

Public service efficiency is key to a developmental state

PRODUCTIVITY

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Calls are growing for greater accountability and improved public sector productivity, particularly at a time when the economy is languishing and the government is under pressure to rein in spending and curb costs, yet remain committed to social welfare spending.

The public sector wage bill continues to rise, accounting for 46.6% (R445-billion annually) of the gross total revenue in 2014-2015, up from 31.5% in 2006-2007. In comparison, the other Brics (Brazil, India, Russia and China) partners spend on average 25% of their total government expenditure on salaries.

The auditor general, in his latest (2013-2014) audit findings, recorded R1.83-billion in fruitless and wasteful expenditure in all three spheres of government. But the actual amount of wastage in government could be significantly larger than reported, because most departments and municipalities don't have proper systems to capture this information.

Recent research conducted by the Financial and Fiscal Commission found the government is not doing



Bent belief: The public sector needs to abandon the false notion that productivity can be improved by cutting costs. Photo: Delwyn Verasamy

enough to meet its goals and constitutional responsibility to provide services "efficiently, effectively and economically" and, as stated in the National Development Plan (NDP), to build a "capable developmental state" that is "professional and responsive to the needs of its citizens".

In the public sector, there is a false notion that productivity should be improved by cutting costs — for example, by reducing personnel or other resources — to produce the

same services, instead of expanding services and the quality of services without using more resources. A case in point is the widespread use of inferior building materials by dodgy contractors in constructing RDP houses without considering the long-term costs to the government.

Unlike the private sector, services produced in the public sector are often intangible, which makes it difficult to assign an economic value to them. Moreover, achieving outcomes in the public sector often requires

several government agencies to work together, making measuring productivity more difficult.

But the government makes little if any effort to measure public sector productivity. Few can even agree on what an accurate measure of productivity is. As a result, no clear standards, targets and procedures are in place to guide the implementation of improvement plans in departments.

By their nature, public sector practices such as policy-making and intergovernmental service delivery are time-consuming and costly. Institutional inertia prevents many public agencies from finding creative ways through the bureaucratic red tape. Managers are often selfishly guided to increase their own budgets and fiefdom rather than to improve efficiency and service delivery.

Other factors that negatively affect performance are political patronage, poor supervision and management, limited autonomy and a shortage of skills.

In the private sector, competition exerts a disciplining effect and inefficient firms often fail. In the public sector, the lack of competition means inefficiencies and duplication frequently proliferate. Perhaps the closest thing to a disciplining force is public scrutiny and public pressure

on underperforming government agencies that do not deliver or provide inferior services.

South Africa must act quickly to improve its public sector productivity. A framework similar to the internationally benchmarked index used to measure the productivity of organisations must be developed. The framework should consider measures for each sector, and these should be piloted in some clusters before being rolled out en masse.

Officials should be trained on precise ways to improve productivity, and those employees who improve services and lower costs should be rewarded.

This would enable more funds to be allocated to areas of need and for new policy priorities.

The country can ill afford not to improve the way public funds are spent if it wants to achieve the socio-economic goals outlined in the NDP and inherent in our Constitution.

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