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|  **2. Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation Report on Budget Vote 10: Department of Public Service and Administration, Dated 16 May 2017** |

1. **BACKGROUND**

The Portfolio Committee on Public Service and Administration as well as Planning, Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee), having considered the directive of the National Assembly to consider and report on the Strategic Plans, Annual Performance Plans and Budget allocations of the Department of Public Service and Administration, National School of Government, Centre for Public Service Innovation and Public Service Commission which were tabled by the Minister in terms of the Public Finance Management Act (Act No 1 of 1999), reports as follows:

1. **INTRODUCTION**

The Public Finance Management Act, section 27 stipulates that the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year. Subsequent to that the Money Bills Amendment Procedures and Related Matters Act, No 9 of 2009, section 10 (1) (c) clearly stipulates that the relevant members of Cabinet must table updated strategic plan and annual performance plan for each department, public entity or institution, which must be referred to the relevant Committee for consideration and report.

In line with its constitutional oversight mandate over the executive, the Portfolio Committee considered presentations on the Strategic Plans, Annual Performance Plans and budget allocations of the Department of Public Service and Administration (DPSA) for Budget Vote 10 which comprises of the following institutions: National School of Government (NSG), Public Service Commission (PSC), and Centre for Public Service Innovation (CPSI). The Department is a conduit of the budget for the National School Government, Centre for Public Service Innovation and Public Service Commission.

1. **OVERVIEW OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

The Department of Public Service and Administration is expected to implement and coordinate interventions aimed at achieving an efficient, effective and development-oriented public service which is an essential element of a capable and developmental state as envisioned in the National Development Plan (NDP) 2030. The Constitution of the Republic of South Africa envisages a Public Service that is professional, accountable and development-oriented.

The NDP identifies specific steps that need to be taken to promote the values and principles of public administration enshrined in the Constitution. Furthermore, the NDP highlights the need for well-run and effectively coordinated state institutions with skilled public servants who are committed to the public good and capable of delivery consistently high-quality services, while prioritising the nation’s development objectives.

Unevenness in capacity that leads to uneven performance in the Public Service is also acknowledged in the NDP. This is caused by a complex set of factors, including tensions in the political-administrative interface, instability of administrative leadership, skills deficits, insufficient attention to the role of the State in reproducing the skills it needs, the erosion of accountability and authority, poor organisational design and low staff morale. Steps are needed to strengthen skills, enhance morale, clarify lines of accountability and build an ethos of public service. These steps are guided by the need for long-term policy stability as well as awareness of potentially adverse effects of over-regulation.

The main objective of the Department is to put in place the mechanisms and structures that can support departments in developing their capacity and professional ethos. The Public Administration Management Act (PAMA) has been signed into law and as a result the objective of establishing a uniform system of public administration to ensure that common norms and standards are achieved at all government levels. This effectively places DPSA at the centre of ensuring that all operating platforms and units to drive a compliant ethical public service which are guided by norms and standards.

1. **LEGISLATIVE MANDATE**

The Department is mandated by Section 195(1) of the Constitution which sets out basic values and principles that the Public Service should adhere to and the Public Service Act (PSA) of 1994, as amended. In terms of the PSA, the Minister for the Public Service and Administration is responsible for establishing norms and standards relating to:

* The functions of the public service;
* Organisational structures and establishment of departments and other organisational and governance arrangements in the public service;
* Labour relations, conditions of service and other employment practices for employees;
* The Health and wellness of employees;
* Information management;
* Electronic government in the public service;
* Integrity, ethics, conduct and anti-corruption; and
* Transformation, reform, innovation and any other matter to improve the effectiveness and efficiency of the public service and its service delivery to the public.
1. **STRATEGIC GOALS OF THE DEPARTMENT**

The key strategic priorities of the Department are explained below:

**4.1 Building an efficient and effective Public Service**

The Department continued to eliminate areas of duplication, weaknesses and wastage within the public service and administration by identifying appropriate interventions to address these challenges. In so doing so, it ensured the following that the organisational structures of departments are rationalised and aligned to their mandates, improving the effective management of discipline and improving the implementation of resolutions signed with labour through the Public Service Coordinating Bargaining Chamber (PSCBC) collective agreements. Interventions that promote and support the health, wellness and positive morale of public servants are implemented and meaningful platforms are created and institutionalised to enable citizens to partake in and influence government’s policies with regard to how public services are delivered to them.

**4.2 Building a capable, equitable and professional Public Service**

This strategy is in line with the National Development Plan (NDP) in that a capable state, which is well run and effectively coordinated among different government institutions, will operate with the integrity and effectiveness this strategy envisages. The Department planned to introduce measures to professionalise the public service, which will include, amongst others, compulsory training programmes and the review and enhancement of appointment procedures for senior managers. The issue that the Department needs to revisit is the affirmation of people with disabilities. This is huge a huge challenge for public service since the employment is still around 2% in the public service. The public service has made tremendous strides with regard to the affirmation of women in senior management. However, the public service has not reached 50% gender representivity. As of now, the gender representivity stands at 43.5% regarding women in senior management. This is against the staff complement of 1.3 million employees.

**4.3** **Introducing appropriate legislative frameworks for the Public Service and Administration**

The Department had planned to set up an enabling environment for effective public administration to be strengthened by reviewing existing legislation and introducing new legislative frameworks for public service and administration. To this effect, the Public Administration Management Bill was introduced to Parliament for processing, which had been finally assented to by the President in the form of the Public Administration Management Act 11 of 2014. By the beginning of 2015, already, the legislation was in full force and it, among other things, introduced the transformation of PALAMA into a National School of Government. At present, the Public Service Commission Amendment Bill [B21 – 2015] was tabled to Parliament and is still in process.

**4.4 Inculcating an ethical ethos and achieving a clean Public Service and Administration**

The Department is committed to promoting a corruption-free public administration through the implementation of practical interventions to prevent, detect and combat corruption. The Department also promotes and reinforces the ethical behaviour of public servants through improving compliance to public administration prescripts and regulations. To this effect, the Public Administration Management Act (Act 11 of 2014) was passed by Parliament and finally assented to by the President. Among other things, the Act has introduced measures to prevent public servants from doing business with the State, for which any civil servant found to be in breach will face a charge of misconduct with either a fine imposed or termination of service being instituted.

**4.5 Improved public administration in Africa and internationally**

The Department planned to contribute towards improved public service and administration in Africa and internationally through entering into mutually beneficial partnerships, dialogue and domestication of best practices. To this effect, the Ministry signed and ratified the Africa Public Service Charter on behalf of State and Government early in 2014. Values guiding the Service Charter are transparency and accountability, and good human resources management.

1. **STRATEGIC PRIORITIES 2015/2020**

The priorities for the Department of Public Service and Administration over the medium term period are informed by the National Development Plan objectives which are therefore translated into the Medium Term Strategic Framework (MTSF) 2015-2020. The Department highlighted the following priorities to the Portfolio Committee:

* **A stable political-administrative interface**

Promoting stability of leadership in the top levels of bureaucracy which is central to building a capable and developmental state by introducing clear delegations, effectively managing the political-administrative interface, improving public confidence in the process and quality of appointments.

* **A public service that is a career of choice**

Promoting the public service as a career of choice by adopting a long term approach to developing the skills and professional ethos that underpin a development oriented public service, recruiting young professional into the public service, ensuring that the work environment is conducive for learning to take place on the job and by adhering to the Constitutional principles that guide personnel practices.

* **Efficient and effective management and operations systems**

Improving management and operations systems to challenges frontline staff face in delivering quality services to citizens by clarifying responsibilities, introducing efficient and effective work processes, including IT systems that are tailored to specific areas of service delivery and by delegating greater authority to resolve day to day problems.

* **Increased responsiveness of public servants and accountability to citizens**

Improving accountability as set out in the Batho Pele Principles and the Public Service Charter by strengthening accountability to citizens, particularly at the point of delivery, increasing the responsiveness of public servants to the views and concern raised by citizens and other service user and by developing the capacity to monitor the quality of service provision and effecting the required improvements.

* **Improved mechanisms to promote ethical behaviour in the public**

Improving confidence in the integrity of the public service through strengthening the fight against corruption by effecting amendments to the relevant codes of legislation in order to limit the scope for conflicts of interest, preventing public servants from doing business with the state and by building the capacity of departments to investigate issues relating to ethics, integrity and implement disciplinary actions on cases where there is a possible or actual conflict of interest.

1. **BUDGET ANALYSIS**

The overall budget allocation for the Department of Public Service and Administration’s is R897.1 million for 2017/18 compared to R779.0million for 2016/17 financial year, which is an increase by 15.03 per cent in nominal terms. However, in real terms the total budget allocation for the Department increased by 8.21 per cent between 2016/17 and 2017/18.

An average of 48.2 per cent of the department’s total budget over the medium term is allocated to transfer and subsidies for the operations of the National School of Government, the Public Service Commission and the Centre for Public Service Innovation. These departments provide public servants access to knowledge and skills, promote the principles of public administration and foster innovation in the public service. The Department’s second-largest area of spending is on the compensation of employees, accounts for 31.5 per cent of the total budget over the medium term. The Department has a staff complement of approximately 444 who work with personnel across government to strengthen the public service’s contribution to national development. The budget vote of the Department of Public Service and Administration is divided into six programmes that seek to achieve its mandate.

**Table 1: Programmes and budget allocation**

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| **Programme R'000** | **Revised****Estimates** **2016/17** | **Medium Term Expenditure Estimates** |
| **2017/18** | **2018/19** | **2019/20** |
| 1. **Administration**
 | 223.0 | 230.7 | 243.0 | 260.3 |
| 1. **Policy Development, Research and Analysis**
 | 28.3 | 34.4 | 36.9 | 39.4 |
| 1. **Labour Relations and Human Resource Management**
 | 77.5 | 70.1 | 62.4 | 66.5 |
| **4**. **Government Chief Information Officer** | 18.9 | 21.5 | 23.1 | 24.2 |
| **5**. **Service Delivery Support** | 156.5 | 247.9 | 266.5 | 283.1 |
| 1. **Governance of Public Administration**
 | 275.7 | 292.5 | 312.8 | 334.9 |
| **Total** |  **779.9** | **897.1** | **944.7** | **1008.4** |

# Source: Estimates of National Expenditure (2017)

1. **PROGRAMME PERFORMANCE**
	1. **Programme 1: Administration**

The main purpose of the programme is to provide strategic leadership, management and support services to the Department, and coordinate the Department’s international relations. The purpose of the programme is to provide policy, coordinated strategic and overall administrative support services to enable the Ministry and the Department to deliver on mandates. The budget for Programme 1 increased from R223.0 million in 2016/17 to R230.7 million in 2017/18. This represents a -2.68 per cent increase in real terms in the budget allocation between 2016/17 and 2017/18. The programme takes 25,71 per cent of the overall budget. The budget under this programme will increase over the medium term.

Budget allocated in this programme will be spent on monitoring the compliance to internal and external Human Resource and Labour Relations Policy Prescripts and Procedures. In this financial year, the department intended to submit quarterly reports on the implementation of Communication Campaigns to the Executive Committee. Furthermore, the department intends to submit report on the implementation of the department’s bi-lateral and multi-lateral agreements and programmes to the Ministry of Public Service and Administration. Of critical important in professionalising the public service, the department will be in the second phase of the consultation process of the Public Administration Management Regulations.

* 1. **Programme 2: Policy Development, Research and Analysis**

The main purpose of this programme is to manage and oversee the formulation, development and review of policies, policy reform and transformation programmes. It also manages research on and analysis of public service capacity, performance and reform by conducting productivity, accessibility and continuity studies tracking trends in best practice in public administration discourse in order to enhance access to public services through feasibility and continuity studies.

In 2016/17 the budget allocation for Programme 2 was R28.3 million and in 2017/18 the allocation is R34.4 million. In real terms the budget allocation of Programme 2 increased by 14.35 per cent between 2016/17 and 2017/18. Allocation to this programme takes 3.83 per cent of the overall budget. The bulk of the Programme’s budget (R6.2 million) is allocated to the Productivity and Efficiency Studies sub-programme, which is responsible for designing and implementing productivity and efficiency frameworks and instruments as well as capacity assessment frameworks and instruments for the public service. The next largest allocation is R5.9 million to the Policy Oversight, Development and Knowledge Management sub-programme. Over the medium term, these two sub-programmes will still increase by R6.7 million and R6.3 million respectively, which is a combined total of R13 million.

The department intends to consults on the draft Strategic Framework for Norms and Standards which will inform the structure, governance and functioning of the Office of Standards in terms of the Public Administration Management Act (PAMA) of 2014. Moreover, design a Working Paper for consultation on the establishment of a strategic centre to drive public administration functionality that supports strategic state capability needed to implement PAMA, 2014. The Department will compile a draft White Paper for Public Administration Transformation and modernisation which is linked to the social vision of the NDP and provisions of PAM, 2014.

The Department will submit final Public Service Productivity Management Tool to the Ministry of the Public Service and Administration. The Public Service Productivity Management Tool has been consulted in two selected departments and thereafter refined the tools for approval by the Minister. In addition, the Department will refine the Organisational Functionality Assessment (OFA) Tool in terms of the Public Service Regulations of 2016. The Department will on quarterly basis develop data collection tools that support the measure of OFA to assess the current status quo in implementing the selected Public Administration Norms and Standards.

**7.3 Programme 3: Labour Relations and Human Resource Management**

The purpose of this programme is to develop, implement and monitor human resources policies and functions by managing labour relations negotiations, employee relations, discipline and work environment management. The programme is aimed at designing remuneration and job grading policy frameworks as well as support the implementation of human resource development and planning strategies, systems and practices.

Programme 3 accounts for 7.81 per cent share (R70.1 million) of the total budget vote in 2017/18. Between 2016/17 and 2017/18, the budget allocation for Programme 3 increased by -14.91 per cent in real terms. The programme is also responsible for monitoring the vacancy rate. The programme’s budget is relatively bigger because it deals also with Negotiations and Discipline Management; Human Resource Development; Remuneration and Job Grading; Employee Benefits; Human Resource Planning and Performance Management for the entire public service.

The Department intend to submit a report on the average per cent of funded vacant posts on PERSAL against the targeted 10% or less to the Ministry of DPSA. Moreover, the department to provide support and guidance to national departments and provincial departments on the implementation of the revised Senior Management Service Performance Management and Development System. The SMS Performance Management and Development System is a process and requirements of performance management issued as a directive by the Minister in terms of Part III of chapter 4 of the Public Service Regulations. In addition, the department to establish which departments are already planning to utilise assessment mechanism for non SMS members.

The department will issue a framework on the Graduate Recruitment Scheme for implementation in the public service. Funds allocated to this sub-programme over the medium term will also be spent on establishing a formal graduate recruitment scheme to attract graduates into the public service. A feasibility study of the scheme was conducted in 2014/15, and consultations on its findings and recommendations took place in 2015/16. This target is in line with the objective of National Development Plan. The NDP clearly stipulate that South Africa needs a strategy for recruiting dedicated young people, developing their skills and building an ethos of public service.

As the country is in dire need of technical skills, the department will support other departments to appoint 20 000 youths into learnership, internship and artisan programmes per annual and report on the number of their appointed. The Department intends monitoring average days taken to resolve disciplinary cases for national and provincial departments. The Department to develop proposal for next round of salary negotiations. Over the medium term, the department will introduce the Government Employee Housing Scheme in compliance with the 2015 public sector wage agreement. The scheme will assist employees in the public service to secure appropriate, affordable finance towards purchasing or upgrading their own property. The department will submit quarterly monitoring reports to the Minister.

* 1. **Programme 4: Government’s Chief Information Officer**

The purpose of the programme is to promote and manage the use of Information Communication Technology (ICT) as a strategic tool in the design and delivery of citizen-centred services within government by coordinating and consolidating Public Service Information Communication Technology policies, strategies, costs, risk assessments, as well as ICT Governance matters. The programme was introduced in order to develop, implement and monitor information communication technology (ICT) policies and norms and standards.

The budget allocation for Programme 4 accounts for 2.39 per cent share or R21.5 million of the total budget vote in 2017/18. In 2017/18, the allocation for Programme 4 increased by 13.76 per cent in nominal terms, but in real terms, it increased by 7.01 per cent between 2016/17 and 2017/18.

The budget will be spent on compiling quarterly progress reports on implementation of the five prioritised e-Enablement services and develop ICT Project implementation standards. The Department intends to report on improvements made by departments in reducing the cost related to IT procurement in the public service. Further to report on the implementation of the ICT security policies by national and provincial departments.

* 1. **Programme 5: Service Delivery Support**

The purpose of the programme is to manage and facilitate the improvement of service delivery in government by supporting and monitoring Operations Management and Service Delivery Planning. The programme has five sub-programme which are Operations Management, Service Delivery Support Programmes and Service Centres (Thusong), Complaints and Change Management (Batho Pele), Public Participation and Social Dialogue; and Community Development and Citizen Relations.

As indicated in Table 1, the budget allocation for Programme 5 increased from R156.5 million in 2016/17 to R247.5 million in 2017/18, representing a nominal increase of R91.4 million or 58.40 per cent. In real terms, the budget allocation of Programme 5 increased by 49.01 per cent between 2016/17 and 2017/18. Programme 5, at 27.63 per cent share, represents the second largest share allocation of the total budget vote in 2017/18. The largest transfer allocation out of the allocated budget goes to the National School of Government (NSG) with R160.5 million and to the Centre for Public Service Innovation (CPSI) with R34.1 million. The Department has allocated over the medium term budget of R101.6 million for compensation of employees.

It is commendable for Government to allocate this much to service delivery support in order for the Department to give technical support and advice to national, provincial and local government institutions who had had service delivery challenges. This will serve as both a preventative and remedial measure to service delivery challenges and protests.

The National Development Plan focuses extensively on improving service delivery across government. The department will support prioritised departments to map Business Process and develop Standard Operating Procedures for their selected services as part of improving efficiency and effectiveness in the operations in the public service. Further, supports prioritised departments to develop Standard Operating Procedures. The Department to submit a report on improvements in the turnaround times of departments with mapped business process to the Ministry of DPSA.

One of the department’s intervention over the medium term will be to assess the delivery improvement plans in national and provincial departments and make recommendations on improving them, including face to face meetings. To improve the efficiency and effectiveness of frontline service delivery, the operations management framework was developed and approved in 2015 with aim of addressing service delivery challenges. The department aim to deepen the institutionalisation of the framework and toolkits over the medium term. These activities are funded through the programme which accounts for 28.6 per cent of the operational budget over the medium term.

The department will support six prioritised service departments to improve the quality and implementation of their Service Delivery Improvement Plans (SDIPs). The department intends to support two prioritised service departments to develop and implement standards for Batho Pele Principles. In addition, the department will monitor and support national and provincial departments in the implementation of the Public Service Charter, which was launched in 2013 to improve performance and enhance and fast track service delivery.

* 1. **Programme 6: Governance and Public Administration**

The purpose of this programme is to manage and oversee the development of policies, strategies and programmes on Public Service ethics, integrity and leadership. Furthermore, the programme envisages to ensure intergovernmental relations and macro organization of the State which include organizational design, strategic planning framework as well as monitor government intervention programmes and Human Resource Information System. The programme has five sub-programmes which are: Human Resource Management Information Systems, Public Service Leadership Management, Organisational Design and Macro Organisation, Ethics and Integrity Management and International Relations and Government Intervention.

The budget allocation for Programme 6 increased from R275.7 million in 2016/17 to R292.5 million in 2017/18. In real terms the budget allocation increased in 2017/18. Programme 6 accounts for the first largest allocation share, which is 33.5 per cent of the total budget vote in 2017/18. Of the budget allocated, the department will transfer R245.6 million to the Public Service Commission established in terms of chapter 10 of the Constitution.

Over the medium term, the department intends to submit a report on the improved adherence by national and provincial departments to the Directive on Public Administration and Management Delegation. Moreover, the department will monitor over the medium term the improved adherence by national and provincial departments to the Directive on Public Administration and Management Delegations as measured by Management Performance Assessment Tool. Workshops will be conducted to support selected departments with the implementation of the Guidelines on mentoring and peer support mechanisms.

Over the medium term, the departments will be supported on the implementation of the Guideline on Mentoring and peer support mechanisms for senior managers. The Department will submit a statistical fact sheet on the average time spent by HODs in a post to the Ministry of DPSA. This is in line with the NDP vision of managing the career progression of heads of department. The NDP highlights that many of government’s best performing institutions are characterised by their stability of leadership and policy approach.

Strengthening human resource capacity is one of the objectives of the NDP, the department will implement the intervention strategy to support five departments to enhance their internal Human Resource Capacity. The Department plans to provide support to national and provincial departments on the implementation of the 2013 public service integrity management framework, which aims to strengthen standards and measures for managing integrity and promoting ethical conduct in the public service.

The Department will conduct consultation with the relevant stakeholders to identify further categories of employees to disclose financial interest. A report on transitional measures in relation to the implementation of the electronic disclosure of financial interest on the Directive on other Remunerative Work to the Director-General will be submitted. Over the medium term, the department will analyse measures aimed at strengthening protection of the whistle blowers. In this financial year, the department will develop Policy Framework for the management of Protected Disclosures (whistle blowing) by the Public Service employees.

1. **BUDGET TRANSFER TO DEPARTMENTAL ENTITIES AND PUBLIC SERVICE COMMISSION**
	1. **NATIONAL SCHOOL OF GOVERNMENT**
		1. **POLICY PRIORITIES 2017/18**

The National School Government (NSG) derives its mandate from the Public Service Act. In terms of the Act the institution is mandated to provide training or effect the provision of training. The NSG’s aims to enhance capacity of all public servants at all levels to perform effectively and efficiently, develop and use assessment mechanisms to build confidence in the recruitment processes of the public service. Subsequently, the department develops training programmes that are specific to the needs of the public service with a view to addressing the skills shortages.

The focus of the NSG over the medium term will continue to be on transforming itself to replace the Public Administration Leadership and Management Academy. The school is gearing itself to meet the education, training and development needs of the public service as set out in the national development plan and the ministerial service delivery agreement, and contributing to outcome 12 of the 2014-2019 medium term strategic framework.

* + 1. **Budget analysis**

The National School Government receives a transfer from budget vote 10 of Department of Public Service and Administration. The NSG received budget of R160.5 in 2017/18 financial year as compared to R71.1 million in 2016/17 financial year. The budget has significantly increased in this financial year. Budget allocation increased in 2017/18 due to allocation of R64.6 million in programme 2. In 2016/17 financial year, the budget was not allocated in programme 2.

 The school is currently planning for and recruiting appropriate personnel and other resources.

An appropriate funding model for the school will be developed by conducting research on how similar institutions are funded internationally. The school will make use of outsourced research services, which are expected to increase expenditure in agency and support/outsourced services at an average annual rate of 14.7 per cent over medium term, from R104.4 million to R15.6 million in 2018/19. The budget of the National School of Government is divided into two main divisions.

**Table 2: National School of Government budget**

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| **Programme R'000** | **Revised****Estimates** **2016/17** | **Medium Term Expenditure Estimates** |
| **2017/18** | **2018/19** | **2019/20** |
| **1 Administration** | 77.1 | 95.9 | 105.2 | 112.3 |
| **2. Public Sector Organisational and Staff Development** | - | 64.6 | 68.1 | 71.6 |
| **Total** | **77.1** | **160.5** | **173.3** | **183.9** |

Estimates of National Expenditure (2017)

* + 1. **PROGRAMMES**
1. **Programme 1: Administration**

The purpose of the Administration Programme (Programme 1) is to facilitate overall management of the School and provides for responsibilities of the Principal, Branch Heads and other members of management. These responsibilities include providing centralised administrative, legal and office support service, human resource and financial management, communication, special projects, international relations, and internal controls and oversight.

Programme 1 has the biggest allocation, which is R95.9 million. Out of the R95.9 million, R51.9 million goes towards the compensation of employees and R41 million goes towards goods and services. The school intends to recruit staff to fill essential vacant posts. Further expected to increase is the department’s staff complement from 82 in 2015/16 to 89 over the medium term. The spending on compensation of employees is set to increase from R44.1 million in 2015/16 to R54.4 million in 2019/20. The spending focus in the programme is intended to oversee the implementation of the Rutanang Ma-Africa strategy which aims to use current and retired public servants as facilitators for some programmes developed by the school. The strategy will improve the quality of services the government provides to the public.

The School intends to reduce the number of days for debt collection to 60 days in this financial year. All suppliers of the services will be paid within prescribed period of 30 days in receipt of a valid invoice. The NSG intends reducing the vacancy rate from 13.4% to 10% or less before end of financial year. Moreover, R116 million is projected to be generated through the Training Trading Account.

1. **Programme 2: Public Sector Organisational and Staff Development**

The Public Sector Organisational and Staff Development Programme (Programme 2) is responsible for facilitating transfer payments to the Training Trading Account for management development and training of public sector employees. The budget allocated in this programme is R64.6 million in the 2017/18 financial year. In the 2016/17 financial year, the programme was not allocated any budget. The Training Trading Account estimate in 2017/18 financial is R225.8 million and the amount will increase over the medium term.

The National Development Plan emphasises the importance of professionalising the public service. The NDP highlighted that building a skilled and professional public service requires a vision on how public servants experience and expertise will develop during their career life. The NSG plays a fundamental role in ensuring the public service is professionalized by providing compulsory induction to all public servants. The School will undertake five research projects to inform training needs and opportunities. Eight training needs analyses will be undertaken with public sector institutions.

The School will convene four leadership platforms and publish four articles to promote thought leadership. Moreover, it will host six research colloquia workshops. In addition to the targets in this programme is the intention for the School to undertake 60 evaluations and four application of learning studies annually.

In responding to the objectives of the NDP, the School has over the years designed curriculum programmes/courses aimed at building capacity in the public service. In this financial year, the School will develop or review and quality assure six programmes in line with a curriculum framework and relevant accredited bodies annually. The Department will develop and institutionalise an Executive Coaching Programme throughout the entire public sector. Further, it will develop six programmes annually including two in-service training programmes supporting outcomes 12 by the end of financial year. Furthermore, to maintain the status of the School as an accredited training provider by the relevant accrediting bodies is one of the objectives.

The School will rollout compulsory and demand-led training to 48 120 current and potential public servants annually. Further, the School will train 45 370 new and current public servants on compulsory and demand-led programmes through face to face and online learning annually. The School will orientate 2 759 unemployed youth graduates and interns through the Breaking Barrier to Entry (BB2E) programme. The School will award formal certificates of competence after completion of training as a way of encouraging and promoting a culture of learning in the public sector.

* 1. **CENTRE FOR PUBLIC SERVICE INNOVATION (CPSI)**
		1. **Policy Priorities**

The responsibility for public sector innovation is vested in the Minister of Public Service and Administration, in terms of section 3(1)(i) of the Public Service Act (1994). The CPSI is established in terms of Section7(a) listed in Schedule 3A of the Public Service Act, 1994, as amended and is an organ of state. The Act mandates the Centre for Public Service Innovation (CPSI) to unlock, entrench and nurture the culture of innovation within the public sector for improved performance and productivity. Therefore, the Act positions the CPSI to guide the process of unearthing and exploiting innovative, more efficient and effective solutions needed to ensure successful delivery on government priorities. The CPSI was in its formation established as a Section 21 Company.

The functions of the CPSI are to:

* Provide the Minister with independent, diverse and forward-looking research findings and advice on innovative service delivery with a specific focus of government priorities
* Enhance public service transformation and reform through innovation partnership and projects
* Support the creation of an enabling environment for innovation within the structures and agencies of the South African government (encouraging, learning and rewarding)
	+ 1. **Budget Allocation**

The budget allocation for the CPSI is R34. 0 million for 2017/18 financial year as compared to the previous year with R32.1 million. The budget will increase by 2 per cent over medium term period. In 2015, the National Treasury had granted an approval in terms of section 43 of the PFMA and Treasury Regulations section 6.3.1 (b), for the Department of Public Service and Administration to create a new transfer payment to the CPSI. As a result, the CPSI has become an independent accountable entity receiving a transfer payment through the DPSA budget vote.

* + 1. **PROGRAMMES**
1. **Programme 1: Administration**

The programme provides strategic leadership, overall management of and support to the organisation. There are three sub-programmes under programme 1 which are Strategic Management, Corporate Resource Management and Office of the Chief Financial Officer. The budget allocated for programme 1 is R17.6 million in 2017/18 as compared to R16.4 million in 2016/17 financial year. The spending focus on the programme is primarily intending to build capacity in promoting innovation in the public service. Over the medium term, the department will focus on promoting and unearthing innovation in the public service.

The Centre intends to review and submit the strategic plan and develop Annual Performance Plan for the approval by the Executive Authority. The Centre will assess its performance and report to the Executive Authority, DPSA, DPME and the National Treasury. It will also review two Corporate Resource Management policies, procedures and strategies. Further, the Centre will ensure payment of 100 per cent of all invoices paid within 30 days on receipt of valid invoice. Submitting the Annual Organisational Procurement Plan to the Chief Procurement Officer is also prioritised under this programme.

**(b)** **Programme 2: Public Sector Innovation**

The programme drives service delivery innovation in the public sector in line with government priorities. There are three sub-programmes under programme 2, which are Research and Development, Solution Support and Incubation, and Enabling Environment. The budget allocated for the programme is R15.3 million in the 2017/18 financial year as compared to R14.4 million of 2015/16 financial year. There was a slight increase in the budget for the current financial year. More funding of R8.3 million has been allocated under sub-programme Enabling Environment.

Service delivery solutions are developed in partnerships with other government departments, non-government organisations, the private sector, academia and international entities. Over the medium term, the Centre intends to investigate three service delivery challenges to identify possible solutions. It will also complete one pilot project initiated in 2016/17 to address service delivery challenges. As part of nurturing an enabling environment in the public sector, the Centre intends to identify and recognise at least four projects per category through the CPSI awards programme.

The Centre targets holding four training sessions on *“Leading Innovation in the Public Service”* to be attended by the public servants. The Centre will upload 1300 content items on innovation, public administration and finance onto the UNPAN Portal. The Centre will enter at least eight South African public service innovation projects into International Awards Programmes. Furthermore, it will participate in at least two SADC or International Innovation programmes.

* 1. **PUBLIC SERVICE COMMISSION (PSC)**
		1. **POLICY PRIORITIES FOR 2015/2020**

The PSC’s mandate is to:

* Enhance labour relations in the public service through the timeous investigation of all properly referred grievances as and when cases are reported.
* Promote best practice in public service leadership and human resource management through quality research reports on an ongoing basis.
* Investigate and improve public administration practices by conducting audits and investigations into public administration practices and by making recommendations to departments on how to promote good governance and to issue directions regarding compliance with the Public Service Act (1994) annually.

**The key strategic priorities of the PSC are explored below**

1. **Building an efficient, economic, effective and development-oriented public service**

The PSC’s strategy is to build a people-centred, capable and ethical public service to ensure the optimal use of resources in order to deliver a service to the people of South Africa. This is possible only through the adherence to the Batho Pele principles.

1. **Ensuring an efficient, economic, effective and development-oriented public service**

The PSC ensures that the public service employs capable and professional employees that can improve the quality of service given to public service clients.

1. **Ensuring a strengthened institutional capacity**

The PSC envisages to inculcate an independent, impartial and knowledge-based institution that would promote a development-oriented public service.

1. **Implementing labour relations and public administration practices that cultivate effectiveness and efficiency**

The PSC envisages to build an institution that is impartial and responsive to grievances and complaints lodged in respect of the public service.

**8.3.2 Budget Analysis**

The PSC received a budget allocation of R245.7 million in the 2017/18 financial year as compared to R228.6 million in the 2016/17 financial year. Budget allocated will focus on strengthening human resource practices and management in the public service. The budget also monitors service delivery and the implementation of the financial disclosure framework and strengthening the financial disclosure system to combat corruption. Compensation of employees accounts for 77.2 per cent of the total budget over the medium term. Reason for spending such percentage on compensation of employees is as a result of the PSC being a knowledge-based institution, which conducts research internally instead of outsourcing its work. Currently the PSC has 278 funded posts in the organogram including the Commissioners as per the Constitution.

**Table 3: PSC budget**

|  |  |  |
| --- | --- | --- |
| **Programme R'000** | **Revised****Estimates** **2016/17** | **Medium Term Expenditure Estimates** |
| **2017/18** | **2018/19** | **2019/20** |
| **1 Administration** | 101.2 | 115.0 | 123.0 | 132.3 |
| **2. Leadership and Management Practices** | 40.7 | 43.1 | 46.5 | 50.2 |
| **3. Monitoring and Evaluation** | 38.1 | 36.8 | 39.2 | 41.7 |
| 1. **Integrity and Anti-Corruption**
 | 48.7 | 50.8 | 54.1 | 57.5 |
| **Total** | **228.6** | **245.7** | **262.8** | **281.7** |

Source: National Treasury (2017)

**8.3.3 Programmes**

**(a) Programme 1: Administration**

The purpose of the Administration Programme (Programme 1) is to provide overall management of the Commission and centralised support services**.** The biggest allocation out of the R115.0 million of the programme’s budget goes to Corporate Services at R47.4 million. The second largest allocation goes to Property Management at R33.0 million. R20.5 million is reserved for the Public Service Commission and R14.0 million is for management.

**(b) Programme 2: Leadership and Management Practices**

The Leadership and Management Practices Programme (Programme 2) is responsible for promoting sound public service leadership, human resource management, labour relations and labour practices. Programme 2 received budget allocation of R43.1 million in 2017/18 financial year. In real terms the budget allocation of Programme 2 will increase over the medium term period with R46.5 million in 2018/19 and R50.2 million in 2019/20 financial years. The key cost driver is compensation of employees which accounts for 94.2 per cent of the total medium term budget.

The Commission will, under this programme, promote labour relations and practices through the timeous investigation of all properly referred grievances and provision of best practices. The programme identifies and promotes sound human resources management and leadership practices in the public administration. Over the medium term, the Commission plans to maximise its custodial responsibility in monitoring, evaluating and investigating personnel and administration practices.

1. **Programme 3: Monitoring and Evaluation**

Programme 3: Monitoring and Evaluation establishes a high standard of service delivery, monitoring and good governance in the public service. Programme 3 received budget allocation of R36.8 million in 2017/18 financial year. In real terms the budget allocation of Programme 2 will increase over the medium term by R39.2 million in 2018/19 and R41.7 million in 2019/20. The spending focus under this programme is more on providing institutional assessments and programme evaluations that support policy and management decisions. Furthermore, it provides participative evaluations and evaluation on service delivery models.

1. **Programme 4: Integrity and Anti-Corruption**

The Integrity and Anti-Corruption Programme (Programme 4) undertakes public administration investigations, promotes high standard of professional ethical conduct among public servants and contributes towards prevention and combating of corruption. The budget allocation for Programme 4 accounts for R50.8 million of the total budget vote in the 2017/18 financial year. In the 2017/18 financial year, the allocation for Programme 4 increased as compared to R48.7 million in 2016/17. The budget is expected to increase over the medium term with R54.1 million in 2018/19 and R57.5 in 2019/20 financial year.

In this programme, the Commission intends to prevent conflicts of interest by requiring members of the Senior Management Services to disclose their financial interests. The Commission will investigate and improve public administration practices, make recommendations to departments on the promotion of good governance. The Commission aims to strengthen the financial disclosure system through extending financial disclosure requirements beyond the Senior Management Service level. A compulsory electronic system of financial disclosure (e-disclosure) has been implemented since beginning of 2015/16 financial year. The programme undertakes to refer 80 per cent of national anti-corruption hotline cases to the relevant national departments within 30 days of receipt of case reports per year over the medium term.

1. **OBSERVATIONS AND KEY FINDINGS**

The Portfolio Committee identified the following matters in relation to the Budget Vote 10:

* 1. **Department of Public Service and Administration**
		1. The Committee commends the Department of Public Service and Administration on the progress made in implementing and coordinating interventions aimed at achieving an efficient, effective and development oriented public service. The second phase on the consultation with regard to Public Administration Management regulation is one of the major milestones achieved by the Department in realising its mandate.
		2. The Committee urged the Director-General of the DPSA to resuscitate the forum of the senior managers under Budget Vote 10 to coordinate and share best practices in tackling number of areas in government.
		3. The Committee noted with discontent during its oversight visit in Mpumalanga and Limpopo Provinces the non-compliance with the policy of performance evaluation of the Heads of Department in the provincial departments. The Department was requested to consider addressing such anomalies through issuing directives to the departments not complying with provision of regulations.
		4. The DPSA has to address swiftly the organogram of the National School of Government and ensure proper facilitation with the National Treasury in this regard. The matter should be addressed speedily and provide the Committee with progress report before end the year.
		5. The Committee welcomed and applauded the government decision in moving the function of evaluating the Strategic Plans and Annual Performance Plans to the Department of Planning, Monitoring and Evaluation and ensure budget allocations follow functions/activities aligned with the Medium Term Strategic Plans.
		6. The Committee is waiting with anticipation the ideal institutional and funding model on the Thusong Service Centres. The model is currently with the Cabinet for finalisation before it can be presented to the Committee.
		7. The Committee welcomes the news that a team has been constituted by Cabinet to develop proposals and negotiations regarding the multiyear salary agreement with the public service unions.
		8. The Committee noted with concern the slow rollout of the Government Employee Housing Scheme in the public service since Bargaining Council signed a multi-year agreement with the State. The Committee will track deliverables on the Scheme on bi-annual basis in order to accelerate delivery of the houses for public servants.
		9. The Committee welcomed the pronouncement on the policy framework of prohibiting public servants from doing business with government. Such pronouncement is crucial to ensure that the government is committed to eliminate corruption and promoting good governance.
		10. The Committee commends the Department for ensuring that government departments provide internship programmes to 20 000 young people and absorb some into the public service. The Department has to ensure that appointments into the internship programmes is aligned with the career paths of participants and that they are equipped with the necessary skills and knowledge.
	2. **National School of Government**
		1. The Committee notes an increase in the rollout of the Compulsory Induction Programme (CIP) of all new and current public servants in the public sector. However, the Committee was of the view that numbers on CIP stipulated in the Annual Performance Plan over the medium term are too low as compared to the staff complement of government of over 1.3 million.
		2. The Committee further applauds the NSG for achieving employment equity targets for ensuring 50 per cent of women are employed in senior management and almost reached 2% of people with disabilities.
		3. The Committee welcomed initiative by the National School of Government to utilise experienced and qualified public servants to impart knowledge and skills to learners. The move is welcome if it will reduce the cost of consultants hired to provide training courses.
		4. The National Treasury norms and standards are constraining departments in terms of operations. Departments are more on compliance rather than be driven by the outcomes and impact on service delivery.
		5. The Committee was concerned about underfunding of the allocated budget to the National School of Government. The Committee would like to see the National Treasury considering allocating sufficient budget to the National School of Government over the medium term to cover a spectrum of training needs in the public service.
		6. The Committee applauds initiative of the NSG signing the Memoranda of Understanding with four universities to assist the School with training development in the public service. The Committee urged the NSG to train young graduates who are considering choosing public service as a career of their choice, with emphasis on courses in relation to the Public Finance Management Act, Public Service Act and Municipal Finance Management Act. The Development of Africa leadership training model is encouraged to realise growth paths in the capacity of all African countries to complement each other in terms of development.
		7. The Committee noted the signing of the Memorandum of Understanding between the National School of Government and South African Local Government Association in providing training and development at the local government level. The Committee anticipates that the training development offered in the local government will improve the status quo in the most of the municipalities.
		8. The Committee noted and applauded the NSG for introducing the Rutanang Ma Africa as brilliant programme aimed at building a capable public service that delivers on its mandate.
	3. **Centre for Public Service Innovation**
		1. The Committee welcomed the Annual Performance Plan for the Centre for Public Service Innovation (CPSI). The Committee encouraged the Centre to intensify and enhance innovation towards building an efficient, effective and development-oriented public service.
		2. The Committee urged the CPSI to approach other government departments and State-owned Enterprises to co-fund the innovation awards and channel budget allocated for awards for replicating innovation in other facilities.
		3. Savings realised through innovation projects has to be redirected to service delivery programmes to assist government departments in accelerating services to the citizen. The CPSI working with the Limpopo provincial health department has to ensure that savings realised through revenue enhancement strategy are channelled towards enhancing service delivery in that province.
		4. The Committee is concerned about inadequate budget allocated to the Centre for Public Service Innovation. The Committee appeals to the National Treasury to provide adequate funding to enable the CPSI to develop innovative solutions to unlock service delivery challenges encountered by various government departments.
		5. The CPSI is encouraged to develop innovative projects on digital revolution to ensure that services are improved and are pacing with technological. Public Service Unions have to be sensitised about new era of digital revolution.
		6. The Committee urged the CPSI to reposition and fully occupy its space in government by playing a critical role in helping the public sector to realise the value of innovation in improving service delivery.
		7. The Committee encouraged the CPSI to be proactive in unearthing future innovation projects/design which would unlock service delivery challenges and ensure they contribute to chapter 13 of the National Development Plan in building a capable and developmental state.
	4. **Public Service Commission**
		1. The Committee notes the consistent performance of the Public Service Commission in executing its constitutional mandate. The Committee further notes the huge improvement of its work in assisting several Parliamentary Committees in exercising their oversight and accountability over the executive. The Committee urges the PSC to consistently remain relevant, accurate and reliable in investigating, monitoring and evaluating the organisation and administration of the public service.
		2. The Committee was concerned about the delays in finalising the Public Service Commission Amendment Bill. Finalisation of the Bill remains the priority of the Committee.
		3. The Committee will facilitate a platform for the PSC to find suitable office accommodation. The Committee will invite the PSC and the Department of the Public Works to resolve this issue as a matter of urgency.
		4. The Committee was concerned about the anomaly of the budget allocation of the Public Service Commission. The Committee emphasised the importance of funding to ensure fair allocation of budget depending on the responsibility of the institution. There was a shortfall of R9 million on the goods and services budget. The Commission has introduced numerous cost containment measures to augment the shortfall in the goods and services. Furthermore, the PSC is a knowledge and research driven institution that supports the work of Parliamentary Committees. Furthermore, the Committee noted with concern the reduction of budget from R193.7 million to R188.8 million in 2017/18 on Compensation of Employees by National Treasury.
1. **RECOMMENDATIONS**

The Portfolio Committee recommends that the Minister of the Department Public Service and Administration ensures the following:

* 1. The National Treasury should as a matter of urgency address budget shortfall experienced in the Public Service Commission in order to afford the Commission with the powers enshrined in Section 196 of the Constitution of investigating, monitoring and evaluating the entire public service on basic values and principles of public administration. The PSC is a fully-fledged knowledge-based and knowledge generating institution conducting, on behalf of Parliament, research and investigations and making necessary recommendations to improve on governance and public administration practices. Therefore, it cannot be de-prioritised in terms of funding and provisioning. So far, 77% of allocated budget goes to remuneration of employees, 23% allocated to goods and services and out the allocation only 3% is for the core mandate of the PSC. It should be noted that the budget is for the PSC and 9 provincial offices as a result the operational costs are high. There is less allocation to the core mandate of the Commission. The National Treasury is requested to consider increasing the budget of the PSC with immediate effect to ensure the mandate of the Commission is carried out. Such increase will serve well in eliminating corruption and ensuring good governance concerning management practices. Eliminating corruption and entrenching good management practices contributes towards the realisation of huge savings in the public service. There is less litigation, misappropriation of funds and wasteful expenditure when the administrative and management practices are sound. This is the mandate the Commission cannot execute properly without the adequate budget.
	2. The National Treasury is requested to be flexible to allow departments to have in-house compliance mechanisms in line with the PFMA, as long as these do not cause harm to the letter and spirit of the Act. This request is meant to address the issue of deviations and other stringent measures which hinder expedient decision-making in compelling cases. The main target should be service delivery than mere compliance.
	3. The National School of Government, in collaboration with Centre for Public Service Innovation, is requested by the Portfolio Committee to formulate and submit a position paper around issues leading to budget constraints and the challenges experienced due to budget limitations.
	4. Digital revolution in the public service is going to be crucial to service delivery in the public service. The DPSA, through the Director-General should sensitise the Forum for Directors-General (FOSAD) and Cabinet about digital revolution, which might impact on how government provides services in the future.
	5. The Public Service Charter should be implemented and entrenched in all government departments especially those providing direct services to the citizen. The DPSA should to monitor the implementation of the Public Service Charter in the public service to ensure government departments are responsive and caring to their clientele.
	6. Full implementation of the Government Employee Housing Scheme (GEHS) should be ensured in the entire public service. The Department of Public Service and Administration should provide the Committee on bi-annual basis with progress relating to actual implementation on the scheme.
	7. The Department should ensure that government departments reduce the huge backlog on the disciplinary cases as per section 16B of the Public Service Act 1994. Those who are found guilty must be posted on the PERSAL system in order to work towards elimination of misconduct and corruption in the public service.
	8. The Department should prioritise and enhance e-governance as an important tool for improving service delivery. E-governance has to make services more accessible, reduce the cost of accessing such services and improve turnaround times for receiving services in the public sector.
	9. The Department should extensively strengthen its monitoring and evaluation on the implementation of the Service Delivery Improvement Plans in all departments. Compliance rate in this aspect requires urgent attention, particularly in Limpopo and Mpumalanga Provincial departments and their facilities.

**National School of Government**

* 1. The National School of Government should increase its uptake on the Compulsory Induction Programme in order to entrench a culture of professionalising the public servant and making public service career of their choices.
	2. The National Treasury is requested to increase funding for the National School of Government in order to fulfil its mandate of training and development in the public service. The Committee is of the view that building an effective, efficient and development-oriented public service requires well-oiled government machinery. Government can only achieve that if the National School of Government is well funded to impart to new and current public servants with various professional skills to enable them to perform diligently on their duties.
	3. The National School of Government should put necessary training mechanisms in place to position the School as a training choice of all public servants.
	4. The National School of Government should dedicate funds for training graduates who are considering public service as career of choice to impart intensive training and development on transversal legislation in the public sector.
	5. The School should ensure that public servants enrolling for training courses are enriched with the requisite skills to be able to perform their duties diligently. The National School of Government has the responsibility through training and development to build ethos of commitment amongst officials in serving the public.
	6. The School should accelerate the provision of e-learning to reduce logistical costs associated with normal classroom training courses. The School in collaboration with the State Information Technology Agency should ensure that government realises its goal of expanding e-learning and to make the training and development needs more accessible and reasonable for public servants.

**Centre for Public Service Innovation**

* 1. The CPSI should approach other government departments and State-owned Enterprises for seeking co-funding of the innovation awards in rewarding individuals for their brilliant ideas in assisting the State to deliver on its mandate. Saving realised should be channelled towards replicating innovation in other government facilities more especially in rural provinces.
	2. The National Treasury should provide adequate funding to the Centre for Public Service Innovation in order to assist government departments with new innovation projects and to expand its services to remote provinces. The Centre plays a critical role in unlocking and unearthing innovation solution throughout the entire public service. Therefore, the inadequate budget allocated over the medium term will impact negatively on its mandate. The CPSI should be among prioritised departments for more funding, given the task it has in enhancing service delivery.
1. **CONCLUSION**

The Department of Public Service and Administration with the sector entities play crucial role in building a state that is capable of realising developmental and transformative role. The NDP highlighted key areas that the Department must focus on such as stabilising the political-administrative interface and making the public service career of choice. Most of the sector’s Strategic Plans and Annual Performance Plans are aligned towards achieving the goals and aspirations of the NDP. Where there are challenges in alignment, corrections and adjustments must be done, especially regarding the execution of mandates of the Commission, the NSG and the CPSI, vis-à-vis funding.

The Portfolio Committee noted the progress made in implementing and coordinating interventions aimed at achieving an efficient, effective and development oriented public service. The work of the Public Service Commission assists Parliament Committees to conduct effective oversight. The National School of Government is gradually progressing towards transforming the public service in terms of skills and is very innovative in finding new solutions to challenges. The CPSI plays critical role in assist government with innovation projects to accelerate delivery of services through innovation solutions.

**The Portfolio Committee recommends as follows:**

**10.1** That the House adopts and approve the Budget Vote 10 of the Department of Public Service and Administration

Report to be considered.