

PMME UCDG Programme Management,
Monitoring and Evaluation Office

THE RISE OF NEW PUBLIC MANAGEMENT IN THE SOUTH AFRICAN PUBLIC SECTOR .

Introduction

The purpose of the public sector is to provide basic services that are essential for the well-being of society. The South African public sector, however, has often been criticised for not delivering these services to its people. Over the years, various service delivery protests have been reported in the media, pointing out the insufficiency of the public sector's response to the needs of South Africans. To fulfil its mandate, the public sector needs to provide effective and efficient goods and services that adequately respond to the public's needs and within the limits of budget constraints. The effective management of public funds thus plays an extremely critical role in providing South African citizens with adequate and quality services. How is the South African public sector then ensuring that it provides its citizens with adequate, effective and efficient services?



ELEMENTS OF NEW PUBLIC MANAGEMENT

Since the 1980s, many academic studies have been conducted on the challenges faced by the public sector. Even more, recommendations have been made on how to respond to identified challenges. One that stands out, is the application of the New Public Management (NPM) principles. NPM is the transition from the traditional public management model to a new public management model, that intends to transform the public sector and its management strategies. It is an approach that proposes that public organisations employ private sector strategies and principles to increase efficiency and effectiveness in the public sector.

The core elements of NPM are efficiency, transparency, accountability, and effectiveness; and these are the core ideologies that regulate the field of administration and management.

- Transparency as a core principle of NPM is also a core principle in accountancy and auditing. It is being open, communicative, and responsive. This places the obligation on public authorities to operate in a manner that is easy for the public to see the activities being performed. This principle is imperative for building an efficient, effective, and well-oiled governance system based on trust between the government and its dependents.
- The concept of accountability refers to the legal reporting and business framework, strategy, procedures, and actions. These are designed to ensure that anyone that handles public funds and makes decisions that affect people's lives can be held accountable for their actions. Public authorities must provide disclosure and explanations on how they manage the resources that have been entrusted to them. Accounting officers must interpret the budget with significance to the services being delivered and constantly search for ways to improve it.
- Efficiency refers to how well resources are used to produce quality goods and services. This can only be done through the dedication of public officers to use the particularly limited resources of the state adequately and avoid overspending. Government must put mechanisms in place to avoid the mismanagement of public funds and other state resources.



- Effectiveness refers to the level to which a task or project succeeds in creating the desired outcome. It measures the degree to which objectives are accomplished and arising challenges are overcome. Government authorities are thus obliged to constantly review the progress of their departments through various efficiency dimensions and reports to determine the effectiveness of their divisions, employing monitoring and evaluation principles.

PUBLIC FINANCE MANAGEMENT ACT (PFMA)

South Africa's transition from apartheid to democracy came with many challenges. Reforming the management of public funds in South Africa was one of these challenges. This was very instrumental in the achievement of, amongst others, the distribution of wealth under the newly drafted constitution and overcoming overspending. As a result, the government introduced the Public Finance Management Act (PFMA) No.1 of 1999.

The Act aims to:

- Regulate financial management in the national government and provincial governments to ensure that all revenue, expenditure, assets, and liabilities of those governments are managed efficiently and effectively,
- Provide for the responsibilities of persons entrusted with financial management in those governments, and
- Provide for matters connected therewith

In essence, the Act promotes the application of the NPM principles in the management of public funds. Another act that further supports this concept is the Intergovernmental Fiscal Relation Act (IFRA) No 97 of 1997, which sets to:

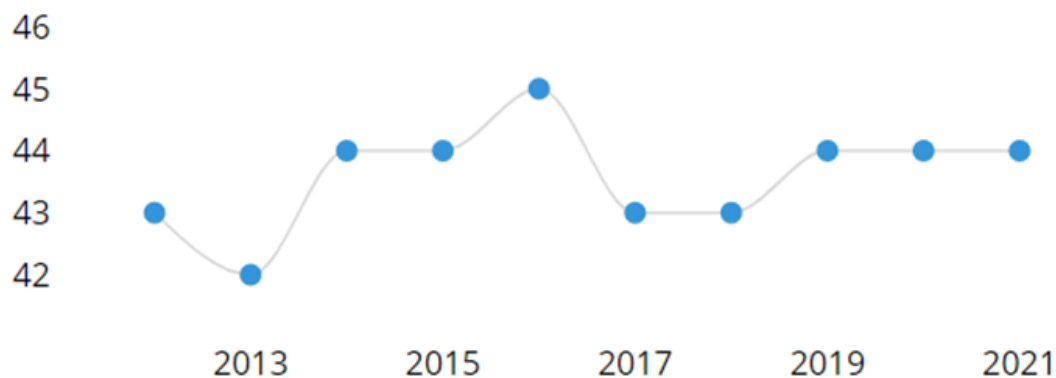
- Promote co-operation between national, provincial, and local spheres of government on fiscal, budgetary and financial matters,
- Prescribe a process for the determination of an equitable sharing and allocation of revenue raised nationally, and
- Provide for matters in connection therewith.

Various other laws sustaining the PFMA and ultimately the restructuring of public management through the application of the NMP concepts are integrated into the constitution. The NPM has significantly impacted the transformation of South African public funds management.

So how well is this working for South Africa? Transparency International uses the Corruption Perception Index (CPI) to rank countries around the world based on how corrupt the public sector is perceived to be by various experts and business people. It uses a scale from 0 to 100 with 0 being highly corrupt and 100 being spick-and-span. The figure below shows that over the last decade, the perceived level of corruption in South Africa fluctuated between 42 and 45.

SCORE CHANGES 2012 - 2021

Score changes 2012 - 2021



Source: <https://www.transparency.org/en/cpi/2021/index/zaf>

In 2021, South Africa ranked 70th out of 180 countries with a score of 44, the same as the two preceding years. The CPI is based on, amongst others, the diversion of public funds, bribery, and the effective prosecution of corruption cases. It should be noted that corruption typically involves illegal conduct that oftentimes is hidden unless exposed, thus the information is based on known cases. The above data indicates that hardly any transformation has taken place and that the South African government has failed to take advantage of the transformative wave of the NPM. Therefore, South Africa still struggles with an absence of transparency, accountability, inefficiency, ineffectiveness, poor service delivery, and nepotism. The exact areas that NMP seeks to address.

Conclusion

Overall, the NPM has been both successful and unsuccessful. Successful because while it has not managed to decrease the level of corruption over the past decade, it has probably assisted in limiting more corruption. Unsuccessful, because while the South African government appears to have some compelling transformational policies, various service delivery protests reported in the media suggests insufficiency in the South African public sector's response to the needs of South Africans. This is due to weak implementation and evaluation strategies or corruption within the public sector. According to Gumede and Bophelo (2014), many government tenders and senior positions are awarded not based on merit and qualification but to political veterans. Because of this liberation disorder, many public service departments are depending on unqualified senior personnel to effectively implement the principles embedded in the South African public funds management policies. This is quite evident if we look at the performance of large state-run corporations such as the Passenger Rail Agency of South Africa (PRASA). A large part of the operational stratum is corrupted resulting in reduced efficiency as a result of a shortage of skills. This syndrome also affects the way state funds are managed and accounted for, exemplified by the recent amount of funds reported missing during the Covid 19 pandemic.

The South African public sector, especially within the management of public funds, needs to reconsider its human resource policies to ensure that it has the right skills for the implementation and evaluation of policies. The proper implementation and evaluation of the NMP and PFMA is highly dependent on this.