level of debt in local govt system – cascades to water boards in municipalities, Eskom (Soweto debt crisis). Have now reached tipping point where upstream institutions of the state saddled with debt.

Percy – Health

- Constitution allows rationalisation of services – progressive realisation
- The less the resources – the less the progressive realisation

Grootboom and Soobramoney cases – SER

- ‘principle of reasonableness’ – dialysis not emergency care

2002 – TAC – ARVs

Problems with health care system

Poor quality of services at public health facilities

Factors that lead to culture of non-caring – self-interest and greed

- Lack of induction of political leadership
 - Hire people knee deep and hope they will not drown
 - High turnover of senior managers after elections
- Promotion of mediocrity
- Poor management and inefficient administration
- Poor and ineffective governance of key institutions – academic institutions, colleges – failure to produce specialists
- Focus on financial accountability rather than health outcomes
- Lack of consequence management – poor contract management (remunerative work outside of public service)
- Non-existent performance management – widespread malicious compliance
- Fear of overexaggerated power of unions

Yoli Pikié

Enforcement space:

1. Shadow structure/processes
2. Lack of operations management; no normal operations management - occurs by instruction – the whole state follows it
3. Institutions are repurposed/not used for purposes for which they were set up; no shortage of laws to enforce (state can turn on you – SARS unit investigated by PP, courts, etc.)
4. Corruption

There is a perverse situation – once you remove the corrupt – take them out through disciplinary/civil proceedings (corrupt contractors) – whole system ceases to operate – syndicates within and outside the institution if they don’t work, institution collapses (i.e. Transnet, PRASA).

PFMA has been a substitute for operations management – people are not measuring how organisation is performing - as long as can show that project is within the PFMA you are ok.

Tactical issues

- Vacancies need to be filled in CJS – reduce acting positions

- Close down all covert collection of information in the state – SSA does not require covert collection of information (i.e. Canada) – we are incubating crime in our security agencies.
- Develop compliance model – 2 million complaints lodged with SAPS – how many end in court, in conviction/acquittal? Who selects which cases go forward? Who selects where resources of state are directed?
- At SARS – First level: Education (how to ensure compliance); make it easy for people to comply with law (provide services); then use enforcement against intransigent elements in society (those who ignore education and services they receive).
- Enforcement at SARS based on three principles: depth, width and leverage
 - Depth – put all resources in – key cases – state against most powerful in society
 - Width. - every person in society must feel that govt has the capacity to touch/reach them – select on a random basis a bunch of people to resubmit kms so that they know that SARS can touch you.
 - Leverage – through education/publicity and make the cases to the public.

What is to be done?

Percy

- Need to stop using terms to confuse the public – HIV/AIDS not the public health sector – shift of funds to HIV/AIDS; NHI is not equal to universal health care
- Erratic leadership – leadership programme to govern – be able to transform the system – every political appointee needs to go through a structured programme
- Government training arm relies on ‘one size fits none approach’ – need to have specific training for sector; NSG training is too generic; DIRCO does this with mission staff
- Incentive and measures that convey measures of appreciation to committed health workers – people who have spent 30-40 years in public health service and not recognised
- Meritocracy rather than connections for appointment
- Keep teachers and mentors within the system as opposed to being kicked out of public service – young people training themselves; standards lacking; litigation
- Discipline enforcement – ethical conduct at centre of PMDS; professional organisations become step ladder into Parliament (not interested in profession but want to get a seat in Parliament).
- NHI – it is just a funding system – how funding is used is a different issue. We need to look at how to restructure our health system. Have three sectors (NGO sector, private and public). The first one is often not considered.

Chippy Oliver

- Engine that drives the economy in local govt – focus on urbanisation – massive levels – 70-80% in the next few years; de-emphasises rural areas – but urbanisation does not capture process
- Process of agglomeration – concentration of specialisation of skills, supply chains that make areas more efficient – makes provision of services to those areas more efficient. It is not just people moving to cities but cities moving to specific rural areas but our policies go against them. We do not focus on these centres of agglomeration. Big human settlements in outskirts of cities.
- Need to start with a process of radical economic transformation (in the good sense) – take resources that we have (vast tracts of land in the cities - vacant and underutilised and owned by the state); transfer rights and assets to people (allow people to enter these economies). Ambivalence of rights (lock people into owning houses but title deed process is extremely long).
- Clean sweep operations in JHB – people entering urban economy through informal sector – system of supply chains but our policies are designed to deliberately go against this. Need radical interventions to address people’s participation in these processes.
- State’s role should be a redistributive role – less developmental – no prospect of state playing a developmental role – gate-keeping role – blocking people from accessing resources – for purposes of rent-seeking. Look for more embedded form of the state - give more power to communities. State almost needs to get out of the way
- Balance the power between politics and administration – get the politicians out of administration. Politicians have a role to set strategic vision and policy (redistributive mechanisms, etc) but they should not dictate appointments or procurement procedures – give more security to senior managers (fixed term contracts are a disaster) – need to give civil servants security – know they will be recycled if speak up.

Tracy Ledger

- People participate in unequal economic relations – state forcing people into these situations without allowing them to access other opportunities
- Role of politics in public service: do not do away with discretion but limit it as far as we possibly can - processes to vary across levels of government. Look at skills of those people; process of selection of those people that operates independently of politicians
- Politicians have to choose from that shortlist;
- Also improve transparency into disciplinary processes/removal
- Focus on senior management layer – not just heads
- Enforce competency legislation especially in local govt – SALGA – councillors to be personally responsible for appointing people who do not qualify
- Zero vacancy/acting policy – can do this through remuneration of posts
- Leadership-proof institutions – no matter who the leader is – reduce level of discretion – embed the leadership
- Building of innovative institutions – will not find innovation if you are not allowed to fail and take risks

Yolisa Pikie

- Ring-fence key investigations around state capture (ESKOM, PRASA, SABC, SARS, TRANSNET) – bring in special capacity in NPA to deal with them – need them to build public trust.
- Simplify cases – theft, corruption – simple cases – catch for stealing less money but give them sentences – don't try to deal with grand cases.
- Govt asking for new grant – but there is CARA fund – R1 billion – 4 ministers need to agree how to spend it (Parliament intervention not required).
- Auditors within these institutions – no reason to recreate process – we have paid for audits in these institutions (transnet, eskom, etc) – new layer above that within NPA that can look at those processes.
- We cannot fault all of the police – Hawks and NPA are specialised and can put in motion processes to fill in specialised gaps (investigation skills, etc); middle management of Hawks decimated by Ntlemenza.
- Management of CJS as one system – see the whole value chain – single continuum.
- Principle of impartiality needs to be embedded in the whole CJS – choose case based on work of analysts who have no vested interests in prosecution/non-prosecution – need to bring back public trust.

Questions:

1. Trish Hanekom:

- No one mentioned NDP. Diagnostic report – evidence and facts (13 years ago).
- In NDP – 5 recommended actions in CH13 – limited progress
- 10 actions listed – partial implementation
- CH14: 8 actions – limited progress
- Single Public Sector idea – with clear mandates for departments and entities
- 22 months average life-span of DG or Minister; changes go wrong
- Removal of unnecessary bureaucracy – reward performance vs discipline/punishment.

2. Grant Rex – Health

- Cadre deployment – understood as deployment to Cabinet, councils, MPs and MPLs
- Cadre deployment into public service runs into everything said today – how are we going to change this notion in the ruling party? How do we tackle everything proposed today?
- How do we restore work discipline? You can fire people in the private sector – it is easy to do; lots of skills available.

3. Tshepo Ntsimane – DBSA

- Cadre deployment issues – police running utilities in Council in JHB.
- Focus on China and other countries and what they do to change the term: one-party democracies. Can have longevity in long-term planning – can borrow from China in terms of this – can have long-term planning.

4. Michael Sachs

- Assets and liability person - R3 trillion – young woman – debt portfolio - largest financial stocks. Who is she accountable to? Minister of finance is 'part-time'. She is expected to attend ANC meetings,

lekgotlas, etc. – subjected to demands and. Claims who have no experience in managing that portfolio but yet they impose pressures on her on what needs to be done. What was done since Polokwane conference has been to shift locus of power from state to ANC – the latter is devouring the state.

- Should not be accountable to the ANC but to the state.
- NDP sets out these key issues – political vs professional issues – yet need government who is willing to articulate transformation along those lines – continue now to de-establish the state.

5. Oscar Van Heerden – MISTRA

- Look at stats – high turnover notion – they shift but remain as DDGs, CDs
- Apartheid system had model where replicated what worked – should we use that approach at local government level to manage experience – all look the same – like RDP houses.
- Need to rebuild the state
- Unions. - ANC has managed to postpone the showdown with the trade unions; trade unions only serving their narrow interests.
- Fightback should be a threat to national security and treated as such – it's about wanting to stay out of prison

6. Katherine Hunter

- Governance of boards – how keep boards accountable?

7. John Clarke

- Social worker
- Lots of people in diaspora to assist rebuilding of state - Somalia
- South Africans who have served who could be recruited as mentors to the public service.

8. Ruth

- National Business Initiative
- Review PFMA and MFMA? Does not prevent state capture
- Employees of govt vs public servants – terminology – they do not serve the public – they see themselves as govt officials not public servants

9. Suresh - Ash

- Ministers and MECs get appointed – there are Chiefs of Staff; perform dismally at some posts yet get appointed
- Innovation – ito local govt – fixing it – in the past – reliance on deployment of engineers and town planners. Rely on same old methods.

10. Tim Wilson

- Worked in Health Dept – remote areas
- Kawuleza needs energy. – people are tired and the good people are tired
- How do we re-energise people who run these entities/departments?

11. Firoz Cachalia

- Scepticism about the state and politics; justified - better balance between politics and expertise
- Strategic policy making and directing role of the state becomes more important going forward, however.
- Need strong and capable ministers and parties
- Rebuild state bottom-up so services can be delivered vs state being fit for future to deal with strategic imperatives (lack of capability to deal with strategic decisions on transport) – initiatives like Blue IQ/Gautrain

12. Portia Derby

- How to oversee SOEs – separation between shareholder responsibilities – cannot regulate whole institution – Telkom/Dept of Comms was an example of this and negative consequences.
- Need to focus not only on SOEs but also agencies - no one looks after these agencies, their governance, etc.
- You write to govt but there is no response. If no answer within 30 days, take the decision.
- Politicians interfering in decision-making but no accountability within ANC because take collective responsibility.

13. Mandla Sithole (?)

- Reliance on agencies
- Need to get COGTA Minister to engage in dialogue

14. Steve Mashalane

- Concern about governance – highest unemployment rate in any country that is developing; expected serious economic recovery plan
- Investment Promotion Strategy – positive
- Have serious mismatch between skills/knowledge and who manages SOEs
- No mechanism to fund small business development

Responses from speakers

Crispian

- Agrees with comments – profound - separate party and state; end cadre deployment, etc; create single public administration; serious problem with our unions
- Oscar's Van Heerden's approach: modular approach – requires technocratic state – in current environment might not be best way to follow – focus on notion of 'embedded state'.

Tracy Ledger

- Should not only focus on technocratic solutions – do not want to eradicate the 'political'
- People working but not motivated by what is in the interest of the developmental state; procurement of MEC's car never goes wrong – focus on incentives, oversight structures. There is overregulation on oversight/monitoring.
- Need to have a different approach to regulation – need to understand critical leverage points in the state

Percy

- Single public sector vs single public administration – not the same; need to consider this when we speak about being 'fit for future'
- Cadre deployment: tendency of labelling ourselves as 'comrades' when it means a lot of things to different people. How can we select the best amongst others? This means that there are values, clear processes (in student days, deploy each other, but clear that if do not perform in portfolio, you would be rescinded).
- Need to have opportunity to advance skills

Yoli Pikié

- ANC needs to find the right manner of funding itself
- Procurement processes in SOEs bent to benefit the ANC – decide procurement processes that benefit the ANC (PRASA, Transnet, etc).
- Cadre deployment is a myth – if you know the right people – you will be deployed – it has nothing to do with your skills. No correlation between minutes of deployment committee and who is selected for deployment.

Minister Mchunu

- Constructive discussion – speaking one's minds without fear
- Functionality of Cabinet – full of meetings, repetitive and not working - need to revamp/streamline Cabinet.
- CT and Pta – physical, financial and mental impact
- Wage bill – not so much on the numbers of people hired – main concern at SOEs, SASSA (Ministry of Social Devpt pays SASSA, who pays CPS); need to consider services rendered and staff required. Looking at shape of the public service – leave the numbers – have staff at coalface – top-heavy – need to look at these factors.
- SMS vs non-SMS negotiation of salaries; non-SMS relying on muscle (not computer – CPI rate) – closing the gap between lower levels and upper ones – impact on wage bill.
- Leaks problem – leaks in fiscus – AG tells us about fruitless, irregular expenditure – Accounting Officers do not account but they must account; wasteful expenditure in buildings – paying for buildings not used; litigation costs.

- Executive to make sacrifices – use economy not business class. SMS members and Ministers to fly economy – need to cut on perks.
- Culture of corruption – officialised – goods cost three times the price if go through official procurement processes. This needs to be stopped. Institutionalised it not only via the ANC but also via greed all over. Corruption as ‘subculture’ – move full force if need to pay.
- Need to re-energise public service
- Post state-capture – huge expectations from ordinary people that govt will be better, especially after Zondo Commission. In police, cutting down budget – reduce police officers; NPA have many unfilled vacancies, etc.
- Comments on the state and it playing as gate-keeper – difference is on what we are able to put on paper. Ideas put to relevant people far outweigh the wisdom of individuals appointed. Appointment of Minister is about getting a phone call and become responsible for a portfolio. Nothing necessarily extraordinary/special about a particular person being appointed – people still finding their feet. Need to put ideas down and share the ideas. Do not underestimate conversations such as this one – learn how to channel them.
- PFMA/MFMA – need to be looked at; as well as procurement system. Put ideas on paper so that influence lekgotlas, etc.
- APRM – AU - SA to take over as chair next year – need to revive this platform and push conversation to the public. Need to strengthen civil society.

Key focus areas: (Lisa Seftel)

- Implementation Gap
- Think beyond 5 years
- Is there a new balance to be achieved between public and private sector?
- Is there a new balance between politics and public administration? Renewing the party and state.

Programme of action for SDG:

- Induction, training mentoring of public servants
- Getting politics outside the state but politics must guide the state
- Post state capture: share experiences and provide tough leadership on rebuilding/strengthening/addressing fear and risk averse amongst public servants
- Start addressing wicked and difficult issues – elephants in the room – lobby/look at these issues concretely.