**Report of the Portfolio Committee on Public Service and Administration on the Annual Performance Plans (Apps) 2023/24 and the Budget Vote 11 of the Department of Public Service and Administration, Date 05 May 2023**

1. **BACKGROUND**

The Portfolio Committee on Public Service and Administration (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, and Centre for Public Service Innovation tabled by the Minister of Public Service and Administration in terms of the Public Finance Management Act (Act No 1 of 1999), reports as follows:

1. **INTRODUCTION**

Parliament plays an important role in overseeing planning and performance of government departments and public entities as well as Chapter 9 and 10 institutions. 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 reporting.

In considering the strategic and annual performance plans, the Committee ensured that the Department of Public Service and Administration and Centre for Public Service Innovation plans and budget allocations are in line with Medium Term Strategic Plan 2019/24. Budget allocation serves as a key instrument for government to promote socio-economic development. Budget allocation plays a critical role as an economic instrument of the government to reflect on the country’s socio-economic policy priorities by translating priorities and political commitments into expenditures. Budget serves as a vital tool to operationalise government activities towards the achievement of its intended priorities. Furthermore, the budget highlights the constraints and trade-offs in policy choices.

On 02nd May 2023, the Committee considered presentations derived from the Annual Performance Plans and budget allocation of the Department of Public Service and Administration and Centre for Public Service Innovation. This report summarises the presentations received from the Department of Public Service and Administration and Centre for Public Service Innovation, focusing on the 2019/24 Strategic Plans and 2023/24 Annual Performance Plans and Budget as well as allocations over the MTEF.

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 as enshrined in the Constitution. Furthermore, the NDP highlights the need for a 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) 11 of 2014 was signed into law with an 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 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 PRIORITIES 2019/2024**

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) 2019-2024. The Department highlighted the following priorities to the Portfolio Committee:

**4.1 Improving compliance with legislative prescripts and enforcing compliance**

The core objective of the Department is to put in place the mechanisms and structures that can support departments in developing their capacity and professional ethos, while leaving departments with the ultimate authority for how their departments are run. The Department is mandated to foster good governance and sound administration in the public service. A critical priority over the current medium term expenditure period is to review and improve on the Department’s organisational culture. The aim is to ensure that the organisation is correctly positioned to meet the growing demands to provide strategic leadership, advice and implementation support to government departments and provinces in the pursuit of a public service that is well capacitated to discharge the mammoth task of delivering public services in a timely, speedy and efficient way to the citizens of South Africa.

The Department is in the process of tabling amendments to the Public Service Act of 1994 and the Public Administration Management Act, No.11 of 2014. Non-compliance with the Department’s prescripts by national and provincial departments continues to be one of the challenges experienced. Through the work done by the Office of Standards, assessments of the capacity of departments to implement and comply with Public Administration Prescripts will be conducted to inform and advise the Minister on the appropriateness of the norms and standards issued by the Minster, as well as the required capacity building and enforcement measures to improve compliance.

**4.2** **Amending the Public Administration Management Act (PAMA, 2014) and reviewing the Public Service Act of 1994**

The Public Administration Management Act seeks to provide a legal framework across the three spheres of government for bringing some degree of uniformity in the public administration pillars, transversal institutions, Human Resource, Information Communication Technology and systems. Regulations were drafted, which brought the Act into effect.

To give effect to the PAM Act, the Department institutionalised selected aspects (Phase One of implementing Regulations) for the Office of Standards and Compliance (OSC) to be established in terms of the Act. This happened after consultations were conducted with national departments. The Department had further compiled a business case on the structure and governance of the Office of Standards and Compliance. Finalising these aspects will see the implementation of the second phase of the Public Service Regulations, which is ongoing.

The Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit was established to provide technical assistance and support institutions in all spheres of government with the management of ethics, integrity and disciplinary matters relating to misconduct in the public administration.

The amendments reflected in the Public Service Amendment (PSA) Bill are informed by policy reforms that give effect to the vision of the National Development Plan. This includes, amongst others, creating an administrative head of the public administration and properly vesting administrative powers in heads of departments to better align administrative functions with financial accountability. Once Certification has been received for the PSA Bill, the Department will process both Bills through Cabinet for approval of tabling in Parliament.

**4.3** **Representivity regarding women, youth and people with disabilities**

The Department will use the findings of a review of the Job ACCESS Strategic Framework on the Recruitment, Employment and Retention of Employees with Disabilities in the Public Service and the Gender Equality Strategic Framework for the Public Service to improve on the representivity of women, youth and people with disabilities. It was found that most departmental plans do not include disability management. Results revealed that there was no common understanding of mainstreaming of these groups. The challenge is also that people with disabilities do not declare such disabilities. With regard to gender, a vast number of departments have established gender units, mostly headed at Chief Director Levels. However, there is no uniformity in staffing and technical expertise of these units. As a result, this does not translate into better mainstreaming of gender in departments. Up to 2022, the representation of women in the public service had been 55,67%, while in the same period the representation of people with disabilities was 12 728 (6946 females and 5782 males), which is 1,06%. Youth representation of youth in the public service was at 23%.

**4.4** **Improving on the public service annual performance plans (APPs)**

The service that is most in demand is that of technical support and advice, as some departments struggle with the interpretation and proper implementation of DPSA prescripts, which often results in requests for deviations from existing policy provisions. To effectively and timeously address this demand; the Department is exploring different ways of providing this assistance in ways other than physical contact. In this regard the Department will utilise virtual contact sessions, as well as information to be posted on its website.

**4.5** **Intensifying the fight against corruption**

Corruption impedes service delivery, compromises development and undermines public confidence in the State. To strengthen the fight against corruption it is necessary to focus on limiting the scope for conflicts of interest. This is an area where the Department has registered limited progress, as some public service employees continue to do business with the State. Even funds allocated for social relief continue to be embezzled. Conducting lifestyle audits on selected categories of employees and monitoring implementation of the Financial Disclosure Framework by designated employees is improving discipline management. The Financial Disclosure Framework has been extended to other categories of employees in the Public Service, which includes officials working in the finance and supply chain environments. Over the MTSF period, the Minister will designate further categories of employees to disclose their financial interests, with the ultimate aim of applying this policy to all employees in the Public Service.

The strategic priorities of the Department align with the national strategic imperatives. It is envisaged that the implementation of these strategic priorities will improve service delivery. This calls for effective oversight by Parliament in all the identified areas, in line with the thematic oversight areas identified in the Institution’s Oversight and Accountability Implementation Plan.

4.6 **Improving the implementation of Batho Pele Principles**

Adherence to the Batho Pele principles entails putting people first in the delivery of public services, which implies holistic implementation of the eight Batho Pele principles. As such, over the medium term, the Department will focus on monitoring the quality of public services and increasing its responsiveness to concerns and views raised by citizens. Such monitoring will include a detailed analysis of the extent to which departments promote and implement the Batho Pele Standards, which entails a thorough evaluation of evidence of whether departments first consulted and agreed with the citizens in developing standards per each of the Batho Pele principles.

Training programmes, such as Project Khaedu, are designed to specifically equip public servants with the theoretical knowledge and practical skill to diagnose and address deep-rooted service delivery challenges. The role of public servants therefore needs to be broadened to include a nuanced understanding of the needs of citizens and the extent to which these needs are met by their respective departments.

**4.7** **Maintaining a sustainable wage bill**

Public-service compensation has grown by about 40% in real terms over the past 14 years, and the wage bill remains the largest component of public spending. A wage re-negotiation would reduce the share of compensation in total spending by just 1.5%, and give slightly more space for servicing debt. One big negative consequence of the bloated public payroll is that the Government is having to increase its borrowing to sustain its salary payments. The Department conducted a review of personnel expenditure that will inform the development of a remuneration policy framework for the public service. The terms of reference were developed and relevant stakeholders were engaged in 2022/23. A suitably qualified service provider was appointed in 2022/23 to review and analyse the framework and provide recommendations for improvements or alternative arrangements. The Department is also in the process of establishing a project management office that will introduce reforms with a long‐term view of building a capable, ethical, and developmental state while managing the wage bill. Five work streams have been identified on: the management of the wage bill and consolidation of bargaining councils; human resource planning and development; the professionalisation of the public service; the consolidation of medical aid schemes and public sector pension funds; and productivity measurement.

Over the Medium Term, the Department will continue to monitor and track the implementation of collective bargaining resolutions in order to enable it to resolve implementation issues before they develop into disputes. Further, to enable constructive conversations based on Government’s current challenges, Government and labour will need to institutionalise social dialogue, as it is the quality of collective interactions that will culminate in a sustainable Social Compact that reflects common understanding on how to distribute the available resources in order to achieve social justice. Common understanding of challenges can address the issue of the wage bill in the public service effectively.

1. **STRATEGIC FOCUS FOR 2023/24**

The strategic focus of the Department is based on the National Development Plan (NDP) 2030, the Medium Term Strategic Framework (MTSF) 2019-2024 and the 2023 State of the Nation Address (SONA).

In particular, the **NDP** envisions:

* *Building a capable, ethical and developmental state*. The vision is for the country to move towards a developmental and transformed state that is capable, professional and responsive to the needs of its citizens. This requires well-run and effectively coordinated state institutions with committed public servants that are skilled and capable of delivering consistently high quality services, while prioritising the country’s developmental objectives.
* *Promoting accountability and fighting corruption.* The vision is of a South Africa that has zero tolerance for corruption. In 2030, South Africa will be a society in which citizens do not offer bribes and have the confidence and knowledge to hold public and private officials to account, and in which leaders hold themselves to high ethical standards and act with integrity. Anti-corruption agencies should have the resources, independence from political influence, and powers to investigate corruption, and their investigations should be acted upon.

The **MTSF 2019-2024** - states that Government must aim at “*Ensuring a Capable and Developmental State*”. “Key attributes of a developmental state include a capable, autonomous meritocracy; political leadership oriented towards development; a close, often mutually beneficial, symbiotic relationship between some state agencies and key industrial capitalists; and successful policy interventions that promote growth. Transforming South Africa into a Developmental State will require building critical and necessary capabilities to foster an environment, which mobilises government and non-government contributions to realise changes in the socio-economic structures and the culture of society. This MTSF 2019-24 will prioritise the engagement between leadership of the executive, legislature and judiciary on strengthening governance and accountability. It further commits the state to managing the political-administrative interface more effectively, reducing the levels of fraud and corruption in the private and public sectors, and rationalising the public service governance system.”

The **2023 SONA** highlighted a number ofpriorities that impact the work of the Department, namely:

1. **Implementation of the recommendations of the State Capture Commission**

SONA 2023 stated, *“The recommendations of the Commission are being implemented according to the plan that I submitted to Parliament in October last year so that the systemic weaknesses identified by the Commission are addressed and state capture is never allowed to occur again.”*

As much as the NDP does not talk about State Capture, its spirit speaks to addressing corruption and inculcating strong systems of governance. By October 2022 the Presidency provided a response and a plan of action to implement the recommendations of the State Capture Commission. This plan of action is reciprocated by Parliament’s own implementation plan of the recommendations of the State Capture Commission. In order to deal effectively with the recommendations of the Commission, it is crucial for the Presidency and Parliament to work collaboratively to synergise their plans of action.

1. **The National Anti-Corruption Advisory Council**

SONA 2023 stated, *“The National Anti-Corruption Advisory Council, consisting of people from across society, is in place to advise on suitable mechanisms to stem corruption, including an overhaul of the institutional architecture for combatting corruption.”* In the State of the Nation Address 2022, the President promised to establish the National Anti-Corruption Council, which is now fully in place, to advise the Presidency on suitable mechanisms to stem corruption, including an overhaul of the institutional architecture for combatting corruption.

1. **Witness protection programme for public servants**

*Witness protection programme for public servants that expose maladministration, corruption and unethical conduct.* SONA 2023 stated, *“Work is already underway to improve access to the witness protection programme for public servants that expose maladministration, corruption and unethical conduct.”*

This will be an important milestone in protecting State witnesses and whistleblowers reporting corruption and crime within the public service. The assurance that exposing corrupt activities holds no potential danger will encourage public servants to come forward and become State witnesses in corruption cases in the Public Service.

1. **Public Procurement Bill**

SONA 2023 stated, *“We will finalise the draft Public Procurement Bill to address weaknesses identified by the State Capture Commission and improve efficiency, value for money and transparency.”*

Loopholes in the public procurement system make it easier for corruption to manifest. Supply chain management procedures are still flouted by supply chain management officials. This envisaged legislation will close policy gaps in procurement and is likely to thwart corruption. As much as this mooted legislation will not be within the purvey of the Public Service and Administration portfolio committee, it will facilitate the committee’s oversight over corruption, preventing officials from doing business with the State, as well as monitoring the Financial Disclosure Framework.

1. **Professionalisation of the public service**

SONA 2023 stated, *“In response to the State Capture Commission and in line with the framework for the professionalisation of the public service, integrity assessments will become a mandatory requirement for recruitment to the public service and entry exams will be introduced.”*

In 2011, the Diagnostic Overview of the National Development Plan identified the looming crisis in the reproduction of professional expertise, as the ageing cohorts with expertise and knowledge continued to leave the system. It also identified the shortage of technical and managerial skills and the outsourcing of professional and technical services. This means that the public service pays twice for the work it employs people to do by seeking the expertise of consultants outside of the public service. Professionalisation of the public service will go a long way in eliminating wastage and deriving value for money.

1. **Introducing reforms in recruitment and selection**

SONA 2023 stated, *“In response to the State Capture Commission and in line with the framework for the professionalisation of the public service, integrity assessments will become a mandatory requirement for recruitment to the public service and entry exams will be introduced.”*

1. **Strengthening the role of the Public Service Commission (PSC).**

Also, SONA 2023 stated, *“We are amending legislation and strengthening the role of the Public Service Commission to ensure that qualified people are appointed to senior management positions and to move towards creating a single, harmonised public service.”*

The PSC is in the process of amending the Public Service Commission Act, No. 46 of 1997. This will enable the Commission to ensure that it plays a role in the recruitment of public servants by managing public entry examinations, which is a practice in many governments internationally, e.g. India. This will ensure that qualified people get appointed to senior management positions and help to move towards creating a single, harmonised public service.

1. **BUDGET ALLOCATION**

The Department of Public Service and Administration’s overall budget allocation for 2023/24 is R553,5 million, compared to the allocation of R550,1 million in 2022/23. The Department’s budget is divided into five programmes. The main cost drivers of the Department are Programme 1: Administration (R269,6 million), which is justified due to the Department’s transversal nature. This is followed by Programme 5: Government Service Access and Improvement (R107,8 million), due to inspections and interventions the Department conducts; and Programme 3: Negotiations, Labour Relations and Remuneration Management (R96,7 million), which is coordinated annually with a wide variety of stakeholders.

In the year under review, Programme 1 has to develop regulations to enable the full Implementation of the Public Administration Management Act (PAMA, 2014); review the Public Service Act and related policies, as well as develop the Single Public Administration Bill. Programme 3 has the task of reviewing and reducing the wage bill and teams and service providers to work on this task are busy with it. Programme 5 has a transfer to the Centre for Public Service Innovation and is also responsible for the African Peer Review Mechanism and helping departments with the implementation of the Batho Principles, which all constitute strategic focus areas for the Department in the 2023/24 financial year.

The Department’s organisational structure has a total of 418 positions of which 367 were filled as of March 2023. Due to the reduction in the compensation budget, the department could not fill all of its vacancies as a result vacancies had to be prioritised and the recruitment process is still underway. As at March 2023, the department had 57 (12.20%) vacant positions which are the different stages of the recruitment process. It is anticipated that all these vacancies will be filled by the end of the 2023 financial year. However, more vacancies are expected to be created due to natural attrition including resignations. Achieving the set Employment Equity (EE) targets remains one of the key priorities of the department.

**Table 1: Main Appropriation 2023/24**

| Programme |  |  | Nominal Rand change | Real Rand change | Nominal % change | Real % change |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2022/23 | 2023/24 | 2023/24 | 2023/24 |  2023/24 | 2023/24 |
| Programme 1: Administration |  252,0 | 269,6 | 17,6 | 5,0 | 6,98  | 1,99 per cent |
| Programme 2: Human Resource Management and Development  |  53,3 | 50,0 | -3,3 | -5,6 |   -6,19  | -10,57 per cent |
| Programme 3: Negotiations, Labour Relations and Remuneration Management  |   105,8 | 96,7 | -9,1 | -13,6 |   -8,60 | -12,87 per cent |
| Programme 4: E-Government Services and Information Management |  30,6 | 29,4 | -1,2 | -2,6 |  -3,92 | -8,41 per cent |
| Programme 5: Government Service Access and Improvement  |   108,4 | 107,8 | -0,6 | -5,6 |   -0,55 | -5,20 per cent |
| TOTAL |  **550,1** | **553,5** | **3,4** | **-22,5** |  **0,6**  | **-4,08 per cent** |

Source: National Treasury (2023)

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 R252,0 million in 2022/23 to R269,6 million in 2023/24. This represents an upward revision of R17,6 million (6,98 per cent) in nominal terms. However, when taking into account the effect of inflation, the allocation to the Programme in actual fact increases by R5,0 million (1,99 per cent). The Programme consumes 48,7% of the total departmental budget.

The main cost drivers under this programme are the Corporate Services (at R108.5 million); Office Accommodation (at R69.6 million); and Ministry (at R30.8 million) sub-programmes. Prioritisation of the Budget in this manner is justified, as the Corporate Services sub-programme also includes the Centre for Public Service Innovation’s activities. There is one Corporate Services for the Department, including established government components. Also, the strategic focus of the Programme is “Improving the implementation of administrative policies”, which includes (i) monitoring fruitless, wasteful and irregular expenditure; (ii) revising the Public Service Amendment Bill; (iii) consulting on the Public Administration Management Amendment Bill and (iv) implementing Public/Stakeholder Participatory Strategies and Plan. q

The Bills were processed through NEDLAC, and those processes have been finalised and NEDLAC reports have been received. Final Socio-Economic Impact Assessments (SEIAS) were issued on both Bills. Preliminary certification from Office of the Chief State Law Advisor has been received on the Public Administration Management Act (PAMA) Bill. The Department is still awaiting certification of the Public Service Act (PSA) Bill. Once Certification has been received for the PSA Bill, then DPSA will process both Bills to Cabinet to approve tabling in Parliament.

To this end the DPSA has developed the Public Administration Management Regulations on Conducting Business with the State, the Disclosure of Financial Interests and the Ethics, Integrity and Discipline Technical Assistance Unit, 2019 (TAU) and Office of Standards and Compliance Regulations 2019, in terms of section 18 of the PAMA.

reports on the implementation of the APP submitted to the Executive Authority, National

* 1. **Programme 2:**  **Human Resource Management and Development**

The main purpose of this Programme is to manage and oversee the setting and translation of public administration norms and standards into administrative policy instruments using research and policy analysis techniques. It is also responsible for managing organisational functionality assessments of Public Service efficiency and effectiveness for public administration reform.

The budget allocation for Programme 2 decreased from R53,3 million in 2022/23 to R50,0 million in 2023/24. This is a downward revision amounting to -R3,3 million in nominal terms, and -R5,6 million in real terms. This programme consumes the second smallest portion (9.03 per cent) of the overall budget. The bulk of the Programme’s budget (R15,8 million) goes to the Human Resource Planning, Employment and Performance Management sub-programme. The Budget allocation to this Programme is sufficient. It was formerly known as Policy Development, Research and Analysis, which is mainly responsible for improving on policy frameworks and standards. An amount of R13,4 million is allocated to the Office of Standards and Compliance sub-programme. The programme’s strategic focus is “A stabilised Public Service”, with strategic targets being to support 161 departments with mandatory in-service training in the public service; support 161 departments to implement the Professionalisation Framework for the Public Service and design and approve Public Service Human Capital Strategy.

**8.3 Programme 3: Negotiations, Labour Relations and Remuneration Management**

Programme 3: Negotiations, Labour Relations and Remuneration Management was formerly known as Public Service Employment and Conditions of Service. The function of the programme is to manage, oversee and facilitate organisational development, job grading, macro organisation, remuneration, human resource information systems, conditions of service, labour relations and dispute management in the public service. It also administers the implementation of the Government Employees Housing Scheme and the macro organisation of the State, and ensures coordinated collective bargaining

Programme 3 is allocated a budget to the value of R96,7 million, which decreased from a previous allocation of R105,8 million in 2022/23. This is a decrease by R9,1 million (-8,60 per cent in nominal terms and -12,87 per cent in real terms). Programme 3 accounts for 17,47 per cent of the total budget Vote in 2023/24. The Programme’s budget is the third largest allocation, as it caters for Management: Negotiations, Labour Relations and Remuneration Management; Negotiations, Labour Relations and Dispute Management; Remuneration, Employment Conditions and Human Resource Systems; and Government Employees Housing Scheme, Project Management Office.

The main cost drivers are Remuneration, Employment Conditions and Human Resource Systems (R27,3 million); Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit (R25,9 million) and Organisational Development, Job Grading and Macro Organisation of the State (R17,3 million). The allocation to these sub-programmes is justified given the challenge of wage negotiations, reorganising State departments and fighting corruption. This Programme also responds to the Department’s policy priority on developing and supporting the implementation of health and wellness frameworks and policies.

The programme’s strategic focus areas are *“Ensuring a stabilised Public Service”.*The strategic targets are to develop collective bargaining policy and review procedures,compile progress report on the implementation of the collective agreements, consult on Outcomes of the Personnel Expenditure Review (PER) within the PSCBC Structures, approve Remuneration Policy for the Public Service, test with Ministry portfolio departments (DPSA, NSG and CPSI) the Job Evaluation System for the Public Service; collaborate with the Department of Justice on measures for employed Public Servant Whistle Blowers who are in or require witness protection; monitor the progress made by the 50% of departments supported to reduce their case backlogs, approve the revised Disciplinary Code for the Public Service and support a selected number of non-compliant national and provincial departments to implement lifestyle audits.

* 1. **Programme 4: e-Government Services and Information Management**

The function of Programme 4: e-Government Services and Information Management (formerly known as Government Chief Information Officer) is to manage, oversee and facilitate ICT governance, e‐enablement, ICT infrastructure, information and knowledge management, and innovation in the public service and coordinate and facilitate ICT stakeholder management. Information and Communication Technology (ICT) is playing an ever-increasing role as a strategic enabler of public service delivery.

This programme receives the smallest share of the total Vote in 2023/24, at R29,4 million or 5,31 per cent. It also experiences significant negative growth in nominal (-3,92 per cent) and real terms (-8,41 per cent), down from R30,6 million in 2022/23. The strategic focus of the programme is “Ensuring a stabilised Public Service”. The strategic targets of the programme are aimed at developing four digitised solution proposals for the DPSA’s Public Service Business Process Mapping (BPM) Programme; supporting 161 departments to implement the DPSA’s ICT-related Directives; and developing an online compliance monitoring system for DPSA’s ICT policies and directives.

The e‐Enablement and ICT Service Infrastructure Management sub-programme is the main cost driver of the Programme, at R9,1 million, followed by the ICT Governance and Management at R7,5 million. Budget allocation to this programme may not be enough, given that it establishes a legislative framework, strategies and roadmap to enable South Africa to craft a shared Fourth Industrial Revolution (4IR) future, as well as the constraints that are currently in place. The 4IR is a substantive project, which requires a lot of financial and infrastructural resources. Also, the growing need for IT utility due to the virtual conducting of business as a possible new norm imposes a new approach to the funding of the programme. Risks imposed by cyber-bullying on Government IT requires more funding of the IT infrastructure.

* 1. **Programme 5: Government Services Access and Improvement**

Programme 5: Government Service Access and Improvement (formerly known as the Service Delivery Support Programme) manages and facilitates the improvement of service delivery in Government. As indicated in Table 1, the budget allocation for Programme 5 decreased from R108,4 million in 2022/23 to R107,8 million in 2023/24, representing a nominal decrease of R0,6 million (-0,55 per cent). In real terms, the budget allocation to the programme decreased by -5,20 per cent between 2022/23 and 2023/24.

The Strategic focus areas of the programme are “A stabilised Public Service; Improved implementation of administrative policies; and Improved implementation of Batho Pele Programme”. Strategic targets of the programme are aimed at supporting 161 departments to implement the Organisational Functionality Assessment (OFA) Framework; supporting 161 departments to implement the Business Processes Modernisation Programme; supporting 161 departments to implement the Revised Batho Pele Strategy; supporting 161 departments to implement the Public Service Charter; supporting three state institutions to implement the African Peer Review Mechanism (APRM) National Plan of Action; compiling a monitoring report on the implementation of the recommendations of the research study on the State of Service Delivery by five Service Delivery departments supported and approving the Integrated Service Delivery Improvement Policy.

It is not advisable for Government to give less attention to this Programme in terms of budget allocation, since it enables the Department to give technical support and advice to national, provincial and local government institutions who experience service delivery challenges. This will thwart preventative and remedial measures to service delivery challenges and protests. The main cost drivers are the Centre for Public Service Innovation (CPSI), whose allocation is R45,9 million. The Service Access sub-programme consumes R17,7 million and Service Delivery Improvement, Citizen Relations and Public Participation sub-programme R14,6 million, whilst Operations Management consumes R14,3 million of the programme’s budget in 2023/24.

1. **ENTITY OF DPSA**
	1. **CENTRE FOR PUBLIC SERVICE INNOVATION**
		1. **Policy Priorities**

The responsibility for the 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 Section 7(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 strategic mandate that informs the functions of the CPSI include the following:

* Advancing needs-driven research and development,
* Unearthing, demonstrating, sharing, encouraging and rewarding innovation,
* Testing, piloting, and incubating new innovations and supporting the replication of innovative solutions; and
* Partnering with public, private, academic, and civil society sectors on supporting the mandate of the CPSI.

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 CPSI’s budget is located within the budget appropriation of the DPSA, as a transfer through Programme 5. The current budget allocation is according to the organisational mandate of the Centre. The CPSI has a representation of 63 per cent of women, 11.1 per cent of youth and 7.4 per cent of people living with disabilities. Due to budget cuts over the MTEF, the organisation has decided to review the centres commitments and the adoption of lower-cost solutions. These include embracing online training sessions and converting to a hybrid model for the Annual Public Sector Innovation Conference and Awards Programme.

**Table 2: Budget allocation to the Centre**

|  |  |  |  |
| --- | --- | --- | --- |
| R million | **2023/24** | **2024/25** | **2025/26** |
| **Total**  | **Current payments** | **Transfers and subsidies** | **Payments for capital assets** | **Total**  | **Total**  |
| Administration |  23,4 | 23,4 | 0.0 | 0,2 | 24,4 | 25.6 |
| Public Sector Innovation | 22,1 | 22,1 | - | 0,1 | 23,5 | 24,5 |
| **Total**  | **45.5** | **45.5** | **0.0** | **0.3** | **47.9** | **50,1** |

Source: National Treasury (2023)

The overall budget allocation to the Centre is R45,5 million in 2023/24, up from an adjusted appropriation of R45,1 million in 2022/23. This represents a nominal increase of 0,89 per cent, but translates into a decrease of 3.83 per cent when taking into account the effect of inflation

* + 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 allocation to this programme is R23,4 million, which constitutes 51,42 per cent of the overall budget. The allocation assists the Centre to run efficiently in executing its mandate.

The programme achieved both its targets set for the 2022/23 financial year as follows which are nine innovation research and development initiatives undertaken; and two innovative solutions replicated in the public sector, namely the Sunward Park e-learning Project, replicated in Katlehong and Reiger Park High Schools.

The programme’s strategic focus area for 2023/24 is: Effective corporate governance,with the following targets are to achieve an unqualified audit opinion on financial and non-financial information for the 2023/24 financial year. An assessment of critical posts has been done. The organisation requires additional capacity to carry out its mandate fully, as per the approved new structure. The current establishment of the CPSI consists of 30 permanent posts. The CPSI’s establishment will increase to 37 posts in 2024/25 through the Zero-Based Budgeting (ZBB) reprioritisation. This staff compliment is a build-up over the medium term, including the 2023/24 financial year. Furthermore, the Centre will ensure 100% payment of all invoices paid within 30 days on receipt of valid invoice.

**(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.

This programme receives an allocation to the value of R22,1 million, which is 48,57 per cent of the overall budget. The programme has three sub-programmes, namely: *Research and Development*: This sub-programme establishes the knowledge base in support of the programme to inform the selection and development of potential innovative models and solutions; *Institutional Support and Replication:* Thissub-programme facilitates the testing, piloting, demonstration, replication and mainstreaming of innovative solutions for the public sector; and *Enabling Environment and Stakeholder Management:* This sub-programme nurtures and sustains an enabling environment, which entrenches a culture and practice of innovation in the public sector through innovative platforms and products.

The Centre received significant increase. This is in line with the strategic focus on *“Ensuring a Capable and Developmental State”*, by improving service delivery through research, innovation and replication of successful projects in a number of service delivery centres. The 2023/24 targets for Programme 2 are to sustain nine knowledge platforms to unearth, demonstrate, share, encourage and award innovation in the public sector, namely: Annual Public Sector Innovation Conference; Public Sector Innovation Awards; replicate two innovative solutions in the public sector; and enable four innovation initiatives.

1. **OBSERVATIONS AND KEY FINDINGS**

The Portfolio Committee identified the following matters in relation to the Budget Vote 11, to which the Department must respond accordingly:

**Department of Public Service and Administration**

* 1. The Committee notes and welcomes the Annual Performance Plans (2023/24) of the Department of Public Service and Administration and the Centre for Public Service Innovation. The APPs reaffirm the Department’s mandate to implement and coordinate interventions aimed at achieving professional, ethical and development oriented public service, capable to deliver on the objectives of the National Development Plan (NDP) 2030 and with the Centre facilitating and replicating new innovations to improve service delivery.
	2. The Committee notes that the Department has tabled the Public Service Amendment Bill in Parliament, which among others, seeks to transfer powers of the human resource management from the Executive Authority to the Accounting Officers and give effect to the establishment of Head of National Administration and Head of Public Service. The Committee acknowledged the progress made thus far and looking forward to speeding up the finalisation of the amendments to the Public Service Act.
	3. The Committee notes that the Department has tabled the Public Administration Management Amendment Bill in Parliament. The Committee will fast track the process of amending the Bill before the end of 2023/24 financial year.
	4. The Committee welcomes developments regarding key deliverables in amending the Public Service Regulations and all associated Directives and Circulars to reduce red tape experienced by government departments. Furthermore, the Committee welcomes the mooted devolution of operational matters from Executive Authority to the Heads of Department to promote administrative efficiency and to improve the political -administrative interface in the current legislative amendments.
	5. The Committee notes that the proposed long-term contract of the Accounting Officers as proposed in the Framework would still be subjected to Cabinet consultation and to seek approval prior to implementation. Therefore, the Public Service Amendment Bill would not include the long-term contract of Accounting Officers from a five-year to a 10-year period.
	6. The Committee acknowledged that across the public service there is a lack of standardisation and that Public Service Regulations are not complied with.
	7. The Committee notes that the Department has workshopped government departments on the guidelines for lifestyle audits in the public service. Since the announcement of the lifestyle audits by the President in 2019, there is a continuous progress regarding the departments conducting lifestyle audits.
	8. The Committee welcomes and notes the signed wage deal between the government and organised labour for 2023/24 financial year in the public service. The Committee commends all stakeholders for reaching an agreement to ensure smooth government services throughout the financial year. Those stakeholders who may still be outside of this agreement are urged to find an amicable solution to the impasse.
	9. Increasing the employment of people with disabilities targets was welcomed across the public sector from 2% to 3.5% in 2023/24 financial year. The Department working with relevant Department of Women, Youth and People with Disabilities has to collaborate in putting measures in place to ensure departments attain set targets in appointing people with disabilities.
	10. The Department continues to lead in digital transformation in the public service. Business operations model has to be geared towards modernisation of its business by developing new digital innovations to transform administration of government services from paper to digital services.
	11. Departments are sitting with a huge caseload of disciplinary matters whilst Government loses millions of Rand on suspended employees getting paid whilst at home.
	12. The Department will be conducting research study on the State of Public Service Delivery. The Committee welcomes the research study which aims at comparing other countries, which have digitised their e-services to be responsive to the needs of the citizens.

**Centre for Public Service Innovation**

* 1. The Committee notes challenges the Centre is confronted with regarding the capacity constraints in the institution as well as insufficient budget to drive innovation in the public service. The CPSI needs to be well capacitated in order to fully drive an agenda of innovation and replication in the public service.
1. **RECOMMENDATIONS**

The Portfolio Committee recommends that the Department of Public Service and Administration undertake the following activities:

* 1. The Department should swiftly finalise regulations of the Public Administration Management Act of 2014 in order to give effect to comprehensive implementation of the Act. The Department should, therefore, report on these activities at the latest by October 2023.
	2. Enforce implementation of the Public Service regulations across the public service to ensure uniformity and standardisation of government administrative business process. The Department should strengthen its monitoring capacity to monitor and enforce laws relating to sound administration and governance in order to make government responsive.
	3. The Department should review guidelines for the lifestyle audits in order to prevent corruption and illegal acquisition of property by the public servants. Lifestyle audits should be benchmarked against international standards in order to effectively address corruption. The guideline for lifestyle audits should be tailored around analysing officials’ mismatch between living standards and source of income.
	4. The Department should reconsider and strategize on various mechanisms to deal with precautionary suspension and sanctions in the public service with the aim of preventing long-drawn disciplinary cases. One of these mechanisms is to transfer all officials charged with disciplinary management to the Department to centralise the process and deal with it timely and effectively. This issue can be addressed during the legislative reform process.
	5. The Department has to continue monitoring and issuing directives to government departments to encourage reduction of vacancy rate in their respective departments in both national and provincial spheres. The Committee compliments the Department for conducting PERSAL audit and issuing a circular to departments to remove unfunded vacancies on the system.
	6. The Department should move with speed towards development and implementation of psychometric integrity testing tool in the public service as per the approved Framework for the Professionalisation of the Public Sector. The psychometric integrity testing tool should be used constantly to assess the fitness of the new and old public servants. The Committee was of the view that the psychometric integrity testing tool should not only be used during the recruitment process, but be constantly utilised as a tool to assess fitness of the public servants during upward mobility processes. The PSC should be involved in this process as the new legislative reforms enjoin it to conduct integrity assessments during recruitment of public servants.
	7. In line with the Framework on Professionalisation of the Public Sector, the Department should consider conducting mandatory skills audit for all public servants after a specific period. Skills audit will assist government in assessing an employee’s capabilities in relation to the overall responsibilities in their respective job category. The main aim has to be identifying the skills gap, addressing training needs and creating customised learning and development.

**Centre for Public Service Innovation**

* 1. The Centre has to improve and strengthen stakeholder management to ensure that discovered innovative solutions get replicated and utilized once handed over to the relevant government departments.
	2. The Centre has to play role in assisting the Department of Public Service and Administration by developing innovative solutions to digitize most of the administrative business processes by moving away from manual application forms to paperless application, especially with regard to human resource business operations.
	3. The Centre should be well-resourced and capacitated in order to play a meaningful role in assisting government departments in discovering new innovative solutions to enhance service delivery.

1. **CONCLUSION**

The Department of Public Service and Administration and its entities play a crucial role in building a State that is capable of realising developmental and transformative agenda. Professionalising the public service remains an integral part of the Department through reskilling and retraining of the public servants. The NDP highlights the key areas that the Department must focus on, such as stabilising the political-administrative interface and making the public service a career of choice. The DPSA Annual Performance Plan is aligned towards achieving the goals and aspirations of the NDP. The Portfolio Committee notes the progress made in implementing and coordinating interventions aimed at achieving an efficient, effective and development-oriented public service. The CPSI also plays a crucial role as a catalyst for radical transformation through developing innovation solutions to the public sector challenges.

**The Portfolio Committee recommends as follows:**

That the House adopt and approve the Budget Vote 11 of the Department of Public Service and Administration

Report to be considered