



NP Key Facts

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THREATENING INSTITUTIONAL COLLAPSE IN THE PUBLIC SECTOR

On 30 March 1998 the National Party published its Public Sector Barometer in which the ANC Government of President Nelson Mandela is warned about the threatening institutional collapse in the public sector. In accordance with a model developed by the World Bank, the NP points out that the state has three core functions to fulfil, namely:

1. Maintaining law and order.
2. Creating macro-economic stability that is, *inter alia*, conducive to job creation.
3. Effective and affordable provision of basic infrastructure and social services, including quality education and healthcare.

These are the fundamental tasks that any government has to fulfil to create wealth and to care for the interests of its citizens. With reference to an analysis of the ANC Government's performance in these three areas, the NP points out that warning lights of an institutional collapse are flashing in this country. The NP also makes certain recommendations on what the Government's priorities should be and how these can be achieved. These recommendations are based on what has worked in some of the most successful countries in the world, including developing countries.

On 25 March 1998 *The Times* (London) published an article in which reference was made to the World Economic Forum's report in which South Africa is placed after Russia and Columbia when these countries are compared in terms of the incidence of organised crime: "The disintegration of the Soviet Union was followed by vertiginous decline of Russia's economy and the sight of a sick president presiding over the world's first Mafia state. The question increasingly asked by South Africans is: 'How far does our country differ from that model?'" After having listed various incidents of institutional collapse and corruption in South Africa, *The Times* itself answers this question: "What is striking is the determination of ANC leaders to protect the corrupt in the name of party solidarity. ... Indeed, Russia and South Africa are in one sense opposites. South Africa suffers from the corruption attendant upon the dominance of a hegemonic

party; Russia shows what can happen when not just the economy but the hegemonic party implodes."

Some of the observations and findings on which the NP's warning on the threatening institutional collapse is based, include:

- The ANC government often embarks on transformation merely for the sake of transformation, losing sight of strategic objectives and basic management principles.
- The ANC alliance's philosophical incoherence paralyses policy implementation.
- The World Health Organisation recently declared South Africa the most murderous country in the world with an average murder ratio of between 46 and 54 per 100 000 of the population; the world average is 5,5 per 100 000 people.
- Unacceptably low closure figures for crime cases — 60% for murder cases, 23% for robbery with aggravating circumstances and 69% for rape. A country like Japan has a closure figure of 96% of murder cases and closes 92% of its rape cases.
- With 1% of the total budget the Department of Justice is underfunded by about 50% — yet the Government is prepared to spend more than R200 million on the one-sided, unbalanced Truth and Reconciliation Commission.
- The ANC's failure to meet the targets set by Gear, is a result of the governing alliance never making Gear's underlying philosophy its own.
- The healthcare system in South Africa is in tatters mainly as a result of overcentralisation by the Minister as well as weak political leadership, for example in November 1997 an expected national health budget deficit of R1,5 billion was announced; 50% of all state medicines is stolen annually, amounting to a loss of between R500 million and R1,5 billion, and the Gauteng Department of Health is expected to overspend by R450 million in this financial year.
- Education is characterised by confusion and uncertainty because of questionable political decisions at national

level. In only the last year the drop in quality of education was dramatically reflected in the pass rate in the senior certificate examination which dropped from 54,7% in 1996 to 47,1% in 1997. Despite vast shortages of schoolbooks, state expenditure on books dropped from R895 million in 1995/96 to R425 million in 1996/97 and by another 50% in the 1997/98 financial year.

- At the end of 1997 and early 1998 enormous problems developed with the payment of pensions. For example, the Minister of Finance had to advance R801 million to cover pension payouts in the Eastern Cape for the last three months of the financial year, while in the Northern Province approximately R44 million per month is paid out to approximately 60 000 ghost pensioners.
- One of the most important Gear targets is job creation. Unemployment in South Africa is realistically calculated at approximately 24%. However, at the rate that the ANC Government is destroying jobs, informed analysts predict that this figure can rise to 40% in the next ten years. For the year ending September 1997 the Reserve Bank indicates that 116 200 jobs were destroyed in the non-agricultural formal sector. While Gear predicted 2% growth in employment for 1997, it decreased by 1%.
- The ideology that the state should be the sole provider is evident from examples of centralisation and socialism in ANC policy making. Examples include the following:
 - The Minister of Health's grandiose plans to socialise medicine in South Africa.
 - The Higher Education Act which gives the Minister of Education excessive powers to determine policy on behalf of institutions providing higher education.
 - The Minerals and Mining Green Paper which proposes the nationalisation of mineral rights in favour of the Government.
 - The National Water Bill also proposing the nationalisation of private water rights.
 - The Basic Conditions of Employment Act and the forthcoming Employment Equity Bill make statutory provisions for Government to seriously interfere in the decisions of business people in the private sector.

- The White Paper on the Road Accident Fund is described by commentators as a typical socialist East bloc system to manage third party claims.
- The mega-city proposals in the new White Paper on Local Government are a clear move away from decentralised government in the direction of bigger government.
- Weak political management linked to the retrenchment of experienced public servants and the concomitant policy of unbalanced affirmative action, count among the most important reasons for institutional collapse. Between September 1995 and September 1996 alone 90 000 officials took voluntary severance packages. If each of these individuals had a conservatively estimated 10 years' experience, the public sector lost accumulative 900 000 years of experience in one year.

The above examples are only a selection of the evidence presented in the Public Sector Barometer. It indicates that the Government is not delivering on the fundamental tasks that lie at the core of every government's responsibility. It is clear that the ANC Government cannot be trusted with maintaining law and order, providing macro-economic stability and an environment conducive to job creation, nor effectively and affordably providing basic infrastructure, social services, education and healthcare.

In its Public Sector Barometer the NP calls on the ANC Government to take immediate action to halt this terminal decline which could have dire consequences for socio-economic and political stability. It would only be a first step to replace those ministers not competent to deliver in these core areas. The findings of the Public Sector Barometer therefore substantiate the calls over the last few months by the National Party and various other stakeholders in society that the Ministers for Education, Safety and Security, and Health be replaced. A second step can be to bring in two experts from outside Parliament to fill the two positions available for such individuals in terms of the Constitution. One of these positions should be an appointment aimed at bringing in the necessary expertise to ensure the uncompromised implementation of Gear.

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