



Sixth and Final Report of the Presidential Remuneration Review Commission

30 October 2018

FOREWORD

‘What counts in life is not the mere fact that we have lived. It is what difference we have made in the lives of others.’ Nelson Mandela.

A great deal of work done by the Commission and recommendations seek to achieve the objective foreshadowed in the great man’s words.

Former President Jacob Zuma appointed me to chair the Commission on 23 November 2015. The Commission was appointed under section 84(2)(f) of the Constitution of the Republic of South Africa, 1996 (the Constitution) on 7 August 2013 pursuant to Proclamation R 33 of 2013 dated 7 August 2013, published in Government Gazette 36757 to inquire into the remuneration and conditions of service in the public service and public entities listed in Parts A and C of Schedule 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), with priority being given to remuneration of educators.

I succeeded Retired Chief Justice Sandile Ngcobo who was appointed in August 2013. However, he resigned in October 2015, and as there was no formal handover I was literally thrown into the deep end and had to hit the ground running. Notwithstanding the precipitous nature of the appointment I knuckled down to work immediately and reviewed many submissions and documents that had been received by the Commission from its inception. I drew up a Project Plan regarding how the work was to be done and presented the same to the Commissioners for approval. The said plan is annexed to the Report.

At the time of my takeover 214 submissions had been received from the stakeholders. That number stands at 371 to date. In essence this Report presents recommendations for the public service as a whole based on the submissions and responses of government departments and other stakeholders. However, special emphasis is placed on an enquiry into the education sector. This is what the terms

of reference required us to do. In addition, the Report captures reviews of international best practices, and analyses of the submissions from several experts. Following the terms of reference, the Report prioritizes the analyses, findings and recommendations for the remuneration and conditions of service of educators in particular. Furthermore, the Report presents the findings, analyses and recommendations for the public sector in general, the health and security sectors, and public entities listed in Schedules 3A and 3C of the Public Finance Management Act (PFMA, 1996).

Given the nature of the terms of reference and administrative delays due to the resignation of the first chairperson of the commission and one other commissioner, the enquiry took much longer than envisaged. Nevertheless, despite the delays the process of the enquiry is now over, and this report presents the analyses, findings and recommendations for each of the terms of reference for the listed prioritized sectors.

This project could not have been accomplished without the able, willing and proficient assistance of a number of people. I am most grateful primarily to the Lead Co-coordinator, Dr Jaya Josie and his team who worked tirelessly to analyze, evaluate and process masses of information contained in the submissions and presentations to the Commission.

I would also like to acknowledge the contributions of the Human Resource Expert, Ms. Elizabeth Maepa, Commissioner Professor Vil-Nkomo of the University of Pretoria for his willingness to assist with the reading and editing of the final report, and for his constant support during the lifespan of the Commission. I would also like to acknowledge ex-officio Commissioners, Advocate R K Sizani, Chairperson of the Public Service Commission and Professor Daniel Plaahties, Chairperson of the Finance and Fiscal Commission for their input.

A word of thanks must also go to the Secretary of the Commission, Advocate Phuti Setati and his team comprising of the Secretariat led by Ms. Gcobisa Mdlatu who was always at hand to provide documents whenever they were needed. Much thanks must also go to the Stakeholder Manager, Mr. Victor Radebe and his team who processed a large influx of submissions from the Stakeholders, including those that came from persons with disability, and ensured that their voice was also heard.

It would be remiss of me not to recognize my predecessor, Retired Chief Justice Ngcobo for the initial work done during the Commission's establishment, which was very helpful. The same goes to the Commissioners who worked with him at the time and later joined me after his departure. I am referring here to Dr Vincent Maphai, a Public Service expert and Mr. Bongani Khumalo, an Economist.

I am also grateful to Dr Kedibone Phago and his team of experts operating as NEPA Research Core, for their extensive research and recommendations on the topics, Public Service Remuneration and Conditions of Service, and Service delivery. Mention must also be made of Albert Marais Attorneys for their valuable research and recommendations on Finance and Fiscal Sustainability of the Wage Bill.

In addition, I want to express my gratitude to Attorney Ms. Thato Tsause of Tsause Bayi Inc who provided expert analysis, findings and recommendations on submissions relating to Public Entities mentioned in Schedules 3A and 3C of the Public Finance Management Act, and individual complaints and grievances submitted to us by Public Service employees. These were not specifically covered by the terms of reference.

I associate myself with the acknowledgements made elsewhere in this Report to persons not specifically mentioned in this Preface.

Lastly but not least much thanks go to my dear wife, Sithandiwe Phyllis Mthiyane, who despite her ill health, allowed me to come out of retirement and respond to the call to do public duty of heading this massive Commission and on occasion spend time away from home. The same accolade goes to my daughters, Jabu, Zama, Zanele and Ayanda, who in no small measure provided support and encouragement, without which I would not have been able to see this Project through.

Justice Khayelihle Kenneth Mthiyane
Chairperson of the Presidential Remuneration Review Commission
Retired Deputy President of the Supreme Court of Appeal

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Executive Summary

The Commission was appointed by the former President of the Republic of South Africa, His Excellency, Honourable, GJ Zuma under section 84(2)(f) of the Constitution of the Republic of South Africa, 1996 (the Constitution) on 7 August 2013 pursuant to Proclamation R 33 of 2013 dated 7 August 2013, published in Government Gazette 36757 to investigate the remuneration and conditions of service in the public service and public entities listed in Parts A and C of Schedule 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), with priority being given to remuneration of educators.

This final Report highlights recommendations for the public service as a whole based on the submissions and responses of government departments and other stakeholders. However, as per the terms of reference, the Report gives priority to the enquiry into, and recommendations for the remuneration of Educators, on public entities listed in Schedules 3A and 3C of the Public Finance Management Act (PFMA, 1996), and on the health and security sectors. In addition, the report presents findings from the individual submissions and disabled people.

Section 2 of the terms of reference specifically calls on the Commission to investigate remuneration and conditions of service in the public service and public entities listed in Schedule 3A and 3C of the Public Finance Management Act (PFMA) with the remuneration of educators receiving priority attention. Included in this call is for the Commission to investigate organisational development, recruitment, job evaluation and grading, appointments and promotions, human resource matters, policies and practises and performance and management systems. From the submissions of stakeholders, it became clear that despite notable inefficiencies in public sectors such as the healthcare sector, a growing concern is the inefficient use of the public sector wage bill given the spending in priority areas necessary to meet the demands of basic services.

Chapter 1 of the report under the section entitled Understanding the Terms of Reference provides definitions and explanations of the issues related to the terms of reference. However, because of financial constraints on the Commission's budget the envisaged exchange program visits to other countries did not take place, and instead the best practices were gleaned from a desktop study of the literature and policy reports from

other countries. This study is referenced in the bibliography of the report. On the issue of fiscal stability and sustainability of the wage bill the commission received several submissions and at least one expert report.

Recommendations for the Public Service in General

Guarantee Fiscal Stability

Across all provinces the Commission investigated the non-linear growth trend within Personnel Budgets at Provincial Department level. This pattern is also reflected in the provincial Education budget's growth rate. Given the non-linear growth trend the Commission recommends a further analyses of the corresponding headcounts per salary grade and notch to establish where these employees are located within the organisational structure.

Ensure market-related remuneration

The Commission used the opportunity of its enquiry to review relevant information in benchmarking public sector remuneration packages to inform its recommendations.

The Commission strongly recommends market related remuneration for the delivery of basic services such as education, health and security. However, market related remuneration must be commensurate with qualifications and experience in the respective job categories.

Ensure suitable job classification linked to remuneration

The Commission enquired into the current policies and practices governing *job classification* systems in the public sector in South Africa in order to consider appropriate mechanisms that ensure *suitable job classification* systems are *linked to remuneration*. In this regard the Commission recommends that the DPSA introduces a single national system of job classifications appropriately aligned with the objectives of the employment position, and that is most suitable for the public service in South Africa. The introduction of such a system should be done in consultation with all stakeholders and should use the best international practices as a benchmark.

Address excessive levels of employment in non-core posts

The Commission recommends that core staff must be employed with the requisite qualifications, skills and capabilities to perform their duties. These duties cannot therefore be outsourced to consultants or non-core staff through the procurement processes. In addition, the Commission recommends that the Public Service Commission conduct a review of the number of non-core staff performing tasks that should be performed by core staff in the employ of the public service. The commission further recommends that a review be undertaken to establish the extent to which former members of the core staff are now performing tasks as consultants or non-core staff at exorbitant consultancy fees.

Promote sustainable pay progression and performance management

The Commission found that Performance Management Systems are not effectively implemented and are open to abuse and manipulation. In the end the practice is reduced to fulfilling Human Resource Management administrative targets rather than the productivity related outcomes of performance. The Commission therefore recommends that a pay progression linked system must be based on productivity related outcomes of performance to achieve policy objectives and policy targets of the government department concerned.

For its enquiry the Commission investigated the extent to which management in the public service in general and education sector in particular, is effectively implementing the pay progression performance linked system in South Africa. The Commission found that Performance Management Systems are not effectively implemented and are open to abuse and manipulation.

The Commission therefore recommends that a pay progression linked system must be based on productivity related outcomes of performance to achieve policy objectives and policy targets of the government department concerned.

Improve skills retention

The 2013 performance audit, and several other reports of the AG were extremely important for the Commission's enquiry as they identified several key questions with respect to performance management of consultants and their transfer of scarce skills to

core staff. The Commission strongly recommends that the questions raised by the AG reports be part of the review of the procurement process.

Given the AG's request to cut back on wasteful and fruitless expenditure the Commission strongly recommends that tasks such as travel arrangements and basic administrative functions be allocated to administrative personnel themselves using online services. The current practice of outsourcing these simple administrative tasks to travel agents and other institutions is proving extremely costly. The nature of government business, sometimes fruitless and wasteful expenditure is incurred because the inflexible lowest cost approach can prove costly if meetings or engagements are cancelled or postponed. With appropriate departmental logistical, travel and financial policies in place the departmental administration personnel should be able to perform such functions themselves. In such cases accountability and control for wasteful and fruitless expenditure will rest with the appropriate executive authority and chain of command.

Establish measurable public service key performance indicators (KPI)

Taking into account the findings of the Auditor General's 2013, and other subsequent performance audit reports about performance indicators the Commission recommends a performance management system that includes:

- Effective monitoring and control of the work of core staff to ensure that the quality of work matched the required KPI in the most efficient and cost-effective manner
- The Public Service Commission (PSC) putting in place mechanisms for the external and independent verification of the performance of staff following the conclusions of the Office of the Auditor General's assessment of funds against performance. In this regard the Commission recommends that the PSC be adequately resourced to perform this function.
- Putting in place alternatives options to give management the flexibility to achieve policy objectives and operational needs in a timely and cost-effective manner
- Establishing effective controls to avoid the postponement, abuse or bad management of a KPI system
- Government departments setting out attainable deliverables that can be evaluated at the end of the financial year.

- The introduction of systems that traces the capacity requirements facing the public sector in general, and the health sector in particular, every five years.

Promote sound labour relations

To propose a more systematized process of engagement between employers and employees to define pay progression targets the Commission focused its investigation specifically on the effectiveness of the PSBC, and whether Section 35 of the Labour Relations Act requires changes. The outcome of the enquiry resulted in proposals for enabling mechanisms for defining pay progression targets that have the support of labour.

The relationship between government, unions and civil society needs to be revisited to promote an effective framework for addressing immediate matters regarding the monitoring and evaluation of implementation of programmes and projects. Such a review should result in recommendations that restore the pride of public service in general and, particularly in professions providing essential services such as education, health and security

On negotiations for pay progression the Commission recommends that appropriate enabling instruments and mechanisms be instituted. One such mechanism that the PSBC could introduce is a compact between labour in the public sector, and the Executive branch of the State to discuss and negotiate definitions of pay progression in the context of the Bill of Rights and Chapter 13 of the Constitution, and targets in keeping with government's policy objectives.

Specific Recommendations for the Public Sector:

Performance Management Development Systems (PMDS)

The submissions the PRRC received from numerous state institutions and agencies, revealed that government is not necessarily in control of the implementation of the Performance Management Development Systems (PMDS) tool. There is contestation and politicisation of the PMDS tool by the labour unions and government leadership. The poor implementation of the PMDS is accompanied by loss of trust between unions and management. From the submissions made to the Commission it remains unclear whether

the state is receiving any value for money in terms of the traditional PMDS output measures.

Based on the submissions of stakeholders and experts the Commission strongly recommends that the PMDS tool be removed from the system and should not be used to verify the final performance assessments in government departments. The Public Service Commission should rather head the verification process. The finalisation of the process should follow the conclusion of the Office of the Auditor General's assessment of funds against performance. This will ensure that bonuses are paid where institutional/unit and individual performances are met.

Fiscal Stability and Sustainability of the Wage Bill

Concerning fiscal stability, the submissions reveal that sustaining the current wage bill and its future projections will be exacerbated by low growth in the economy and low tax revenues. The inference is therefore that the state will have to fiscally sustain and manage the current and future wage bill within the current macroeconomic constraints of low economic growth and high unemployment. The state can only improve the fiscal sustainability of the wage bill through a wage agreement that is aligned to the rate of the economic growth and rate of unemployment. It is also suggested that given the need to expand certain sectors as a means of ensuring the provision of adequate service to citizens, efficiencies are required in certain areas, with a particular focus on areas where economic development is hampered by inefficiencies that prevent economic expansion and growth.

Inefficiencies and Inconsistencies in the Public Service Wage Bill Allocations

The Commission examined the causes of inefficiencies and inconsistencies in the public service and considered effective ways for balancing the costs of addressing Constitutionally Mandated Basic Service (CMBS) policy objectives and targets with the costs of efficiency and consistency in wage bill allocations.

The National Treasury advocates for the prudent management of public resources and for each sphere and department to strive to achieve better fiscal management. To achieve this may require reprioritizing and reorganizing the way government does its business in order to leverage such efficiencies (National Treasury, 2009).

Broadly speaking, the Commission outlined three factors that may improve public sector performances: *a)* centralization of spending decisions for redistributive functions such as basic education, basic health care and social welfare; *b)* appropriate human resource management practices, and *c)* consider how large-scale operations may improve efficiency in the education and health sectors in particular. The Commission found from the submissions that the disjuncture between achieving national CMBS policy objectives and the provincial spending decisions results in inconsistencies and inequalities across all regions in South Africa.

Given these inconsistencies the commission recommends a comprehensive review of the powers and functions of provinces with respect to the following:

- The implementation of national redistributive policy objectives in compliance with the Bill of Rights to ensure equality in the delivery of constitutionally mandated basic services (CMBS).
- Whether the provincial spheres of government are in fact perpetuating the apartheid inequalities across provinces and within provinces especially with regard to the delivery of services
- Where although the provincial sphere consumed on average more than 50% of nationally collected revenues, provinces have not been able to use their revenue raising powers to collect provincial own revenues.
- The dysfunctional way in which the conditions of service and remuneration of public servants is negotiated and implemented in the country.
- A thorough cost-benefit and effectiveness analysis of the need to maintain a provincial sphere of government in its current form and structure that seems to be at cross purposes with the notion of a sovereign unitary state, and with powers of discretion that very often ignores the delivery of constitutionally mandated basic services (CMBS) as part of the state's redistributive function
- Remuneration structures in the public sector where packages for positions should be guided by OSD principles and applied consistently and with fairness and avoid disparities for staff doing jobs at similar or related levels within a particular sector in the public services.

Other General Recommendations from Experts Reports:

- Design measurable outputs for public service officials;
- Government departments should ensure favourable working conditions to foster the effectiveness and management of the PMDS towards government and its employees;
- Improve the quality of education, health and Security through upgrading skills of staff;
- Enter into a compact between government, public sector unions, civil society and business to promote an effective framework of addressing immediate matters regarding the monitoring and evaluation of remuneration and conditions of service, and the implementation of public sector projects;
- Undertake a comprehensive review of the capacity of the provincial sphere of government, and their departments to effectively deliver constitutionally mandated basic services (CMBS)
- A comprehensive review of the relevance of the provincial sphere of government, and the number and size of departments at the national government level in line with best practices in countries of similar population size and economy;
- Reconsider and review how provincial structures can best deliver on the basis of value for money given that a large part of the budget is allocated to the political structures of the provinces
- Given the findings of the investigation for Sections 2 and 3 of the terms of reference the Commission recommends that spending be increased in critical institutions as Health, Education and SAPS for enhancing the quality of service, output and incentives. The government must design measures to ensure that increased spending is matched by greater value for money and improved service delivery.

Educators Remuneration, Conditions of Service and Related Matters

The Educators Act as a legislative policy instrument leaves room for ambiguity and inconsistency in implementation.

The Commission's enquiry investigated this inconsistency in powers and functions to determine its effects on the projected annual personnel budgetary allocations. The

commission recommends that a comprehensive review be undertaken to reconsider whether the provinces have the capacity or the competency to implement national wage bargaining agreements.

Given the risk of subjectivity in the job evaluation and job grading process the Commission investigated and found that the job evaluation and job grading system is open to abuse, and in conflict with the objectives for fair remuneration and conditions of service. The quality of organisational structures and capacity in turn will impact on service delivery.

It was therefore necessary for the Commission to review the current implementation of *policies and practices* to ensure the fair remuneration and conditions of service of employees. The Commission strongly recommends that consideration be given to aligning government policies and practices with the Bill of Rights that ensures fair remuneration and conditions of service for employees. Notwithstanding this recommendation the Commission supports the principle that the educator must perform in such a way that value for money can be achieved through meeting the NDP targets. Therefore, the Commission recommends substantial improvements be undertaken following a thorough forensic audit and investigation of employees, service providers and other relevant expenditures.

Ensure fairness, equity and effectiveness in the Education Sector

With respect to the education sector provincial discretion in the use of the education budget and the largely unregulated way in which School Governing Bodies (SGB) in privileged districts and schools take decisions for the employment and remuneration of teachers has often led to greater inequalities within and across provinces. The Commission therefore recommends as follows:

- A framework for educator post establishment for all provinces. Post establishment should be aligned with the budget limits. Ensuring equity in the provision of personnel and non-personnel staff, with a particular focus on improving effectiveness.

- Ensure differentiation of pay according to duties, particularly between primary and secondary educators. While the South African remuneration pays the same remuneration for primary (Grade 1 – 7) and secondary (Grade 8 to 12) teachers, in OECD countries there is 14% difference for secondary teachers. This pattern is also noted in countries such as Brazil where there is a 66% difference, while Philippines has a similar remuneration system as South Africa.
- A review of the primary school system to establish whether learners are being adequately prepared for secondary schooling, and whether schools in disadvantaged areas have the educator capacity and resources to prepare learners to make the transition to secondary education.
- The establishment of a task team to review the Human Resource (HR) matters and other issues related to the Provincial Education Department system in the country.

Enhance Service Delivery in Schools

Learner Educator Ratio

Submissions received by the Commission indicate that service delivery is constrained by the imbalance in the learner educator ratio where too few teachers are educating too many learners. The Commission strongly recommends that the learner educator ratio be brought in line with best practices and that provinces be compelled to adhere to the standard of not more than 30 learners per educator to ensure satisfactory education outcomes.

The Commission recommends further investigation in the low enrolment percentages in the Western Cape and Gauteng.

Mathematics and Language Skills

The Commission recommends that Government give serious consideration to intensive and comprehensive training of mathematics and language teaching skills to improve the quality, and increase the quantity of educators in these subjects. Government should set itself a target to train the numbers of highly qualified teachers required to meet the goals set out in the NDP.

Pass Mark Entry Requirement for Higher Education and Employment

Government should review the low pass mark requirement for entry into higher education and into employment. One way of doing this will be to re-introduce the teacher training college system across all provinces. Countries in Africa such as Botswana used exchange programmes to bring in lecturers from overseas to staff the training colleges. These efforts saw great improvement in the quality of educators across the basic education sector.

Incentives to Attract Qualified Teachers to Disadvantaged Schools

Government should establish a set of incentives to attract qualified teachers to disadvantaged schools in rural and townships. . The set of incentives should include adequate safety, security, housing and team-sport measures for educators and learners alike as many of the disadvantaged areas in rural and urban areas are extremely dangerous.

Skills Retention in the Education Sector

Skills retention in the education sector is a major problem given the current capacity challenges within the education system. The National Education Evaluation and Development Unit NEEDU (2013) report highlights principals and HODs are often promoted to higher positions in districts, circuits and the province despite the current shortage of competent teachers. The report also points out that promoted staff also lack necessary experience, knowledge and management capacity to perform well on their new duties. This suggests that appointments are made without following due protocol and are not made on merits. As such, there seems to be two problems, retaining competent officials and attracting competent officials to fill vacant positions.

The report of Educators Human Resource Management notes that challenges exist in that merit is disregarded for candidates from the local area. In addition, recruitment is determined by organisational affiliations. The report further proposes:

- A retention strategy that speaks to remuneration and incentives packages
- Exit interviews to understand key reasons that force teachers to leave.
- A rigorous analysis of existing data to identify what exists and what gaps need to be filled.

- The use of an international benchmark with particular attention on the attrition rate and educator attendance in classes.
- The need for more information on the number of educators, profile of teachers and posts, total vacancies, number of temporary employees, employee qualifications levels etc.
- Provinces be enabled to identify educator needs, with a particular focus on the number of teachers needed, subjects and grades that require educators.
- Ensuring effective training and teacher knowledge of subject matter and teaching skills.
- A Qualitative analysis that includes consultations with former teachers to understand current teacher needs and concerns.

Pay Progression for Educators

The NDP, as the blueprint of the country's developmental trajectory supports the reward of better-performing teachers and schools that display significant improvement in pass rates. The report on the Basic Remuneration issues notes that spreading rewards within the school rather than individuals is essential in signifying that good performance is a result of collective work rather than individual work. The Commission therefore recommends that a pay progression linked system for educators must be based on productivity related outcomes of performance at schools to achieve policy objectives and policy targets of the National Education Department

Fiscal Stability in the Education Sector

With respect to educators the South African education system has experienced substantial increase in teacher pay over the last three decades. The increases are the result of wage negotiations with unions and the introduction of the OSD system, particularly the ELRC. The Commission recommends an analysis of the corresponding educator headcounts per salary grade and notch, that would be useful to understand where these employees are located within the organisational structure.

Other Submission Demands for Enhancing Service Delivery in Schools

Other submissions received by the Commission on enhancing service delivery in schools raised several key demands. The demands speak to the impact on teachers that a lack of

facilities and inadequate staffing have on the overall conditions of service. The demands raised include:

Demand 1

Given the number of the recent deaths of children in pit toilets in schools it is imperative that the department moves away from the pit toilet system to water borne systems and provide improved maintenance of water and sanitary conditions in all schools, and access to the supply of toilet paper, soap and sanitary pads in schools whilst also providing education on the use of these resources suggested.

- a) Establish appropriate standard for sanitation throughout all provinces, with particular focus on ratio of student per toilet. There must be a clear set timeline as to when these standards will be met.
- b) Publicise a budget model indicating how township schools can afford to purchase essentialities such as soap, sanitary pads and toilet paper. Lack of toilet paper and sanitary pads remains a major problem or many township schools. As such, while schools insist that they do not have money to buy these essentials, schools must be provided with funds to procure these needs. For this reason, the provincial departments provide a budgetary model that shows how schools are to afford these basic needs and comply with the principles of the procurement procedures. Controls must be in place to make sure that the resources are not abused. Or squandered.
- c) Publicise blacklisted contractors who underperform in the provision of services. This will ensure that contractors are held accountable for underperforming. Where legal action has to be pursued, it must be done.
- d) Fund the GDEs request for R350 million to maintain school toilets. This money is essential in ensuring enhanced service delivery for students.

Demand 2

Immediately address all infrastructure and equipment backlogs that face many schools in provinces. Majority of backlogs relate to a lack of sanitation, electricity, teachers, classrooms, desks and chairs, poor school security and maintenance and absence of facilities for disabled students.

Demand 3

Communicate to the public a costed plan for implementing the norms and standards for school infrastructure. Although these plans were submitted in 2014, to date they have not been made available for public comment. The plans are key for successful implementation. School committees as well as communities need to hold the Government Education Department (GED) and other provincial education departments and contractors accountable.

Demand 4

Establish tailored standards to deal with shortages of equipment such as desks and chairs. This must be accompanied with the supply of qualified teachers to townships.

Demand 5

Address the mass exclusion of disabled students because of inadequate and inappropriate equipment and infrastructure. The majority of disabled students do not have accessibility to education in many township schools due to the lack of appropriate facilities. It is therefore essential to improve the schools' physical infrastructure to accommodate as many students with disabilities. Disabled students should also be provided with teachers and support staff with the necessary training required to assist students with disabilities.

Recommendations for Public Entities in Schedule 3A and 3C of the PFMA

The recommendations for Public Sector Entities listed in Schedule 3A and 3C of the PFMA are combined with the Individual Submissions received by the Commission. The recommendations are based on analysis and findings of submissions from stakeholders and individuals.

Compensation of Employees in Public Entities

Salary gaps in public entities

Schedule 3 entities approach remuneration in different ways resulting in huge disparities in salaries at the level of management where some Chief Executive Officers (CEO) earn much more than others for performing the same function. The Commission observed that the gap between the highest paid and the lowest paid is too wide with a range of 80%

between the highest and lowest paid. The Commission therefore recommends a review the salary scales to:

- Close the gap between the management echelons
- Close the gap between lowest paid and the highest paid, by revisiting the Recognition of Prior Learning for certain jobs, and
- Introduce performance-based salaries

Disparity in salaries between Government departments and Public Entities

The Commission noted disparities in the salaries at the level of management where some CEOs of public entities earn more than the Directors General in Government departments. Submissions received from showed that some CEOs of entities earn well beyond R3 million.

The Commission therefore recommends a salary review of entities to bring their salary scales in line with the Government Salary Structure to redress the disparities in salaries across the public sector.

Job Evaluation and Performance Management

The Auditor General Consolidated Statement (2016-17) on Human Resources reported that

At an overall level, the number of auditees with good HR management controls had increased over the four years and from the previous year... The number of auditees requiring intervention remained the same as in the previous year but was slightly lower than in 2013-14.

Provincial public entities lagged behind national public entities in implementing and maintaining good HR controls. Auditees in Gauteng, Limpopo and Mpumalanga showed improvement from the previous year, while the Free State and the Northern Cape regressed. It is commendable that all the auditees whose audits had been completed in the Western Cape maintained good HR controls.

While many entities reported using a variety of systems to conduct job evaluation and performance management, others reported that they did not have any system in place.

Performance Management systems are able to provide good controls for managing human resources (HR).

Although the workload and performance of entities differ according to their mandates using the same Job Evaluation system will bring parity across Public Entities.

The Commission therefore recommends:

- A comprehensive review of all the performance management systems used by Public Entities.
- An overarching standardization of Job Evaluation, Grading and Performance Management tools

Review of the Legal Systems for Human Resource Development

The review of the legislative and policy framework for Public Entities in South Africa demonstrated that Public Entities are subjected to a multiplicity of policy and legislative instruments that are not only inconsistent but also onerous.

The Commission recommends a single and coherent overarching legislative framework that provides for a sector-based classification of Public Entities with zero overlaps and duplications. Such a framework should include legal training and education for those who implement legislation to avoid violations of legislation. Correct interpretation and implementation will vastly reduce complaints and dissatisfaction, bring uniformity and provide data that will allow for improvements where necessary. This will assist in fulfilling the purpose of the legislation to develop career paths for civil servants and retain skills in the country.

Recommendations dealing with submissions of individual Complaints

The individual submissions identified three types of complaints:

- 1) *Incorrect OSD Implementation*: There appears to be a consistent trend across all departments. This could either be from a lack of understanding around the OSD process or the OSD process has not been implemented correctly. As a result, this further created imbalance in the salaries of public servants.
- 2) *Allegations of Salary Discrepancies*: The allegations of salary discrepancies include race and gender discrepancies and lack of consistency across job levels pay. This complaint was mainly observed from the Department of Education.

- 3) *Inconsistent application of salary and benefit policies:* There appears to be an inconsistent application of salary and benefits across departments and provinces. This includes pension pay out.

Based on the analysis of the complaints received from individuals the Commission recommends:

- That OSD issues be sent back to Public Service Commission for a comprehensive review
- That the Bargaining Council introduces a uniform approach for resolving OSD disputes across the public service.
- That a skills audit be conducted for all educators given the apparent lack of the necessary skills required in schools
- That the Department of Public Service and Administration assist in dealing with OSD disputes
- That the Department of Education address the shortage the scarce skills needed to make the education system more effective
- That the relevant departments address complaints from employees who were excluded during the payment of OSD, and the complaints must be verified and checked, and if necessary corrected
- Conduct a Compensation and Benefits Review to address allegations of salary discrepancies
- Review of all remuneration policies for educators to address inconsistent application of policies and benefits
- Performance Management System and Tools and Evaluation of the degree of compliance

Recommendations Specific to the Health Sector

From the submissions received from stakeholders in the health sector there is growing concern that South Africa's health system is being compromised by the lack of adequate skills. This situation is further exacerbated by the unfair competition from the private health care sector that attracts publicly trained health care workers from the public sector by offering higher remuneration packages. Furthermore, the poorly implemented incentive schemes to attract and retain health care professionals to disadvantaged

communities limits the delivery of health care services to these communities. The loss of publicly trained health care workers will entrench and expand the current levels of inequality in the provision of health care services in the country. More particularly such losses will impact negatively on the ability of the state to implement and maximise the potential of the National Health Insurance (NHI).

In addition to the higher remuneration induced drain of trained health care professionals away from the public health sector, procurement related, and other forms of corruption, including infrastructure and equipment backlogs compromise the conditions of service and the ability of health care professionals to perform their duties. Given these findings the Commission recommends that:

1. The capacity of provincial government departments should be improved to improve the delivery of healthcare services. In particular, attention should be given to offering market related remuneration packages to address the lack of skilled medical workers.
2. An audit analysis to identify infrastructure, equipment and pharmaceutical backlogs. Such an audit will prepare the facility to increase the effectiveness of the impending implementation of the NHI in responding to internal challenges.
3. Maximise the potential of the NHI system by focusing on capacity building programmes and anti-corruption strategies.

Recommendations Specific to the Security Sector

Despite the fact that the South African Police Services (SAPS) has a separate remuneration system, it should necessarily be in line with the public service structure. This is a necessity for lower level posts that often require the same educational background. The commission therefore recommends that the SAPS aligns its remuneration structure with the public service structure to ensure parity across the public service. In this regard the Commission argues that the SAPS introduce similar pay progression, market related remuneration, and incentive schemes to encourage retention and mitigate against tendencies towards corrupt practices.

Many stakeholders have argued that the SAPS has lost the trust and confidence of the communities in which police operate. The Commission therefore recommends that the

SAPS should focus on regaining the trust of communities in order to decrease corruption, maladministration and uncaring behaviour within the SAPS.

Submissions have suggested that there is a trend within the SAPS where members use government positions as means for advancing private interests. To combat such corruption within the SAPS the Commission recommends the institution of lifestyle audits for senior level officials of the SAPS and also at the middle and lower levels.

The Commission further recommends that all security services introduce job grading packages applicable in the public services. Furthermore, these grading packages should follow principles in the OSD guidelines. The Correctional Services especially should adhere to the OSD guidelines to effect changes to the current limitations faced by officials as there is no promotional policy targeting salary levels 2-7.

Conditions of service are adversely affected by a poor and outdated filing systems. The Commission recommends improving the filing system through a proper diagnostic and audit of the system. The ultimate aim of such improvements will be to immediately determine and address the case backlogs, and eventually replace the outdated system with a more efficient and robust filing system and technologically driven systems.

Recommendations for People Living with Disabilities

The Commission's terms of reference do not specifically call for recommendations on people with disabilities. However, upon analyzing recruitment, appointment and promotion, policies and practices, the Commission realized that the complaints from people with disability should also be addressed. The Commission received submissions from organizations representing disabled people. The Commission looked into the conditions of the disabled at places of work in the public service. It is clear that people with disabilities were disadvantaged in the following ways:

- Some public buildings are not accessible,
- The disabled are mostly relegated to low entry level positions as receptionists, call center attendants and administrative clerks
- Little or no chances of promotion.

Having considered the submissions, the Commission recommends the following:

- People with disabilities must be involved in the recruitment and selection processes of prospective disabled employees to ensure a better understanding;
- HR staff dealing with recruitment and selection must be trained to improve their awareness and understanding of disability;
- Agreed disability targets must be included as a measure of performance in the contracts of Director Generals and CEO's of Public Entities;
- All government buildings that are non-compliant including schools, must be upgraded in order to be accessible for people with disability; and
- An electronic jobs application portal must be created to allow online submission in order to avoid costs of transport and physical submission of Z83 forms in the buildings that are inaccessible.

Acronyms

AG – Auditor General

BCA - Basic Conditions of Employment Act

CED - Centre for Development and Enterprise

CIPD - Chartered Institute of Personnel and Development

CSPSA - Civilian Secretariat for Police Service Act

COE - Compensation of employees

CCMA - Commission for Conciliation, Mediation and Arbitration

CMBS - Constitutionally Mandated Basic Services

DBE – Department of Basic Education

DORA - Division of Revenue Act

DoH – Department of Health

DSS –Department of Social Services

DPSA - Department of Public Service and Administration

EM - Emerging Markets

EEA - Employment of Educators Act

ENE - Estimated National Expenditure

FFC - Financial Fiscal Commission

MTBPS - Minister of Finance’s Medium-Term Budget Policy Statement

GDP - Gross Domestic Product

IMF - International Monetary Fund

IGFR - Intergovernmental Fiscal Relations

KZN - KwaZulu-Natal

LRA - Labour Relations Act

MFMA - Municipal Finance Management Act

MTEF - Medium Term expenditure Framework

NDP - National Development Plan

NEEDU – National Education Evaluation and Development Unit

NPC - National Planning Commission

Non - SMS Non-Senior Management Service

NT - National Treasury

OD - Organisational Development

OECD - Organization for Economic Co-operation and Development

OSD - Occupation Specific Dispensation

PERSAL - Personnel and Salary System (civil service payment system)

PFMA - Public Finance Management Act

PMDS – Performance Management Development System

PRRC - Presidential Remuneration Review Commission

PSC – Public Service Commission

PSCBC - Public Service Coordinating Bargaining Council

SMS - Senior Management Service

SAPS – South African Police Services

SARS - South African Revenue Services

STATSSA - Statistics South Africa

TOR - Terms of Reference

1 Introduction

The Commission was appointed by the former President of the Republic of South Africa, His Excellency, Honourable, GJ Zuma under section 84(2)(f) of the Constitution of the Republic of South Africa, 1996 (the Constitution) on 7 August 2013 pursuant to Proclamation R 33 of 2013 dated 7 August 2013, published in Government Gazette 36757 to inquire into the remuneration and conditions of service in the public service and public entities listed in Parts A and C of Schedule 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), with priority being given to remuneration of educators.

This final Report highlights recommendations for the public service as a whole based on the submissions and responses of government departments and other stakeholders. However, as per the terms of reference, the Report gives priority to the enquiry into, and recommendations for the remuneration of Educators. In addition, the Report focuses on the health and security sectors for its investigation into the delivery of basic services.

1.1 Public Service Commission (PSC) Bargaining Council Resolution

The Presidential Remuneration Review Commission (the Commission) came in to existence as a result of a Public Service Commission bargaining council resolution, (Resolution 1 of 2012) of the Public Service Commission (PSC) Bargaining Council, in paragraph 21.1 and as follows:

“21. REMUNERATION POLICY

21.1 The employer will review the Remuneration Policy of the Public Service as per the process outlined in Annexure A, with the remuneration of educators receiving priority attention within the said process.”

1.2 The State of the Nation Address, 2013

Pursuant to the abovementioned resolution, the former President, at the 2013 State of the Nation Address announced the establishment of a judicial Commission of Inquiry to inquire into conditions of service in the public service with priority being given to remuneration of educators and health workers.

The former President initially appointed retired Chief Justice Sandile Ngcobo as Chairperson and the sole Commissioner to start its work on 7 August 2013 for a period

of eight months. However, the Commission was not given any administrative and technical support structures to perform its duties. Following a comprehensive review of its mandate and the mammoth task at hand, the Commission identified the need for the appointment of additional Commissioners and the extension of its term of office for a period of at least 24 months.

The extension of the Commission's initial term of office was also based on its inability to secure appropriate office accommodation and the services of subject matter experts for the relative short period of eight months.

For reasons unknown to the Commission and the Department of Public Service and Administration (DPSA) the initial term of office of the Commission was again only extended for another eight months (Proclamation 41/2014 published in Government Gazette no 37805 dated 11 July 2014) thus not resolving the problems experienced by the Commission to proceed with its work. Additional Commissioners (Dr Vincent Maphai and Ms Elizabeth Maepa) were only appointed with effect from 17 October 2014 (Proclamation 69/2014 published in Government Gazette no 38088 dated 17 October 2014).

On 10 March 2015, the Commission requested the President to approve the appointment of the Acting Chairpersons of the Financial and Fiscal Commission (FFC) and the Public Service Commission (PSC), Mr. Bongani Kumalo and Adv. Richard Sizani, respectively, as *ex officio* Commissioners. The request was approved pursuant to a Presidential Proclamation dated 24 April 2015, which empowered the Chairperson to recommend, for appointment by the President, suitably qualified persons as *ex officio* members of the Commission.

On 10 March 2015 the Commission submitted a report to the President that extensively highlighted the challenges experienced by the Commission to conduct the inquiry. Following the submission of this report a further extension was approved for the Commission to complete its work by 7 April 2017 and to present a final report to the President by 7 August 2017.

Upon resignation of retired Chief Justice Ngcobo in 2015, Justice KK Mthiyane, Retired Deputy Chairperson of the Supreme Court of Appeal, was appointed as Chairperson of the Commission with effect from November 2015. The Commission then approached the

President for a further extension of its term and the said request was granted so as to extend the term of the Commission until 30 October 2018.

During the Commission tenure, there has been a number of changes regarding serving Commissioners. One of these, Dr Vincent Maphai left the Commission after accepting a position at the University of Massachusetts in the United States of America and was subsequently replaced by Professor Sibusiso Vil-Nkomo. Similarly, Commissioner Bongani Khumalo's position changed at the Financial and Fiscal Commission (FFC) resulting in his replacement by Professor Daniel Plaatjies, the current Chairperson of the same institution. The Secretary of the Commission Professor Mandla Mchunu also resigned in March 2015 and was subsequently replaced by Advocate Phuti Setati in May 2015. The abovementioned changes in the Commission's leadership are but some of the reasons why there has been delay in finalization of the Commission's work.

As it stands, the Commission is constituted as follows:

- PRRC Chairperson - Justice Khayelihle Kenneth Mthiyane;
- PRRC Commissioner - Ms Elizabeth Maepa;
- PRRC Commissioner - Prof Sibusiso Vil-Nkomo;
- PRRC Commissioner - Advocate Richard Sizani (PSC); and
- PRRC Commissioner - Prof Daniel Plaatjies (FFC).

Profiles of Commissioners are attached as **Appendix A**.

The administrative component of the Commission is led by Advocate Phuti Setati as the Commission Secretary, who is seconded from the Department of Justice and Constitutional Development. He is also the former Secretary of the Marikana Commission of Inquiry. The Secretary is supported by team of highly competent managers and staff which are spread among the following units:

- a) Communications Unit;
- b) Stakeholder Management Unit;
- c) Legal Research Unit; and
- d) Administration Unit.

The Commission has further secured the secondment of Dr. Jaya Josie from Human Science Research Council (HSRC) as its Lead Coordinator.

1.3 Legislative Mandate of The Commission

1.3.1 Terms of Reference

The Terms of Reference (TOR) outlining the mandate of the Commission were published under Proclamation R 33 of 2013 dated 7 August 2013, published in Government Gazette 36757.

The Commission completed a detailed analysis of its TORs in order to determine the nature and the scope of its mandate. It has concluded that the key main areas on which the Commission should report on are –

- a) Remuneration and conditions of service of public servants;
- b) Efficiency and effectiveness in the public service and specified public entities;
- c) Fiscal sustainability of the wage bill; and,
- d) Efficient, economic and effective public service delivery.

The ToR further elaborates on the Commission's core mandate and delineates the subject matter of the Inquiry as well as what is required of the Commission in respect of each subject-matter. In particular, paragraph 4 of the TOR sets out the specific issues that must be addressed in its findings and recommendations and requires the Commission to set out mechanisms that can be employed to address the specific issues set out in paragraph 4.

Viewed in this context, the Commission therefore understood its mandate as follows:

- (a) To inquire into remuneration and conditions of service in the public service and public entities referred to in the ToR and make recommendations on best practices in remuneration and conditions of service to be applied in the public service and in the public entities as well as recommendations on the principles and standards that should guide the determination of remuneration and conditions of service in the public service and in the public entities. In particular, the Commission is required to make recommendations on mechanisms that can be put in place to:

- i. Ensure market-related remuneration levels;
 - ii. Ensure suitable job classification linked to remuneration;
 - iii. Promote sustainable pay progression and performance management; and
 - iv. Establish measurable key performance indicators for the public service in general.
- (b) Inquire into the efficiency and effectiveness of the public service and relevant public entities and make recommendations on the mechanisms that can be put in place to:
- i. Eliminate inefficiencies and inconsistencies in the public service;
 - ii. Address excessive levels of employment in non-core posts;
 - iii. Promote the retention of skills;
 - iv. Ensure that the State receives value for its money;
 - v. Establish measurable key performance indicators for the public service; and
 - vi. Promote sound labour relations.
- (c) Inquire into the sustainability of the wage bill and make recommendations on mechanisms that can be put in place to guarantee fiscal stability; and,
- (d) Inquire into service delivery in the public service and in the relevant public entities and make recommendations on mechanisms that can be put in place to ensure efficient and effective public service delivery.

1.3.2 Regulations applicable to the Commission

The Commission conducted its work according to regulations that were made in terms of the Commissions Act, 1947 as contemplated in paragraph 8 of Proclamation R 33 of 2013. A summary of the Commission's work over the course of its life is presented below:

In terms of **regulation 2** which provides for the manner in which the Commission's proceedings should be recorded, the Chairperson determined that the proceedings be electronically recorded and that a transcript of the proceedings and/or minutes be prepared and filed accordingly. He also ensured at the outset, as provided in **regulation**

3 that all persons charged with the recording of the proceedings took the prescribed oath or affirmation.

In terms of **regulation 4** which provides for designation of suitably qualified person as Secretary of the Commission, such persons were designated to the Commission by the Minister of the Department of Justice, and Advocate Phuti Setati who succeeded Professor Mandla Mchunu in that role, was designated to the Commission as the Secretary.

In terms of **regulation 5** which provides for the Chairperson to designate one or more knowledgeable or experienced persons to assist the Commission in the performance of its duties, the Chairperson designated Dr Jaya Josie as the lead coordinator supported by his HSRC team, who all took the prescribed oath or affirmation.

In terms of **regulation 7** that provides for any officer or person designated thereto by the Chairperson may be present at any stage of the inquiry or gathering of information, the Chairperson designated Mr Victor Radebe, Ms Lulu Pemba and Ms Lulama Loti as Senior Management Officials of the Commission.

In terms of **regulation 13(2)** every person in the service of the Commission, except the Chairperson, shall, take the oath before the Chairperson in a prescribed manner contemplated in this regulation. Thus, all persons in the service of the Commission including all officials and expects that assisted the Commission in performance of its duties took the prescribed oath.

1.4 Stakeholder Engagement

Despite challenges to establish the required administrative and technical support structures, the Commission managed to develop a Programme of Action. The work of the Commission officially started with a briefing of Stakeholders in the Education Sector which was held on 11 March 2015 and a briefing session of the other sectors on 20 May 2015.

Subsequent to the briefing sessions and as part of the Information Gathering Phase of its Programme of Action, the Commission published Notices in the media calling for written submissions from the Education Sector and other sectors on 4 May 2015 and 1 June 2015 respectively. The closing date for submissions by Stakeholders in Education was 31 May 2015 and the closing date for the other Sectors was 31 July 2015. Due to the number of

requests for extension of time to submit from Stakeholders, the Commission extended the period for submission to 31 August 2015.

1.4.1 Briefing and engagement of Stakeholders

The Commission published a general notice in the media announcing the formal commencement of its investigation and indicating that it would commence its inquiry with the Educators.

At the same time, the Commission invited organised stakeholders involved in the Education Sector to a briefing on 11 March 2015 in Pretoria, to outline the processes that would be followed in conducting the inquiry.

Approximately 68 delegates attended the briefing representing, amongst others, Unions, Public Entities, NGOs and National and Provincial Government stakeholders. The delegates enthusiastically welcomed the commencement of the investigation and offered their full cooperation to the Commission.

On 4 May 2015, the Commission published a notice in newspapers such as *The New Age*, *The Star*, *Mail and Guardian*, the Western Cape's *Cape Argus* and *Cape Times*, KwaZulu-Natal's *Daily News* and *Ilanga lase Natal*, the Eastern Cape's *Herald* and the Northern Cape's *Diamond Fields Advertiser* calling for written submissions from stakeholders in the Education Sector addressing the issues raised in the ToR.

The Commission also published this notice on its website and issued a media statement to this effect. Stakeholders who availed their contact details were contacted directly via emails.

In order to assist and guide the stakeholders to focus on the issues that the Commission considered relevant at the initial stages of its inquiry, the Commission also published a Statement of Issues. The deadline for the Education Sector's written submissions was 30 June 2015.

On 20 May 2015 the Commission held briefing sessions for the remaining stakeholders. Due to an expectation of a large turnout, the Commission decided to hold two briefing sessions on this day. In the morning, it held a briefing session for one group representing the other public service departments including the South African Police Service and

Correctional Services. In the afternoon, it held another session for stakeholders representing public entities listed in Parts A and C of Schedule 3 to the PFMA.

Indeed, the Commission's expectations were not misplaced, as there was a large turnout for both sessions. The morning session was attended by 92 delegates and the afternoon session by 56 delegates. Stakeholders who were in attendance in both sessions included Unions, National Departments, Provincial Departments and Public Entities and some individual employees.

On 01 June 2015, the Commission again published, in a number of newspapers and on its website, a notice calling for written submissions from these stakeholders and the deadline for these submissions was 31 July 2015. In addition, the Commission also published on its website and sent via email Statements of the Issues to guide stakeholders on the issues. The Commission continuously engaged its stakeholders through the media, email, sms campaigns and telephonically to remind them of the deadline for submissions.

In the ensuing months, the Commission was inundated with requests for deadline extensions from various stakeholders and these were granted. The 31 July 2015 deadline was extended, for all stakeholders to 31 August 2015. However, due to the volume of work that the departments had to produce, most of them failed to meet the deadline, thus leaving the Commission with no option but to grant them further extension.

The number and the volume of submissions in the possession of the Commission by the end of 2015 were not sufficient and other critical departments to the process had by then not finalized their submissions. All departments and entities were granted further extension until 30 April 2016.

The Commission has met with number of Cabinet Ministers to solicit support for the Commission's work and also request for ministers to encourage their departments to cooperate with the enquiry.

The Commission has received a total of 371 submissions to date from all National Government Departments, Provincial Government Departments, Public Entities and Unions.

In addition to the requirement to submit in accordance with the *Statement of Issues*, the departments were also required to submit documents ranging from 2009/10 financial year and plans up to 2019.

The information that came through was indeed voluminous and included, but not limited to legislation, financial reports, human resources policies and practices, performance management policies, service delivery plans, future plans and other range of issues. For the departments and entities to respond to all issues required adequate time. However, even more time was required for the Commission to go through and process all the information.

In 2015 the Commission held meetings with the following Provincial Executive Councils:

- Kwa-Zulu Natal;
- Western Cape;
- Limpopo;
- North West;
- Mpumalanga;
- Eastern Cape;
- Gauteng;
- Free State; and
- Northern Cape.

The Commission did not engage the Executive Council of the Gauteng province. Notwithstanding, the province met the requirements of the Commission and made a written submission.

The Commission met with the Directors General of different departments from March 2016 to July 2016 to request finalization of their submissions. In these engagements it became abundantly clear that some were aware of the existence of the Commission but did not understand their own role in the process. Nevertheless, the briefings were greatly appreciated by the departments and resulted in preparation of submissions.

The objective of the programme of visits was to encourage those that have not submitted to do so and those that have submitted insufficient information to improve their

submissions. A list of all stakeholders who have made submission to the Commission is attached as **Appendix B**.

Over and above the submissions received from various departments and entities, the following stakeholders were specifically engaged through roundtable discussions and meetings for the purpose of clarification of specific issues identified by the Commission:

- National Treasury;
- Department of Public Service and Administration;
- Statistics South Africa;
- Disabled People South Africa (DPSA);
- The QuadPara Association of South Africa (QASA); and
- The National Council for Persons with Physical Disabilities in South Africa (NCPPDSA).

The Commission also arranged roundtable discussion at the University of Pretoria where number of experts in public service, legal and economists were invited to engage on issues that were being investigated in terms of the enquiry. The experts that participated in this discussion came from various institutions like University of Pretoria, University of Johannesburg, University of South Africa, Tshwane University of Technology, University of Limpopo, Human Sciences Research Council, Public Service Commission, Mapungubwe Institute for Strategic Reflections, Finance and Fiscal Commission, Department of Labour and the Department of Public Service and Administration. The purpose of this discussion was to gather as many views as possible in order to direct the work of the Commission.

The other roundtable discussion was organized at the Sheraton hotel in Pretoria where the former Statistician General, Dr Pali Lehohla was engaged by both the Commission and various experts on issues relating to education as one of the sectors that the Commission had to prioritize in accordance with the Terms of Reference.

The Commission had series of meetings with the National Treasury to look into remuneration issues in the public service. These meetings were further extended to also look into the remuneration and performance in the Public Entities.

The Commission also worked very closely with the Public Service Commission and delegated staff to attend number of forums organized by PSC so as to understand trending

issues within the public service arena that have bearing on the work of the Commission. One such important forum was the roundtable discussion on the issue of developmental state organised by PSC in conjunction with the University of South Africa.

Through its management, the Commission also made use of one of the conferences organized by PSC where delegation from Kenya Public Service Commission was present to have discussion with the delegation on how remuneration of public service was being handled in Kenya.

In order to mine more information on remuneration issues within public sector, the Commission engaged with the Department of Public Service and Administration and also established smaller work groups which looked into details relating to some personal information that was required by the Commission for purpose of inquiry.

The Commission also made site visits to meet with sampled employees that were aggrieved by the implementation of certain policies e.g OSD (Occupation Specific Dispensation) within public service in order to understand the impact of misalignment in terms of implementation on the performance and the morale of employees. Some of the issues relating to this subject will be dealt with in the body of the report.

1.4.2 Media engagement

In its endeavour to keep the stakeholders informed about its processes and progress in its enquiry, the Commission interacted with the media regularly through media statements, the print media, and radio & television interviews.

In this regard, notices and news on the Commission have been published in different national and local newspapers.

Furthermore, the Commission has done extensive interviews on a number of TV and radio stations including community radio stations. A list of all media engagements is attached as **Appendix C**.

1.4.3 The process of the Inquiry

The process of the inquiry consisted of five main phases that ran concurrently:

- **Phase I:** Baseline research and briefing sessions.

- **Phase II:** Information gathering. This phase involved the gathering of information, data and evidence using methodologies such as written submissions, researching existing data, information and evidence.
- **Phase III:** Analysis, verification and clarification of issues. This phase involved analysis, clarification and verification of issues raised in the written submissions. This was conducted mainly through consultations with affected stakeholders; focus groups and site visits.
- **Phase IV:** Analysis of reports from experts through an approved mechanism of peer review and the benchmarking exercise with at least three foreign jurisdictions with similarities in some governance systems and models; and
- **Phase V:** The submission of the Final Report to the President.

The Commission established an administration component and put in place the relevant infrastructure. The formation of a Commission of this nature proved to be an extensive, detailed and complex project and this process was not without challenges.

The Commission began to conduct preliminary consultations with key stakeholders from its inception and continued with stakeholder engagements up to the end depending on stakeholder specific issues. The purpose of these preliminary consultations was primarily to introduce the Commission to key stakeholders and to familiarise the Commission with the issues affecting the stakeholders insofar as they were related to the Commission's inquiry.

1.5 Background

The Presidential Remuneration Review Commission (PRRC) was set up to investigate the appropriateness of remuneration and conditions of service offered to all State employees with particular emphasis on educators (proclamation of the President). This section of the introduction of the Report provides a perspective of the South African constitutional and legal context, key definition of terms, principles, best practices, data, and information that guided the investigation of the Commission.

Given the broad remit of the enquiry the Report will also unpack the nature of the public service and public entities under Schedule 3A and 3C of PFMA with particular reference to the remuneration of employees and their terms and conditions of employment. With respect to the latter the research will briefly review the relationship to organizational development, job evaluation and grading, recruitment, appointment and promotion, human resource planning and utilization, and performance management systems, policies and practices.

The point of departure for the enquiry was the Terms of Reference (ToR) mandating the Commission's enquiry. In addition to investigating remuneration and conditions of employment the ToR also required that the Commission review and identify best practices in remuneration and conditions of service; fiscal sustainability, productivity and effective service outcomes of the wage bill.

Requirements listed in Paragraph 4 of the ToR also resonate with the constitutionally mandated basic services (CMBS) listed in the Bill of Rights (Constitution of the Republic of South Africa, Chapter 2, 1996), and the constitutional obligations and considerations prescribed in Chapter 13 of the Constitution (1996). For example, the rights and services in the Bill of Rights to which all South Africans are entitled will depend upon a public service that places efficiency and consistency; fairness, equity and effectiveness; enhanced service delivery, and fiscal stability (ToR, Para 4, a, b, c & d) as the foundational principles of public service responsibility as prescribed in the Public Service Act. These requirements for the effective delivery of rights and services by the public sector are intrinsically linked to the State's obligation to fund the delivery of CMBS (The Constitution, Chapter 13, 1996) through the employment of public sector workers as agents and remunerated through the Division of Revenue Act (DORA).

For the State as primary public sector employer, the Bill of Rights also enshrines the rights of employees. These rights are implicitly recognized in Paragraph 4 of the ToR with reference to sections e) *market-related remuneration levels*, f) *suitable job classification linked to remuneration*, h) *sustainable pay progression and performance management*, l) *improved skills retention*, j) *performance indicators for the public service in general*, and k) *sound labour relations*. On the other hand, *Chapter 13 Section 214(2) (b) a-j* of the Constitution (1996) also requires that in equitably allocating funds through DORA from nationally collected revenue (taxes) the State must take account of several considerations to ensure that rights and CMBS policy objectives and targets are met. In essence the effective and efficient delivery of rights and CMBS within the State's fiscal capacity to fund the public sector wage bill will ensure that citizens are getting value for money. Paragraph 4 of the ToR read together with *Section 214(2) (b) a-j* of the Constitution (1996) provides the Commission with a mandate to investigate the extent to which public service remuneration is indeed consistent with the constitutional obligation of the State to effectively and efficiently protect the constitutional rights of citizens and deliver constitutionally mandated basic services (CMBS).

The broad policy and statutory parameters for public sector remuneration derive from Chapter 13 of the constitution (*Josie, 2012*) in which the fiscal framework for the country is elaborated. In this respect Sections 214 (1) and (2) are particularly relevant for the review of the policies of the public service remuneration and conditions of employment. These sections read as follows:

(1) An Act of Parliament (DORA or Budget) must provide for: – a) The equitable division of revenue raised nationally among the national, provincial and local spheres of government; (b) The determination of each province's equitable share of the revenue; and (c) Any other allocations to provinces, local government or municipalities from the national government's share of that revenue, and any conditions on which those allocations may be made.

(2) The Act referred to in subsection (1) may be enacted only after the provincial governments, organized local government and the Financial and Fiscal Commission have been consulted, and any recommendations of the Commission have been considered, and must take into account: –(a) the national interest; (b) any provision

that must be made in respect of the national debt and other national obligations; (c) the needs and interests of the national government determined by objective criteria; (d) the need to ensure that the provinces and municipalities are able to provide basics services and perform the functions allocated to them; (e) the fiscal capacity and efficiency of the provinces and the municipalities; (f) developmental and other needs of provinces, local government and municipalities; (g) economic disparities within and among the provinces; (h) obligations of the provinces and municipalities in terms of national legislation; (i) the desirability of stable and predictable allocations of revenue shares; and (j) the need for flexibility in responding to emergencies or other temporary needs, and other factors based on similar objective criteria. (The Constitution 1996: 124 –125).

For all three spheres of government, the constitution prescribes the provision of “equitable shares”. Section 227 of the Constitution reads as follows:

*227 (1), Local government and each province: – (a) is entitled to an **equitable share** of revenue raised nationally to enable it to provide **basic services** and perform the **functions allocated** to it; and, (b) may receive other allocations from national government revenue, either conditionally or unconditionally.*

227(2), Additional revenue raised by provinces or municipalities may not be deducted from their share of revenue raised nationally, or from other allocations made to them out of national government revenue. (Ibid: 131).

The Constitution, therefore, approaches the financing of CMBS and the right to equity through the mechanism of “equitable shares” that should ensure compliance with the Bill of Rights, Chapter 13 of the Constitution, and any other legislative policy instrument (e.g. DORA and the Medium-Term Expenditure Framework) through national, provincial and municipal budget expenditure programmes.

Recognizing that equality of all rights and freedoms is a fundamental principle in the *Bill of Rights* (Chapter 2, clause 9) the delivery of basic services is therefore a fundamental right to which every citizen is entitled. Basic services include basic and further education, health care and access to adequate housing, sufficient food and water, and social security. Every child has additional rights to services, as elaborated in *Section 28 of Chapter 2*. However, except for basic education, these rights are subject to progressive realization,

as government can only provide services within available resources from nationally collected revenues.

As the representative of the State government is responsible for the provision of services as defined in its policy objectives giving effect to the Bill of Rights. In addition, the State is also responsible for the effective and efficient allocation and expenditure of nationally collected revenues in the achievement of its service delivery policy objectives and targets. These responsibilities are implemented according to a strategy called the Medium-Term Strategic Framework (MTSF). The strategy sets out specific programme policy objectives and targets for national, provincial and local spheres of government.

The MTSF for the 2014 – 2019 period constituted the first five-year phase for implementing South Africa's National Development Plan (NDP). For subsequent MTSF periods policy objectives and priorities in the NDP focus on giving effect to existing laws and policies and improving their implementation given that uncertainty and organizational instability have sometimes impeded progress. In this regard the NDP identifies the need for policymakers and the public service to work together to identify and overcome the obstacles to improving performance. An important concern for government is whether public financial resources are being effectively and efficiently used to achieve service delivery policy objectives and targets.

The key constitutional requirements for expenditure and revenue functions, governance responsibilities and, accountability considerations give South Africa's intergovernmental fiscal relations (IGFR) system a specific structure. This structure is captured in the table below. The table presents a stylized perspective of the institutional IGFR interrelationships among the three spheres of government. The framework includes the constitutional obligations and institutional arrangements within which intergovernmental fiscal relations are mediated in South Africa. In the framework the roles and responsibilities of provincial and local government for the delivery of basic services can be viewed in the broader context of the constitutional obligations and institutional arrangements that define and determine intergovernmental fiscal relations among the three spheres of government.

Table 1 - Stylized View of IGFR Institutional Arrangements in South Africa

Expenditure shares in terms of <i>Bill of Rights & Section 214 (1 & 2)</i> of Constitution for:	Governance & institutional responsibility of:			Considerations in terms of <i>Bill of Rights & Chapter 13, Section 214 (2)</i> clauses (a to j) of Constitution
	National Government	Provincial Government	Local Government	
<i>National Interests (e.g. Defense & foreign)</i>	Sole	No	No	<i>Progressively provide basic services within available resources (Bill of Rights);</i> <i>Provincial & municipal fiscal capacity;</i> <i>Provincial & municipal efficiency;</i> <i>Economic disparities;</i> <i>Stability of allocations;</i> <i>Predictability of allocations;</i>
<i>National Debt</i>	Debt service & Deficit limits	Limited borrowing	Borrowing & bond issue	
<i>Needs & interests of national government</i>	Public service personnel, capital & operational, other	Agency role	As delegated	
<i>Education</i>	Higher, adult & technical; science & technology	Basic & early & childhood	No	
<i>Health</i>	Teaching hospitals & medical research	Basic & primary health care	Some primary health care	

<i>Welfare services</i>	Support for non-governmental agencies	Full	No	<i>Need for flexibility.</i>
<i>Social Security</i>	Full	Agency role	No	
<i>Housing</i>	Subsidies to province & municipalities	Concurrent with national and local	Concurrent & as delegated by national & province	
<i>Water & Sanitation</i>	Infrastructure grants to municipalities	No	Provision and service delivery	
<i>Transport & Roads</i>	Funding of transport parastatal, network & national roads	Concurrent with national & local, for provincial roads	Urban roads & transport	
<i>Electricity</i>	Generation through parastatal (Eskom)	No	Local distribution	
<i>Safety & Security</i>	Full	No	Metro Police	
<i>Emergencies</i>	Concurrent	Concurrent	Concurrent	
<i>Contingency Reserve</i>	Sole	No	No	

Source: Josie (2012) and Adapted from Petchey, MacDonald, Josie, Mabugu, Kallis: (2007)

The delivery of constitutionally mandated basic services (CMBS) in fulfillment of the obligations in the Bill of Rights begs the question as to what is meant by service delivery and how it should be financed. In the literature (Fox & Meyer, 1995; Young, 1994)) service delivery is generally referred to as the act by government of providing tangible and intangible public goods and services to the benefit and satisfaction of citizens of a country as mandated by national legislation and financed through allocations from nationally collected tax revenue. Chapter 13 of the Constitution (1996) lays down the principles of the rule for the equitable, efficient and effective allocation of nationally collected revenues for the delivery of basic services to meet policy objectives enshrined in the Bill of Rights and legislation.

Following from the principles in Chapter 13 of the Constitution the allocation rule is thus a key instrument for the delivery of basic services. In general, the allocation rule for funding the delivery of services can be described as “a method, process or formula that allocates any given supply of goods among any potential group of claimants according to the salient characteristics of those claimants” (Young, 1994, p. 8). In practice, the rule must be consistent with the principle of equitability as expressed in Section 214 of the Constitution, and equity according to Young (1994, pp. 8-9), must be applied with *parity*, *proportionality with consistency*, and *priority*. *Parity* means that all claimants should be treated equally; *proportionality with consistency* recognizes that goods and services must be divided consistently according to the established differences amongst claimants; and, *priority* affirms that the person with the greatest need is entitled to a first claim on the constitutionally mandated goods or services.

The preceding discussion presents the backdrop against which the Commission approached the review of the public service remuneration and conditions of employment as set out in the Terms of Reference (ToR). The scope and mandate of the inquiry defined in Paragraph 5 of the ToR required that the Commission directs its enquiry into all government departments at national and provincial levels, as well as persons who are governed by the Public Service Act, Employment of Educators Act, 1998, Correctional Services Act, 1998, South African Police Services Act, 1998 and the Civilian Secretariat for Police Services Act, 2011 and any other statute that is applicable to the public sector, and to Schedule 3A and 3C of the PFMA. This is indeed a broad mandate and calls for a framework for the Commission’s review. The table below, using the Basic Education

Department as an example, presented a generic framework for examining the stakeholder submissions and analyzing the respective public services.

Table 2 - Review Framework: Example for Basic Education

1. Analysis of the Current Situation of Remuneration & Conditions of Employment	
2. Policy Objectives	<i>Provision of compulsory basic education up to grade 9</i>
3. Programs	<i>1, 2, 3, ... n</i>
4. Policy Target Outcomes	
<i>Primary</i>	<i>Number of students expected to complete grade 9 by age 15 per year or per MTEF</i>
<i>Intermediate</i>	<i>Number of teachers trained and employed to achieve primary target within norm for teacher/pupil ratio per year or per MTEF</i>
<i>Secondary</i>	<i>Number of classrooms and related infrastructure facilities built per year or per MTEF to achieve primary target within norm for pupil classroom/infrastructure facility ratio</i>
5. Policy Instruments	
<i>Legislative</i>	<i>Constitutional obligations and laws for remuneration of public servants and educators impacting on the cost of basic education</i>
<i>Institutional</i>	<i>Non-governmental statutory institutions and agencies impacting on training of educators, governing education outcomes, and determining costs of financing basic education</i>
<i>Administrative</i>	<i>Numbers of non-educator administrative public sector employees (including inspectors) and instruments impacting on cost of providing basic education</i>

<i>Conditions of employment.</i>	<i>Specific conditions of employment impacting on the rights, efficiency, effectiveness and productivity of public sector employees in basic education</i>
6. Wage Bill Budget	<i>DORA, MTEF and annual allocations for basic education at national and provincial government level and their macroeconomic impacts</i>
7. Evaluation & Monitoring	<i>Impact of performance evaluation and financial audit on performance, efficiency and productivity of employees with respect to value/returns for funds allocated</i>

Generically, the framework suggests that the review of each department delivering a particular service must first proceed with an analysis of the current situation with respect to the norms and standards applicable for each service. This means that the enquiry into the remuneration and conditions of service of employees should be examined against the policy objectives, target outcomes, policy instruments, wage bill allocations and systems for evaluation and monitoring of each service delivery as described in the table above.

Having presented the overarching perspective for the enquiry this introduction presents an understanding of the commission's terms of reference and their implications for the enquiry. In particular the next few paragraphs will define the key terms and concepts and identify the focus areas for the enquiry.

1.6 Understanding the Commission's terms of reference and their Implications for the enquiry

This section of the introduction presents an understanding of the commission's terms of reference and their broad implications for the enquiry. To better understand the terms of reference the section will define and clarify the key terms and concepts. The aim is to identify the focus areas for the enquiry.

1.6.1 Defining the key terms and concepts in the terms of reference

To fully understand the terms of reference in particular this part of the Report will define the key terms and concepts and identify the focus areas for the enquiry. In this Report the term public sector defines both the public service and public entities listed in Schedules 3A and 3C of the Public Finance Management Act (PFMA). Sections 3 and 4 of the Commission's Terms of Reference are clear that the Commission must inquire into, make

findings, report on and make recommendations taking into account the Constitution and other relevant, legislation, policies and guidelines with specific regard to Sub-Section 3.1 and Section 4.

Sub-Sections 3.1, 3.2 and 3.3 require that the Commission enquire respectively into public sector remuneration and conditions of service listed in Schedules 3A and 3C of the PFMA; identify best practices in remuneration and conditions of service applied in the public sector, and fiscal sustainability of the wage bill and whether the state is receiving value for money in return for its investment of nationally collected revenue in the public sector.

In respect of Sub-Sections 3.1, 3.2 and 3.3 the terms of reference in Section 4 calls on the Commission, in its findings and recommendations, to more specifically address and set out mechanisms that can be employed to:

- a) eliminate inefficiencies and inconsistencies;
- b) ensure fairness, equity and efficacy;
- c) enhance service delivery;
- d) guarantee fiscal stability;
- e) ensure market-related remuneration levels;
- f) ensure suitable job classification linked to remuneration;
- g) address excessive levels of employment in non-core posts;
- h) promote sustainable pay progression and performance management;
- i) improve skills retention;
- j) establish measurable key performance indicators for the public service in general, and
- k) promote sound labour relations.

Section 5 of the Terms of Reference requires that Commission include in its review all government departments and components established in terms of the Public Service Act of 1994; the Employment of Educators Act, 1998; the Correctional Services Act, 1998; The South African Police services Act, 1995; the Civilian Secretariat for Police Service Act, 2011, and any appropriate Act applicable to the public sector. In the following paragraphs the report un-packs some of the key terms and concepts in Sections 3 and 4 of the terms of reference with respect to the provision of some basic services. The Report considers

the notions of public sector remuneration and conditions of service listed in Schedules 3A and 3C of the PFMA before discussing the terms and concepts listed in Section 4.

1.6.2 Remuneration, Conditions of Service and Related Matters

This part of the paper discusses issues raised in Section 3 of the terms of reference with respect to *remuneration, conditions of service*, and related matters such as *organizational development, job evaluation and grading, recruitment, appointment and promotion, human resource planning and utilization*, and *performance management systems, policies and practices*.

Remuneration in any form (public or private) is an amount of income which is paid/payable to any person whether in cash or otherwise (e.g. fringe benefit) and whether or not for services rendered. In this respect remuneration as defined by the South African Revenue Services (SARS) will include: salary, fee, bonus, wage, gratuity, pension, leave encashment, emolument, voluntary award, commission, annuity, stipend, overtime, superannuation allowance, retirement allowance, lump sum benefit payment, director's remuneration, etc.

Conditions of service is defined in the Employment of Educators Act (date) as follows;

- General Conditions of Service follow the Labour Relations Act
- Salaries are determined by the Minister
- Salaries and other conditions of service are determined in respect to different ranks and grades of education
- For educators in particular the Educator Establishment is under the control of the Minister (at national level), the Member of the Executive Council (at the Provincial Level) and the school level is under the control of the department of education.

The Labour Relations Act in South Africa is very comprehensive and applies generally to all employees. However, the Educators Act as a legislative policy instrument leaves room for ambiguity and inconsistency in implementation.

For example, the policy instruments that inform the wage bill bargaining process in the Employment of Educators Act, lack clarity as to who is the ultimate employer of all educators. Whilst the Minister is responsible for creating posts and adjusting salaries, the Director General and the Provincial Heads of Department are also identified as

responsible for all posts and for all purposes of employment. In addition, from an analysis of the wage bill bargaining process, there is an apparent inconsistency or misalignment in the powers and functions between the National and Provincial Governments¹. Whilst the bargaining process is undertaken centrally, the implementation of the agreements must be carried out by the individual provinces. Therefore, the necessary personnel budgetary adjustments must be carried out by the provinces. The National and Provincial Treasuries, then collectively work together to acquire the necessary funds to meet the needs of the bargaining process. The Commission's enquiry investigated this inconsistency in powers and functions to determine its effects on the projected annual personnel budgetary allocations. The commission recommends that a comprehensive review be undertaken to determine whether the provinces have the capacity or the competency to implement national wage bargaining agreements.

Organisational Development (OD) related to remuneration and conditions of service is a theory used to enable an organisation to achieve its strategic goals. In the literature the definition of the term is in dispute and is dependent on the context where it is applied. In South Africa the Department Public Service and Administration (DPSA) uses the term to describe the establishment of an optimum organisation structure that is determined for the purpose and role of the positions within the organisation. The goal is to maintain high levels of professionalism when structuring the public service. In this context the OD process is a legislative framework entailing (among others) job grading and evaluation, splitting of departments, transfer of functions among departments as well as establishment and abolishment of departments and government components. The structure also clarifies the reporting lines, authority delegations, responsibilities, chain

¹ The Educators Act (date) states that: (a) the Director-General shall be the employer of educators in the service of the Department of Education in posts on the educator establishment of the said Department for all purposes of employment; and (b) the Head of Department shall be the employer of educators in the service of the provincial department of education in posts on the educator establishment of that department for all purposes of employment. (2) for the purposes of determining the salaries and other conditions of service of educators, the Minister shall be the employer of all educators. (3) For the purposes of creating posts- (a) on the educator establishment of the Department of Education, the Minister shall be the employer of educators in the service of the said Department; and (b) on the educator establishment of a provincial department of education, the Member of the Executive Council shall be the employer of educators in the service of that department.

of command and the span of control. (DPSA, 2010). In this framework *job evaluation* has a predefined meaning.

The function of *job evaluation* is an objective process across an organization to compare jobs against one another. It deals with understanding the relationships that exist within an organization amongst jobs and sets a framework within which decisions on salaries and grading can be made. It aims to review the organization in order to determine and manage internal remuneration relativities amongst jobs. Despite claims to objectivity the manner in which individual job evaluations are carried out tend to include a degree of subjectivity. Job evaluation measures the weight or size of a job while performance evaluation measures how well a person is performing a job. (DPSA, n.d. b). *Job grading* on the other hand is the weight attached to a particular job following the job evaluation process (DPSA, 2010).

For example, for the provision of education in South Africa the job structure is divided into sixteen (16) salary ranges each consisting of 3 levels. The 16 salary ranges are based on six broad categories according to lower skilled, skilled, highly skilled, supervisory, management, and senior management levels. The salary scale implemented includes levels from 3 to 12, sub divided by a series of notches. The breakdown of these salary levels is highlighted in Annexure 1. (Government Gazette, Vol. 518, No. 31329, 2008). Given the risk of subjectivity in the job evaluation and job grading process the Commission investigated the extent to which the job evaluation and job grading system is open to abuse and conflict with the objective for fair remuneration and conditions of service.

In the public service in South Africa *Recruitment, appointment and promotion* of employees follow a predetermined process. A recruitment process is followed whenever a vacancy needs to be filled. To ensure optimum staffing levels are maintained, head count control measures exist to align actual annual headcount with budgeted headcount. Strict policies for the selection of a suitable candidate are uniformly applied with extensive record keeping. Recruitment and appointment are a process consisting of different phases, which follow onto one another and are also interdependent. The phases consist of activities for which certain role-players should take responsibility and which should be executed within certain timeframes (Public Service Commission, 2000.). It is

accepted that recruitment and appointment of employees should follow a human resource planning and utilization programme.

Human resource planning and utilisation strategy and planning is about ensuring that proper organisational structures together with human resource requirements are in place and are aligned to the departmental strategic plans and budgets. Human resource utilisation and development deals with the proper deployment of employees as well as their development, through training, learnerships, bursaries, mentorships and the Performance Management Development System (PMDS). (Public Service Commission, 2010). This was an important area that the Commission reviewed because the quality of organisational structures and capacity in turn impact on service delivery.

Performance management systems within human resource utilization practices in the Department of Basic Education (DBE) are used to manage and develop the performance of public service employees with a view to achieving both individual and institutional excellence. It supports a process of continuous appraisal following performance standards that are specific, measurable, attainable and reasonable. These systems are used to improve performance and develop a culture of quality, identify areas for development, formulate a plan to enable the implementation of this development and to provide rewards to employees who perform well (DBE, 2016c). The performance management systems for basic education are an integral part of the National Department of Basic Education *policies and practices*.

All the written *policies and practices* prescribed by the National Department of Basic Education define the policies for basic education practices in the country. The policies set out the policy objectives and agenda that determines the national norms and standards for education planning, provision, governance, monitoring and evaluation. The 9 provinces in turn are responsible for implementing education policy and programmes aligned to the national goals (DBE, 2016d). Notwithstanding the official articulation of policies and practices for basic education there seems to be a disjuncture between the national policy objectives and the practices at the provincial level that may be the consequence of the inconsistencies in legislative policy instruments discussed above. It was therefore necessary for the Commission to review the current implementation of *policies and practices* to ensure the fair remuneration and conditions of service of

employees. The Commission strongly recommends that consideration be given to aligning government policies and practices with the Bill of Rights that ensures fair remuneration and conditions of service for employees.

1.7 Understanding Section 4 of the Terms of Reference

The terms of reference in Section 4 calls on the Commission to more specifically address Sub-Sections 3.1, 3.2 and 3.3 in its findings so as to make recommendations and set out mechanisms to deal with a range of issues listed in Section 4, sub-points *a) to k)* discussed above. The following discussion attempts to clarify some of the concepts listed in Section 4, sub-points *a) to k)* of the terms of reference. While sub-points *a) to d)* are essentially theoretical and conceptual, and require in-depth clarification with respect to the enquiry, sub-points *e) to k)* speak to administrative issues related to human resource policies and procedures in the public sector.

1.7.1 (a) Eliminate inefficiencies and inconsistencies

The terms of reference suggest that inefficiencies and inconsistencies characterize the current system of public service delivery of constitutionally mandated basic services (CMBS) in South Africa. The Commission therefore examined the causes of inefficiencies and inconsistencies in the public service and explored effective ways of balancing the costs of addressing CMBS policy objectives and targets with the costs of efficiency and consistency in wage bill allocations.

It is also noted that there are inconsistencies in terms of government getting value for money. While workers who are paid very well should be equally productive, this does not hold for the education system. Teachers only improve in the first few years of teaching, but with little improvement from thereon, whereas other professions have a strong and sustainable productivity ratio linked to years of experience.

- There is a need to achieve an optimal age-wage through monitoring the current gradient.
- The age-wage for teachers should be steeper.
- There are certain inconsistencies that exist, as noted in that older and better-qualified teachers remain underpaid, whereas new and young teacher are better paid.

- There are many inefficiencies and inconsistencies that need to be eliminated in the education sector. One of those inconsistencies is the learner to teacher ratio-educator ratio that is projected to increase in the upcoming years. The projections show that the learner-educator ratio in primary school might increase from 27.3 recorded in 2010 to 32.2 in 2022.
- Rather than only focusing on money spent per learner, there is a strong need to focus on the cost of human resources in schools.

Generally economic efficiency is defined as productive efficiency, allocative efficiency and distributional efficiency (Penguin Dictionary of Economics, Bannock, Baxter and Davis, 1992). Adapting this definition of efficiency for the public sector and taking into account Section 214 (2) (d), (e), (f), (g), (h) and (i) of the Constitution productive efficiency means that outputs and target outcomes are produced at the lowest input costs. Allocative efficiency means that resources for the production of public goods and services must be allocated to identified priorities and equitably where equity and priorities coincide in a revealed way. Distributional efficiency means that the outputs and outcome targets produced are distributed so that consumers will not be disadvantaged because of the levels of their disposable incomes and prevailing market prices for the goods and services.

In a recent study the DPSA (2013) found that inefficiencies related to the remuneration structures within the public sector are as a result of factors such as excessive remuneration or inappropriate organisational design in ensuring fairness and equity (DPSA, 2013). The goal in improving efficiencies is to get better value for each rand spent, across all spheres of government. The National Treasury advocates for the prudent management of public resources and for each sphere and department to strive to achieve better fiscal management. To achieve this may require reprioritizing and reorganizing the way government does its business in order to leverage such efficiencies. (National Treasury, 2009).

At an international level an OECD study on Improving of Public Sector Efficiency (Curristine et al, 2007) noted that despite the variety of approaches employed by countries to improve efficiencies, empirical evidence is limited regarding their success. Broadly speaking, the Commission outlined three factors that may improve public sector

performances: a) centralization of spending decisions for redistributive functions such as basic education, basic health care and social welfare; b) appropriate human resource management practices, and c) how large-scale operations may improve efficiency in the education and health sectors in particular. However, in a country like South Africa with significant levels of structural disparities, and where the need for redistribution may be overwhelming the centralization of spending decisions is the generally accepted international practice in public finance. In such cases public finance principles suggest that redistribution is best handled centrally for ensuring equity and the ease of decision making, efficiency and effectiveness. This is especially true in a unitary state such as South Africa where intergovernmental fiscal relations is largely determined by the allocation of centrally collected national revenues and where the provinces have limited revenue collecting powers.

The Public Finance Management Act (PFMA) governing the management of public finances in South Africa refers to inconsistencies as disjunctures and differences in legislative (Government Gazette, 2010) and institutional policy instruments. Inconsistencies occur when conflicts arise between acts or policies that require and result in contradictory actions and outcomes (Western Australia – Parliamentary Counsel's Office, 2011). However, in implementing public finance policy in the context of the Commission's terms of reference for reviewing public service remuneration, inconsistencies may also be interpreted as the manner in which departments inconsistently apply the policies and practices for implementation. For example, a Ugandan Government study interpreted inconsistencies in relation to policy and service delivery as variations or unpredictable changes in policy and anticipated service outcomes (Republic of Uganda, 2013).

In South Africa one of the most significant inconsistencies is the disjuncture between the national and provincial government's responsibility to remunerate educators. The former is guided by nationally determined wage levels whereas provincial governments have to implement the decisions at provincial level. The disjuncture is exacerbated when provinces are under pressure to implement nationally determined wage levels that exceed budget allocations in a given financial year or MTEF. The disjuncture is further escalated to a higher level if provinces are conflicted because of their intergovernmental constitutional requirements under Section 214 (2) (d), (e), (f), (g), (h), (i) to have the

fiscal capacity to efficiently and predictably provide basic education services and ensure developmental and other needs taking into account economic disparities.

As noted above this was an important focus of the Commission's enquiry for the delivery of basic services such as the provision of basic education, health and social welfare. The Commission recognizes that the disjuncture is largely due to the inconsistent way in which provinces implement national policy decisions because of their discretionary powers. A fundamental public finance principle is that redistribution can only be effectively implemented nationally to ensure that redistributive services are equally delivered to all citizens. This principle was adopted when social welfare grants and pensions were taken over by national government after some provinces failed to effectively deliver these services. Today two fundamental constitutionally mandated basic redistributive services such as basic education and health care are the competency of provincial governments. With basic education in particular School Governing Bodies in advantaged communities have relatively unregulated authority to hire staff to ensure better education outcomes. Consequently, there is growing inequality in the delivery of basic education between advantaged and disadvantaged communities. Given these inconsistencies the commission recommends a comprehensive review of the powers and functions of provinces with respect to the following:

1. For the implementation of national redistributive policy objectives in compliance with the Bill of Rights to ensure equality in the delivery of constitutionally mandated basic services (CMBS).
2. To give serious consideration as to whether the provincial spheres of government are in fact perpetuating the apartheid inequalities across provinces and within provinces especially with regard to the delivery of services
3. Consider that since the dawn of the post-apartheid dispensation, although the provincial sphere consumed on average more than 50% of nationally collected revenues, provinces have not been able to use their revenue raising powers to collect provincial own revenues.
4. The dysfunctional way in which the conditions of service and remuneration of public servants is negotiated and implemented in the country.
5. A thorough cost-benefit and effectiveness analyses of the need to maintain a sphere of government in its current form and structure that seems to be at cross

purposes with the notion of a sovereign unitary state, and with powers of discretion with respect to the delivery of constitutionally mandated basic services (CMBS) as part of the state's redistributive function.

1.7.2 (b) Ensure fairness, equity and efficacy

Within the context of the public service, the values of fairness, equity and efficacy are intended to underpin human resource management. Mechanisms that the Commission recommends for ensuring fairness, equity and efficacy in the delivery of public services by public sector employees must be grounded within South Africa's constitutional and legislative policy instruments. *Section 9, sub-section 3* of the Bill of Rights of the Constitution (1996) read together with *Section 214* of the Constitution underpins the principles of *fairness* in matters relating to the role of the state with respect to the promotion of the achievement of equality. In this regard the requirement for *fairness* in *Section 9, sub-sections 3 and 4* imply that the quality of any decisions and judgments relating to remuneration and conditions of service in the public sector must be free from direct and indirect discrimination on grounds listed in *Section 9, sub-section 3* of the Constitution, and must be in compliance with *National legislation...enacted to prevent or prohibit unfair discrimination (Section 9, sub-section 4)*. In the public service the Department of Social Development interprets fairness as actions and decisions that are objective, consistent, equitable and without prejudice.

In addition to *fairness*, and with particular reference to the rights of South Africans to education, in *Section 29, sub-section 2 (a)* the Bill of Rights requires that the State must take into account *equity* in the provision of access to, and the implementation of the right to education. In this sense *equity* means the quality of being fair and impartial in the provision of the right to education. In addition to, and qualifying *equity*, sub-sections 2 (b) and (c) also requires that the state take into account respectively *practicability*, and *the need to redress the results of past racially discriminatory laws and practices*. To apply these principles of *equity*, *practicability* and *redress* to the remuneration of public service employees in general and educators in particular, the wage bill for such employees must be allocated equitably as prescribed in *Section 214*, sub-sections (1) and (2) of the Constitution. Unfortunately, provincial discretion in the use of the education budget and the largely unregulated way in which School Governing Bodies (SGB) in privileged

districts and schools take decisions for the employment and remuneration of teachers has often led to greater inequalities within and across provinces.

To deal with cases of unfairness many government departments providing public services are aware of the need for institutional and administrative policy instruments. For example, in instances of unfairness against employees, the Department of Social Development proposes that corrective measures must be implemented to ensure that “that human resource practices are free from discrimination, invisible barriers and unjustness that will impede equal employment opportunities”

However, the requirement for mechanisms to ensure *fairness* and *equity* does not imply that employees can ignore their contractual obligation to effectively, efficiently and consistently deliver the public services for which they are responsible.

A major problem that exists in relation to inequitable personnel spending in per learner terms is an issue of concern. Although the NDP (NPC, 2012) is aimed at promoting equity and redress, there remains no clear guideline of public spending, particularly in the education sector. This had led to a number of poorly resourced schools, with more than 150,000 learners experiencing high learner-educator ratios. As such, this points to the need of spreading personnel equitably throughout South African schools to counter an increasing learner-educator ratio. Prioritising poor schools is essential because they remain with a high learner-educator ratio.

The general consensus regarding the learner-educator ratio is that it should be 80:20 while the educator-support staff ratio should be 85:15. Recommendations are as follows:

- There is also a greater need for a framework of post establishing for all provinces.
- Post establishing should be aligned with the budget limits. Ensuring equity in the provision of personnel and non-personnel stuff, with a particular focus is essential in improving efficacy.
- These principles need to be adopted by all provinces within five years to improve efficacy.
- There is a greater need to ensure differentiation of pay according to duties, particularly between primary and secondary teachers.

- While the South African remuneration pays the same remuneration for primary (Grade 1 – 7) and secondary (Grade 8 to 12) teachers, OECD countries there is 14% difference for secondary teachers. This pattern is noted in countries such as Brazil where there is a 66% difference, while Philippines has a similar remuneration system as South Africa (Report on Teacher Pay in Europe).

Cognizant that the right to fairness and equity must be combined with the obligation for effective delivery of services sub-point 4(b) of the terms of reference also includes a requirement for the Commission to propose mechanisms to ensure *efficacy*. In this sense *efficacy* means that while employees have the right to fair and equitable remuneration and conditions of services they should also have the ability to efficiently, consistently, and effectively produce the desired results and outcomes for which they were employed. The underlying principle in this regard is for effective levels of productivity in the delivery of a service outcome to meet planned policy targets. Measures for *efficacy* will provide the means for the state to ensure value for money, reduce fruitless and wasteful expenditure, and ensure positive returns for public investment in the wage bill. Clearly, this sub-point implies that efficacy is currently below expectations in the public sector. There is ample evidence in reports from the Auditor General indicating that *efficacy* is below expectations. For example, Auditor General reports suggest that the high levels of fees being paid to consultants may be an indication that employees are not able to perform the tasks for which they were employed and therefore departments engage consultants to perform these tasks at exorbitant fees.

1.7.2.1 *Strategy on School Posts Establishment*

The school post establishment must be declared once every three years. This process needs to be aligned to the MTEF process. This will allow more time for consultation with key stakeholders. Once post establishment have been declared, the process to fill vacant positions can commence.

PEDs must continue to declare annually because they are better capacitated to deal with the challenges of annual declaration of post establishment.

A post distribution model needs to be introduced and to be determined by learner numbers in establishing staffing capacity. This will cease the compliance basis used for

declaration of post establishment. Schools that experience a high learner fluctuation will be the main target.

1.7.2.2 Strategy on Recruitment and Redeployment of PL1 Educators

It is proposed that posting level one posts in bulletin be discontinued. All advertisements must be in closed bulletin for educators.

- a) The open bulletin approach is an ineffective method of deploying PL1 educators given the similarities in employees and skills requirement.
- b) The closed bulletin is envisaged to be effective in deploying new educators to key priority areas such as rural areas. This system might offer a chance for new educators rather than the recycle of older teachers.
- c) The national level should develop a database to keep track of all educators, unemployed educators, substitute educators, graduates etc. to prioritise deployment and placement. This will provide efficiency in deployment and placement.
- d) The DoE and PEDs need to work on establishing a centralised recruitment system for PL1 educators.
- e) Clear guidelines must be developed regarding transfer of serving educators upon request. Educators who have worked in needy areas for a while can transfer to better areas, whereas those who have been working in areas of surplus should be limited in terms of transferring to other areas of surplus.

1.7.2.3 Proposal on Deployment of Certain Categories of Educators

There is a need to practical and regulatory obstacles that impede on the effectiveness of transferred need to be addressed.

In the long run, it is proposed that the role of SGB in recommending the placement of educators be reviewed. The proposal is for these educators to be treated section 6A of EEA, along with new appointments. This means that once an educator is deemed to meet post requirements, the HOD must have powers to appoint that educator in-line with section 6A.

It is recommended that educators who refuse to be redeployed be dealt with in-line with current regulations. These educators should be viewed as having resigned or must face charges of abscondment.

For educators who cannot be placed for valid reasons, the following is proposed:

- Educators who qualified to be retrained need to go through the re-training phase while being in the addition to the establishment in schools. As such, this move will ensure that experienced and qualified educators are retained.
- Educators who cannot be placed or used in any other capacity must be terminated based on operational requirements grounds as provided for by section 180 of the LRA

1.7.2.4 Proposed Strategies to improve deployment of state bursary graduates

The proposal is essentially aimed at ensuring clauses that provide more flexibility in the placement of graduates, considering:

- There needs to be a clause that stipulates that a bursary holder may be placed anywhere the department deems fit.
- The number of placement days needs to be increased from 60 to 90 days after result notification. This will give PEDs significant time to manage the recruitment process.

Improved planning and management as part of the implementation of the Funza Lushaka bursary scheme, involving:

- Identification of vacant posts for placement beforehand (possibly 4 years). This means that HR and PEDs must identify their needs in advance to inform the selection criteria.
- PEDs need to be more involved in the selection of bursars. A structure that includes PEDs and HEI needs to be put in place to facilitate interactions.
- There needs to be a ring fencing of a certain targeted number of posts during the post provisioning process for Funza Lushaka and provincial bursary holders.
- There must be rewards for posts that are difficult to fill, schools with a high turnover of teachers and schools in rural areas for young graduates to take up these positions.

- Point system – investigate the introduction of awarding points to teachers in rural areas. With the accumulation of a certain number of points, teachers can then be allowed to move back to urban areas.
- Communication – bursary holders need to be informed of the terms of contract (attendance registers), signing must be done with NSFAs, DBE, PEDs and HEIs present.

Allocating certain quota of bursaries for targeted requirements

This must involve the recruitment of bursars directly from districts with the condition that they will return to teach in their respective districts.

- Commitment towards applying existing legal and regulatory framework.

PEDs need to commit to ensuring the application of existing legislation and relevant regulations to the letter. Particular reference needs to be paid to section 6A of the EEA.

1.7.3 (c) Enhance service delivery

The preceding points in Section 4 of the terms of reference call on the Commission in its enquiry to also propose mechanisms to ensure, efficiency, consistency, fairness, equity and efficacy in an attempt to *enhance service delivery* of constitutionally mandated basic services. The Service Charter produced by the Public Service Coordinating Bargaining Council (PSCBC) has clearly committed the public sector to ‘Uphold the Constitutional responsibility of the State articulated in the Bill of Rights to deliver services to the citizenry.’ The objectives stated in the charter related to service delivery discuss the following points, a) improve service delivery programmes, b) Reinforce the partners’ commitment to service delivery improvement for the benefit of all citizens, c) Clarify the rights and obligations of each of the parties, d) Facilitate a process to define service standards in various sectors (PSCBC, 2013). Underpinning the Charter are the principles of Batho Pele that inform South Africa’s approach to *service delivery*. For the Commission the principles of Batho Pele must also inform its enquiry into remuneration and conditions of service so that it may be able to propose effective mechanisms to *enhance service delivery*. In this regard government uses several key principles to define Batho Pele (Government Gazette, 1997). The principles of Batho Pele include the following: citizens must be informed about the level and quality of public services they will receive

so that they are aware of what to expect; equal access to the services to which all citizens are entitled; value for money such that public services are provided economically and efficiently in order to give citizens the best possible return on the public investment in the wage bill, and effective consultation, courtesy, information, openness, transparency and redress. For the purposes of the Commission's enquiry this understanding of *service delivery* is inextricably linked to mechanisms to ensure, efficiency, consistency, fairness, equity and efficacy discussed above.

1.7.3.1 Achieving Institutional Functionality

- Principals must be held accountable for time use in school
- Circuit managers must work with principals in schools in which time is not optimally used for teaching and learning
- CMs and Ps must be equipped with training in basic HR procedures
- Each province needs a strong HR strategy, and a provincial level capacity to deal with problematic cases
- DBE should conduct an investigation into the regulations regarding sick leave as to prevent abuse of the system.

In the particular case of the Gauteng province, there are certain recommendations that were made. These recommendations, although based on the Gauteng case, reflect problems the entire country is facing.

1.7.3.2 Demand 1

There must be an increase in the number of toilets, improvement in maintenance and access to the supply of toilet paper, soap and sanitary pads in schools.

- a) Establish appropriate standard for sanitation throughout Gauteng, with particular focus on ratio of student per toilet. There must be a clear set timeline as to when these standards will be met.
- b) Establish a standard and norms for the ratio maintenance staff per student. These recommendations have already been endorsed by the GDE.
- c) Publicise a budget model indicating how township schools can afford to purchase essentialities such as soap, sanitary pads and toilet paper. Lack of toilet paper and sanitary pads remains a major problem in many township schools. As such, while

schools insist that they do not have money to buy these essentials, the GDE insists that schools need to provide these essentialities. For this reason, the GDE must provide a budgetary model that shows how schools are to afford these basic needs.

- d) Publicise blacklisted contractors who underperform in the provision of services. This will ensure that contractors are held accountable for underperforming.
- e) Fund the GDEs request for R350 million to maintain school toilets. This money is essential in ensuring enhanced service for students.

1.7.3.3 Demand 2

Fix all backlogs that face many schools. Majority of backlogs relate to a lack of sanitation, electricity, teachers, classrooms, desks and chairs, poor school security and maintenance and absence of facilities for disabled students. These backlogs must be addressed immediately by GDE.

1.7.3.4 Demand 3

Make public the coasted plan for implementing the norms and standards for school infrastructure. Although these plans were submitted in 2014, to date they have not been made available. The plans are key for successful implementation. School committees as well as communities need to hold the GED and contractors accountable.

1.7.3.5 Demand 4

Establish tailored standards to deal with shortages of infrastructure such as desks and chairs. This must be accompanied with the supply of townships with qualified teachers.

1.7.3.6 Demand 5

Address the mass exclusion of disable students. Majority of disabled students are not catered for in many township schools due to the lack of facilities. This needs to cease as disable students also have an important contribution to the country's future. Including disabled students should be accompanied with given teachers and support staff the necessary training required to assist students with disabilities. It is also essential to improve the schools' physical infrastructure to accommodate as many students with disabilities.

1.7.4 (d) Guarantee fiscal stability

In public finance theory mechanisms to guarantee fiscal stability conventionally reside in the domain of macroeconomic policy in general and fiscal policy in particular. In this context it is referred to as fiscal stabilization, and in South Africa it is the responsibility of National Government (see Table 1). Theoretically, fiscal policy is the stance that government adopts with respect to public expenditure and revenue (tax) targets to achieve macroeconomic policy objectives of full employment and stable prices for goods and services. As the wage bill to finance public service remuneration is a public expenditure from nationally collected revenues, the state seeks to ensure that allocations for the wage bill should be invested in way to achieve the macroeconomic targets of full employment and price stability.

It is in the context of the financing of the wage bill from public expenditure that the Commission is called upon to consider recommendations for mechanisms to *guarantee fiscal stability* while at the same time ensuring the efficient, consistent and effective delivery of constitutionally mandated basic services. The Commission's proposals to *guarantee fiscal stability* may be informed, for education in particular, by *Section 29*, sub-section 2 (b) that requires the state to take into account *practicability* in ensuring equity in the delivery of education. The delivery of most of the other constitutionally mandated basic services are also qualified in the Bill of Rights by the requirement that the state may progressively achieve its policy objectives over time and within available resources. To *guarantee fiscal stability* these qualifications are supplemented by *Section 214 (2)* that calls on government, when making budgetary allocations to take account of the national interest; any provisions in respect of the national debt and other national obligations; fiscal capacity and efficiency of sub-national governments, and the desirability for stable and predictable allocations of revenue shares.

The South African education system has experienced substantial increase in teacher pay over the last three decades. These substantial increases are a major concern for departments as they impact on funds that needed to be spent on non-personnel material and the hiring of additional much-needed educators. The increases are promulgated by the involvement of unions in wage negotiations and the introduction of the OSD system, particularly the ELRC. For example, notch progression was stopped due to dissatisfaction

by SADTU and established an annual 1% for all educators. The problem with these increases is that they have been above inflation of 1.5% a year, with conditions that better performing educators may exceed the 1.5%.

1.7.5 (e) Ensure market-related remuneration

In the public service in South Africa the Department of Public Service and Administration (DPSA, 2013) advocated for a study to establish a fair, equitable and efficient remuneration system and conditions of service in the public service to be benchmarked relative to prevailing market conditions. The current situation in the public service is that employees are paid in accordance with the salary scale and salary level as determined by the minister. In some instances, executive authority is granted in specific cases where advancements of salaries or increases are acceptable. The proposed study was expected to determine if the current salary levels reflect the market-related salary band associated with the experience and qualification levels of the employee. It is with this background that the Commission is required to make recommendations that ensure public sector employees receive market-related remuneration.

Generally, *market-related remuneration* is an employee's appropriate remuneration package determined relative to the existing market rate for the same work and benchmarked against comparable employer organizations. Benchmarking remuneration packages involves establishing a fair and balanced salary level for an employee using the mid-point of the market rate for the same work. The best practice for benchmarking salary packages is conducting market surveys across comparable employer organizations. While there is much research benchmarking remuneration packages in the private sector in South Africa there is very little such research in the public and not-for-profit (NPO) sectors.

In considering recommendations on market-related remuneration for the South African public service the Commission considered the appropriate benchmark for different grades and salary levels in the public sector. The Commission used the opportunity of its enquiry to review relevant information in benchmarking public sector remuneration packages to inform its recommendations. However, due to financial constraints the Commission was unable to conduct visits to other countries to study the best practices used. In the event the Commission conducted desktop studies to identify and review the

best practices in other countries. In the event the Commission relied upon a desktop review of best practices for benchmarking market related remuneration packages.

While there is a dearth of research to inform benchmarking of public sector remuneration *Averile Ryder's paper (2014) on the Importance of Paying Market-Related Remuneration Levels in the NPO Sector*, provides a useful guide on how to get value for money by implementing remuneration policies and procedures that are fair, defensible and sustainable. The principles outlined in *Ryder's (2014)* paper resonate significantly with the Commission's terms of reference to recommend mechanisms to ensure equity in public service remuneration. Elements of an effective remuneration strategy, the paper argues, should include policies for internal, external and people equity, and the employer organization's competitive market position. Internal equity ensures the same remuneration for the same type of work within the organization. External equity policies ensure the same pay for the same work benchmarked against comparable employer organizations in the market. People equity policies will ensure recognition of the worth of all employees. An employer organization's competitive market position is its benchmarked rank taking into account its core and critical job categories and skills, and the extent to which its salary levels hold a competitive market position among comparable employer organizations.

The competitive market position of an employer organization is assessed and ranked firstly, according to whether it is a lead payer amongst comparators. Secondly, whether it is able to match salary levels across competitors, or thirdly, whether it lags behind comparable organizations in the market. The author (*Ryder, 2014*), however, accepts that there may be variations in these rankings depending on an organization's financial status, conditions of service offered with respect job security, training and development, and the status of the employer organization in the market. Salary policies and practices aligned with market competitiveness, *Ryder (2014)* argues, should be considered the most critical in remuneration management within an organization. The Commission strongly recommends market related remuneration for the delivery of basic services such as education, health and security. However, market related remuneration must be commensurate with qualifications and experience in the respective job categories.

It is important to compare teacher pay between different countries to determine suitable remuneration that is strongly linked to job classification.

- The report on the *Comparative Study of Teachers Pay* in Europe reveals that primary school teachers in Scandinavian countries work between 17 to 35 hours, with compensation for extra hours that is at a ratio of 1.8 to 2 times per hour for extra hours. While years of experience count little for remuneration in South Africa, in Europe years of experience play a critical role in determining teacher pay.

1.7.6 (f) Ensure suitable job classification linked to remuneration

A *job classification* is a broad category used to organize jobs. Each job can be optionally linked to one job classification for organization and reporting purposes. A *job* is a general set of functions, tasks, duties and responsibilities based on a set of qualifications as specified in a job description provided by the employer. Thus, every job is classified according to the level of expertise, ability to perform tasks and, level of responsibility and linked to the appropriate salary grade for remuneration. An employment *position* occurs when the employer has multiple instances of the same job occupied by one employee.

Examples of job classifications include Manager, Professional, Technician, Service Worker and Clerical Worker, etc. Unfortunately, the human resource development literature does not provide a unique and generic framework or model for an ideal system of job classification linked to remuneration. To identify a suitable system of job classification linked to remuneration for the public service in South Africa will not be an easy task for the Commission. The reason for this difficulty is that each public service department or entity tends to follow the Department of Public Service and Administration (DPSA) guidelines for developing its own system specific to its own policy objectives, target outcomes and policy instruments.

In South Africa the Minister of Public Service and Administration prescribes that a suitable job classification framework for the public service must be established that links the employee's pay with the responsibilities of the specific job (DPSA, 2013). Each position within the public service is linked to a code of remuneration (CORE) for each occupational category. Each CORE is defined by the Minister of the respective

department. For each salary range in a CORE, the Minister provides advice on possible job content, the necessary and desirable competencies for the job, indicators for those competencies and desirable characteristics for employment and promotion within the occupational category (Public Service Commission, 2001).

Principles for an ideal system of *job classification linked to remuneration* that informed the Commission's enquiry were drawn from both the private and public sector. While there are many examples of such systems human resource departments from universities across the globe have synthesized and adapted principles from the public and private sector for application in their institutions. One such example is the system developed by the human resources department of the University of Tennessee, Knoxville, United States of America (USA)². Although there may be many other models that could be used the system from the University of Tennessee comes closest to providing a generic and simple set of principles and criteria that may be applicable for the public service.

The University of Tennessee defines *job classification* as a system of assigning a rank worth to individual employment positions to establish a job value hierarchy in an organization. The purpose of this ranking is to determine the relative size of the position within the hierarchy by systematically comparing one job relative to another. The ranking is undertaken by comparing the job content of each position according to its level and value of skill, effort and responsibilities to the organization.

The ultimate goal of the University of Tennessee classification is to have one system for staff, standardize classification criteria, and ensure consistent job evaluation. A job factor method is used for determining job content for each position. The method divides each job into a number of factors that have to be remunerated and the factors are then ranked according to their importance. Thereafter, each factor is assigned points based on the amount of the factor in the job. Finally, the total number of points for all the factors is used to determine the size of the job. The factors used in the University of Tennessee system for employment positions include know-how (expertise), problem-solving ability and accountability. The level of know-how (expertise), problem-solving ability and

² <http://hr.utk.edu/policies/job-classification-procedure>.

accountability needed for the employment position determines the factor requirement for a job. The know-how (expertise) includes the skill-set necessary to perform the task. Problem -solving includes the ability to analyze, evaluate, create, reason, and making conclusions. Accountability is the capacity to be answerable, and accept responsibility, for the consequences of decisions taken in executing the job. Based on the job classification and factor evaluations all employment positions in the organization are assigned an appropriate salary grade or band within which employees are remunerated. For purposes of the Commission's enquiry, the job classification system must be further analysed and determined if the salary scales are appropriately aligned with the objectives of the employment position. To propose mechanisms that ensure suitable job classification systems linked to remuneration the Commission enquired into the current policies and practices governing job classification systems in the public sector in South Africa and recommends that the DPSA introduces a single national system of job classifications appropriately aligned with the objectives of the employment position, and that is most suitable for the public service in South Africa. The introduction of such a system should be done in consultation with all stakeholders and should use the best international practices.

Ensuring job classification that is linked to remuneration is important in improving the efficiency of the education sector. The Report on Basic Education Remuneration recommends:

- Comparing the remuneration of teachers with similar levels of education and years of experience to determine if job classification is linked to remuneration.
- There also needs to be uniformity in the number of working hours and remuneration for teachers.
- The salary patterns need to be considered for the effectiveness of this analysis. This is stimulated by inconsistencies when comparing public sector salaries of teachers and other professionals.
- It is important to compare teacher pay in different countries.

The effectiveness of the age-wage gradient is an important means of analysing the current system. Comparison of South African educators and other countries reveals that the age-wage gradient for teachers needs to be steeper. This means that the average annual salary

increase associated with the years of experience is relatively very small than it ought to be. This has led to a system whereby new qualified but unexperienced educators earning more than older, qualified and experienced teachers. This can also be extended to other professions, where the age-wage gradient is very higher compared to that of the educators in South Africa. The report on *the Comparative Study of Teachers Pay in Europe* recommends the need for steepness in the education sector.

1.7.7 (g) Address excessive levels of employment in non-core posts

Levels of employment in core and non-core posts in the South African public service is often the subject of the Auditor General's Report on the excessive use of consultants to perform jobs that are an essential core function for a department to achieve its policy objectives.

In human resource theory *a core job* is the primary duty and function assigned to a permanent employee for achieving the fundamental policy objectives and target outcomes in the value chain of an organization (*Lewin, 2005*). Core employees are an organization's personnel employed full-time, paid a regular salary, receiving fringe benefits, entitled to training, development, promotion, and participation in decisions-making through work teams and structures. Core employees are also carefully selected and recruited, and offered job security, some performance-based remuneration and key information about the organization (*Lewin, 2005*).

Non-core jobs on the other hand are generally defined as peripheral or contingent employment and assigned to part-time, temporary, contract, vendor, and/or outsourced employees remunerated by a fixed wage/salary or lump sum amount. Non-core staff is not entitled to fringe benefits, receive little or no training, development or promotion. They do not participate in decision-making, are not entitled to performance rewards, and do not receive key organizational information.

By definition core jobs are assigned functions to permanent employees and cannot therefore be outsourced. For example, in private sector firms with objectives to delivery professional services, such as jobs assigned to auditors, actuaries, engineers, analysts and technicians in scientific institutions cannot be outsourced to outside consultants. Permanent employees performing functions to achieve the organization's fundamental

policy objectives and targets constitute the core group of employees responsible for providing the essential skills and capacity necessary for the sustainable growth of the organization. Administrative and support functions performed by contingent or peripheral employees to ensure the policy targets are met are not core jobs. Thus, contingent or peripheral employees are not core employees.

Given the concerns raised by the South African Auditor General (2013) about the tendency to employ a disproportionate number of non-core staff (consultants) in the public service in South Africa in its enquiry the Commission recommends distinguishing between core and peripheral employment in the public sector. The distinction between core and peripheral employment is a key indicator on how the public sector employer should remunerate these two categories of employees. In general, remuneration to core employees are seen as an investment to produce optimal value for money, while payment to non-core staff is viewed as an expense that must be minimized (*Lewin, 2005*). The Commission therefore recommends that core staff must be employed with the requisite qualifications, skills and capabilities to perform their duties. These duties cannot therefore be outsourced to consultants or non-core staff through the procurement processes. In addition, the Commission recommends that the Public Service Commission conduct a review of the number of non-core staff performing tasks that should be performed by core staff in the employ of the public service. The commission further recommends that a review be undertaken to establish the extent to which former members of the core staff are now performing tasks as consultants or non-core staff at exorbitant consultancy fees.

Addressing excessive levels of employment in non-core positions is vital. The report on Basic Education Remuneration issues notes that employee numbers need immediate attention over teacher pay. This position is supported by the fact that South African teachers are considered to be paid very well in comparison to many countries in Africa and Latin America. The report on Educators Human Resource Management notes existing challenges in the recruitment of teachers. Firstly, there are data limitations to inform recruitment. In addition to this, there is insufficient use of already available data. These factors end up affecting the value for money in the education sector, with a major problem associated with the standard of teachers at the entry-level.

The report on the Strategy on Recruitment and Development of Educators recommends many interventions in relation to deploying educator human resources in public schools. The report states that vacancies need to be categorised in the following order:

- Vacancies not filled
- Vacant position filled by a temporary and qualified educator
- Vacant position filled by an unqualified educator

In relation to placement of teachers, it is also recommended that the following categories be prioritised for placement.

- Educators declared in addition to post establishment
- Suitable and qualified temporary educators currently in substantive posts
- State bursary graduates, particularly Funza Lushaka holders
- Educators occupying SGB funded positions
- Self-financing graduates or first-time appointments
- Former temporary or relief educators whose contracts were recently terminated
- Other educators, including returning teachers
- Foreign educators and scarce skills.

There must be priority basis in the placement of excess educators and state-bursars in the following order:

- Vacancies not filled
- Vacant position filled by a temporary and qualified educator
- Vacant position filled by an unqualified educator

PEDs must ensure the prioritisation of Funza Lushaka graduates and excess educators. This will ensure that critical posts are filled by competent educators. Other remaining posts must be filled within 3 months.

1.7.8 (h) Promote sustainable pay progression and performance management

Pay progression is the ability of employees to progress up a remuneration band or scale. The progression may be incremental, performance or competence level based. Incremental progression could be based on the anniversary of previous increment dates, or at the start of the financial year. Performance based progression is determined on the

basis of having achieved an agreed performance target. Competence level progression is based on an employee having attained a certain level of the required competence through training or related qualification *Equality & Human Rights Commission (2017)*.

For pay progression to be sustainable in the long term, international practice in the private sector for example suggests that pay progression should be inextricably linked to the long-term performance of employees. The reason for this is that performance linked progression awards are a way of acknowledging the capability and contribution, in addition to cost-of living needs of employees. (*Harrison-Evans et al, 2013*).

In the public sector, and government in particular, the *United States Government Office of Personnel Management (OPM)*³ argues that in an effective organization rewards such as pay progression could be used as a means for recognizing and acknowledging employees as individuals and as a group for their performance and contributions to attaining the organization's long-term policy objectives and target outcomes. Implementing a *pay progression* reward policy for the long-term sustainable growth of the organization presupposes the existence of a concomitant *performance management system*.

The UK based professional association for human resource management professionals, the *Chartered Institute of Personnel and Development (CIPD, London, England)* in its textbook (*Performance Management in Action, 2009*), uses the definition of *performance management* offered by Armstrong and Baron (2004). For the latter, and in summary, *performance management* is defined as an organizational process that enhances the effective management of individual employees and teams to achieve optimal levels of performance for the attainment of the organization's objectives. The aim is to have in place a systematic process to involve employees as individuals and members of a group in improving organizational effectiveness and efficiency in achieving organizational goals.

In South Africa, and of particular interest to the Commission's terms of reference, the Minister of Finance's Medium Term Budget Policy Statement (MTBPS) of 2011 discussed the need for sustainable pay progression linked to performance. In this regard it was

³ <http://www.opm.gov/policy-data-oversight/performance-management/overview-history/>

proposed that remuneration should grow at a sustainable pace that supports job creation. The pay progression models in place focus on rewarding strong performance, encouraging career planning and enhancing competencies. In support of a sustainable pay progression system the South African Public Service Commission (PSC) in 2007 advocated for the introduction of an effective performance management system in the public service in South Africa (PSC, 2007 *b*). In its rationale the PSC argued that poor performance management is a driver of poor service delivery, and an effective performance management system, by definition, entails the facilitation by the management of an organization to enhance the performance of the employees. This is done through planning activities going forward and reviewing the activities of the past. Such a feedback process assists in motivating staff to attain their full potential and provides the employer the opportunity to manage poor performance. (Public Service Commission, 2007 *b*). For its enquiry the Commission investigated the extent to which management in the public service is effectively implementing the pay progression performance linked system in South Africa. The Commission found that Performance Management Systems are not effectively implemented and are open to abuse and manipulation. In the end the practice is reduced to fulfilling Human Resource Management administrative targets rather than the productivity related outcomes of performance. The Commission therefore recommends that a pay progression linked system must be based on productivity related outcomes of performance to achieve policy objectives and policy targets of the government department concerned.

Teacher pay remains a hot debate in the South African education sector. The NDP, as the blueprint of the country's developmental trajectory supports the reward of better-performing teachers and schools that display significant improvement in pass rates. The report on the Basic Remuneration issues notes that spreading rewards within the school rather than individuals is essential in signifying that good performance is a result of collective work rather than individual work. As such, the report suggests that:

- There should be significant improvement in age-wage gradient in a teachers' life – that is to say teachers should see an increase salary improvements.
- Excelling teachers should see the steepest age-wage gradient as means of rewarding their overall performance.

- Excelling teachers should also be incentivised through promotion to senior positions within the school to encourage other teachers.
- The NDP emphasises the need for competency tests to ensure that the brightest minds become principals.

The report on the Basic Remuneration issues suggests that the performance management system for teachers should initially focus on measurable outputs.

- These outputs relate to the quality of school plans and reports submitted by the principals.
- The opinions on evaluating officials should also be taken into consideration to ensure that principals are not writing reports for compliance basis.
- Principal reports and plans need to be studied thoroughly and inputs be rendered.
- The report on Basic Remuneration issues recommends that essential components such as grade 12 exams and ANA should be additional indicators for performance management system for principals.

1.7.8.1 Progression and promotion should be mindful of the following:

- Criteria for assessment needs to be defined and could possibly include competencies, qualifications and experience.
- Educators need to be awarded a 1% annual salary increase. This increase must be in addition to the centralised bargaining percentage increase and must be subject to adequate performance from educators.
- Performance should play a big part in determining promotion or progression. However, this recommendation must be implemented once the performance appraisal system is accepted.
- Salary of educators needs to be aligned to existing salary scales in the public sector.

1.7.8.2 Performance Management

- The Development Appraisal System must be enhanced through applying key performance areas and objectives.
- Training providers should include competencies in their training programmes to link INSET to career pathing.

- There must be provision for rating scales to assist in determining rewards
- Competencies for each job must be identified through a consultative process
- Specific training related to appraisals should be undertaken

1.7.8.3 *Incentives for food performance*

- A percentage of a fixed maximum bonus should be awarded on an annual basis as a once-off bonus
- Bonuses can be provided to schools and not individual teachers to enhance team work.
- Collective based rewards could encourage performing teachers to motivate other teachers to improve given that the bonus will be determined by the school performance
- There should be support for schools that are not performing very well.

1.7.9 (i) **Improve skills retention**

In order to propose mechanisms that will enhance the *retention of essential skills* in the public service the Commission must consider some of the findings from previous investigations into the reasons for the exit and high turnover of skills in the public service. *Skills retention* is the ability of employers to retain the core competencies of their core employees.

Many studies have highlighted the challenges of skills retention in the public service in South Africa (Terera et al, 2014; Masibigiri, et al, 2011; Department of Public Service and Administration (DPSA, 2012); The Auditor General (AG, 2013); The Public Service Commission (PSC, 2010); Centre for Development and Enterprise (CDE, 2006). In general, the AG performance audit report (2013), and the CDE, DPSA and PSC studies drew attention to the high levels of turnover and vacancy rates in the public sector and the challenges associated with retention of skills.

The CDE and PSC found that the lack of effective retention strategies and poor succession planning in scarce skills are areas of serious concern. In addition, the vacancy rates among senior management were alarmingly high. In this regard an important finding in the CDE study that is significant for the Commission enquiry relates to the Code of Remuneration (CORE) classification system in the public service. The CDE found that the

highest vacancy rates occur in the information technology, technicians, craft and trade related workers. In addition, the study found that while vacancy rates amongst college and school educators were just about one percent the quality of teachers was a matter for concern with a shortage of teachers in mathematics and sciences being extremely acute.

In its 2012 report the DPSA proposed that critical and scarce skills need to be identified within the public service, and retention strategies should be developed to improve retention of such staff and also attract new staff at senior levels (DPSA, 2012). The report also called for an evaluation of current skills retention practices to establish if they were adequate to retain staff, and if additional interventions were necessary to maintain the skills capacity in the public service. With respect to educators the report identified subject specialists in maths and science as a major weakness in the delivery of basic education in schools.

By 2013 however, the performance audit report by the Auditor General on the use consultants in the public service seemed to suggest that the CDE and PSC findings with particular reference to the relationship between the vacancy rates and retention of skills in the public service were not adequately addressed. In this regard the AG report highlights several questions that the Commission may wish to investigate during its enquiry.

With respect to internal capacity the AG report (2013) found that consultants were hired due to vacancy levels and lack of capacity. The AG report provided detailed reasons for this practice and suggested a list of questions that the Commission included in its investigation. Among others the questions (AG Report, 2013: 29) include the following:

- Was there a lack of permanently appointed staff with the necessary skills and experience in the departments, which necessitated the appointment of consultants as a compensating measure?
- Were consultants employed in high or critical positions such as CFO, etc.?
- Were departments making use of consultants because the internal processes to appoint permanent staff were inefficient and ineffective?

The 2013 performance audit report of the AG is extremely important for the Commission's enquiry because it identifies several other key questions with respect to

performance management of consultants and their transfer of scarce skills to core staff. The Commission strongly recommends that the questions raised by the AG report be part of the review of the procurement process. In addition, the Commission recommends that further cost cutting can be achieved through allocating tasks such as travel arrangements and basic administrative functions to administrative personnel or public servants themselves using online services.

The current practice of outsourcing these simple administrative tasks to travel agents and other institutions is proving extremely costly. Given the nature of government business sometimes the inflexible lowest cost approach can prove costly if meetings or engagements are cancelled or postponed. With appropriate departmental logistical, travel and financial policies in place the departmental administration personnel or public servants themselves should be able to perform such functions themselves. In such cases accountability and control for wasteful and fruitless expenditure will rest with the appropriate executive authority and chain of command.

Skills retention is a major problem given the current capacity challenges within the education system. The NEEDU (2013) report highlights principals and HODs are often promoted to higher positions in districts, circuits and the province despite the current shortage of competent teachers. The report also points out that promoted staff also lack necessary experience, knowledge and management capacity to perform well on their new duties. This suggests that appointments are made without following due protocol and are not made on merits. As such, there seems to be two problems, retaining competent officials and attracting competent officials to fill vacant positions.

The report of Educators Human Resource Management notes that challenges exist in that merit is disregarded for candidates from the local area; recruitment being polarised by organisation affiliations. The report further indicates that:

- There needs to be a retention strategy, remuneration and incentives
- There is also a need for exit interviews to understand key reasons that force teachers to leave.
- There needs to be a rigorous analysis of existing data to identify what exists and what gaps need to be filled.

- There needs to be an international benchmark with particular attention on the attrition rate and educator attendance.
- There needs to be more information on the number of educators, profile of teachers and posts, total vacancies, number of temporary employees, employee qualifications levels etc.
- Provinces must be able to identify educator needs, with a particular focus on the number of teachers needed, subjects and grades that require educators.
- Ensure effectiveness and teacher knowledge of subject and teaching skills.
- Qualitative analysis to understand teachers needs and concerns, including interviews with former teachers.

1.7.10 (j) Establish measurable public service key performance indicators

The Public Finance Management Act (PFMA, 2000) prescribes that government departments institute systems of performance management with defined and *measurable key performance indicators (KPI)* for evaluating employees. Such key performance indicators (KPIs) should be defined as a specific representation of a capacity, process, output or outcome deemed relevant to the assessment of performance. KPIs in turn should be aligned to the national policy target outcome indicators that are monitored by the departments to assess the extent to which they have attained their policy objectives. Such indicators should be used in the budget process and the preparation of budget documents. KPIs enable the department principals to evaluate the department's performance in achieving the relevant programme's policy objectives and target outcomes (PFMA, 2000). The Auditor General is required to conduct a performance audit of the extent to which employees have met their KPIs within a department's performance management system.

In general, KPIs evaluate the success of an organization or of a particular activity in which it engages. KPIs for the public service differ according to the objectives of the government department or organization and have to be agreed upon before a performance evaluation is undertaken. For example, for a department of education the KPI target outcome may be the matric pass rate. Developers have generic systems and methods for developing KPIs to evaluate performance. For example, *PNM Soft Business Process in Motion*

(PNMSOFT *Business Process in Motion*⁴ has identified for the performance of call centers in a category for evaluating performance of service level agreements (SLA) KPIs that may be relevant for the public service. Among others the following may apply to departments responsible for the delivery of essential services:

- Percentage of service requests resolved within an agreed-upon/acceptable period of time
- Cost of service delivery as defined in Service Level Agreement (SLA) based on a set period such as month or quarter
- Number of outstanding actions against last SLA review
- The deviation of the planned budget (cost), i.e. the difference in costs between the planned baseline against the actual budget of the Service Level Agreement (SLA)
- Number of complaints received within the measurement period

The *quality of service indicators* could include the **cycle time** from request to delivery; **number of escalations** to a higher level; the **number of reminders** and how many are at risk; customer **ratings** and satisfaction **of service**; **number of customer complaints** and problems, and **number of late tasks**.

For evaluating efficiency levels KPIs could include average **cycle time from start to final delivery**; **volume of tasks per staff**; **number of staff involved**, and **time allocated for administration, management and training**.

Compliance performance can be evaluated by KPIs for the average time delay between the identification of the external compliance issues (e.g. matters arising from the audit report) and their resolution; and, secondly, the frequency of the auditor's compliance reviews. Finally, a KPI to evaluate performance of budget management could be the total sum of deviation in funds from planned budget allocations for a project or programme.

Establishing measurable performances for teachers is an important component of ensuring educators are efficient in their job. The report on OSD Education Management service School Base notes that a performance management system can set key performance indicators for educators. Through appraising educators against guidelines

⁴ <http://www.pnmsoft.com/resources/bpm-tutorial/key-performance-indicators/>

established in the PMSD, the government would be able to know if it is receiving value for its money. The report on the Basic Education Remuneration issues recommends the rolling out of competency tests for principals as means of ensuring that the most competent people are hired.

The report on OSD, Education Management Service: School-Based provided new measures on the remuneration of principals. The new measures are as follows:

- Enhance the control of remuneration costs
- Assist in efficient planning and budgeting of personnel costs on these levels
- Ensure that all EMS members benefit equally (including the principle of equal pay work of equal value)
- Enable EMS members to structure their remuneration packages in terms of their specific individual needs
- Enhance the education department's external equality in relation to labour market

Although the AG 2013 report is about the engagement of consultants some of the questions relating to performance management proved relevant for the Commission's enquiry. Among others, and adapted for the Commission's investigation, the AG's questions (AG Report, 2013: 33) that were relevant for the enquiry are the following:

- Do departments monitor and control the work of core staff to ensure that the quality of the work performed matched the required KPI deliverables and that it was achieved in the most efficient and cost-effective manner?
- Are alternative options considered to ensure that the policy objectives and operational needs were achieved in a timely and cost-effective manner?
- Do departments have controls in place to avoid performance agreements being prolonged or neglected because KPIs were not met?

The Commission therefore recommends a performance management system that includes:

- Effective monitoring and control of the work of core staff to ensure that the quality of work matched the required KPI in the most efficient and cost-effective manner
- Putting in place alternatives options to give management the flexibility to achieve policy objectives and operational needs in a timely and cost-effective manner

- Establishing effective controls to avoid the postponement, abuse or bad management of a KPI system

1.7.11 (k) Promote sound labour relations

In this sub-point of the terms of reference, the Commission is required to propose enabling mechanisms that will promote sound labour relations in the public service/sector. In particular the Commission is expected to investigate a more systematized process of engagement between employers and employees for defining pay progression targets. It is implied in this requirement that the process for establishing such an enabling mechanism must have the support of labour.

In general, *labour relations* define the relationship between employers and employees governed by the political decisions and laws that affect the political economy of a country. In South Africa Section 23 of the Constitution entrenches the right of workers and employers to form organizations for collective bargaining with respect to remuneration and basic conditions of service. Legislative instruments such as the Labour Relations Act (1995) and the Basic Conditions of Employment Act (1997), and institutional instruments such as the Commission for Conciliation, Mediation and Arbitration (CCMA), Labour Court and Labour Appeal Court respectively give effect to the rights in Section 23 of the Constitution.

The policy instruments listed above are intended to ensure social justice and sound labour relations by institutionalizing the rights and duties of employers and employees. In this regard they regulate trade union organizational rights to strike, respond to employer lockouts, form workplace forums, and ways to resolve disputes. The Labour Relations Act (1995) in particular prescribes a framework for the resolution of labour disputes through the Commission for Conciliation, Mediation and Arbitration (CCMA), Labour Court and Labour Appeal Court. The Act applies to all employers and employees and their respective organizations but excludes the National Defence Force, National Intelligence Agency, or South African Secret Service.

The Labour Relations Act (1995 as amended) section on centralized collective bargaining is particularly relevant for the Commission's enquiry. Centralized collective bargaining takes place when employers in a sector or sub-sector join forces to bargain with one or

more unions representing their employees. The Act prescribes three forms of collective bargaining that include collective agreements, bargaining councils and statutory councils. For the public service in particular Section 35 of the Act set up the Public Service Coordinating Bargaining Council (PSCBC) to facilitate negotiations between all public service employees and their employers. Furthermore, the PSCBC also has the right to set up subsidiary bargaining councils for negotiations in specific sectors in the public service. To propose a more systematized process of engagement between employers and employees for defining pay progression targets the Commission focused its investigation more specifically on the effectiveness of the PSBC and whether Section 35 of the Labour Relations Act requires changes. The outcome of the enquiry resulted in proposals for enabling mechanisms for defining pay progression targets that have the support of labour.

The Commission therefore recommends that appropriate enabling instruments and mechanisms be instituted for on-going pay progression negotiations. One such mechanism that the PSBC could introduce is a compact between labour in the public sector and the Executive branch of the State to discuss and negotiate definitions of pay progression in the context of the Bill of Rights and Chapter 13 of the Constitution, and to negotiate pay progression targets in keeping with government's policy objectives.

2 Assessment of the Submissions from Stakeholders: The case of Educators in the Provision of Basic Education

2.1 Policies and practices of Basic Education

The right to education and basic education in particular is high on the agenda of the international community. The right has been affirmed in numerous treaties and recognized by governments as central to the pursuit of development and social transformation. The term basic education however has changed over time to become what is understood in the *1990 Declaration on Education for All* adopted at the World Conference on Education in Jomtien, Thailand. Since then commitments to basic education have been exemplified in the international goals, strategies and targets.

This analysis of the operational meaning of Basic Education will be structured as follows; first we will look at the importance of the right to education in the international (UN) system. Secondly, we will unpack the meaning of basic education as defined in the Declaration on Education for All and subsequent agreements. The focus here will be to provide a working definition of the term while also determining the key standards and indicators for the achievement of this specific level of education.

The United Nations Educational, Scientific and Cultural Organisation (UNESCO) is the UN agency mandated to promote and encourage international collaboration on educational matters. The 1945 constitution which sets out the purpose and functions of the organisation makes extensive reference to the importance of education as a means through which to ensure “peace and security by promoting collaboration among the nations”⁵ Later agreements under the auspices of UNESCO will give meaning to this mandate and have significant influence on the development of national and international education policies. The 1948 Universal Declaration of Human Rights (UDHR) is arguably one of the first international declarations to entrench the right to education and to distinguish between different levels of education.

⁵ Article 1, Purpose and functions, Constitution of the United Nations Educational, Scientific and Cultural Organization (1945)

Article 26 (1) of the declaration states that: “Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit”⁶

The International Covenant on Economic, Social and Cultural Rights (1966) recognizes the right to education to all but does not stipulate the exact standard that needs to be provided. However, it goes on to recommend that education should pose the following features: availability (functioning educational institutions must be available to all learners), accessibility (no discriminations, physical accessibility, affordability and safety), acceptability (the form and substance of education, teaching methods and curricula) and adaptability (flexibility to social changes).⁷

This right to education has also gained expression in a number of other declarations and treaties including the Convention on the Elimination of Discrimination Against Women (1979) and the Convention on the Rights of the Child (1989) to name a few. As a result of these and other international agreements the expansion of universal education has become an international priority. Thus, education is a precondition for other rights and the ability to contribute and participate freely and meaningfully in society.

The World Conference on Education for All, Jomtien, Thailand (1990) concluded with the adoption of the Declaration on Education for All. In defining basic education in Article 1 the declaration stressed the link between basic education and basic needs.

Article 1 (1) “These needs comprise both essential learning tools (such as literacy, oral expression, numeracy, and problem solving) and the basic learning content (such as knowledge, skills, values, and attitudes) required by human beings to be able to survive, to develop their full capacities, to live and work in dignity, to participate fully in development, to improve the quality of their lives, to make informed decisions, and to

⁶ Article 26 (1) *The Universal Declaration of Human Rights (1948)*

⁷ International Covenant on Economic, Social and Cultural Rights 1966

continue learning. The scope of basic learning needs and how they should be met varies with individual countries and cultures, and inevitably, changes with the passage of time.”⁸

2.1.1 Assessment of Basic Education in South Africa

South Africa has fully affirmed and begun to implement many of the international norms and standards in the provision of universal education. In line with its international commitments the 1996 Constitution of the republic of South Africa explicitly provides for the right to education and basic education as a fundamental Human right. Section 29 (1) (a) states:

“Everyone has the right to a basic education, including adult basic education”

The focus of this section of the paper will be to determine the manner in which basic education has been defined in not only the constitution but also in law and policy. To do this we will first analyze the right to education as defined by the constitution, secondly unpack some of the education policies that have attempted to give substance to the term through providing standards, indicators and a basis from which to ascertain the achievement of the right.

2.1.2 The constitutional right to basic education

While the constitution does provide for the right to basic education it does not provide a precise operational meaning for the word. There is no clarity as to whether the form of education refers to the learner’s right to attend school for an allocated period or the right to receive a particular quality of education during a set schooling period. In an environment where citizens are increasingly protesting against the lack of service delivery it is important to be able to clearly define the kind of service that needs to be provided by the department of Basic Education.

In recognition of the importance of international interpretations of the right to basic education section 39 (1)(b) of the Constitution provides that any court interpreting S. 29 “must consider international law”. Section 233 may well mean that the CC “must prefer”

any reasonable interpretation of s. 29(1)(a) “that is consistent with international law over any alternative interpretation that is inconsistent with international law”.

2.1.3 Basic education Legislation and policy

In many ways legislation that regulates the school system has failed to provide a comprehensive definition of basic education. For example, “basic education” does not appear in the South African Schools Act or its regulations. The Employment of Educators Act refers to “adult basic education” a number of times but does not provide a definition. The Adult Basic Education and Training Act provides something of a meaning for ‘adult basic education’ by referring to it as all learning and training programmed for adults from level 1 to 4. According to the South African Qualifications Authority Act level 1 (grade 9) requires demonstrated ability in several literacy and numeracy and analytical skills. Finally, the National Education Policy Act refers to ‘basic education’ just once. It provides that the National Education Policy should be directed toward the “advancement and protection.... of every person to basic education.” Again, there is very little indication as to the qualitative nature of basic education. From the foregoing it is clear that both the Constitution and existing legislation, while reaffirming their commitment to the right to education and basic education, have come short in defining the substance of a basic education. In other words, they have not provided any means to measure and track the provision of what is called basic education. Importantly, the preamble of the constitution if read with section 29 (a) gives an idea of what basic education should be remedying and thus what skills are to be acquired through the process.

The Department of Education’s White Paper on Education and Training (1995) takes the position that “since the term basic education is nowhere defined in the Constitution, it must be settled by policy”. Education policy documents have been the most useful in providing an operational meaning for basic education. For purposes of this analysis we will only look at the most recent policy documents that have provided regulations for the provision of basic education. These will include the White Paper on Education and Training, the Action Plan to 2014: Towards the Realization of Schooling 2025, and the Curriculum assessment policy statements which set out goals and standards that must be met in the provision of basic education. These documents provide qualitative and

quantitative measures. In so doing they have also reaffirmed and adopted many of the indicators and norms from the Declaration on Education for All.

2.1.4 The White Paper on Education and Training 1995

In 1995 the white paper on Education and Training was the first policy document on education and training in South Africa. The document was produced at a time when the government was reviewing education policies to bring them in line with the constitution and new social values. In so doing the paper provided context to the intention of basic education and how it may be defined in future. Responding to article 1 (1) of the *Declaration on Education for All* the white paper affirms that Basic education must be defined in terms of learning needs appropriate to the age and experience of the learner, whether child, youth or adult, men or women, workers, work seekers or self-employed. Basic education programmes should therefore be flexible, developmental, and targeted at the specific requirements of particular learning audiences or groups and should provide access to a nationally recognized qualification or qualifications.

The paper also states that the right would be satisfied by the availability of schooling facilities “sufficient to enable every child to begin and complete a basic education programme of acceptable quality.” With regards to whether ‘basic education’ refers to a specific period of schooling or, alternatively, a standard of educational adequacy, the White Paper itself acknowledged that there are two approaches to defining what a basic education means: “An important question is whether basic education should be defined in terms of learning needs and outcomes, or qualification levels, or school grades, and whether the content of basic education needs to be the same for children, youth and adults.” Following the publication of the whitepaper a number of policies were introduced with the aim of answering its questions and providing more detail to the paper. Among others was the report entitled Action Plan to 2014: Towards the Realization of Schooling 2025.

The report was written as one of the country’s first comprehensive long-term sector plans for schools. The plan provides details of some of the challenges that the schooling sector has faced and then details some of the new and amended interventions that will be put in place. All planning cycles are intended to last one electoral cycle hence the

conclusion of the first round is in 2014. The Plan has set goals that will ensure that the state provided the correct quality of education that is required.

It is widely recognized that the South African schooling system performs well below its potential and that improving basic education outcomes is a prerequisite for the country's long-range development goals. The Plan of Action provides a definition of basic education by setting out the kinds of skills that learners must have attained by the end of their schooling career. The plan of action is also designed to be in line with international standards and norms such as those reflected in the Education for All targets which also see skills such as literacy, oral expression, numeracy, and problem solving as essential learning needs.

The Action plan answers the question of the importance of qualitative and quantitative aspects of basic education. Firstly, while primary education (Grades 1-7) is not synonymous with basic education, there is a close correspondence between the two. The idea that 'basic' education includes only compulsory education (grade 9/age 15 whichever comes first: "is thus inconsistent with other language in s. 29 of the Constitution, particularly in the reference to 'adult basic education'. The phrase 'adult basic education' "is rendered nonsensical if one defines 'basic' to include only compulsory primary education.

Basic education goes beyond primary education and encompasses grades 1-12 including early childhood education that comes below grade one. What defines basic education is thus not the level of schooling but rather the skills that may be attained at the basic levels. Accordingly, the goals de-emphasize the completion of specific formal programs or certification requirements. Instead it stresses the acquisition of that level of learning necessary for an individual to realize his or her full potential.

2.1.5 Education and Delivery of Developmental Outcomes in South Africa

The education sector plays an important role in a country's development prospects through innovation and sophistication. In addition, education is also paramount to South Africa's ambitions of becoming a capable developmental state. The submission by SADTU emphasised the need to improve the teaching environment, education of teachers, social security benefits and attractive salaries to retain and attract highly-skilled teachers.

Given the various pieces of national legislation and instruments that ensure the right to education was identified as an Apex Priority in the 2008 presidential State of the Nation Address and featured prominently in the National Medium-Term Strategic Framework. Improving the quality of basic education was identified as one of the 12 priority development outcomes on which government will focus between 2010 and 2014. The National Development Plan 2030, which maps out South Africa's development trajectory for the next two decades, places quality basic education at the centre of the realisation of the dual national goals of reducing poverty and inequality. It specifically targets improving the quality of education and equalising educational opportunities for children. Despite all these legal and policy instruments, the education sector continues to face an onslaught of challenges. The South African Human Rights Commission reported that challenges include-

- Equalizing access for the vulnerable groups of children that remain disproportionately excluded from school, such as children with disabilities and children in rural areas. An estimated 476 000 children with disabilities of school-going age were out of school in 2010.
- Access to education for children in rural areas is poorer as a result of a number of inequities, including aggravated infrastructure backlogs, insufficient numbers of teachers, poorer access to learning and teaching support materials, ongoing language barriers, higher levels of household poverty and consequent lower educational outcomes among learners in these areas.
- More generally, high drop-out rates and consequent low rates of completion of basic education, sporadic daily attendance rates, and
- The poor quality of education and the inefficient use of educational resources are features of the current education system.

These challenges present themselves along racial and socio-economic fault lines, and continue to drive the high levels of inequality, poverty, unemployment and patterns of underdevelopment that mark the national legal and developmental landscape.⁹

⁹ SAHRC, (2012).

2.1.6 A review of legal and institutional instruments for education in South Africa

The right to education may be characterised as an empowerment right. Exercising an empowerment right enables a person to experience the benefit of other rights. Education enhances social mobility and promotes the realisation of other rights such as the right to work, right to food or the right to health. The right to education contributes in an important way to the essence of promoting human rights, that is, living in dignity, which is the basic value underlying the idea of human rights.¹⁰

The obligation of the State to provide for primary education may be characterised both as an obligation of conduct and obligation of result. It is an obligation of conduct because it requires a State to set up and work out a plan of action. It is an obligation of result in terms of meeting basic learning needs.¹¹

South Africa has enacted legislation and ratified international instruments for realizing the right to education. The Preamble to the **South African Schools Act**, which became law in November 1996, aims to provide for a uniform system for the organization, governance and funding of schools. It seeks to ensure that-

- all learners have right of access to quality education without discrimination;
- it makes schooling compulsory for all children from the year they turn 7 to the year in which they turn 15 (or the end of grade 9, whichever comes first);
- it regulates the provision of public schools and education places by provinces;
- it regulates the governance of schools (in particular the establishment and operation of school governing bodies),
- it regulates the funding of schools (including state responsibilities, school budgets, fees and the framework for funding rules or norms) and
- it sets out the establishment and funding of independent (private) schools.

Through the *National Education Policy Act of 1996*, the Minister of Education, working with the provinces, sets the political agenda and determines the national norms and standards for education planning, provision, governance, monitoring and evaluation. The

¹⁰ F Coomans "In search of the Core Content of the Right to Education" at p219.

¹¹ F Coomans "In search of the Core Content of the Right to Education" at p227.

nine provincial departments of education are responsible for implementing education policy and programmes aligned with the national goals. They make funding decisions and exercise executive responsibility for all general education and training – from grade R to grades 1-3, grades 4-6 (the Intermediate Phase) and grades 7-9 (the Senior Phase) –, as well as for further education and training from grades 10-12 and for formal adult basic education and training.

Provincial education departments employ public school educators, accounting for 95% of all South African educators, but their terms and conditions of employment are governed under the national *Employment of Educators Act of 1998*. Certain sections of the Educators Act are pertinent for the Commission's Review and will be discussed below.

The purpose of the Educators Act is to “provide for the employment of educators by the State, for the regulation of the conditions of service, discipline, retirement and discharge of educators and for matters connected therewith.” Section 4(1) states that notwithstanding anything to the contrary contained in any law but subject to the provisions of this section, the Labour Relations Act or any collective agreement concluded by the Education Labour Relations Council, the Minister shall determine the salaries and other conditions of service of educators. Section 4(2) states that different salaries and conditions of service may be so determined in respect of different ranks and grades of educators, educators appointed at or outside educational institutions or educators appointed in different sectors of education. A determination of the Minister under this section involving expenditure from the National Revenue Fund may only be made with the concurrence of the Minister of Finance.¹²

Section 5(1) of the Act states that the educator establishment of the Department of Basic Education shall consist of the posts created by the Minister; and the educator establishment of a provincial Department of Basic Education shall consist of the posts created by the Member of the Executive Council. For the purposes of this Act-¹³

¹² Section 4(3) of the Employment of Educators Act.

¹³ Section 5(3) of the Employment of Educators Act.

- a) the power to create a post under this section shall include the power to grade, to re-grade, to designate, to re-designate, to convert or to abolish the post; and
- b) the power to allocate a post under this section shall include the power to reallocate the post.

On *appointments*, the Act states that the appointment of any person, or the promotion or transfer of any educator in the service of the Department of Basic Education shall be made by the Director-General; or in the service of a provincial Department of Basic Education shall be made by the Head of Department.¹⁴ Any appointment, promotion or transfer to any post on the educator establishment of a public school may only be made on the recommendation of the governing body of the public school.¹⁵ Section 7(1) states that in the making of any appointment or the filling of any post on any educator establishment due regard shall be had to equality, equity and the other democratic values and principles which are contemplated in section 195(1) of the Constitution, and which include the ability of the candidate, and the need to redress the imbalances of the past in order to achieve broad representation.

Regulations governing the terms and conditions of employment of educators were made by the Minister in terms of Section 28 read with sections 1, 4(1), 5(1) and 9 of the Employment of Educators Act. These regulations have significant implications for educator remuneration and will therefore be reviewed in the sub-section on the impact of educator remuneration on the public sector wage bill.

The *Education Laws Amendment Act, 2005 (Act 24 of 2005)* provides the legal foundation for introducing no-fee schools in 2007, and policy guidelines for Early Childhood Development (ECD) is explained in the *White Paper of 2001*. The policy aims to achieve the full participation of five-year-olds in grade R education by 2010, as well as improve quality, curricula and educator development. The pertinent provisions of these pieces of legislation are set out more fully below.

¹⁴ Section 6(1) of the Employment of Educators Act.

¹⁵ Section 6(3) of the Employment of Educators Act.

The *National Education Policy Act* is intended to adopt legislation to facilitate the democratic transformation of the national system of education into one that serves the needs and interests of all the people of South Africa and upholds their fundamental rights. The Act gives power to the Minister to determine education policy after due consultation and in accordance with the Constitution and take account of the competencies of provinces.

The Act also establishes institutional instruments such as the Council of Education Ministers and the Heads of Education Departments Committee. The role of the former is to promote a national education policy that takes full account of government policy, the principles contained in section 4, the education interests and needs of the provinces, and the respective competence of Parliament. The Council consists of the Minister as the Chairperson, Deputy Minister of Education, the Director-General and chairpersons of the Portfolio Committee on Education in the National Assembly and the Select Committee on Education may attend the meetings. The role of the latter is to facilitate the development of a national education system in accordance with the objectives and principles provided for in this Act; share information and views on national education; co-ordinate administrative action on matters of mutual interest to the education departments; and advise the Department on any matter in respect of education, or on any other matter relating to the proper functioning of the national education system.

2.1.7 Current policy target outcomes for basic education

Current policy target outcomes for basic education are contained in government policy documents such as the Medium-Term Strategic Framework (MTEF) 2014-2019; the National Development Plan (NDP), and the Department of Basic Education: Annual Performance Plan 2014 among others. Each of these will be discussed below.

The Medium-Term Strategic Framework (MTSF) is Government's strategic plan for the 2014-2019 electoral term. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the NDP. The MTSF sets out the actions Government will take and targets to be achieved. It also provides a framework for the other plans of national, provincial and local government. The MTSF is the result of an intensive planning process involving all three spheres of government. It provides a

framework for prioritizing and sequencing government programmes and development initiatives for the next five years.¹⁶

Following the adoption of the NDP, Cabinet decided in 2013 that the 2014-2019 MTSF should form the first five-year implementation phase of the NDP and mandated work to begin on aligning the plans of national and provincial departments, municipalities and public entities with the NDP vision and goals.¹⁷

The Department Basic of Education (DBE) is responsible for managing all actions outlined in the MTSF, except for planning for an additional year of ECD prior to Grade R, which is the responsibility of the Department of Social Development. Basic Education is a concurrent national and provincial function and implemented by provinces funded through provincial budgets. The Department of Basic Education will facilitate that plans are rolled down to provincial, district and school levels through the appropriate application of actions and targets.¹⁸

The National Development Plan (NDP) is a strategic framework to identify issues affecting the long-term development of the country. The ultimate vision of the NDP is to eliminate poverty and reduce inequality through growth by 2030. In achieving the objectives of the broader developmental framework, education has been identified as being a central component due to the role that education plays in building an inclusive society, that provides equal opportunities for all and aiding all South Africans to realise their full potential particularly those previously disadvantaged by apartheid. The NDP emphasizes that the quality of education in the country is in dire need of improvements and offers a long-term perspective on how to address the internal obstacles that constrain its delivery.

The Department of Basic Education Annual Performance Plan 2014 includes government's priority to make education an apex priority. The improved quality of basic education is the highest priority of the South African Government as basic education is

¹⁶ MTSF Report 2014-2019 Introduction at p4.

¹⁷ MTSF Report 2014-2019 Introduction at p5.

¹⁸ MTSF Report 2014-2019 at p3.

seen as a major contributor to the country's social and economic growth. Basic education is listed as an apex priority for our country in the MTSF 2014-2019 and is central to the Government's NDP.

The NDP and MTSF necessitate that the sector prioritizes outcomes for improved quality of teaching and learning; increased capacity of the state to intervene and support quality education; increased accountability for improved learning; human resources development and management of schools; and, infrastructure and learning materials to support effective education. The Department committed to these targets through the achievement of the outputs in the delivery agreement signed in 2010 and the sector plan. The DBE Annual Performance Plan is part of the broader strategy to improve the quality of education.

On the White Paper it has become an imperative to update this policy document because South Africa's education system must keep up with the emerging international trends. Are young South Africans going to contribute through inventions to the 4th Industrial Revolution or are they condemned to be consumers of the technological advancements? The Commission prefers the former to be also paramount to only consumption.

2.2 Challenges in the delivery of basic education

Despite the enactment of legislation and adoption of policy target outcomes geared towards providing students with quality education many challenges plaguing education in South Africa have been well documented in various reports. The MTSF reported progress over the last two decades in equalizing state spending on education between rich and poor, yet the quality of resources available to schools remains inadequate and outcomes very unequal.¹⁹

Schools and facilities in poorer communities are not up to standard, learner support material is not sufficiently available, and teachers are often not supported and motivated. Poor communities are unable to support their schools and School Governing Bodies (SGBs) to the same extent as in wealthier communities. In many cases resources available

¹⁹ MTSF Report 2014-2019 Education Outcome 1 Chapter at p2.

are not used effectively because of weak management and accountability systems. For example, there is evidence of corruption in appointments, low morale evident in high levels of teacher and learner absenteeism and district support and monitoring is inadequate.²⁰ While socio-economic conditions of learners constrain learning achievement it is clear that in South Africa unequal schooling aggravates socioeconomic disadvantage, rather than mitigating it.

Effectively managing time in school is an important component in enhancing service delivery in schools. Optimally using time in school is a key driver in improving performance. Effective time management is also regarded as an important feature of well-run institutions.

Appraising teacher performance is another important component of ensuring enhanced service delivery in schools. However, the appraisal process has been politicised and bureaucratised resulting in inefficiencies. The system has conflicting results as teachers are deemed to be performing well whereas the systematic performance remains very poor. This predicament is underpinned by three factors.

Firstly, members in charge of performance appraisal lack the capacity to conduct a rigorous and effective analysis of teacher performance. In addition to this, they do not know how to prioritise the development needs of teachers. Secondly, the current criteria used to evaluate teacher performance is not inclusive of key indicators of effective teaching. Indicators such as management of time in school, the right use of resources such as textbooks, communication and motivation. Further to this, the performance standards are cumbersome and result in a lot of paperwork for HODs. Because of the amount of paperwork, the HODs do not capture feedback on important components of teaching such as level of learning achieved by learners. Thirdly, the utilisation of a single instrument in appraising teachers results in inappropriate reporting. It is noted that educators are more likely to be attracted by rewards accompanied by the performance appraisal process instead of focusing on their immediate weaknesses. This results in teachers misinforming

²⁰ MTSF Report 2014-2019 at Education Chapter p2.

the appraisal in order to qualify for rewards, instead of using the process as means of improving on their shortcomings

The Public Service Commission reports that the education system was so fragmented and diverse and could not provide equal access to services. There was a distinct need for focusing on the most disadvantaged schools, since these learners were the ones being most affected by the current quality of service provision. The Commission recommended that most departments' efforts should be towards upgrading the quality of education at schools. Many of the schools visited received textbooks very late in the year whilst at one school there was only one textbook for the whole class. In the Education Departments, systems for handling complaints depended on the school concerned, since no formal complaint handling mechanism existed. Internal redress (from schools to the Departments) needed serious attention.

The Presidency *20 Years of Democracy Review* reported that while there has been an improvement in the equity of education funding, inequalities in terms of resources available at public schools remain due to the disparity in households' ability to supplement the funding of public schools and due to inherited school infrastructure backlogs.

The 2014 African Peer Review Mechanism report identified several challenges including:

- Frequent curriculum changes leading to poor teacher mastery of content and methodology, leading to learners that are ill-prepared for the next class;
- Provision of learning/teaching material is inadequate and inequitably distributed, with rural schools being the worst affected;
- Infrastructure resources including technology, libraries and laboratories are in short supply, more so in rural areas and schools in informal settlements;
- There is not enough attention being paid to educator remuneration;
- The twin challenge of poor school leadership and management; and inadequate parent participation; and
- School safety and abuse of drugs in school.

The Department of Basic Education Annual Report highlighted imbalances in the supply and demand of educators resulting in a shortage of skilled educators in the areas of

Mathematics, Science and Technology. Recruitment efforts in the sector include the implementation of the Funza Lushaka bursary, which has resulted in an improvement of the number of young teachers entering the teaching service. Although the Department reports that South Africa has a qualified teaching workforce in that in 2010, 95.1% of teachers were recorded as being qualified as compared to 53% in 1990, however, according to the Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ) assessment study reports, South Africa's ranking among fifteen countries in the region does not reflect the considerable public investment. For example, in the Annual National Assessment (ANA) tests in 2011 results for Grades 1 to 6 showed several weaknesses in the teaching of numeracy and literacy that needed urgent intervention.

2.3 Educator Remuneration, Conditions of Service and the Wage Bill

If the state's aspirations for a high-quality education system are to be realized, the most significant agency on which it would have to rely on is the teaching profession.²¹ The Commission's inquiry is all the more important when one considers the importance of teachers in the South African education system. In terms of the distribution of public resources, the proportion spent on teachers is high.²² Various opinions on teacher remuneration and performance have been written and some state that it is widely believed by both teachers and non-teachers in South Africa that teachers are under-paid. Indeed, it is widely thought that well-performing teachers are under-paid, and so at the upper end of the teacher skills distribution, this sentiment may be well founded.

Comparing teacher pay in based on job classification can also be studied from the socio-economic background of the teaching environment. The cost of living and demographic setting play an important role in the availability of teachers in South Africa. Rural schools tend to be short of teachers, with urban areas having excess of teachers. This is why the South African government has been trying to introduce incentives to attract teachers in rural areas. Compared to other countries, trends are somewhat different in terms of pay

²¹ *OECD 2008 Report at p294.*

²² *P Armstrong, "Teacher Wages in South Africa: How Attractive is the Teaching Profession", Stellenbosch Economic Working Papers, 08/14.*

disparities between rural and urban areas. In London, there are pay differences between people who work in the inner city as compared to outer London. The difference is due to the high cost of living in London and surrounding areas whereas it is less costly to teach outside London.

In terms of teacher pay in relation to experience, it is noted that new teachers in South Africa tend to be better compensated than older and more experienced teachers. In London, new teachers start at M1, which is 20 627 pounds annually in 2009. More experienced teachers are given a higher scale than M1. It is the discretion of the governing body to allocate more points for educators to be paid more, taking into consideration experience and exceptional performance by the teachers. Further to this, schools in London are also monitored to ensure quality assurance. There is a regulatory body that is tasked with ensuring quality assurance in all the schools. Schools that fail to meet standards are put under special measures and receive support from education authorities, including additional funding to improve standards. All these measures ensure proper job classification and fair remuneration for teachers.

One of the most important instruments governing the terms and conditions of the employment of educators impacting on remuneration is the regulations made by the Minister in terms of Section 28 read with sections 1, 4(1), 5(1) and 9 of the Employment of Educators Act. The regulations cover educator qualifications, probation, experience, unauthorized remuneration, official duty, medical assistance, transport, state housing, home ownership, service bonus and long-term service awards. Each of these is summarized below.

The submission by the National Treasury was however cautious that a change in the remuneration structure is more than likely to affect the fiscus. The National Treasury further went on to highlight various incapacity issues within the Department of Basic Education, such as weak HR systems (that affects the management of teachers), PEDs, the need to link performance and remuneration, vast number of factors affecting remuneration, implementation problems in the OSD system and wage agreement issues. Inabilities to implement agreements by the Department of Basic Education's (DOBE) often led to reaching agreements as means of avoiding strikes without addressing underlying issues. The National Treasury further flagged the need to overhaul the HR

systems regarding the number of teachers employed, subjects taught and qualification of teachers.

2.3.1 Educator qualifications

Section 2 of the Regulations states that no person shall be appointed as an educator either in a permanent, or temporary capacity, or on special contract, or be promoted, unless he or she complies with the experience requirements determined by the Minister and is in possession of an approved qualification and is able to submit satisfactory evidence thereof: Provided that an employer may appoint a person who is not in possession of an approved qualification as an educator in a temporary capacity for a specified period if the employer deems such appointment necessary and in the interest of education.

Qualification and compensation for teachers have, for the most part, negatively impacted the standard and quality of education. The foremost challenges are: teachers' level of education, unsatisfying conditions of services, lack of motivated teachers and poor support programmes for teachers. The abovementioned factor creates a hostile environment for quality services. Thus, there is a need for the DOBE to realise that the quality of education has a direct bearing on the quality of teachers that will be produced by universities. Furthermore, there is a need to base teachers' productivity and performances on two factors; a) teacher training, qualifications, knowledge and experience, b) conducive environment for teachers to perform and support for teachers.

2.3.2 Probation

Section 3 states that an educator shall be appointed on probation for a period of at least 12 months, which period may be extended, on good cause shown, for a further period not exceeding 12 months. If the head of the relevant institution or office certifies that during his or her probation period or extended probation period, such educator has been diligent and his or her conduct uniformly satisfactory and that he or she is in all respects suitable for the post which he or she holds, the employer may confirm the permanent appointment, transfer or promotion if the educator has complied with all the conditions to which his or her appointment, transfer or promotion was subject.

2.3.3 Experience

Section 11 states that an educator's experience shall consist of-

- Actual educator's experience shall include all experience gained while the person held an educator's post;
- appropriate experience shall include working experience which, in the opinion of the Minister, develops the candidate, directly and appositely, in all respects regarding knowledge, skill and attitude, for holding an educator's post;

The report on Educators Human Resource Management notes existing challenges in the recruitment of teachers. Firstly, there is data limitations to inform recruitment. In addition to this, there is insufficient use of already available data. These factors end up affecting the value for money in the education sector, with a major problem associated with the standard of teachers at the entry-level. On the utilisation of data, moving excess teachers is always a challenge.

2.3.4 Unauthorized Remuneration

Section 14 states if any remuneration, allowance or other reward is received by an educator in connection with the performance of his or her work with the employer other than in accordance with the provisions of the Act or these regulations, that educator shall pay into the relevant Provincial Revenue Fund an amount equal to the amount of such remuneration, allowance or other reward, or, where it does not consist of money, the value thereof as determined by the employer, and if he or she does not do so, it shall be recovered from him or her by the employer by way of legal proceedings or in such manner as the Treasury may approve.

2.3.5 Official duty

Section 23 states that an educator shall be on official duty during the service periods laid down in the school timetable which reflects the curriculum, or the times approved by the employer for the school and during the times in which such other activities, which do not constitute part of the school timetable, but are related to school affairs, take place. It further states that An educator shall, during his or her official duty, give his or her full attention to the duties entrusted to him or her and shall not without the consent of the head of the relevant institution or office be absent from his or her school or institution during his or her hours of official duty. Section 29 states that an employer may, on the terms and conditions he may determine, authorise an educator to follow a full-time study

course approved by the employer and while such educator follows such course he or she shall be deemed to be on duty in an educator's post.

Ensuring job classification that is linked to remuneration is important in improving the efficiency of the education sector. In this regard, it is important to compare the remuneration of teachers with similar levels of education and years of experience to determine if job classification is linked to remuneration. There also needs to be uniformity in the number of working hours and remuneration for teachers. The salary patterns need to be considered for the effectiveness of this analysis. This is stimulated by inconsistencies when comparing public sector salaries of teachers and other professionals. As such, it is important to compare teacher pay in different countries.

It is important to compare teacher pay between different countries to determine suitable remuneration that is strongly linked to job classification. The report on the *Comparative Study of Teachers Pay* in Europe reveals that primary school teachers in Scandinavian countries work between 17 to 35 hours, with compensation for extra hours that is at a ratio of 1.8 to 2 times per hour for extra hours. While years of experience count little for remuneration in South Africa, in Europe years of experience play a critical role in determining teacher pay. There is no significant gender disparity in compensation in European countries.

2.3.6 Medical Assistance

Section 64 states that the monthly contribution by the employer in respect of the subscriptions payable to a medical scheme on a monthly basis is calculated in accordance with a basis determined by the Minister and shall be paid to the different medical schemes of which educators are members.

2.3.7 State Housing

Section 68 states that an employer may make state housing available to an educator when it is to be utilized as an instrument in the execution of his or her duties and because the work specifications of a specific post require that the incumbent thereof be available on the terrain where such duties are performed, within and outside his or her official hours of duty and educators occupying such posts shall be obliged to occupy the housing. The Regulations also set out the rent that is to be levied from the educators' remuneration i.e.

Rent in respect of standard single housing is levied at 1% of the annual basic pensionable salary of the educator. And if the educator dies or is discharged from service they are permitted to stay in the housing for a period not exceeding three months. The Regulations also provide that other housing²³ may be made available to educators if for example educators are stationed at a place where, or in the vicinity of which, private housing does exist, but their work is of such a nature that it must be possible to reach them on short notice and that they must be able to report as a unit, as a result of which it is essential that they be accommodated at a specific place or near such a place.

2.3.8 Transport

The Regulations²⁴ provide that if required of an educator to perform official duties at a centre other than his or her headquarters and he or she has of necessity to make use of transport approved by the employer and head of education may at his or her discretion authorize an educator to use government transport between his or her residence and place of duty, should exceptional transport problems arise.

2.3.9 Homeowner Scheme

Section 73 states that an educator who wishes to participate in the scheme shall be a contributing member of a statutory instituted pension or provident fund or shall be under an obligation to contribute to such a fund upon completion of a qualifying period of service; be employed in a full-time capacity; in the event of being a full-time educator, employed in a temporary capacity, be younger than 65 years of age; and not be married to a person who already participates in the scheme for the Public Service.

2.3.10 Service Bonus and Long Service Awards

Section 88 states a non-pensionable service bonus is payable to educators and the date of payment of the service bonus is the date on which an educator's salary is paid in the month in which his or her birthday falls. Awards for long service recognition may, subject to this regulation, be made to educators appointed in a permanent capacity.

²³ Section 69 of the Terms and Conditions of Educators Regulations.

²⁴ Section 71 and 72 of the Terms and Conditions of Educators Regulations.

2.3.11 Incentives for food performance

- A percentage of a fixed maximum bonus should be awarded on an annual basis as a once-off bonus
- Bonuses can be provided to schools and not individual teachers to enhance team work.
- Collective based rewards could encourage performing teachers to motivate other teachers to improve given that the bonus will be determined by the school performance
- There should be support for schools that are not performing very well.

2.3.12 Resettlement Expenses

Section 90 states that upon the transfer, appointment or termination of service of an educator in terms of the Act or of his or her death, such an educator or his or her estate shall be compensated by the employer for the reasonable resettlement expenditure actually and necessarily incurred.

2.3.13 Assessment of Educator Remuneration, Conditions of Service and the Wage Bill

Despite such relatively favourable remunerable terms and conditions of employment for educators there are key signs that teacher effort is critically low in South Africa with high levels of absence from classrooms, poor lesson preparation and very low levels of interest in the progress of learners. It is often reported that such low levels of effort result from weak incentive systems. Hernani-Limarino (2005) points out that arguably the most important determinant of the recruitment, performance and retention of effective teachers is whether or not they are well paid. However, besides remuneration there are other important aspects of employment such as conditions of service that determine the attractiveness of a career.²⁵

Some of the characteristics of educator employment that negatively affect its attractiveness include the hours individuals are expected to work in a particular job, the

²⁵ P Armstrong at p2.

stability of the job, and the flexibility of schedules and non-monetary benefits (such as in-kind payments and holidays) that may not be easily captured by survey data collection.

Internationally teachers are generally found to be under-paid relative to those employed in non-teaching professions, given their level of educational attainment and experience in the teaching force. It is often argued that this is the case because of the poor productivity of the profession relative to other professions.²⁶ It is reported that between 2007 and 2009, teachers experienced a 15 percent increase in real terms in average pay, despite the financial crisis. In fact, even before this substantial increase, teacher pay in South Africa was exceptionally high relative to per capita GDP. There is a clear indication that an immense proportion of public spending on education is personnel spending. The Commission investigated the teacher performance because teacher remuneration constitutes a considerable expenditure item in the government's budget.²⁷

There are certain inconsistencies that exist in the remuneration of teachers. It is noted that older and more experienced teachers are paid less compared to younger and less qualified teachers. There should be salary increases linked to years of experience to improve not only the remuneration system, but the productivity in the education system. Notable improvement in teacher salaries have been recorded from 2007 as compared to other professions. Educators also experienced an increase in their salaries from the late 1980s in a bid to address the apartheid regime pay gap and further increases from 2000 and considerably interrupted by the global financial crisis in 2008. It is very hard to compare teacher salaries due to factors such as converting salaries to purchasing power in different contexts. As such, there can be no unitary means of comparing teacher salaries. As noted, South African teachers can be said to earn twice of what teachers in Latin America get paid. Socio-economic conditions and nature of skills play a leading factor in determining teacher pay.

The current system of using household data is limited in that it fails to make a distinction between teachers and the determination of pay. On paper, teacher pay might appear more attractive than other public services paid through the Persal system. As such, it is

²⁶ *P Armstrong.*

²⁷ *P Armstrong at p1.*

important to investigate this problem in order to guide policy makers. The investigation needs to focus on comparing employees with similar levels of education and years of experience. It is critical to consider the average promotion opportunities and individual lifetime earnings. Persal data should be used with a particular focus on salary scales and actual earning patterns.

Understanding the consumption patterns of teachers is another important means of ensuring effective remuneration for teachers. As such, it is important to do more investigation focusing on this issue. As noted, teachers experienced a 28% improvement in their pay in real terms between 2007 and 2012 as based on the Stats SA's consumer price index. This figure does not paint the real picture that underpins the consumer price index in relation to teachers, particularly in comparison to other professions in the country. This proposed analysis would go a long way in ensuring better understanding of teacher salary trends in the South African education system. This analysis does not have to stop with teachers, it can be extended to the entire public services in order to ensure that an effective remuneration system is in place.

Teacher salary in South Africa is equal regardless of the school location or available resources. Studies by Crouch (2001) and DOE (2007) show that teacher salary advantage declines the longer the individual teacher stays in the profession. As such more experienced individuals are likely to exit the profession by the time they gain experience in the profession. The Occupation Specific Dispensation (OSD) agreements are an attempt at correcting this reality. They attempt to reward teachers who stay in the profession by increasing their salary bands and provide alternating career paths that do not necessarily lead to management (ELRC, 2008). The DoE (2007) found similar results showing teachers earn less than non-education professional but higher than overall employed individuals. Starting teacher salary is higher compared to starting salaries in other professions²⁸.

²⁸ SACE at p8.

The *conditions of service* with respect to the environment in which educators operate also have a significant impact on the attractiveness of teaching as a profession. Legislation and policy governing these conditions of service in the education system, and technology employed in the process of teaching have a considerable influence on the choice of teaching as a career. Among other factors²⁹ impacting on choices include the extent of the learner coverage (gross enrolment and net enrolment); the age of learners who qualify to be enrolled; whether the education is compulsory; prescribed learner attendance; whether education is free, and learner failure policies. Notwithstanding the challenges associated with attracting educators to the teaching profession all necessary resources to ensure quality basic education, including an adequate quantity and quality educators, must be provided as key inputs into the education system in compliance with international agreements and the Bill of Rights.³⁰

The South African Schools Act, no.84 of 1996 provides for compulsory attendance and commits each province to ensure that there are enough school places for all learners. By implication the state as a provider of public education has an obligation to provide quality educators to implement compulsory attendance provision. The Plan of Action to Improving Access to Free and Quality Basic Education for All (2003) seeks to operationalize the provisions of both the Constitution and the SASA. It addresses all the necessary aspects or inputs required to ensure improved access to free and quality education for all. Among other things, the plan addresses certain factors that will ensure provision of quality educators to offer quality education.³¹

South Africa is also a signatory to the Dakar Framework, which stipulates six goals towards ensuring basic education for all by 2015. Of the six goals, two have direct implications on the provision of quality educators in that they commit countries to expanding access to free and compulsory basic education for all children. And the government is to ensure that the learning needs for all young people and adults are met.

²⁹ SACE Report (2010) p13.

³⁰ SACE Report (2010) p13.

³¹ SACE Report (2010) p13.

Potentially this could increase enrolment figures where school coverage is not hundred percent. It also means learners will stay longer in the education system thereby implying an increased demand for quality educators.³²

There are some geographical areas and certain schools that pose serious recruitment and retention challenges. The defining factor in these geographic areas and schools is that they present difficult working and living conditions for teachers. Note that in other countries geographical demand is related to the characteristics of learners in those schools more than geographical lack of resources. For instance, recruitment and retention are also experienced in urban “schools that serve large concentrations of poor and minority students in the U.S.A”. In South Africa there is an acute shortage of qualified teachers in rural schools compared to urban areas and this is related to lack of resources found in schools and surrounding areas.³³

The Teacher Incentive Study (2006) found that in addition to remuneration teachers value the environment in the school. That means the environment has to be conducive to retain teachers. The revising of salary scales and new career paths are a step in the correct direction in reducing the rate of teachers exiting the profession.³⁴ Three key reasons educators gave for intending to exit the professions were distance from school, low job satisfaction and high stress levels.

Further analysis of the job satisfaction component found that educators were more likely to leave because of lack of career advancement and recognition followed by lack of job security and, lastly poor teaching structure (working hours/load/policies).³⁵ If the conditions do not change those who remain behind but want to leave may consequently embark on less extreme behavior such as absenteeism and “passive job behavior”.³⁶

³² SACE Report at p14.

³³ SACE Report at p15.

³⁴ SACE Report at p21.

³⁵ SACE Report at p21.

³⁶ SACE Report at p22.

Significantly, salary was not one of the key reasons for leaving the sector according to the report. Among the groups of teachers who are most likely to leave is the high-income group of teachers. Indicating an advantage in teaching in the initial years compared to other professions. However, this advantage tends to decline as teachers remain in the profession.³⁷

Another source of teacher turnover in developed countries identified in the literature is movement from one school to another or teacher migration. This aspect of turnover is ignored by aggregated studies of teacher turnover, because the teachers are not lost to the system. However, from a school's perspective the school that is losing teachers to another school experiences a shortage. And if migration is concentrated in certain schools, geographic area or communities, it impacts negatively on school performance.³⁸

There is also growing evidence of the relationship between teacher qualifications and student achievement. At the core of this relation is the correlation of teacher's subject area knowledge with student academic performance. In the South African context, there is consistently poor performance of learners in Mathematics and Science measured in terms of matric results. This can be attributed to the shortage of mathematics and science teachers, and where they exist the quality of the subject knowledge or pedagogic skills are identified as problems.

Teacher remuneration policies in many countries are uniform and the salary structure is based on qualification and seniority or years of experience. Such policies salary structures do not address educator scarcity, and do not attract skilled teachers for mathematics and science (or scarce subjects) or teachers to work in rural areas.³⁹ The increased advantage in beginning salary will attract younger individuals into the profession. It should be noted that increased salary adjustments to the initial salary not only attracts talented individuals but also less skilled individuals. The impact of salary adjustments on educator remuneration has not been done in South Africa. For example,

³⁷ SACE Report at p21.

³⁸ SACE Report at p22.

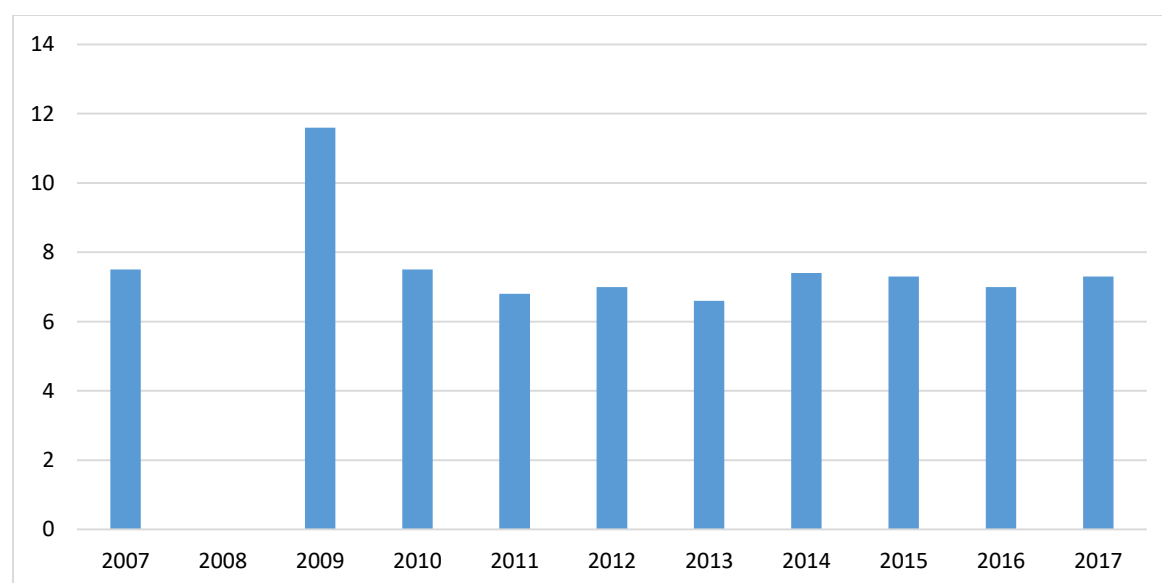
³⁹ SACE Report at p23.

it is uncertain how much the salary should be adjusted to attract educators in mathematics and science. The next part of this assessment specifically reviews the educator remuneration adjustments and their impact on the wage bill.

2.4 Assessment of Educator Remuneration Adjustments in South Africa

The Cost of Living Salary Adjustments that follow the Public Service Co-ordinating Bargaining Council process generally track the effects of CPI for the particular year. These adjustments are often applied in a sliding scale where lower salary levels often receive a higher increase in comparison to the higher salary levels. Figure 1 below shows cost of living salary adjustment for the period 2007-2017. In 2009, for example, Salary levels from 1 to 3 received an increase of 13% whilst salary levels of 11 and greater received a 10% increase. On average in 2009, the salary adjustment across salary levels amounted to an 11.5% increase. This was the highest increase over the period of 2007 to 2017. The increases experienced in the following years have ranged between 6.6% and 7.4%.

Figure 1 - Cost of Living Salary Adjustment



Source: Public Service Collective Bargaining Council, 2018

A closer inspection of the salary adjustments for the period of 2007 to 2017 within the Education department highlights the changes to the underlying salary structure, which may be masked by the discussion of the average annual cost of living salary adjustments. Considering the various education posts, salaries have been strongly restructured within this period. For a teacher at level M+1, their maximum salary has increased by 65% for

the period. The positions with the greatest increases in salary at their maximum point is the Deputy Chief Education Specialist (162% increase), the Head of Department and Education Specialist (150% increase as well). The smallest increases are attributed to the Master Teacher Level M+3 (20% increase), Senior Teacher Level M+3(41% increase), Principal P5 (50% increase) and the Master Teacher Level M+4 (60% increase) (See Figure 2).

Figure 3 highlights the growth in salaries over the period 2007 to 2017. This has been identified by calculating the mid-point in the salary grade (i.e. the half way value between the minimum and maximum value of the salary range).

In addition, an analysis of the salary differences between employees at the different salary grades identified in Table 4 shows that teachers at Level M+1 and M+2 are at the bottom of the salary scale. Whilst the Chief Education Specialists are at the top of the salary scale with a maximum salary of R1.259 million in 2017. Notably, following the restructuring of the salary structures, the difference in salary between the highest and lowest earners has widened. Where the maximum salary was approximately 3 times greater in 2007, it is now 6.8 times greater in 2017. The gap has most especially widened between the Teacher at level M+1 to the Principal at level P1, and between the HOD and the Principal at level P2, Deputy Chief Education Specialist and the Education Specialist.

Figure 2 - Midpoint Salary Grade Increments 2007 – 2017

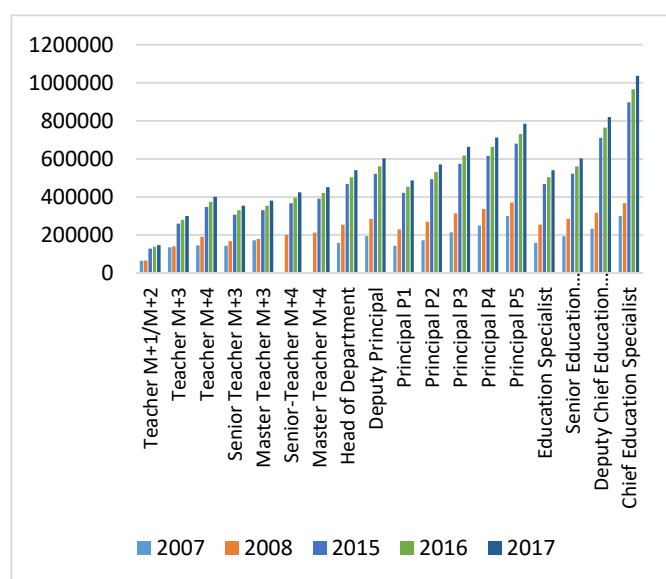
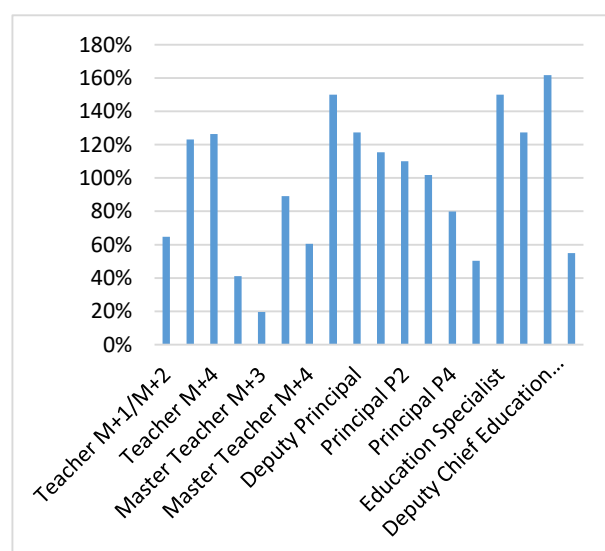


Figure 3 - Maximum Salary Increase from 2007(8) to 2017



Source: Author's own calculation using data from Public Service Collective Bargaining Council, 2018

Table 3 - Maximum Salary Difference to Teacher M+1/M+2

Position	% Difference 2007	% Difference 2017	% Change
Teacher M+1/M+2			
Teacher M+3	129%	125%	-3%
Teacher M+4	129%	202%	74%
Senior Teacher M+3	92%	125%	34%
Master Teacher M+3	129%	125%	-3%
Senior-Teacher M+4		202%	
Master Teacher M+4		202%	
Head of Department	129%	320%	191%
Deputy Principal	185%	355%	169%
Principal P1	92%	262%	170%
Principal P2	129%	320%	191%
Principal P3	185%	383%	197%
Principal P4	233%	397%	164%
Principal P5	301%	412%	111%
Education Specialist	129%	320%	191%
Senior Education Specialist	185%	355%	169%
Deputy Chief Education Specialist	233%	545%	312%
Chief Education Specialist	301%	584%	284%

Source: Author's own calculation using data from Public Service Collective Bargaining Council, 2018b

Table 4 - Education Salary Structure

	Minimum Salary							Maximum Salary								
Position	2007	2008	2013	2014	2015	2016	2017	2007	2008 (Satisfac tory)	2008 (Extende d)	2013	2014	2015	2016	2017	2007- 2017
Teacher M+1/M+2	49974	51488	84210	90441	97749	104127	111729	80565	80569	80569	138639	148899	159321	171429	183942	65%
Teacher M+3	85908	85526	140013	150375	160902	173130	185769	184248	156929	195332	312357	335472	358956	386238	414432	123%
Teacher M+4	107007	117593	185184	198888	212811	228984	245700	184,248	215768	263277	419085	450096	481602	518205	556035	126%
Senior Teacher M+3	132897	137887	221496	237888	254541	273885	293880	154293	158498	195332	312357	335472	358956	386238	414432	41%
Master Teacher M+3	158688	163301	261132	280455	300087	322893	346464	184248	195332	195332	312357	335472	358956	386238	414432	20%
Senior-Teacher M+4	No data	137887	221496	237888	254541	273885	293880	No data	No data	263277	419085	450096	481602	518205	556035	89%
Master Teacher M+4	No data	163301	261132	280455	300087	322893	346464	No data	No data	263277	419085	450096	481602	518205	556035	60%
Head of Department	132897	144921	232803	250029	267531	287862	308877	184248	265910	365611	581991	625059	668814	719643	772176	150%
Deputy Principal	158688	173347	277194	243021	318543	342753	367773	229968	318068	395904	630198	676833	724212	779253	836139	127%
Principal P1	132897	144921	232803	250029	267531	287862	308877	154293	265910	314919	501297	538392	576078	619860	665109	115%
Principal P2	158688	173347	277194	297705	318543	342753	367773	184248	318068	365611	581991	625059	668814	719643	772176	110%
Principal P3	198072	207348	331563	356100	381027	409986	439914	229968	380456	420260	668967	718470	768762	827187	887571	102%
Principal P4	231075	240725	383199	411555	440364	473832	508422	268281	432994	432994	689226	740229	792045	852240	914454	80%
Principal P5	278127	296668	472239	507186	542688	583932	626559	322902	446115	446115	710130	762681	816069	878091	942192	50%
Education Specialist	132897	144921	232803	250029	267531	287862	308877	184248	265910	365611	581991	625059	668814	719643	772176	150%
Senior Education Specialist	158688	173347	277194	243021	318543	342753	367773	229968	318068	395904	630198	676833	724212	779253	836139	127%
Deputy Chief Education Specialist	198072	213631	341613	366891	392574	422409	453246	268281	391984	420260	893946	960099	1027305	1105380	1186074	162%
Chief Education Specialist	278127	287943	612549	657879	703932	757431	812724	322902	446115	446115	948927	1019148	1090488	1173366	1259022	55%

Source: Public Service Collective Bargaining Council, 2018b

2.4.1 Personnel Budget Analysis

Although salary ranges have dramatically changed over the period of 2007 to 2017, it is important to review the actual impact that introducing these changes has made on the personnel budget. Across national government, Salaries and Wages account for approximately 9% of the national pool of the funds (Table 5), whilst at a provincial level, personnel expenditure accounts for approximately 60% of the provincial pool of funds (Table 6). In the period of 2014/15 to the end of the next MTEF period (2020/21), these ratios remain fairly consistent. An analysis of the personnel budget at a provincial level identifies that the Education share accounts for 56% to 71% of the total provincial budget. This budget is expected to increase in the range from 2% in the Free State to 20% in Gauteng, when comparing the 2013/14 Expenditure Estimate to 2016/17's budget allocations.

Table 5 - National Personnel Budget and Expenditure Trend

	Audited outcome			Revised Outcome	Medium-term expenditure estimates		
R million	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total	1131900.1	1244623	1305486	1411930	1512200	1632571	1757452
Salaries and wages	108763	114044.1	122802.2	130458.9	136333.3	146863.4	158757.9
Salaries and Wages %	10%	9%	9%	9%	9%	9%	9%

Source: National Treasury – Estimates of National Expenditure, 2018

Table 6 - Provincial Expenditure and MTEF Budget Trend – 2010/11 – 2016/17

	Audited outcome			Revised Outcome	Medium-term expenditure estimates		
R million	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total	449876448	486428339	520297291	570399554	591613501	621408676	660760565
Salaries and wages	268443458	288497240	311446832	337369760	361213766	385376171	412143843
Salaries and Wages %	60%	59%	60%	59%	61%	62%	62%

Source: National Treasury – Estimates of Provincial Expenditure, 2018

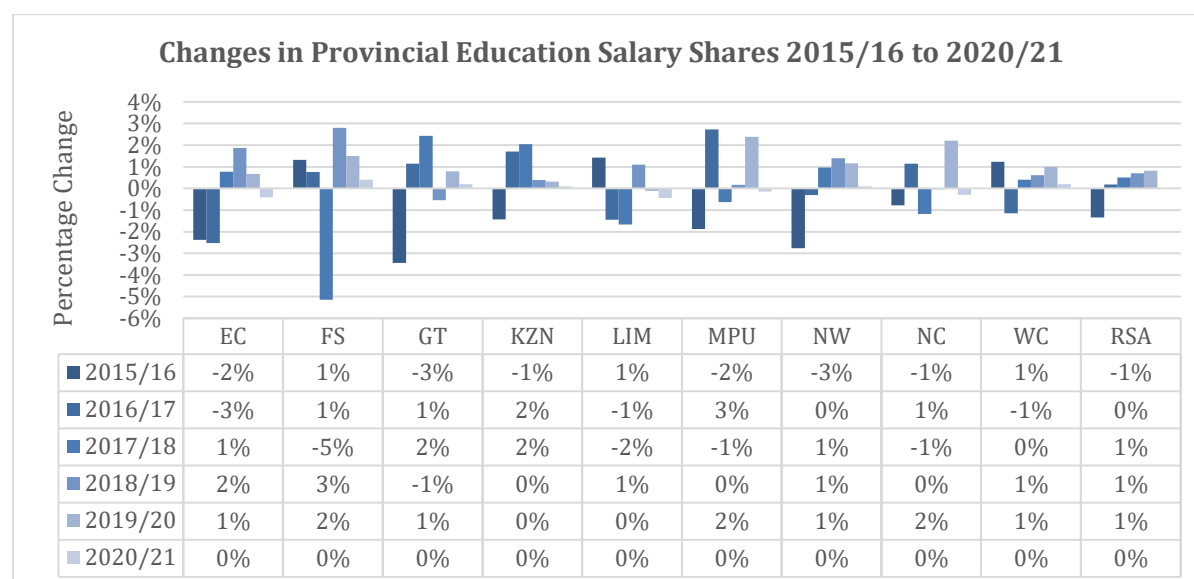
Table 7 - Provincial Shares of Salaries and Wages of Total Expenditure/Budget

	Audited outcome			Revised Outcome	Medium-term expenditure estimates		
	2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
EC	65%	64%	63%	63%	66%	67%	67%
FS	59%	60%	61%	58%	61%	63%	64%
GT	56%	55%	55%	55%	56%	56%	57%
KZN	60%	60%	61%	62%	63%	64%	64%
LIM	70%	71%	69%	67%	70%	71%	71%
MPU	59%	58%	60%	59%	60%	62%	64%
NW	58%	56%	57%	55%	59%	59%	60%
NC	54%	54%	56%	55%	59%	60%	60%
W	53%	53%	53%	53%	55%	56%	56%
RSA	60%	59%	60%	59%	61%	62%	62%

Source: National Treasury – Estimates of National Expenditure, 2018

Considering the Provincial Education Department's Personnel Budget growth rate over the period of 2015/16 to 2020/21 it is noted that the growth in these budgets during this period, has fluctuated from -5% to 3% across provinces (See Figure 4). On average across the provinces, Education salaries and wages increase by approximately 1% in this period. Therefore, at a Provincial level, the rate of growth in the Personnel Basic Education Department budget has remained steady in this period.

Figure 4 - Education Personnel Budget Year on Year Percentage Increase



Source: National Treasury – database extracts, 2018

Table 8: Education Personnel Expenditure vs. Budget

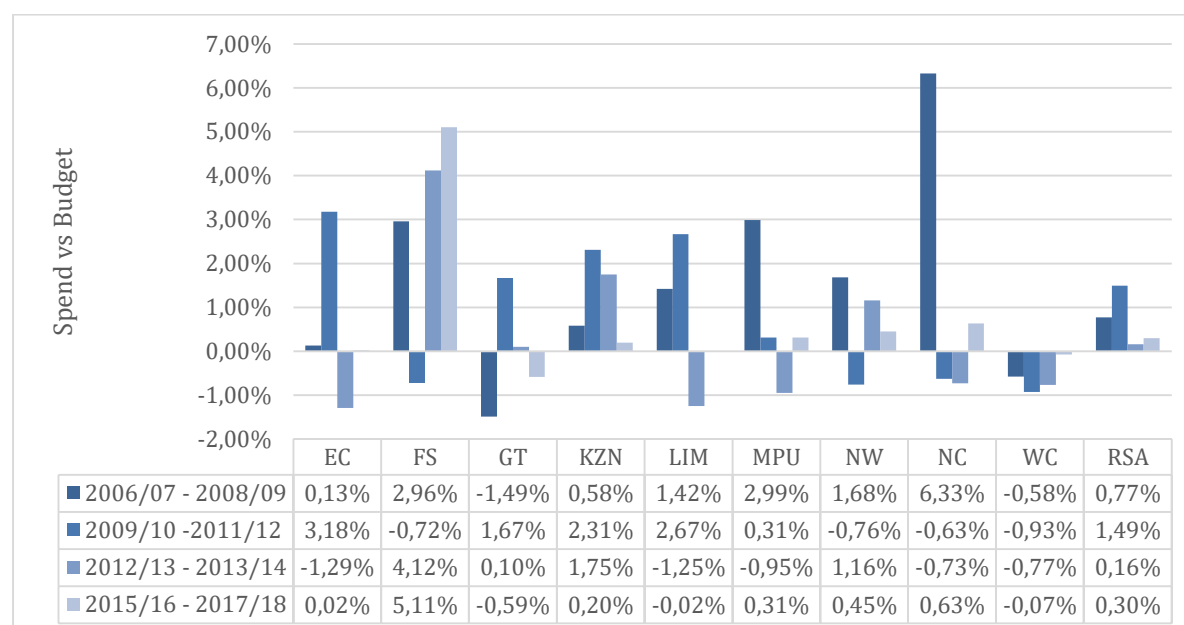
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
EC	2%	-1%	0%	5%	3%	2%	-2%	0%	0%	-1%	-1%	1%
FS	0%	2%	7%	-2%	-1%	0%	1%	7%	0%	6%	5%	4%
GT	-6%	-2%	3%	2%	3%	0%	0%	1%	1%	-2%	0%	0%
KZN	-1%	-3%	4%	0%	0%	6%	2%	2%	0%	0%	0%	1%
LIM	0%	0%	4%	4%	4%	1%	-2%	-1%	1%	-2%	0%	1%
MPU	3%	1%	5%	2%	0%	-1%	-1%	-1%	0%	0%	1%	0%
NW	1%	4%	0%	-2%	2%	-3%	0%	2%	1%	0%	3%	0%
NC	0%	5%	11%	0%	0%	-2%	-1%	0%	3%	0%	0%	3%
WC	-2%	0%	1%	0%	-1%	-1%	-1%	-1%	0%	0%	0%	0%
RSA	-1%	-1%	3%	2%	1%	1%	0%	1%	0%	0%	0%	1%

Source: National Treasury – database extracts

By aggregating the personnel budget from the period of 2006/07 to 2013/14 into 3 period groupings (i.e. 2006/7-2008/9, 2009/10– 2011/12, 2012/13-2014/15 & 2015/16 – 2017/18), and then comparing the budget to the actual expenditure per province, it is noted that the provincial departments tend to over or underspend their personnel budgets. Notably the Free State in 2012/13 – 2013/14 underspent by an

approximate 4% and on further inspection of the Free State's budget, two additional occurrences of under-spending of 7% in 2008/09 and 2013/14 are found. The greatest under-spending of the education personnel budget was experienced in the Northern Cape in 2006/07 – 2008/09 with a value of 6.3% of the budget that was not spent (See Figure 5).

Figure 5: Education Personnel Spend vs Budget 2006/07-2013/14



Source: National Treasury – database extracts, 2018

In reviewing the Education Budget during the MTEF Period (2018/19 – 2020/21), Public Ordinary School Education, is found to account for largest proportion of the Education Budget (with a share of 80%). The largest shifts in budgetary allocations within the Education department (between 2018/19 to 2020/21) is related to Public Ordinary Schools with a 14% expected increase and Public Special Education with growth of 13% (Table 9). As Public Ordinary School Education clearly accounts for the majority share of the education funds, this programme requires further analysis. Additionally, it is noted that the majority share of the personnel budget for all provincial education departments is allocated to Public Ordinary Schooling (87%) (See Figure 6).

Figure 6: Percentage Share of Personnel MTEF Budget

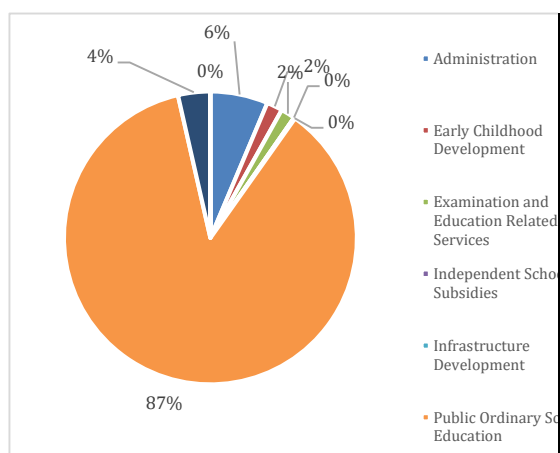


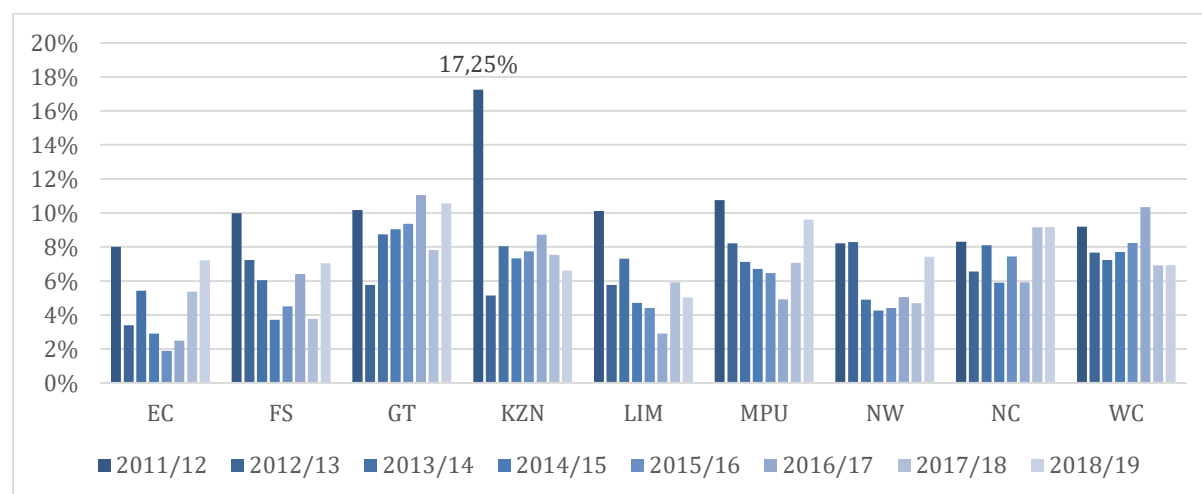
Table 9: Education Percentage Change in allocation from 2018/19 to 2020/21

	2018/19 – 2020/21
Administration	13%
Early Childhood Development	11%
Examination and Education Related Services	10%
Independent School Subsidies	12%
Infrastructure Development	-2%
Public Ordinary School Education	14%
Public Special School Education	13%
Sport And Recreation	6%

Source: National Treasury – Estimates of Provincial Expenditure, 2018

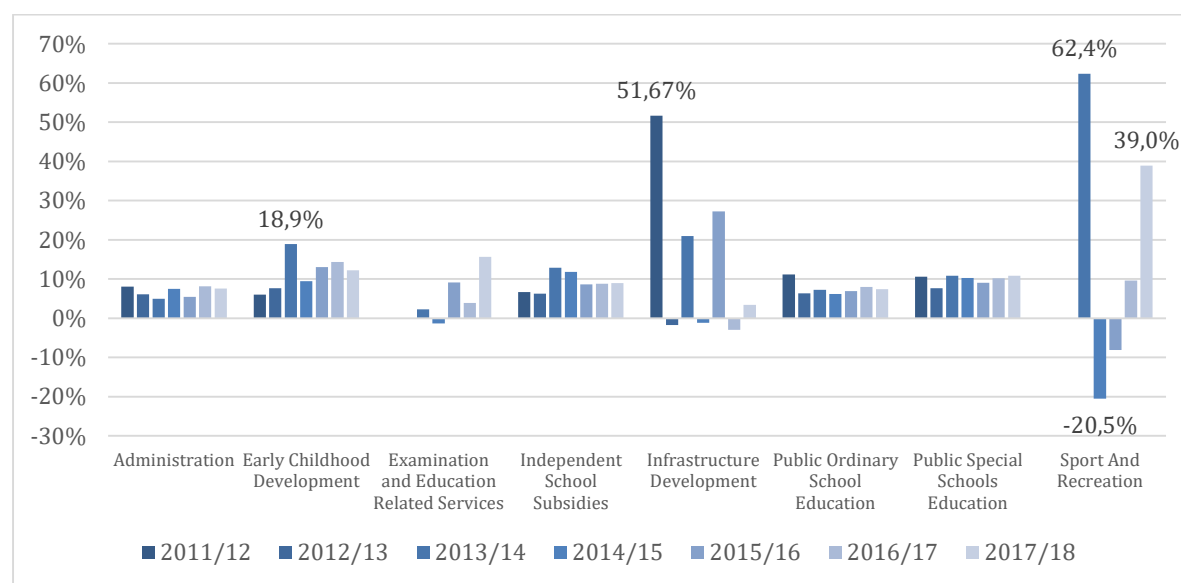
Furthermore, a non-linear growth pattern is found when examining the Ordinary School Education Personnel Spending annual growth rates from 2011/12 till 2018/19. Personnel Expenditure growth rates do not follow a discernible trend across the provinces. The largest increases were found between 2010/11 and 2011/12 with increases between 8% and 17%. In the EC in 2014/15, the expected increase in personnel costs is 0.2%. From 2010/11 to 2016/17 we find growth rates between 3% and 11% (See Figure 7). The Commission proposes further investigation into this non-linear growth trend). This pattern is also reflected in the provincial Education budget's growth rate (Figure 8). The consequences of these trends need to be understood before any recommendations can be made.

Figure 7: Public Ordinary School Education - Year on Year Personnel Expenditure/ MTEF Budget Growth Rate 2011/12 – 2018/19



Source: National Treasury – Estimates of Provincial Expenditure, 2018

Figure 8: Education Programme - Year on Year Expenditure Growth Rate



Source: National Treasury – Estimates of Provincial Expenditure, 2018

The headcount numbers reported on across departments at a provincial level are derived from headcount data that is provided by the National Treasury for the period of 2006/07 to 2013/14. Looking specifically at the Basic Education departments, across the provincial departments, in 2012/13, 966665 people were employed, with Gauteng and Kwazulu/Natal employing the most of number staff (See Table 10). The average budget per head nationally ranged from R159k in 2007/08 to R244k in 2013/13 (Figure 9). In

general terms, the average budget amount steadily grew year on year. A notable outlier in Gauteng in 2007/08 presents itself in the data, although this is most likely due to an anomaly in the number of staff reported on in that year. Nationally in this period, the average budget amount per head grew by 53% from 2007/08 to 2012/13. The Commission suggests a further study of the corresponding headcounts per salary grade and notch would be useful to understand where these employees are located within the organisation's structure.

Within the Education departments at a provincial level, it is noted that the Basic Education department accounts for approximately 54% of the national quantity of provincial government employees in 2012/13. Similar percentages are found in the period 2014/15 to 2018/19. When calculating the average personnel expenditure per head in the education departments, it is found that the highest allocations occur in the Western Cape and Eastern Cape with values of R377k and R372k respectively, in 2018/19 (Figure 9) whilst the average value for all education departments in that year was R345k. The average allocation in the education department, between 2007/08 and 2012/13, is generally higher than the aggregate of all the departments. Nationally, Education departments generally budget 3% to 4% more than the national average, per person (See Figure 11)⁴⁰.

Table 10: Basic Education Headcount per Provinces

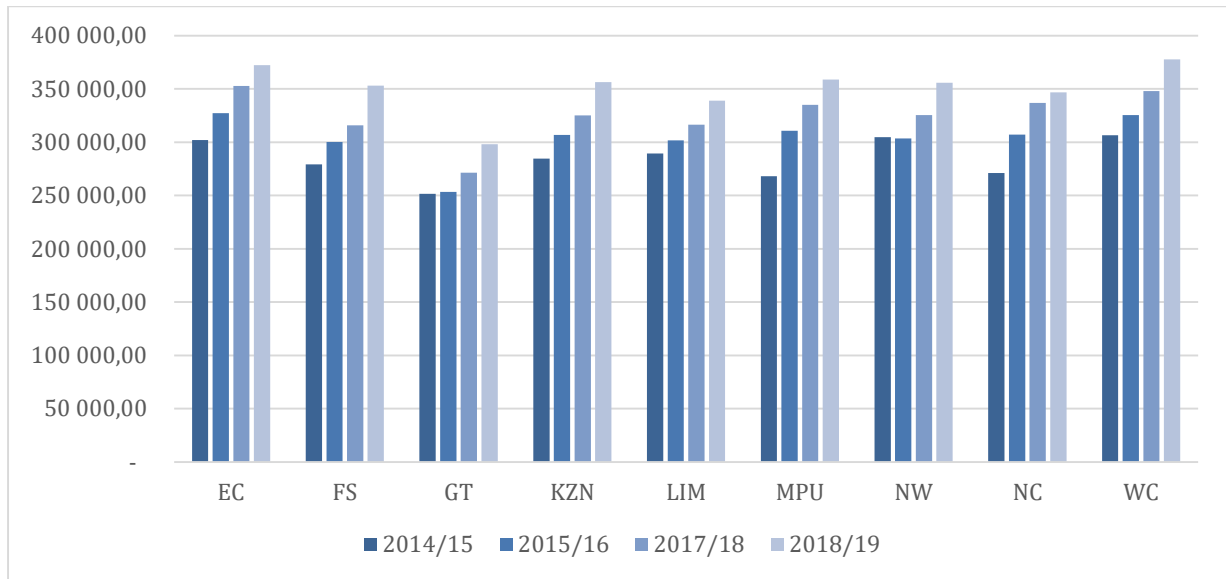
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2017/18	2018/19
EC	74 725	74 226	74 226	85 572	82 686	81 796	79 753	73 179	69 167	67 664	69 724
FS	30 267	31 630	31 630	31 492	34 066	34 147	30 898	31 371	30 566	30 710	29 438
GT	230	76 567	76 567	85 025	87 043	100 193	103 104	94 393	102 488	105 565	105 371
KZN	97 597	99 692	99 692	105 742	107 086	106 053	108 497	112 573	112 562	115 635	113 589
LIM	63 713	58 970	58 970	64 194	63 829	66 358	64 788	68 419	68 671	68 687	68 511
MPU	39 319	43 938	43 938	44 446	44 926	44 950	45 434	46 286	42 534	42 534	43 198
NW	31 691	29 760	29 760	29 954	32 231	31 543	32 820	31 096	32 688	32 619	32 746

⁴⁰ GT and WC have not released total Provincial Headcount statistics with their Provincial Budget and Expenditure Reviews between 2013/14 and 2018/19, limiting the comparison of Provincial Education Headcount spending to the period prior to 2012/13

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2017/18	2018/19
NC	12 192	12 610	12 610	12 117	12 220	12 118	13 187	13 454	12 729	12 729	13 416
WC	39 618	39 949	39 949	40 631	40 804	40 419	39 592	39 592	40 305	40 611	40 385
RSA	389 352	467 342	504 891	517 577	518 073	389 352	467 342	510 363	511 710	516 754	516 378

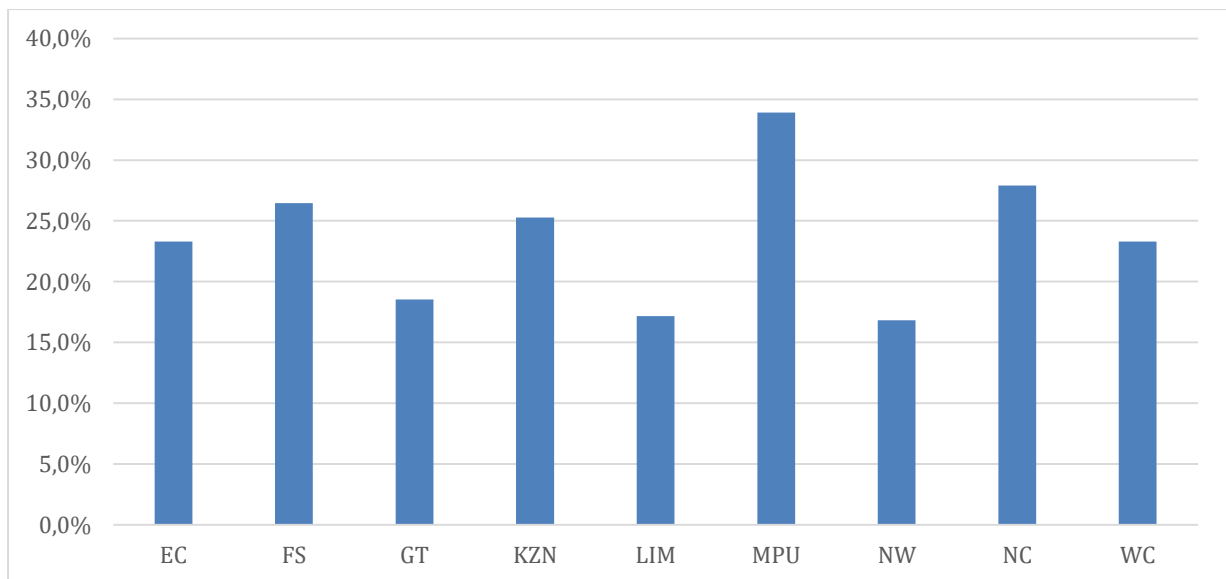
Source: Provincial Budget and Expenditure Reviews 2009/10 - 2018/19

Figure 9: Average Personnel Expenditure per Head within Basic Education



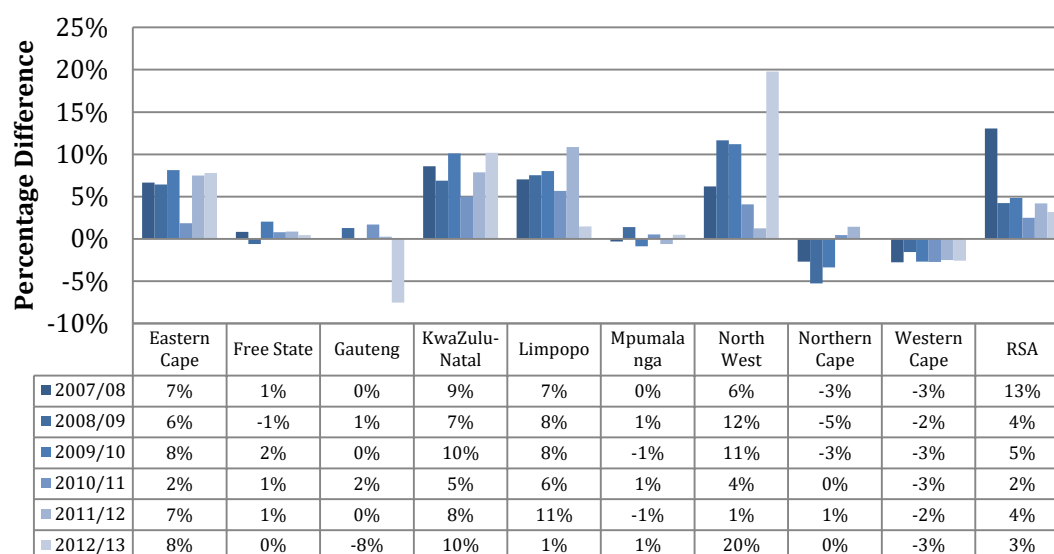
Source: National Treasury – database extracts, 2018

Figure 10: Percentage Change of Budget Allocation per Head 2014/15 - 2018/19



Source: National Treasury – database extracts, 2018

Figure 11: Education vs. All Department Budget per Head



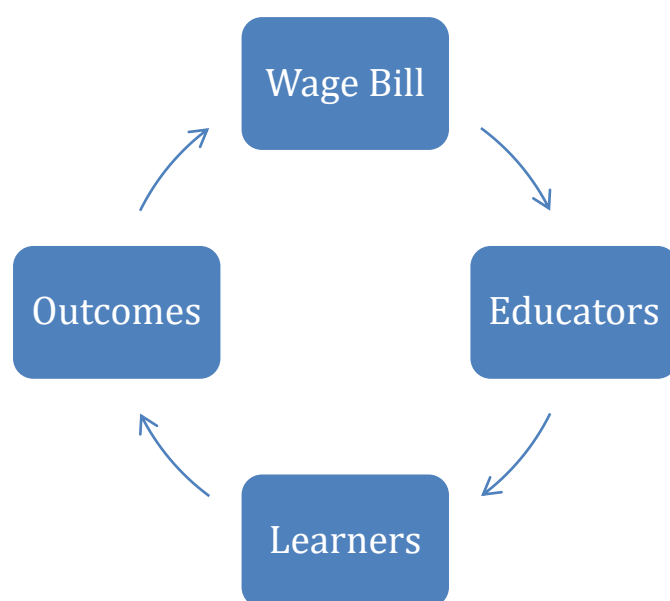
Source: National Treasury – database extracts, 2018

2.4.2 Outcome Returns on Investment in Education

Understanding the budgetary requirements of the education departments raises the question as to whether the State is getting reasonable outcome target returns for the public investment in educators.

Following the terms of reference for this study, it must be determined what should be the desired outcome of the education process. This education process can be represented by the following framework. The framework identifies the relationship between the funds from the wage bill and its ability to mobilise, manage and support an educator work force that suitably educates and provides care for learners in terms of government's policy objectives. The degree to which the learners are educated and cared for, requires a form of measurement to determine how adequate this process is, thereby supporting a determination of the value that can be attributed to the Wage Bill.

Figure 12: Education Process



The terms of reference of this study speak to the ideals of efficiency, efficacy and productivity. Broadly speaking, efficiency relates to the determining whether the public is able to acquire the best value for their Rands spent on the delivery of a service. Efficacy pertains to the manner in which a department is able to meet its own goals and productivity refers to the value of outputs obtained in relation to quantity of inputs invested in the production of the service.

A key study that informs reporting on these outcomes and is very relevant to the South African system, is the Department of Basic Education's Macro Indicator Report of 2011 (DBE, 2011). The key Outcomes identified in this report related to the following: Access to Education, Efficiency and Quality.

Access to Education relates to tracking the number of learners that attend and participate in schooling at the various levels of education. The Millennium Development Goals include a key indicator (Universal access to Primary Schooling) that all nations were to achieve. For this study's purpose an analysis of learner enrolments in comparison to the age-appropriate population will be appropriate.

Efficacy is measured by assessing the quality of the education output. The DBE expands on quality by reviewing the following issues: Learner Achievements and Assessments,

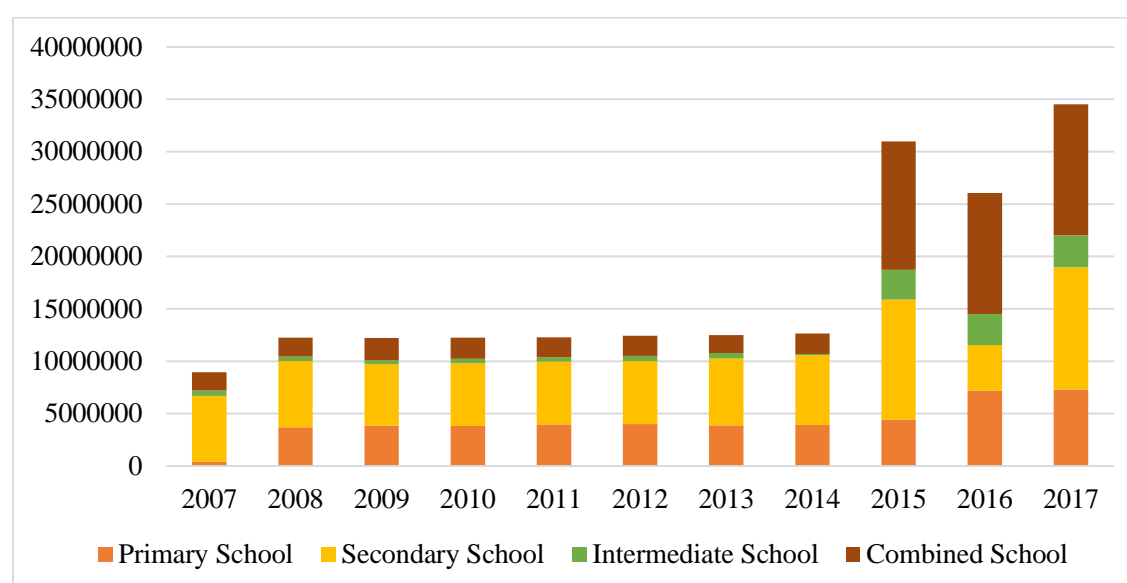
Class Size, Educator Qualifications and Literacy Rates. Learner achievements can be monitored through the National Senior Certificate Examination of the Grade 12 learners as well as Annual National Assessment carried out at Grades 3, 6 and 9. For our purposes, Educator Qualifications are excluded, as the personnel budget is not directed towards furthering the educator's qualifications. Literacy rates can be assessed using data recorded during National Census of 1996, 2001 and 2011. Efficiency is determined by the percentage of repeater learners in the system, the dropout rate found per grade, and the completion rate of learners per grade in the various phases of the education process.

There is little consensus in the Education field regarding the measurement of productivity of the system. Within the DBE's report on Macro Indicators, the department did not attempt to produce an indicator in this regard. The OECD in 2006 in their report on 'Measuring the quality of non-market output in education' stated that it is difficult to measure productivity as no objective measure may be a true reflection of the entire education system (Garniss, 2006). The indicators that are identified are at best partial to particular concerns and do not provide a holistic representation of the education system. For our purposes, a model developed by Massy, Sullivan and Mackie in 2012 can be adapted. The model is concerned with measuring productivity of Higher Education by inferring that a productivity measure or index can be made by dividing an Output Index by an Input Index.

Improving the access to education opportunities has been a long-standing goal of the government. The target is to allow all learners to undergo a full course of basic education. To monitor this goal, the learner enrolment data sourced from the Department of Basic Education's SNAP Survey which is carried out on the 7th day of School calendar are analysed. When comparing the learner enrolment to the population between the ages of 5 and 19, it can be determined if the country is managing to reach full coverage of learner enrolment. This age appropriate population is sourced from Statistics South Africa's annual publication of Mid-Year Population Estimates. The ages appropriate for basic schooling begin at 5 years old for Grade R. Learners that traverse the system without failing any year, ultimately matriculate at 18 or 19 years (if we allow for a single year of learner repetition) (DBE, 2011).

Learner enrolments at a national level across public school have been relatively stable in the period of 2007 to 2014, with a total enrolment slightly greater than 1 2million in 2014 (See Figure 13). The strongest growth is found in primary school enrolment, which in 2014 surpassed 6.5million learners having enrolled for the first time. Primary schools also account for about 53% of all learners in the public system.

Figure 13: Public School Learner Enrolment per Phase



Source: SNAP Survey 2007-2014 & Department of Basic Education, 2015-2017

Table 11: Public School Learner Enrolment

	2007	2008	2009	2010	2011	2012	2013	2014
Combined School	1652104	1565714	2067845	1925183	1787020	1815078	1609471	1626340
Intermediate School	408109	428470	199694	233522	242005	268808	275183	116063
Primary School	6212412	6246854	5762565	5888979	5873891	5891804	6262384	6525788
Secondary School	3776196	3632124	3804412	3762540	3905120	3956991	3828806	3848824
Total	12048821	11873162	11834516	11810224	11808036	11932681	11975844	12117015

Source: Department of Basic Education – SNAP Survey 2007 - 2014

By comparing this enrolment to the population across provinces in ages 5-19, the percentage of learners that are enrolled in the school system are identified. Learners begin Grade R at age 5 continue within the system till age 18 (DBE, 2016). An additional year is added to age band for public schools, in order to cater for learners that remain in the system due to the repetition of a particular class or grade (UNDP, 2013). For these

figures, the learners from Independent schools as well as those with special needs are also included. As the SNAP Survey is run on the 7th day of the school calendar, the calculation below will not include learners that enrol after this period and this may account for a lower enrolment percentage. In addition, some 19-year-old and 5-year-old individuals may have completed the schooling process or are not eligible to enrol. From a national perspective, since 2007 and up till 2014, South Africa achieved an 81% learner enrolment in the schooling system. The lowest enrolment is found in the Western Cape (~67%) and Gauteng (~67%-71%). The strongest enrolment percentages are found in Limpopo (~91% - 96%) and the Eastern Cape (89% - 93%). The gap between male and female learner enrolment does not appear to be significant with the widest gaps experienced in the provinces of about 3%. Given the discrepancies across provinces the Commission recommends further investigation into the low enrolment percentages in the Western Cape and Gauteng.

Table 12: Age Appropriate Population vs Learner Enrolment (Public + Independent) (SNAP Survey Results)

Province	Sex	2007	2008	2009	2010	2011	2012	2013
Eastern Cape	Female	95%	93%	94%	93%	89%	89%	89%
	Male	91%	91%	92%	92%	88%	90%	91%
Eastern Cape Total		93%	92%	93%	92%	89%	90%	90%
Free State	Female	79%	79%	77%	78%	80%	81%	83%
	Male	79%	79%	78%	79%	81%	83%	84%
Free State Total		79%	79%	77%	79%	80%	82%	84%
Gauteng	Female	68%	67%	66%	68%	70%	70%	71%
	Male	69%	68%	67%	69%	70%	70%	71%
Gauteng Total		68%	67%	67%	69%	70%	70%	71%
KwaZulu-Natal	Female	85%	82%	84%	83%	84%	85%	84%
	Male	86%	84%	85%	84%	85%	87%	87%
KwaZulu-Natal Total		85%	83%	84%	83%	84%	86%	85%
Limpopo	Female	95%	93%	90%	91%	91%	94%	95%
	Male	95%	93%	92%	93%	94%	96%	98%

Limpopo Total		95%	93%	91%	92%	92%	95%	96%
Mpumalanga	Female	80%	79%	78%	78%	79%	80%	81%
	Male	80%	80%	79%	79%	81%	82%	82%
Mpumalanga Total		80%	80%	78%	79%	80%	81%	81%
Northern Cape	Female	77%	77%	77%	78%	79%	80%	82%
	Male	76%	75%	76%	77%	79%	80%	82%
Northern Cape Total		76%	76%	77%	77%	79%	80%	82%
North West	Female	73%	76%	76%	74%	74%	74%	75%
	Male	74%	77%	76%	74%	75%	75%	76%
North West Total		74%	77%	76%	74%	74%	75%	76%
Western Cape	Female	68%	67%	67%	68%	68%	69%	69%
	Male	66%	64%	64%	65%	66%	66%	66%
Western Cape Total		67%	66%	66%	67%	67%	67%	67%
RSA		81%	80%	80%	80%	80%	81%	81%

Source: Own Calculations based on Department of Basic Education – SNAP Survey 2007 – 2013 + Statistics South Africa Mid-Year Population Estimates – 2007 - 2013

2.4.3 Efficiency and Quality

In unpacking the efficiency and quality dimension of Education outcomes various factors must be analysed. This includes the Learner Educator ratio, the National Senior Certificate examination, the Annual National Assessments which are conducted at Grades 3, 6 and 9 as well as literacy rates. For purposes of this analysis of Efficiency and Quality of the Education system at a macro level, the focus of the study is on indicators where the wage bill is a factor on the output.

The DBE's SNAP Survey can again be used to monitor the ratio of Learners to Educators. The department has been tasked to achieve a ratio of 35 learners to 1 educator in Secondary Schools and 40 learners to 1 teacher in primary schools (ELRC, 1995). On average across the provinces, it appears that the country has met this target and is actually moving towards ratios of 30 learners per educator. However, on closer

inspection, we clearly see that the average values mask a concerning ratios in particular provinces and then at a lower level in particular Education districts.

The low LER in the Free State offsets some of the higher ratios found in the other provinces. In the Free State, learners to educators range between 22 and 23 over the 8 years from 2007 to 2014 and between 2015-2017 it was an average of 32 learners, whilst in Gauteng, the trend is much more concerning. Gauteng regularly range between 33 and 36 average of 38 learners per educator. In 2016, KwaZulu-Natal and Western Cape had a high average of 38 learners per educator. A further inspection of the individual at districts in Gauteng highlights numerous districts that actually averaged over 40 learners in the past 8 years (2007-2014).

Table 13: Learner – Educator Ratio

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EC	31.81	31.15	29.51	29.8	28.49	28.41	29.34	31.03	33.4	35.3	33.9
FS	22.87	23.36	22.76	23.2	23.31	22.99	23.56	23.84	32	32.3	32.2
GT	34.05	34.39	33.98	32.96	33.74	33.34	34.43	34.13	36.1	36.2	36
KZ	33.25	33.55	32.91	32.05	32.22	31.77	31.07	32.28	36.5	38.3	31.6
LP	31.6	30.61	28.8	29.08	29.22	29.8	30.06	32.2	32.7	34	33.2
MP	31.72	30.81	30.22	30.21	30.8	30.61	30.54	30.92	33	33.4	32.9
NC	28.78	28.67	29	30.24	30.93	31.73	32.18	32.88	34.5	34.7	31.4
NW	28.01	29.09	28.65	28.87	29.74	30.06	30.56	32.91	35.3	35.0	31.9
WC	30.78	29.7	30.24	29.87	29.91	30.24	31.12	31.9	37.6	38	35.8
RSA	31.3	31.08	30.15	30.09	30.07	30.03	30.34	31.61	34.8	35.7	33.4

Source: SNAP Survey 2007 – 2014, Department of Basic Education, 2015-2017

Table 14: Gauteng Education Districts – Learner Educator Ratio

	2007	2008	2009	2010	2011	2012	2013	2014	2016
BRITS	26.05								
EKURHULENI NORTH	32.85	32.16	31.55	31.38	37.38	31.74	32.67	32.75	26.38
EKURHULENI SOUTH	36.6	35.54	33.79	32.72	33.24	33.4	34.75	34.55	31.49
GAUTENG EAST	35.72	35.7	34.32	33.43	33.66	34.43	35.48	35.34	32.86
GAUTENG NORTH	31.62	34.22	31.66	30.3	31.16	32.37	34.17	33.6	26.55
GAUTENG WEST	35.84	33.86	33.66	31.71	32.03	33.2	35.85	33.73	30.65
JOHANNESBURG CENTRAL	37.13	35.5	35.62	33.52	35.06	35.59	36.38	36.11	32.11
JOHANNESBURG EAST	31.32	32.03	30.65	41.8	32.97	30.97	31.76	31.6	21.88

JOHANNESBURG NORTH	32.58	32.85	32.31	31.84	32.78	32.15	33.37	33.27	25.04
JOHANNESBURG SOUTH	36.36	40.68	36.37	34.4	35.75	36.35	36.28	36.36	29.21
JOHANNESBURG WEST	33.17	33.48	43.18	33.07	34.79	33.44	34.25	33.74	28.47
SEDIBENG EAST	33.27	32.57	33.02	32.06	34.21	32.52	33.89	33.53	28.51
SEDIBENG WEST	35.22	33.86	33.21	32.3	33.14	34.79	35.49	35.48	3.08
TEMBA	34.02								
TSHWANE NORTH	33.35	39.22	34.67	32.72	33.05	32.98	34.18	34.46	31.61
TSHWANE SOUTH	32.27	32.29	31.99	30.5	30.97	31.59	32.48	32.19	24.31
TSHWANE WEST	31.15	32.57	32.87	33.14	35.21	33.72	34.81	34.6	32.80
Gauteng	34.05	34.39	33.98	32.96	33.74	33.34	34.43	34.13	28.35

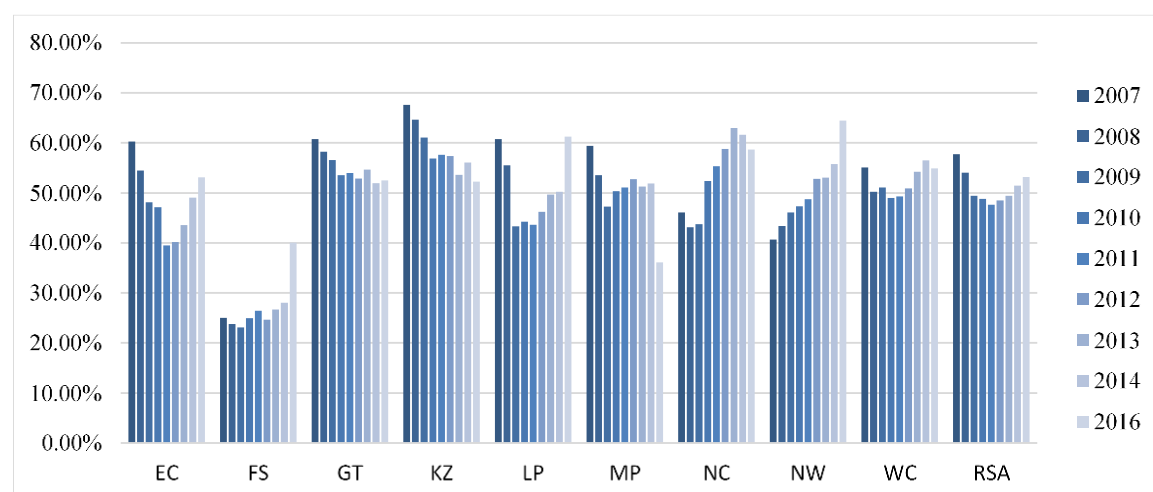
Source: Department of Basic Education, 2018: Department of Basic Education – SNAP Survey 2007 - 2014

A statistic that raises concerns indicates that there are many schools that are actually dealing with large Learner to Educator Ratios. Only the Free State has less than 30% of its schools with over 30 learners per educator. Each other province has above 40% of their schools that are above this threshold. In some provinces, the numbers of schools that are affected by this challenge are actually rising. These provinces include the Northern Cape, North West and the Western Cape. Although the number of schools dealing with this challenge is decreasing in Gauteng and KwaZulu-Natal, however they still number above 50% of all schools.

If we extend the analysis to consider schools with a LER greater than 35 and 40, there are many provinces with more than 20% of their schools with ratios of greater than 35. A serious concern is that the percentage of schools with LERs above 40 are rising in many provinces. Trends indicate that they are either reaching or have reached 10% in 2014. Submissions from the stakeholders suggest that some provinces have misinterpreted the moratorium on the hiring of public sector employees to include educators and health workers. Whereas the moratorium on hiring public sector employees does not include the provision of basic services. However, it seems that certain provinces, using their discretionary powers, are not hiring educators and health workers in an attempt to save revenue for other purposes.

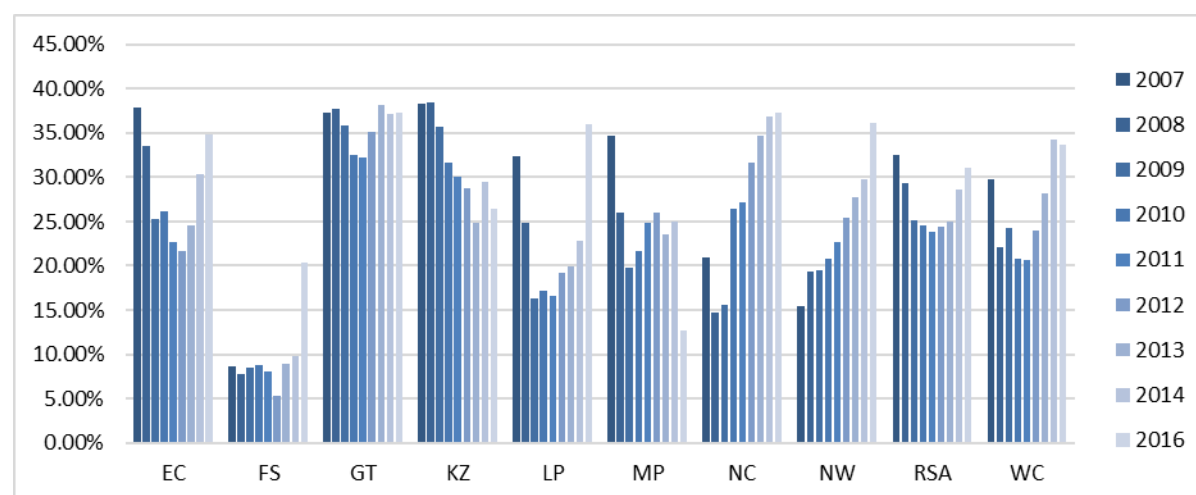
The Commission strongly recommends that the learner educator ratio be brought in line with best practices and that provinces be compelled to adhere to the standard of not more than 30 learners per educator to ensure satisfactory education outcomes. Furthermore, the schools cannot use the failure to employ teachers as a way to suggest that they have balanced their budgets or have made acceptable savings.

Figure 14: Percentage of Schools with LER > 30



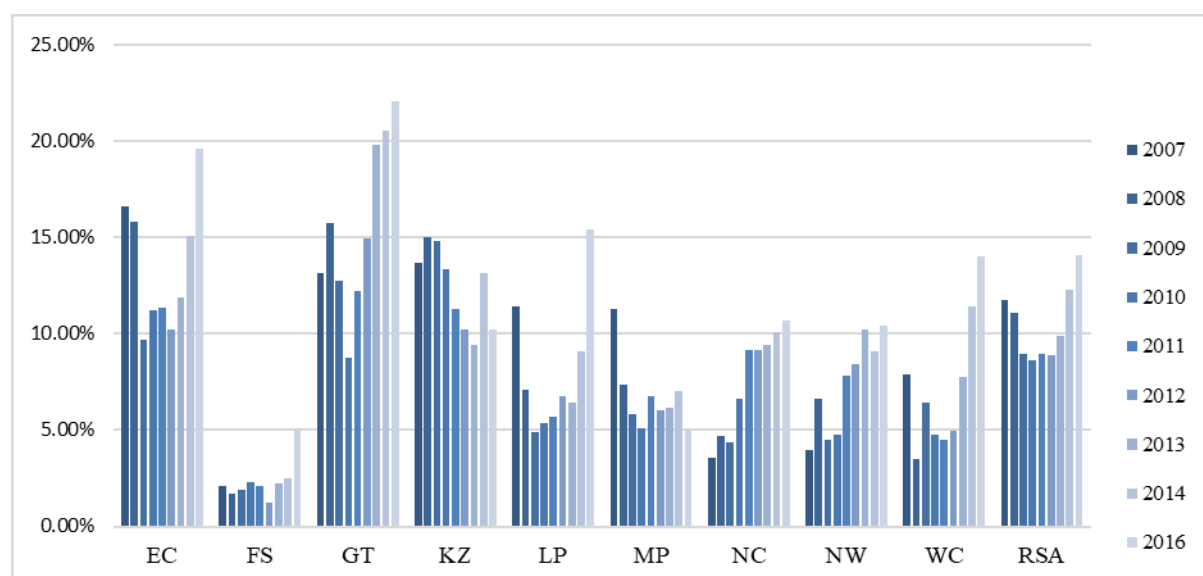
Source: Department of Basic Education – SNAP Survey 2007 - 2014

Figure 15: Percentage of Schools with LER > 35



Source: Department of Basic Education – SNAP Survey 2007 - 2014

Figure 16: Percentage of Schools with LER > 40



Source: Department of Basic Education – SNAP Survey 2007 – 2014

2.4.4 Learner achievement and assessments

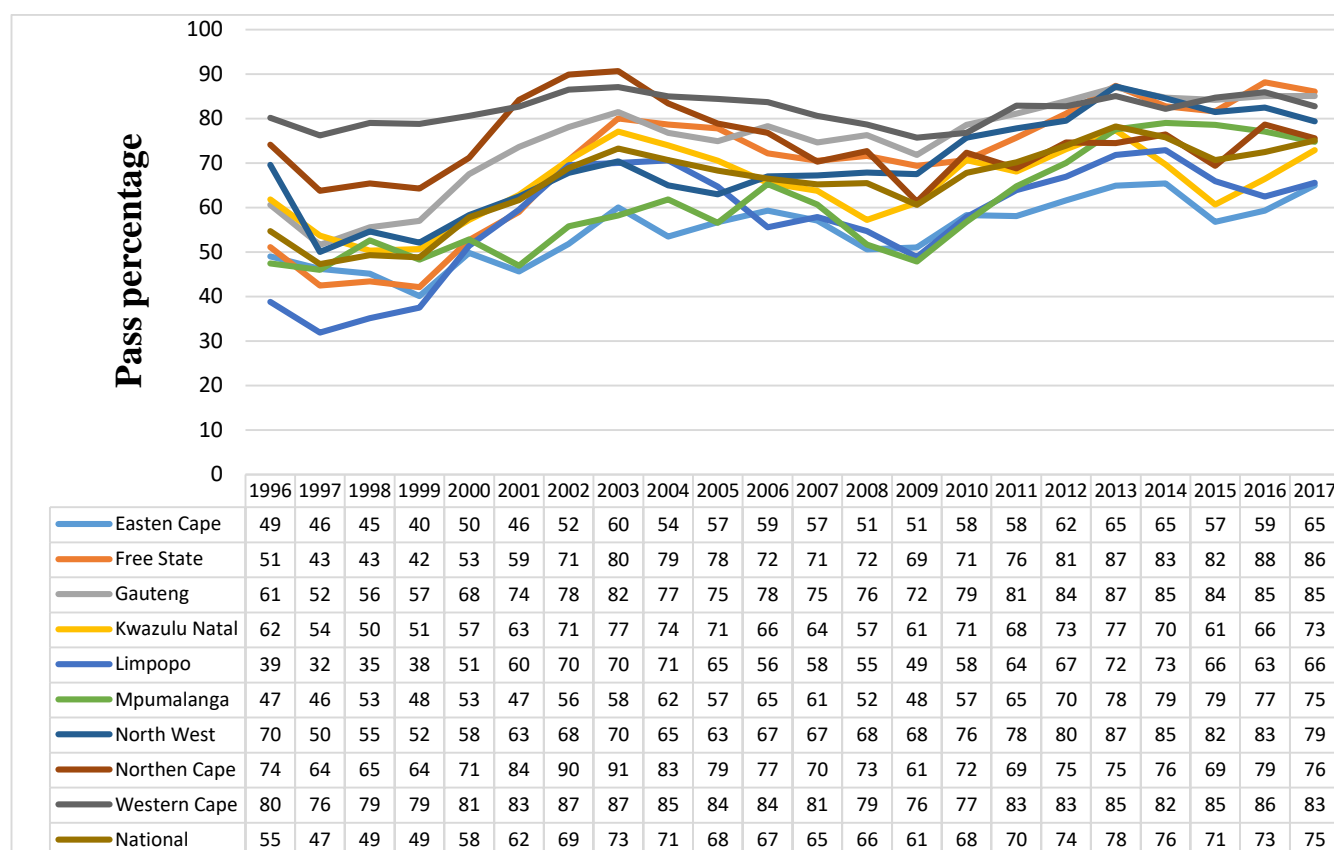
When analysing the school pass rates, the history of the National Senior Certificate (NSC) exam as well as the trends in Mathematics and the learner's first language at grade 3 and 6 are examined.

When examining the NSC for a lengthy period from 1996 to 2014, it was found that the pass rates across province dropped to their lowest point in 1997. In Limpopo in 1997 only 31% of learners passed the NSC exams. Over the years, learner pass rates have gradually risen. In general terms students performed the strongest in 2003 and 2013. However, the gap between the poorest performing province and best performing province has steadily closed. In 2014 that gap amounted to approximately 19% between the Eastern Cape (65.4% and Gauteng 84.7%). The class of 2016 received a 72.5 percent pass rate which was an improvement from 70.7 percent in 2015. This figure included so-called progressed learners, those who had failed Grade 11 twice and were moved onto Grade 12. In 2017, the pass rate was 75.1% with progressed learners and 78.5% without progressed learners. According to Basic Education Minister Angie Matshekga 802 431 pupils registered for the exams, however, only 651 707 wrote the exams (Masinga, 2018). Pass rate without progressed learners at 76.5% was up by 0.3% from 76.2% in 2016 and the pass rate with progressed pupils 75.1% is up, a 2.6% improvement from 2016 which

was 72.5%. The top performing province in 2017 was Free State that had 86% pass rate, down 2.2% from 2016.

2.4.4.1 National Senior Certificate Examination

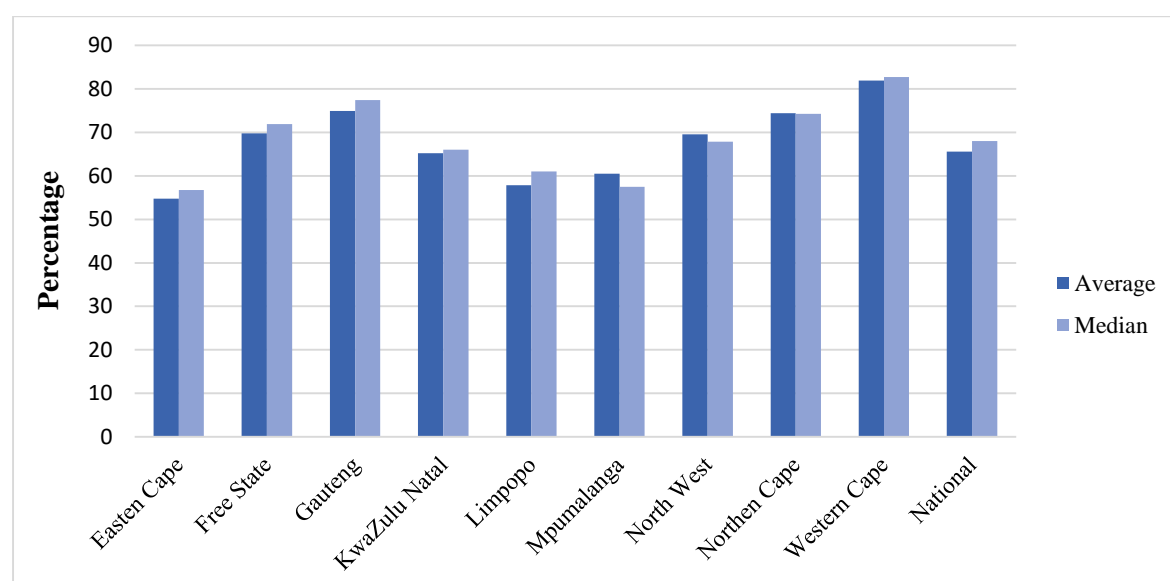
Figure 17: Percentage of Learners that Passed the National Senior Certificate Assessment



Source: Department of Basic Education, 2018

Over this period (1996 – 2017) the average and median values of pass rates are relatively close, indicating consistent growth and learner progress. The Eastern Cape reflects the lowest pass rates with values over 50%. The Western Cape has produced the best results on average with a pass rate over 80%, followed by Gauteng and Northern Cape with pass rate over 70%. The national average however is closer to 70%.

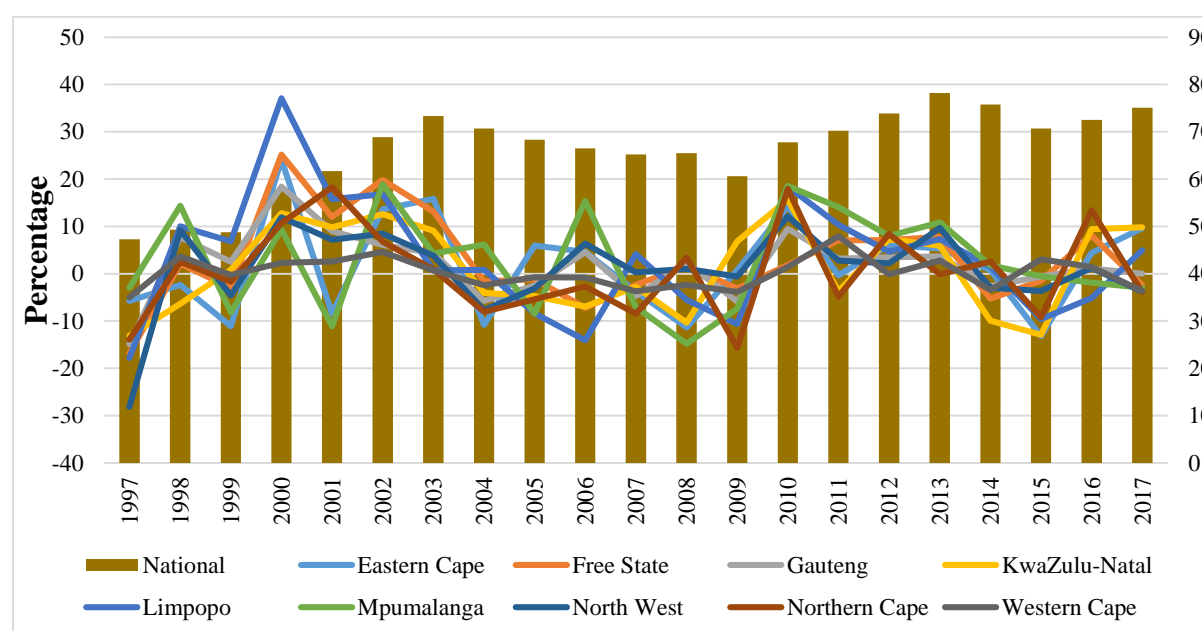
Figure 18: Average and Median NSC Pass Rate - 1996 – 2017



Source: Author's own calculation

The actual increments in the pass rates on year to year basis generally reflect movement in the band of a 20% drop or a 20% increase. Limpopo in 2000 stands out with an increase of well above 30% in comparison to its previous years pass rates.

Figure 19: Yearly Fluctuations of NSC Pass Rates vs National Pass Percentage



Source: Author's on calculation and Department of Education, 2018

2.4.4.2 Annual National Assessments (ANA)

Tracking progress of the education system can be better monitored at lower grades rather than grade 12. The ANA allow you to track the progress of learners through the education system, whereas the NSC reports on new set of learners each year.

The ANA results are published by The Department of Basic Education. This includes the pass rates of particular subjects across the various grades. The key challenges here are the very low pass rates in Mathematics, and the average scores achieved by learners in their particular first language. In this exercise we pay attention to grade 3 and 6 during the period 2011 – 2013. With respect to the scores related to the learners first language trends show an improvement where the average mark is rising across provinces from 2011 to 2013, in both grade 3 and grade 6. However the average mark is still notably low, with few provinces featuring above an average 50% score.

With respect to Mathematics in grade 3 and grade 6, average scores are very low. In the 3 years between 2011 and 2013, few scores are greater than 30%. In addition, in the years between grade 3 and grade 6, the learners progress in terms of mathematics are falling. The Commission found that the underlying reasons as to why the scores decrease with greater exposure to the subject is because in certain provinces educators are not adequately qualified or trained to teach mathematics at a higher level. Also in schools where the learner educator ratio is higher than average educators do not have the time nor the resources to focus on pupils with learning difficulties. In many schools mathematics educators have not been employed over long periods of time leaving learners without adequate preparation in the subject.

Given this finding the Commission recommends that Government give serious consideration to intensive and comprehensive training of mathematics and language teaching skills to improve the quality, and increase the quantity of educators in these subjects. Government should set itself a target to train the numbers of highly qualified teachers required to meet the goals set out in the NDP. One way of doing this will be to re-introduce the teacher training college system across all provinces. Countries in Africa such as Botswana used exchange programmes to bring in lecturers from overseas to staff the training colleges. These efforts saw great improvement in the quality of educators across the basic education sector.

Furthermore, Government should establish a set of incentives to attract qualified teachers to disadvantaged schools in rural and urban areas. The set of incentives should include adequate safety, security, housing and transport measures for educators and learners alike as many of the disadvantaged areas in rural and urban areas are extremely dangerous.

Figure 20: Grade 3 & 6 - Average First Language Score

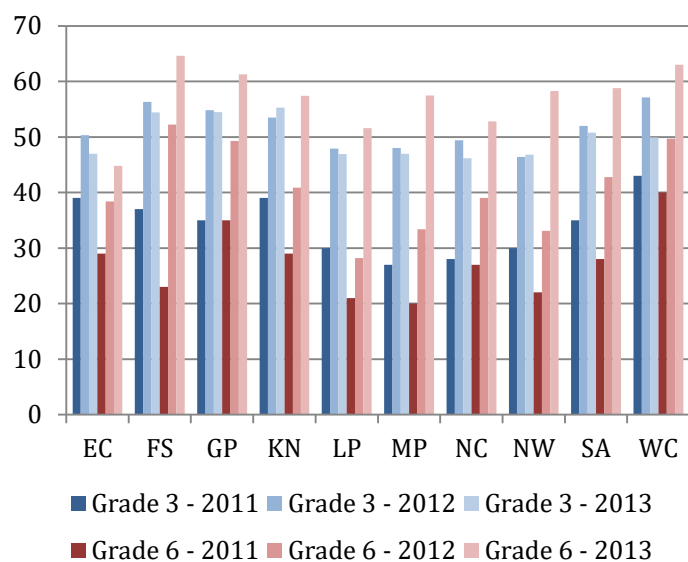
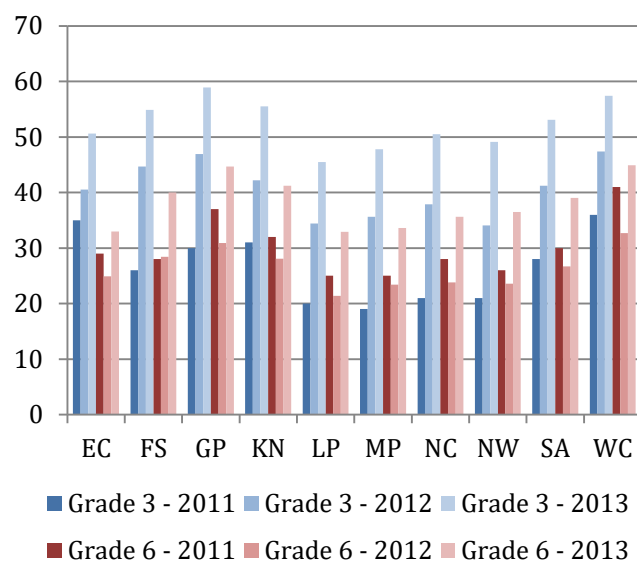


Figure 21: Grade 3 & 6 - Average Mathematics Scores



2.4.4.3 Literacy Rates

Using the 10% Sample from General Household Survey of 2017 the enquiry was able to identify the literacy rate of the population as at 2017. The question conducted in the census related to the respondent's ability to read. The enquiry found that the number of people that have no difficulty, some difficulty and a lot of difficulty indicated a literacy rate 84% across the country. The highest literacy rate is in the Free State and seems to be associated with that province's low LER.

Table 15: Literacy (Reading)

Literacy Reading	EC	FS	GT	KZN	LIM	MPU	NW	NC	WC	RSA
No difficulty	73.6	80.2	81.6	77	71.8	74.6	74.3	73.9	83	77.7
Some difficulty	4	3.2	3	3.4	5	3.6	2.5	3.6	1.7	3.3
A lot of difficulty	3	2.5	1.8	2.7	4	3.4	2.9	3.9	1.7	2.6
Unable to do	7.3	3.8	2.7	4.7	4.7	5	9	7.6	3.4	4.7

Literacy Reading	EC	FS	GT	KZN	LIM	MPU	NW	NC	WC	RSA
Do not know	0	0	0	0	0	0.2	0.1	0.2	0	0
Not applicable	11.2	9.5	8.9	10.7	13.1	11.7	10.8	10.3	9	10.4
Unspecified	0.9	0.8	2	1.6	1.3	1.5	0.3	0.5	1.1	1.4
Total	100	100	100	100	100	100	100	100	100	100
N=	649918 0	286670 4	1427835 1	1107454 6	577853 3	444407 3	385616 9	121399 8	651039 4	5652194 8

Source: General Household Survey, 2017

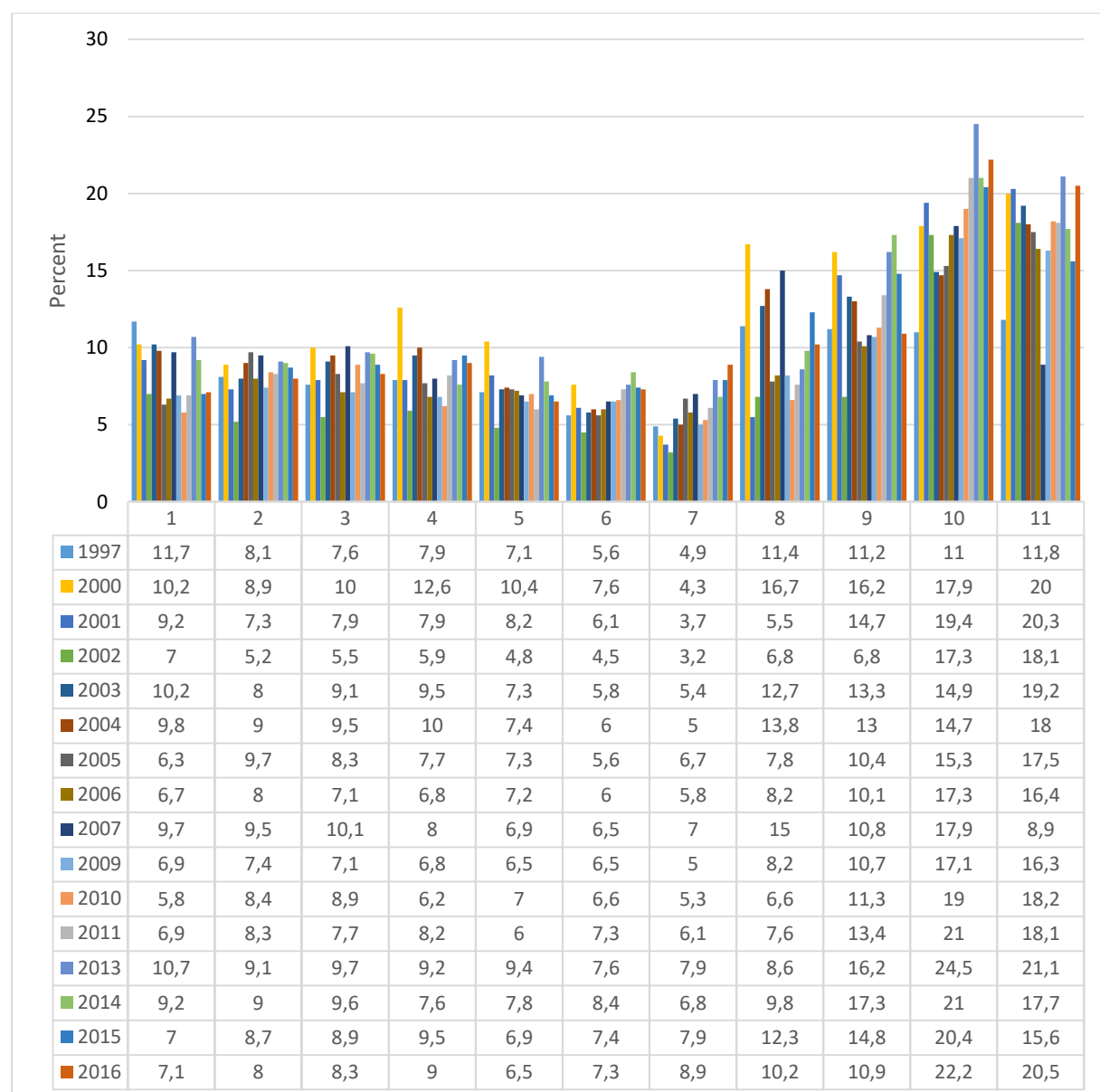
2.4.5 Efficiency

In terms of the Efficiency of the Education system the enquiry considered the following sets of indicators: learner repetition, the learner dropout rate, and the learners' completion rate of primary and secondary school.

The *learner repetition* data is sourced from the Department of education for a period of 1997 to 2003. This data reviews the number of repetitions per grade across all the provinces. From the data, it is clear that the repetition rate in secondary school is much higher. Grades 8 to 11 have commonly experienced a rate of 10% in this period, whilst the lower grades are generally below 10%. It is surprising that the lowest repetition rates are found in grade 7, and then in grade 8 there is a sharp rise in the number of learners that need to repeat the grade. This may signal a disjuncture in the transition from primary to secondary schooling. Although the Commission was not required to investigate the failure rate in secondary school, it is clear that the transition from primary education to secondary poses serious problems in the preparedness of learners to enter secondary school. This may have to do with the system in which learners pass through primary schooling, and/or the ability of educators to adequately prepare learners at the primary school level.

The Commission recommends a review of the primary school system with respect to whether learners are being adequately prepared for secondary schooling, and whether schools in disadvantaged areas have the educator capacity and resources to prepare learners to make the transition to secondary education.

Figure 22: Learner Repetition Rate per Grade



Source: Data obtained from Department of Education database

The dropout rate in the period of 2007 till 2013 is generally quite low at the national level amongst learners in primary school. The largest dropout rate was with learners from grade 11. This signals that over 11% of learners opt not to participate in their matriculation year. This trend was most significant in 2011. The underlying reasons for this trend was investigated by the Commission.

The completion rates of learners support the trends found with the learner dropout rate. This data is collected by Statistics South Africa's General Household Survey of 2006. In

this survey it is noted that less than 60% of learners actually complete grade 11 or 12. There is no gender specific data, and this is a general drop out trend. Furthermore, only approximately 43% of all learners who started in the schooling process actually complete grade 12 in 2006 (table 15). Therefore, +57% of learners do not make it through the education system in its entirety (i.e. completing Grade 12). In 2017, approximately 29% learners who completed grade 12. Interventions and improvement strategies need to be implemented by both national and provincial education authorities for learners.

Table 16: Dropout rate, grade, between 2007 and 2012

Gr in initial year	2007-2008	2009-2010	2011-2012
Gr 1	0.4	0.0	0.0
Gr 2	0.9	0.0	0.4
Gr 3	0.3	0.0	0.0
Gr 4	0.8	0.0	0.0
Gr 5	2.1	0.0	0.6
Gr 6	1.4	0.9	1.0
Gr 7	3.1	1.2	1.5
Gr 8	3.6	5.4	3.1
Gr 9	6.5	5.7	6.6
Gr 10	11.0	10.6	9.0
Gr 11	11.4	13.4	15.3

Source: 2013 NIDS wave 3

Table 17: Primary and Secondary Completion Rate

	2006			2017		
	Male	Female	GPI	Male	Female	Total
3 or more grades	98.50%	99.10%	101%	74.80	75.30	75.10
7 or more grades	92.10%	94.00%	102%	61.90	63.00	62.50
9 or more grades	80.70%	83.20%	103%	51.70	53.30	52.50
11 or more grades	56.90%	59.00%	104%	36.80	38.60	37.70

12 or more grades	42.90%	43.40%	101%	28.20	29.10	28.60
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Source: General Household Survey, 2006 & 2017

2.4.6 Productivity

Researchers seem to agree that adequately measuring the full complexity of the productivity of the Education system is a difficult prospect. The OECD notes that attempting to measure productivity cannot be entirely objective (Garniss, 2006). Any measure that is used can be perceived to be partial to a particular concern in the education system and not measure the system in its entirety.

Massy *et al* (2012) made an attempt at measuring productivity of higher education. In this model, the authors identify productivity as a composite index based on the relationship between outputs and inputs. In this instance, productivity can be interpreted as the rate of change of outputs divided by the rate of change of the inputs.

3 Assessment of Submissions on Public Entities (Schedule 3A and 3C of the PFMA), and Individual Complaints

3.1 Background and Overview

In keeping with the mandate of the Commission, this chapter reviews the remuneration practices and conditions of services experienced amongst Public Entities in the public service listed in Schedule 3A and 3C of the Public Finance Management Act, as well as experiences raised within submissions received from Individuals working in the public service.

3.2 Analytical approach

The Public Entity and Individual submissions were analysed by assessing applicable legislation and remuneration/benefit trends within the relevant sectors. The identified trends assisted in preparing the report's recommendations. Largely, the nature of submissions from individual civil servants included complaints pertaining to their employment conditions and remuneration, and in some instances extend to matters of pension funds.

3.3 Legislative Analysis Framework

Given the range of concerns surfacing from the Individual and Public Entity Submissions, the following legislation are applicable to the complaints received:

- a. The Constitution of the Republic of South Africa, No. 26 of 1995;
- b. The Basic Conditions of Employment Act No. 75 of 1997;
- c. The Labour Relations Act No 66 of 1995;
- d. The Employment Equity Act No 55 of 1998;
- e. The Public Service Act No 103 of 1995
- f. South African Police Act,1995
- g. Correctional Services Act,1998
- h. Civilian Secretariat for Police Service Act,2011
- i. The Defence Force of South Africa
- j. Public Finance Management Act

The remuneration of state employees is governed by the following legislations:

Table 18: Applicable Legislation

Legislation	Review
The Labour Relations Act	The Labour Relations Act (“LRA”) was enacted to give effect to section 23 of the Constitution. The objectives of the LRA include “ <i>to regulate the organizational rights of trade unions</i> ”; “ <i>to promote and facilitate collective bargaining at the work place and sectoral level</i> ” and the promotion of economic development; social justice, labour and democracy in the workplace.
The Basic Conditions of Employment Act, no 75 of 1997	The Basic Conditions of Employment Act, no 75 of 1997 (“BCEA”) provides for the regulation of the basic conditions of employment and gives effect to Section 23 (1) of the Constitution which makes provision for the protection of labour relations.
The Employment Equity Act No.55 of 1998	The Employment Equity Act No.55 of 1998 (“Employment Equity Act”) was enacted to address disparities in income, employment and salaries in the labour market that were caused by laws that discriminated against persons who were non-white in South Africa. The Employment Equity Act aims to eliminate unfair discrimination in the work place and to promote equity on the workplace. Section 5 of this Act Prohibits unfair labour practices by prescribing that employers must promote equal opportunities for all in the workplace. Section 6 further prescribes that no one shall be discriminated against on the basis of gender, marital status; pregnancy, family responsibility; religion; political opinion and HIV status.
The Employment of Educators Act, No. 76 of 1998	The purpose of the Employment of Educators Act, No. 76 of 1998 (“Employment of Educators Act”) Act is to regulate the conditions of service; discipline; retirement and discharge of educators and matters connected therewith. This Act applies to public schools, further education and training institutions, departmental offices and

Legislation	Review
	adult basic education. The Act provides that salaries and conditions of service of educators will be determined by the Minister, despite the Labour Relations Act or any collective agreement concluded by the Education Labour Relations Council.
The Personal Administrative Measures	The Personal Administrative Measures (“PAM”) is a consolidation of the terms and conditions of the employment of educators determined in terms of S4 of the Employment of Educators Act 1998. Section 4 sets out that the Minister will prescribe salaries. PAM is applicable to all educations as defined in the Employment Equity Act. PAM is prescriptive and sets out that there may be no deviations whatsoever from what it sets out. It includes remuneration structures for OSD and non-OSD salary scales for educators.
The Public Service Act No 103 of 1994	The Public Service Act No 103 of 1994 aims to provide for the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service. In terms of Section 37, Remuneration of employees, employees shall be paid the salaries and allowances in accordance with salary scale and salary level in terms of section 3(5).
Labour Relations Act Section 3 (5)(a)	Section 3 (5)(a) is subject to the Labour Relations Act and any collective agreement, stating that the Minister may make recommendations regarding any conditions of service of employees generally or categories of employees, including determinations regarding a salary scale for all employees, or salary scale for particular categories of employees and allowances for particular categories of employees.”
The Police Act No. 68 of 1995,	The Police Act No. 68 OF 1995, prescribes that every member of the police is entitled to a salary and benefits. This salary and benefits can only be reduced after disciplinary hearing or with the consent of the member.

Legislation	Review
State Security Act No 65 of 2002	Employees of the South African State Security are governed by the State Security Act No 65 of 2002. The State Security Act does not set out remuneration scales or levels, it sets only a few broad outlines regarding remuneration including that remuneration and allowances are to be paid to the advisory committee.
Public Services Act 103 of 1995	Consular employees are governed by the Public Services Act 103 of 1995 supplemented by regulations. Consular employees are employed by the South African government and serve in foreign countries at South African missions. There is the Determination and Directive on Foreign Dispensation (FSD) of 1 January 2008, which makes provision for the cost of living in another country including relocation costs; costs incurred in executing their duties abroad; educational and medical costs and maintaining ties with relatives in South Africa.

3.4 Identified Trends and Findings

In analysing the different resolutions and policies with respect to OSD implementation, enquiry aimed to assess possible omissions in implementation and discrepancies, including:

- DPSA Document: Salaries and Benefits in Public Service for Levels 1 and 12
- Salary scales, with translation keys, for employees on salary levels 1 to 12 and those employees covered by Occupation Specific Dispensations (OSDs)
- Resolution 4 of 2009 of Artisans: Agreement of the implementation of an occupation specific dispensation of artisans.⁴¹

⁴¹ <http://www.gpssbc.org.za/index.php/docman/70-collective-bargaining/71-resolutions/2009/57-resolution-4-of-2009-osd-artisans?format=html>

3.4.1 Improper OSD Implementation

Improper OSD Implementation was the major complaint followed by the salaries and discrepancies. About 55% of the complaints on OSD were from the Department of Public Works, Road and Infrastructure.

Table 19: OSD Implementation Complaints

Department	# of OSD Complaints	Designations Included
Dept. of Agriculture	2	Agricultural Advisor, Veterinarian
Dept. of Correctional Services	1	Social Workers
Dept. of Defence Force	2	Social Workers
Dept. of Education	1	Former Educator now Social Worker
Dept. of Military Health Unit	2	Social Worker
Dept. of Justice and Constitutional Development	3	Assistant and Estate Controller
Dept. of Health	1	Clerk
Dept. of Social Development	1	Social Worker
Dept. of Public Works	93	Artisan, Work Inspector and Chief Work Inspector
Total	104	

Below is the summary of thematic OSD Issues per Departments. The Department of Public Works accounts for more than 55% of complaints which discuss the incorrect implementation of the OSD.

Table 20: Salient OSD Issues per Department

Department	OSD Issues	Salient OSD Issues
Department of Public Works	OSD Issue 1	<i>Artisans not promoted to level 10 during OSD process</i>
	OSD Issue 2	<i>Erroneously implementation of OSD because the salary scales of Chief Works Inspector were not translated in accordance with the DPSA directive and GPSSBC's Resolution 9 of 2009</i>
	OSD ISSUE 3	<i>No translation of Artisan's posts in accordance with OSD, and that only Clerks and Inspectors' posts were translated.</i>
	OSD Issue 4	<i>Intervention regarding Occupation Specific Dispensation for engineering professions and related occupations</i>
Province	OSD Issues 5	<i>No implementation of the Court Order directing that the Government should intervene in the implementation of promotion of officers of the former Lebowa Government in Limpopo Province</i>
	OSD Issue 6	<i>Inspectors not considered by the Department during the implementation of OSD</i>
Dept. of Agriculture	OSD Issue 7	<i>Omission of the majority of staff in the Limpopo Extension Forum of the Agricultural Advisors.</i>
Dept. of Correctional Services	OSD Issue 8	<i>Social workers remunerated less the correctional officials</i>
Dept. of Education	OSD Issue 9	<i>The complainant alleges that she did not benefit from OSD within the Department of Education</i>

Department	OSD Issues	Salient OSD Issues
Dept. of Health	OSD issue 10	<i>NEHAWU submission on behalf of an employee</i>
Dept. of Justice	OSD issue 11	<i>Plummeting of salaries as a result of the implementation of OSD for Legally Qualified Employees.</i>
Dept. of Military Health	OSD Issue 12	<i>Request to review remuneration packages for Social workers and the limited career progression opportunities</i>
Dept. of Social Development	OSD Issue 13	<i>Still on level 7, but according to policy should be on level 9</i>

3.4.2 Documentation for OSD Implementation

The investigation revealed that there is documentation in place that articulates how the OSD had to be implemented and what roles were to be covered in the OSD implementation.

3.4.3 Bands omitted in the implementation of the OSD

Within the Department of Public Works, the investigation found that specific occupation bands were omitted during the implementation of the OSD. The following problems emerged:

- Artisans were not promoted to level 10 during the OSD process.
- There was an erroneous implementation of the OSD as the salary scales for the Chief Works Inspector were not translated in accordance with the DPSA directive and GPSSBC's Resolution 9 of 2009.
- No translation of Artisan's posts was conducted in accordance with OSD requirements. Only Clerks and Inspectors' posts were translated.
- With respect to OSD interventions for engineering professions and related occupations the first task was to verify if that the artisans were covered in the OSD documentation in assessing the validity of the complaints lodged. The investigation found within the documentation that level 10 was included as part of the OSD.

- Furthermore, the Resolution 4 of 2009 also described the agreement for the implementation of an occupation specific dispensation (OSD) of artisans. This agreement included classifications in terms of the role of artisan's work streams and OSD Bands, as well as occupational groups. The following table is derived from the Resolution 4 of 2009.
- With respect to Artisan coverage within Resolution 4 of 2009, all the issues pertaining to salary progression level, grade progression against different levels for the specific streams of artisans were to be implemented in line with the OSD. Given the series of complaints pertaining to this issue, it appears that OSD implementation for Artisans, in particular, within the Department of Public Works is lacking.

Table 21: Occupational Groups per OSD Band

Workstream	OSD Band	Occupational Groups Included
Pupil Artisan	As per learnership apprentice contract	Pupil artisans/ Apprentice
Artisan	Production, Grade A, B and C	All categories of artisans
Specialised Production	Specialised Production	Artisans as per the list in the agreement
Artisan Foreman	Supervisory, Grades A and B	Artisans Foreman
Chief Artisan	First level management, Grades A and B	Artisans Superintendent; Senior Superintendent

It is also evident that the different issues that were previously raised during the implementation of the OSD process for Artisans were actually covered in the agreement Resolution 4 of 2009. The Agreement described how Artisans should be covered by the implementation of the OSD. Should there have been an omission in the process, the grievance could have been lodged, subject to grievance policy and procedures. In addition, it is possible that the roles that did not qualify for the OSD were not clearly understood. Furthermore, disputes should have been lodged in the event where employees were challenging the implementation and application of the collective

agreement. In the event, none of the employees indicated that they followed this process and their matters were not dealt with appropriately.

3.4.4 Poor OSD Implementation

The evidence suggests that there could be either be a lack of understanding of the OSD in either the application of policy, interpretation of the documentation or the OSD has not been implemented correctly. Incorrect implementation of OSD could have considerable financial implications to government. This could result in underpayments or overpayments as departmental complaints related to discrepancies from decreasing salaries.

Other limitations and findings about OSD/human resource related processes included the following:

- Employees stagnate in their career
- Inexperienced people could have been promoted to higher positions
- The OSD does not create a variety of positions due to few funded positions
- The OSD promotes inequality amongst employees
- Staff retention strategies are neglected
- New and inexperienced employees entering the public service occupy managerial positions
- There are discrepancies amongst different provinces to interpret OSD policy
- There is a lack of knowledgeable professionals who understand the OSD policy and how it should be implemented
- There is a general lack of understanding about career pathing should be implemented
- Despite OSD restructuring, it was found that supervisors earn the same as their subordinates, leading to imbalanced organisation structures.

3.4.5 Public Service Individuals

Complaints from individual public service employee within various departments (in addition to education inputs) were further investigated. The following table outlines the issues discussed within the submissions. Given the variety of issues discussed per

department, it is recommended that the OSD review be expanded and conducted across departments.

Table 22: Nature of Complaints from Public Service Individuals

Department	Total Number of Submissions	Nature of Complaint
Department of Agriculture	5	2-OSD 1 – Remuneration 2- Salary
Department of Cooperative Governance and Traditional Affairs	1	1-Remuneration
Department of Correctional Services	1	1-OSD
Department of Defence	5	5- Non-consideration of SANDF of OSD
Department of Home Affairs	1	1 – Salary
Department of Health	6	1-OSD 2-Salary 3- Reconsideration of pension after Retirement (Pension Pay-out)
Department of Justice	4	3-OSD 1-Salary
Dept. Military Health Unit	1	1-OSD
Department of Public Works	105	2-Salary 95-OSD 8-Postgrade
Department of Social Development	6	1 –OSD 5 -Salary
Department of Transport	1	1-salary
Total complaints with trends	136	
Complaints that do not relate to a trend	17	e.g. Delayed Remuneration of Drivers

Total submitted	153	
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In order to obtain structured results, the following a systematic process was adopted:

- Collection of relevant information
- Derivation of trends
- Thematic clustering of trends
- Assessment of trends: relevance for our company, scope of impact, time (short-to-medium-term)
- Prioritizing trends
- Preparation of trends for further processing in the innovation and strategy process.

Following this approach, **three findings emerged:** -

- 1) **Incorrect OSD Implementation:** OSDs seem to be incorrectly implemented across all departments. This could be due to a lack of understanding amongst policy implementers, or the OSD process is incorrectly structured. This incorrect implementation further created an imbalance in salary payments for all public servants.
- 2) **Allegations of Salary Discrepancies:** The allegations of salary discrepancies include disparities based on race and gender, and a lack of consistency across job levels. These complaints were mainly observed in complaints from the Department of Education. This trend is historical dating before 1994 and post 1994 and was due to previous laws applicable at that time, including the Bantu Education Act of 1956. In the post-Apartheid Constitutional dispensation such discrimination is in contravention with the labour laws and the Bill of Rights.
- 3) **Inconsistent application of salary and benefit policies:** There appears to be an inconsistent application of salary and benefits across national and provincial departments, and employees serving in foreign countries.

3.5 Non DPSA Departments and Entities

The enquiry studied submissions received from Non DPSA Departments and entities.

3.5.1 Defence Force

The submissions from the Defence Force excluded concerns of civilians affected by the OSD process. Therefore, a request was lodged by the Commission to review the salaries and condition of services in the Defence Force. It was found that the OSD structure does

not accommodate Social Workers within the military in spite of the unique demands of the military.

In addition, there is no implementation of the OSD for civil servants within the Defence Force. The non-civilian Defence Force employees are governed by the Defence Force Act, which requires that employees of Defence Force defend the security of the Republic and are responsible for all matters connected therewith. There needs to be a follow up investigation if the exclusion of Defence Force civil service, is valid and within the spirit and expectations of the Defence Force Act.

3.5.2 Foreign Affairs

The submissions received from Foreign Affairs Departments were mainly focused on the issues of the Difficult Posting Allowances (DPACA) otherwise also referred to as the hardship allowance. Consular employees are governed by the Public Services Act 103 of 1995 supplemented by regulations. Consular employees are employed by the South African government and serve in foreign countries at South African missions. There is the Determination and Directive on Foreign Dispensation (FSD) of 1 January 2008, that makes provision for the cost of living in another country including relocation costs; costs incurred in executing their duties abroad; educational and medical costs and maintaining ties with relatives in South Africa.

In acknowledging that there are countries in which designated employees serving in foreign missions abroad are exposed to hardships, designated employees in these countries are entitled to the payment of a DPACA. The response to the complaints is to ensure that the principles of the application of the allowance is communicated widely in order to be understood by all employees and adherence to the policy pertaining to the DPACA.

3.5.3 Special Investigative Unit (SIU)

Within the Special Investigative Unit (SIU) submissions, there were complaints received pertaining to remuneration policy and performance guidelines for SIU staff. The remuneration policy concerns involved a complaint stating that the policy was not encompassing the tenet of remuneration philosophy. Additional complaints referred to an absent pay structure defining how benefits are to be received.

Concerns were raised pertaining to the effectiveness of the Performance Assessment Tool, that was deemed to not be in line with best practice. Complainants requested that the performance guidelines and tools be clarified and standardised. The ambiguities in performance assessment have resulted in some complainants refusing to participate in the performance contracting and reviewable process. Complainants have asked for consistent processes in the awarding of bonuses, as well as clear guidelines regarding the implementation of the remuneration policy.

There are three key findings emerged:

- Uniform performance processes are not being followed.
- Incentive awarding is not linked to the performance review process.
- The performance appraisal tool needs to be reviewed.

3.5.4 Correctional Services

The complaints purely focused on issues of salary progression and notch adjustment.

3.5.5 Organised Labour Complaints

In summary of submissions received from organised labour, the following concerns emerged:

- There remain historical distortions in relation to salary levels by race, mostly because of the history of white teachers being better qualified than black teachers.
- There are also gender differences caused by gender imbalances in promotion to senior posts (more men being appointed to senior posts than women - something common across the public and private sectors).
- There was some concern that the OSD is being interpreted unevenly across provinces. Within most provinces, the historical analysis showed some variations in the application of the OSD regulations.
- Historically, a serious qualifications imbalance has affected salary levels as well as expectations in terms of promotion.

3.6 Planning, Work Organisation and Reporting across Public Entities

3.7 Service Delivery

Post-apartheid South Africa has had the aim of making the public service more efficient, effective and economical. One of the most important policy documents is the White Paper on Transforming Public Service Delivery, or the Batho Pele White Paper of 1997 (Notice No. 1459 of 1997). 'Batho Pele' is Sesotho for 'People First' and this title was derived from the motto adopted by the post-1994 public service: 'Service to the People' (Hilliard & Msaseni 2000: 66). The Batho Pele White Paper (Sect. 1.1.1.) states that the South African Public Service will be judged by one criterion: its effectiveness in delivering services that meet the basic needs of all South African citizens. This is emphasized by the following statement:

"Public services are not a privilege in a civilised and democratic society, they are a legitimate expectation."

Most entities highlighted their inability to achieve the targets that they had set for themselves. The major reason offered was that public funds were not sufficient to address the service delivery targets. Some argued that the revenue model was inadequate to allow the Public Entities to achieve the set targets because of the inefficiencies in the system, e.g. non-payment of services, late payments. This hampers the optimal service delivery and affects the delivery and quality of services. Consequently, the State does not receive a correlative value for the money and resources it invests in each Public Entity.

Some of the entities reported having to perform customer satisfaction surveys, however as per publicly available reports, this is inconsistent with some of the responses received regarding customer satisfaction. Due to limited available data it was impossible to test the observed inconsistency in interpretations of public service delivery satisfaction. The Commission believes that the customer satisfaction surveys need to be reviewed in order to be able to fully appreciate the need to measure customer expectations and experiences rather than simply completing an output required by the entity.

Public entities report that they have good organisational development programmes in place that allow them to have outstanding organisational planning tool, yet in effect they are unable to achieve desired outputs. The disconnect between planning and output needs to be further explored. Some of the organisations cite a lack of adequate funding

for the poor service delivery, whilst it might be correct for some, it may not be true for all entities. It was further noted by a complainant that there is a reliance on private consultants to carry out certain function that can and should be conducted by senior management. This is ineffective use of resources undermining service delivery. Utilising good organisational development tools and methods, should result in consistent performance improvements, which results in quality service delivery.

3.7.1 Job Evaluation and Grading

Job evaluation is a systematic process of determining the value of a job in relation to other jobs in an organisation. This can be subjective if left to the discretion of public entities, therefore, job evaluation regulations require that the Minister shall determine

- (a) a job evaluation system or systems that shall be utilised in the public service;*
- (b) a range of job weights derived from the system or systems for each salary range in a salary scale; and*
- (c) a job or category of jobs that an executing authority must evaluate is however designed to minimise subjectivity and to facilitate the making of informed judgements.*

The Public Service Regulations, Part IV B further provides that the Minister should amongst other responsibilities, determine the job evaluation system or systems that shall be utilised in the public service.

The Commission found a number of disparities described with the submissions received on Job Evaluation and Grading. It was evident that there was no one coherent system that was utilised for job evaluation. As with remuneration there were a number of systems used including Peromnes, Paterson, and the Equate Job Evaluation System. It is important to highlight that there is no DPSA policy that requires a uniform job evaluation system. However, the DPSA prepared a draft policy framework for a uniform job evaluation and grading system for the Public Service (2013) to address the challenges of job evaluation and grading faced by the public service. It was evident from the responses that were provided that the entities do not follow a uniform system when it comes to remuneration. Some of the entities highlighted that they were using the Paterson Grading System. The Paterson Job Grading system has been around since the late 60's and is widely used in the

United Kingdom, South Africa and some other countries. The grading system in essence grades a job based on Decision Making or Freedom to Act in the specific role. Many HR specialists and critics claimed that grading a job based on one factor does not suffice and in later years more comprehensive factors were added to the Paterson Grading.

Other entities highlighted that they utilise Peromnes, The Peromnes evaluation systems are available on web-based technology for ease of use and associated reporting. The functionality of the systems ensures that each time a job is graded; a grading session is recorded in the software. Each session is individually captured for future reference purposes and additional supporting information and notes can be recorded and stored.

Numerous reports are available; including detailed evaluation audit trails per grading session, as well as grade matrix reports and grade ranking reports. The audit trails for positions evaluated can be retrieved, should they be required.

Some of the entities highlighted that they utilise their own Remuneration Systems after conducting Marked Related Salaries Studies. Some of the entities are using the DPSA guidelines in terms of Remuneration. It is important to highlight that DPSA does not have a coherent policy in terms of remuneration. However, there are a number of pertinent documents that requires further analysis.

The current inconsistency in Job Evaluation systems contributes to the large salary disparities amongst public entities. It is encouraging to note corrective measures prescribed within the Draft Policy Framework for a Uniform Job Evaluation and Grading System for the Public Service (PS UNIGRADE SA) 2013. This policy framework should be finalised as soon as possible.

3.7.2 Compensation of Employees

Remuneration is one of the main tools to appraise the performances of the employees, and ultimately motivates them to work with zeal and enthusiasm. In addition to remuneration, retention is another strategy that is used as a tool to keeping and motivating employees to stay with the organization. Whilst remuneration is important for employee retention, ninety percent of employees also leave a company for the following reasons:

- Difficulties with the job they are performing

- Conflicts with their managers
- Poor fit with organizational culture
- Poor workplace environment

Despite these concerns, 90 percent of managers think employees leave as a result of pay (Rivenbark, 2010), perhaps neglecting the environmental concerns of their employees. According to research published by the Development Policy Research Unity from the University of Cape Town in 2014, the real monthly wage of an average public sector employee is R11, 668 compared to R7, 822 for an average private sector worker. The report stated that public sector workers are more unionised than private sector workers, which gives them more power to negotiate wages. In addition, public sector wages have less dispersion than private sector wages, indicating a lower level of wage inequality within the public sector. These general annual salary adjustments include the cost adjustment, annual pay progression and grade progression. Employees qualify for pay progression based on satisfactory cost-of-living. Employees in the public service qualify for a guaranteed package that includes a basic salary, the annual service bonus that equals an employee's one-month salary payable in the public service as a 13th cheque and the employer contribution to the Government Employees Pension Fund.

Looking at the different salary gaps in the entities it was also evident that the remuneration is highly skewed, as entities are not using uniform scales and determinations. The Commission used responses from three entities to highlight the disparity in the public service remuneration.

Table 23: Example of Salary Gap in Public Entities

	ENTITY A	ENTITY B	ENTITY C
LOWEST PAID	R186 249.81	No Information given	No Information given
HIGHEST PAID	R2 523 033.78	No Information given	No Information given
GAP	R2 336 783.97 79.7%	R 1 782 087-00	<i>R1,542,199.05</i>

The conclusion from this analysis is that there is a huge salary gap between the highest paid and the lowest paid in public entities. In addition, there seems to be no uniformity in the salary scales. This is supported by recent reports that highlight the prevalence of pay inequality in South Africa both in the public and private sectors. It was also evident that the salaries earned in some of entities are not aligned to performance of the entity. Further, as per the submission of some entities, their lack of a performance management system is due to financial constraints.

In comparison to processes of the UK, it was found that the UK public sector implemented reforms to progression pay to “ensure that public sector workers do not receive pay increases purely as a result of time in post”. Performance-Related Pay (PRP) schemes — pay systems in which some component of remuneration is based on performance, has long been an important idea for economists and managers alike. Under the simplest logic, PRP aims to strengthen the link between rewards and the productivity of employees, motivating individuals to work harder to ultimately improve outcomes.

3.7.3 Recruitment and Retention Policy

Recruitment is defined as a process that provides the organisation with a pool of qualified candidates for the job from which to choose. Before company's recruit, they must implement a proper organogram to determine how many people they will need. The organogram will inform the annual budget of the organization and the short- to long-term plans of the organisation and, for example, the possibility of expansion.

The Public Service Regulations, Chapter 1 Part VII provides that employment practices shall ensure employment equity, fairness, efficiency and the achievement of a representative public service. Affirmative action shall be used to speed up the creation of a representative and equitable public service and to give practical support to those who have been previously disadvantaged by unfair discrimination to enable them to fulfil their maximum potential. Employment practices should maximise flexibility, minimise administrative burdens on both employer and employee, and generally prevent waste and inefficiency.

The entities were requested to provide proof of their Recruitment Policies as well as the effectiveness of such policies, most of the entities forwarded their Recruitment policies. However, there was no information that showed the effectiveness of these policies.

3.7.4 Performance Management

An effective performance management system will include amongst others the following:

- Be job specific, covering a broad range of jobs in the organization
- Include a collaborative process for setting goals and reviewing performance based on two-way communication between the employee and manager
- Provide training and development opportunities for improving performance
- Ensure that employee work plans support the strategic direction of the organization

Public Service Regulations serve as a primary guide to departments in developing and implementing their departmental and entity Performance Management (PM) systems. The Regulations require of each executing authority to determine a system for performance management and development for employees in that department. The DPSA provided guidance through PM handbook & learning sessions.

The entities reported that they do have Performance Management Policies in place although some reported that they do not have well trained personnel to execute them. Some reported that their Performance management system complies with best practice frameworks and guidelines set out by Treasury and the Auditor General for the broader Human Resource fraternity, which requires that each and every staff member from salary levels 2 to 10 has a job description, and a work plan that is reviewed on an annual basis. The staff members on salary levels 11 and above sign performance agreements on an annual basis. The work plan and the performance agreement set targets and goals that must be achieved annually.

Most entities do have a performance management system in place that they utilise to address the delivery in their midst, some reported using the Balanced Scorecard method that is used to achieve the following:

- Communicate what they are trying to accomplish
- Align the day-to-day work that everyone is doing with strategy
- Prioritise projects, products, and services

- Measure and monitor progress towards strategic targets

Some reported using Oracle Performance Management System, Oracle Performance Management (OPM) provides an integrated set of performance management functions that encompass objective setting and management (known as Workforce Performance Management), appraisals, and questionnaire administration.

3.7.5 Labour Relation

Generally, the South African labour market is regulated by the Labour Relations Act (LRA) and Basic Conditions of Employment Act (BCEA). The Basic Conditions of Employment Act, no 75 of 1997 gives effect to the right to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment. This Act is in compliance with the obligations of the Republic as a member state of the International Labour Organisation (ILO).

In South Africa, for security reasons, there are certain entities that are not part of the Labour Relations Act, they are

- National Defence Force,
- National Intelligence Agency, and
- South African Secret Service.

The Act seeks to promote economic development, social justice, labour peace and democracy in the workplace. In the Public Service, this perception is even more prevalent in that the Labour Relations Act instils a right to collective bargaining. Section 35 of the South African Labour Relations Act establishes the Public Service Coordinating Bargaining Council (PSCBC), it legislates who will be the parties and determines the agenda for discussions

3.7.6 Conditions of Service

The Basic Conditions of Employment Amendment Act, No 20 of 2013 was published and became effective on 1 September 2014. The Act is applicable not only to full-time employees but to part-time, fixed term, contract and temporary workers. The Act highlights the following: -

- The job description

- Hours of work
- Normal and overtime rates
- Deductions to be made
- Leave
- Start (and end, if applicable) date of employment
- Notice period
- Name and address of the employer
- Wage or salary, and any other payments, be it cash or in kind
- Date that salaries or day that wages are to be paid.

The general consensus across the Public Entities and the Conditions of Service are well known and are being implemented. This could be attributed to clear Legislation as well as the Practice Notes issued as a guideline. Notwithstanding these positive statements, it is important to ensure that the implementation and effectiveness of the Conditions of service and labour relations are audited frequently to verify their effectiveness in the workplace.

3.7.7 Fiscal Stability

The entities were requested to provide an input of the state of their fiscal stability, with the view to paint a picture of how they are funded and the portion that is utilised for Remuneration of its employees. Some of the entities are purely reliant on the government contribution whereas some have multiple streams of income – such as: services rendered; levies; Government grants (for new programme developments) Projects Grants; and Training fees. The entities reported that between 45% to about 86% is utilised of their funds is utilised for the remuneration.

3.7.8 Regulatory Framework

The Public Entities are subject to a plethora of legislative frameworks stemming from the PFMA Treasury Regulation 16, as well as some DPSA Remuneration which provides for national and provincial government institutions to enter into public-private partnership agreements. Studies carried out by the Department of Public Enterprises point out incongruence between the PFMA and Companies Act. It is important to note that the Companies Act, PFMA and MFMA were a stopgap, not originally meant as a means to grapple with the specific issues confronting public entities on a day-to-day basis.

What was glaringly obvious was the fact that most entities did not make mention of the DPSA legislation as part of their framework. Analysing the different enabling Acts of the Public Entities, and it was clear that some were created using different corporate forms that exist in the Companies Act, as some are in the form of Trusts, Trading Entities, Section 21 entities, some were created utilising the Resolution of Parliament, this causes them to end up with varied and complex legislative frameworks to comply to.

The main concern is a number of conflicting and opposing legislation that the Public Entities have to contend and comply with that on its own hampers issues of service delivery.

3.8 Recommendations for Public Entities and for Individual Complaints

3.8.1 Compensation of Employees

Recognising the huge disparity in terms of salaries at the level of management and acknowledging that some Chief Executive Officers earn much more than others carrying out similar functions the Commission noted that the gap between the highest paid and the lowest paid is too wide, with a range of 80% between the highest and lowest paid. The Commission therefore recommends a review of the salary scales, in order to:

- close the gap between entry level positions and management
- close the gap between lowest paid and the highest paid per salary band, by revisiting the *Recognition of Prior Learning* for certain jobs.
- Promote performance-based salaries

There is a large disparity in terms of salaries of management. Some of Chief Executive Officers earn much more than the Directors General of their Departments. We looked at the current advertisement of the vacancy of a Director General of Arts and Culture reads:

An all-inclusive remuneration package of R1 570 254 per annum, consisting of a basic salary (70% of the total remuneration package), the State's contribution to the Government Employees Pension Fund (13% of basic salary) and a flexible portion that may be structured in terms of applicable rules and guidelines

The input received from the entities showed that some of the CEO of entities receive well beyond R3 million per annum.

Given these disparities the Commission therefore recommends a salary review of entities and proposes that new salary scales should be in line with the Government Salary Structure in order to address the wide gap in salaries, and the inconsistent salaries scales across public entities.

3.8.2 Job Evaluation and Performance Management

The Auditor General Consolidated Statement 2016-17 reported on the Human Resources that

At an overall level, the number of auditees with good HR management controls had increased over the four years and from the previous year. As a result of the significant increase in the number of auditees at which we performed the assessment, percentages show a slight regression. The number of auditees requiring intervention remained the same as in the previous year but was slightly lower than in 2013-14.

Provincial public entities (45%) lagged behind national public entities (54%) in implementing and maintaining good HR controls. Auditees in Gauteng, Limpopo and Mpumalanga showed improvement from the previous year, while the Free State and the Northern Cape regressed. It is commendable that all the auditees whose audits had been completed in the Western Cape maintained good HR controls.

The entities reported a number of systems that they utilise when the conduct job evaluation and performance management, some reported that they did not have any system in place. Unfortunately, no reason was given for not having a system in place.

The workload and performance of entities differ according to their mandates. However, they may utilise the same system to conduct job evaluation and Performance Management. The DPSA will propose a Job Evaluation System that is uniform as all the employees of the Schedule 3 Entities serve under the Public Service Act. Utilizing the same Job Evaluation system will bring parity for the salaries of Public Entities.

The Commission recommends a comprehensive review of all the Performance Management systems that are used by Public Entities. Furthermore, the Commission recommends an overarching standardization of Job evaluation, Grading and Performance tools

3.8.3 Legal System for Human Resources Development

The review of the legislative and policy framework for Public Entities in South Africa demonstrated that Public Entities are subjected to a multiplicity of policy and legislative mechanisms, which, at some point, are not only inconsistent but also onerous. The current legislative framework is fraught with difficulties and challenges that hinder Public Entities from functioning optimally. There is a need for a complete overhaul of Human Resource related legislation for the Public Entities Sector. The streamlining and rationalisation of the legislative framework should be considered a matter of importance. In this process, legislative and policy efficiency should guide the streamlining and rationalisation process. The ultimate aim is to devise and implement a single and coherent overarching legislative framework that provides for a sector-based classification of Public Entities with zero overlaps and duplications.

The focus should facilitate the ability of Public Entities optimally to fulfill the developmental agenda of the state. Legal training and education are needed for those who implement legislation, employers and employees; and are necessary to avoid violations of legislation. Correct interpretation and implementation will vastly reduce complaints and dissatisfaction, bring uniformity and provide data that will allow for improvements where necessary. This will assist in fulfilling the purpose of the legislation, which is to develop career paths for civil servants and retain skills in the country. This will assist to design a coherent regulatory framework and establish the required institutional mechanisms to support service delivery.

3.8.4 Conduct an Audit of the OSD Implementation across Provinces

From the analysis it was evident that the OSD was a major issue in terms of inconsistent implementation of the process across all Departments. It is advisable that the Department of Public Works Roads and Infrastructure as well the Limpopo province are prioritised during the OSD audit. The Commission recommends that a comprehensive audit of the implementation of the OSD be conducted across all departments. Furthermore, the Commission recommends that the audit be both qualitative and quantitative and aims to assess consistency across different departments. The audit should include stakeholder engagement, provide inputs of the evaluation including all the detailed complaints against PSDA that have been covered in this review. In addition, formal engagement with

HR departments is necessary to determine if the Grievance Procedures are widely understood by employees.

3.8.5 Allegations of Salary Discrepancies: Conduct a Compensation and Benefits Review

To address the complaints raised that can be categorised as salary benchmarking, job grade progression, inequality of salaries based on race and gender as well as inequality within the professional bands, the Commission recommends that a Compensations and Benefits Review be undertaken. Such a review should include the following:

- Full Review of the existing Remuneration Framework including policies, job progression, reward systems, performance and pay progression
- A plan for an overarching remuneration framework
- A Standard approach to job titles and levels as part of a job architecture
- Finalise policies on a job architecture
- Review the degree of compliance to guidelines that link performance to grade progression and rewards policy.

3.8.6 Inconsistent Application of Policies and Benefits: Review of all Remuneration Policies and Finalisation of Policies in a Draft Mode

From the analysis, it was evident that it is necessary to review the remuneration policies including remuneration philosophy and strategy being used in public entities. Such a review should include the following:

- Collating all existing policies with respect to remuneration
- Drafting and Consolidating remuneration policies
- Reference procedures and processes such as performance guidelines, grade progression etc.
- A remuneration philosophy and purpose that is continuously and widely communicated
- An analysis of the application of the principle of equal pay for equal work

3.8.7 Salary Review for Educators

It was evident that the education departments need to conduct a salary review. A detailed benchmarking exercise of salaries amongst Public Entities is recommended and thereafter an implementation of agreed and existing pay scales. It is advisable that this review be conducted by province so as to obtain both qualitative and quantitative inputs, in partnership with the DPSA.

3.8.8 Conceptualize a Staff Retention Model appropriate for the Digital Era

The Commission recommends a new Staff Retention Strategy that is cognisant of the needs of the digital era. The strategy could include the following elements:

- Measures for training and retraining to promote an employee's growth and career paths for a digital era
- A retention model that provides opportunities for digital learning and education.
- Training should be in line or ahead of the digital curve
- A pilot study of the retention model inclusive of training and development in the digital hubs
- Identify projects for a working model that will be suitable to the digital era
- An exploration study of how learning will be different in the next 5-10 years
- Identification of how the model could be aligned to current performance objectives and development goals.
- Prioritizing the best practices related to digital learning that has been implemented globally

3.8.9 Rationalization of Schedule 3 and 3c Entities

There are currently 154 Schedule 3 Entities with a huge overlap in their respective mandates. The overlapping results in a number of unnecessary duplications. Rationalization of the Public Entities will place them in a better position to support economic growth and assume the roles and responsibilities in order to eliminate duplications. For instance, we have thirteen (13) Museums related entities that have thirteen CEO and CFO, having to publish 13 Annual reports. The proposal is to amalgamate and rationalize these entities into a manageable size. This will result in savings and increase the capabilities of the entities.

4 Assessment of Health, Security and other Submissions

4.1 Health Sector

The health sector is paramount to a nation's health and productivity, effectiveness and competitiveness. The South African health sector is experiencing backlogs of queues and inabilities to adequately provide the required medical treatment to citizens. Additional issues such as an inconsistent recruitment process, issues with working hours and the remuneration of Community Health Workers (CHW) are among the many challenges facing the public healthcare sector. Statistics South Africa's Household General Surveys of 2016 revealed that 71.4% of household goes to public institutions for healthcare whereas 27% go to private institutions for healthcare. The 2012 doctor to population ratio paints a picture that is contrary to the above statistics, with the private healthcare sector having a 0,77% per 1 000 ratio, whereas it is 1 doctor to for every 4 219 people in the public sector. These statistics explain the long queues and backlogs in public healthcare.

Policies such as the Remuneration Policy for Health Professionals Employed in the Public Health Sector and the Occupational Specific Dispensation and Rural Allowance, were meant to strengthen the recruitment and retention of staff in the public health sector based on the findings of the *Review of Health Overspending and Macro-assessment of the Public Health System in South Africa* of 2009. The review had found that the training of staff was not receiving the sufficient attention, with poor implementation of OSD leading to provinces overspending, facing lack of coordination and many more other challenges. Thereby the need to focus on the recruitment process was necessitated. This led to the *Remuneration Policy for Health Professionals* developed in May 2010 addressing issues of remuneration, career paths, performance management and models for career progression.

The standard of service in the public healthcare sector is facing severe backlogs in infrastructure and infrastructure maintenance. The report noted that most of the healthcare facilities in the public sector is in deteriorating conditions and reflects poor standard of service. As a consequence, this mostly affects access to medicine, prevention and treatment of various diseases. To some extent, there are various cases whereby poor standard of service has led to loss of lives because of lack of facilities such as ambulances,

medication and various other services. Life Esidimeni is one of the many examples that reflect the standard of service in the public healthcare sector.

South African medical practitioners are regarded to be amongst one of the best in the world. It is therefore no surprise that the country faces the challenge of losing its doctors to competitive salaries offered by the private sector and some parts of the world. Despite having some of the best medical practitioners, the working environment does not often meet the right standards. This has often caused high turnover and instability, with the Northern Cape being a prime example of where professionals prefer the private sector or preferably move to other provinces.

4.2 Security

The SAPS submissions point to a general opinion that job evaluations are applied inconsistently within the public services and have led to gradual dissatisfactions of employees. A further notable observation is that historic upgrades in entry-level positions were undertaken without additional responsibilities. These inefficiencies were accumulated through the transition from the Occupational Specific Dispensation, which led to lack of correlation between the salary grading system and uniform norms and standards.

There are various notable inconsistencies in the remuneration of the SAPS compared to the rest of the public services. SAPS recruits are paid less than lower level posts in the public services despite having a lot of requirements. For example, whilst constables are remunerated between 5th and 6th notch in salary level 5, clerks and secretariats are on the same pay scale as constables despite limited requirements (such as the two years of training that police go through).

The police Minister did not implement the OSD in the SAPS, instead continued with the BBSS to ensure that police keep the benefits prescribed by the BBSS system. The report notes that it would have been a difficult task to coordinate SAPS rank structures with the requirements of the OSD because of the different progressions. Furthermore, the SAP salary structure is not up to date with remuneration changes that have occurred in public services.

While the main task of the SAPS is to ensure the security of its citizens from criminal elements, statistics suggest that the SAPS is not doing a fairly good job in this regard. Levels of crime in the country have increased, the Department of Police's Annual Crime Statistics of 2016 reported high crime rates in various aspects, including increased police killings. This suggests that the principle of value for money is not necessarily met. POPCRU's submission also concurred with the current narrative regarding the safety of South Africans in the midst of increased criminal activities that also involve senior SAPS officials. Unions also go as far as arguing that increased crime rates are due to government's failure to deliver basic services to its citizens and creation of a crime free society. This is also in conjunction with the lack of services and facilities in the SAPS.

SAPS submission to the PRR Commission acknowledges that key elements of standard of service include professional conduct, improved service points, service excellence and collaboration with communities where visible policing remains a key challenge. To meet its sets of targets and standard, the SAPS should thorough focus on its training and development to ensure it produces the best officials to serve citizens.

4.3 Professionals and Artisans

There is a need to ensure that services provided by this industry are in line with the government's need of quality products. The report indicated that as things stand, there are no consistencies in performances, displays, exhibitions, and cites the need to professionalise the sector as means of ensuring the standard for minimum performance expected in the sector. This is because the sector is currently self-regulatory and thereby creates difficulties in determining the right standard for each project. Self-regulatory difficulties also impact on the determination of competencies within the industry. However, there are ongoing arrangement to improve sectoral regulations and standards through the proposed White Paper of 2017.

4.4 Public Entities

Public entities are essential in enhancing the government's effectiveness to realise their goals in a challenging environment. It is therefore imperative that these entities have competent managers and governance structures that do not prohibit what these entities are set out to do. Through the Batho Pele principles, public entities are duty bound to have requisite standard of services to ensure the satisfaction of recipients.

Public entities such as Eskom are currently plagued in corruption scandals that are detrimental not only to public entities, but the country's economy. Corruption also threatens the standard of service and taints the country's image in the global landscape, especially within lending and rating agencies. The competency of public entities is rested within the national and provincial governments as the main establishers of public entities.

4.5 General Administration

General administration encompasses of various departments. Departments such as the Department of Planning, Monitoring and Evaluations, Department of Public Service and Administration and Department of Cooperative Governance and Traditional Affairs have obligations to ensure that public entities are functioning efficiently. It is important that the principle of value for money in public institutions is adhered to through delivering efficient services at all times. In most cases, the standard of service is not necessarily prioritised. This failure is often a result of a lack of competent managers due to inabilities to utilise skills that already exist in the public services.

There is a general agreement in the Department of Social Development that salaries are determined by the Department of Public Service and Administration. As a consequence, the OSD system has resulted in salary disparities amongst people in the same level because it did not set a standard benchmark across the public sector. This is evident in that social workers, despite holding a four year degree, often earn less than teachers. The OSD has further prejudiced on social workers because they only progress in grades in 10 years.

Retention of employees in general administration is also increasingly becoming hard to manage because of the demand for public servants in various levels of government. This has seen a huge number of public servants, especially from social services, changing departments for better salaries. This presents a need to benchmark social services' salaries across the public sector and the private sector as well.

The OSD system has presented the social services with remuneration and retrenchment challenges such as insufficient skilled Community Development Practitioners, lack of benchmarking that results in same positions having higher salaries in other departments and unrealistic experience required at a managerial level. In response to this, the social

development sector has come up with a recruitment and retention strategy. The strategy is aimed at addressing issues relating to salaries and grades.

Whereas the Department of Social Services is affected by external remuneration challenges, the Department of Correctional Services is contrary to this, it faces internal remuneration disparities. For example, although there are certain positions that have similar descriptions, requirements, and roles and functions within the Department of Correctional Services, the grades are at different levels. This suggests that there are inconsistencies in grading.

4.6 Enhance service delivery

To enhance service delivery, the public health sector must ensure that it has the best human resources to deliver on its mandate. There is also a need to ensure that public health officials are well compensated to increase the retention rate (DoH, 2010).

The mandate of the SAPS is derived from Section 205 (3) of the constitution whereby SAPS is mandated to prevent, combat and investigate crime, maintain public order, protect citizens as well as their property and enforce the law. Documents such as the White paper on Transforming Public Service Delivery call for the provision of effective service delivery to meet the needs of the citizens. In relation to the SAPS, the White Paper emphasises the need for police to ensure safe communities.

The SAPS National Report notes that significant effort has been put in improving service delivery; such as the establishment of 1140 police stations, 186 satellite police stations and so on. This is reflected in the 2013/14 Victims of Crime Survey which revealed that 60% of victims are able to access police stations in close proximity ((within 30minutes), with 27% able to access police stations situated within 30-60 minutes. Despite these achievements, the provision of service delivery is undermined by limited number of placement and stations. As such, there are plans to build or refurbish 167 frontline service delivery key points over the medium-term.

There are various mechanisms, such as visits to frontline service delivery points, and Citizen-based Monitoring (CBM) that are used to monitor and ensure efficacy in the provision of service delivery.

The SAPS report notes that the lack of formal studies on frontline service delivery has led to inabilities to improve service delivery, particularly before the 2013/14 financial year.

4.6.1 Measures of improving service delivery

An SAPS Risk Profile was undertaken and revealed major weaknesses in their frontline service delivery as well as inadequate internal control environment. Subsequent improvement was noted through the enforcement of the Management Performance Assessment Tool (MPAT) in complying with service delivery.

The SAPS report in service delivery recommended that the frontline service delivery delivered in consultation with communities.

SAPS has identified medium-term for the frontline service delivery to support the improvement of key service objectives to contribute to effect service delivery.

The SAPS has also developed a service delivery mechanism to ensure effective implementation of the SDIP linked to the frontline service delivery. The mechanism focuses on the need to create effective engagement structures between the SAPS and communities.

In order to improve on service delivery, the SAPS Service Delivery Report pointed out to the professionalization of police that began in 2015/2016 in partnership with Harvard University, University of Pretoria and University of South Africa. The interventions include 125 intakes for a Bachelor of Police Science, the introduction of management programmes, partnership with research institutes and further relations with human rights institutes.

4.6.2 Factors undermining service delivery

The SAPS report on service Delivery identified the lack of adequate infrastructure, personnel resources and non-personnel resources, housing in rural and urban areas, placement and retention as key barriers to effective service delivery.

Additional factors that undermine effective service delivery, include but not limited to; culture of violence, community protests, loss of firearms, high number of unlicensed firearms and so on.

The SAPS report on Service Delivery recommends that value for money should be measured by the performance of the SAPS.

The report further indicated the need to give flexibility and freedom aligned to national framework to ensure that sectors improve on service delivery and address their needs. The report also recommends the need to be mindful that OSD's negatively affected the public services.

4.6.3 Guarantee fiscal stability

The report *Managing the Provincial Wage Bill to Contain Fiscal Stress and Built a Capable State*, on Submission for the 2014/2015 Division Revenue of Revenue (2014/15), revealed that the current economic climate and increasing wage bill is difficult to sustain. The report suggests that a continued increase in wage will eventually lead to limited spending on other key priorities such as infrastructure, social development and social security.

The following recommendations were suggested by the report:

- The need for long term planning to create balance between wage and non-wage components in provincial budgets related to social spending. This requires the national department to set a specific ration of frontline vs administrative staff in line with total expenditure per sector.
- Accounting officers must lead the implementation of the established norm and be accountable for personnel spending in their units. This must be implemented through performance agreements between accounting officers and their staff.
- Some methods of ensuring improved productivity in critical departments (health and education) must be implemented. There must be a wide range computerisation of processes, reconfigurations of workflows and organisational design and structure. Provincial budgets – in their non-wage components should enlist necessary equipment such as new technologies both in the health and education sector.

The DoH (2010) recommends that the sustainability and affordability of the remuneration system needs to be prioritised at all times. This is because the current economic climate is not able to sustain the ever-growing public health purse.

It is noted that the adoption of policy decisions relating to compensation during the PSCBC and the SSSBC bargaining council undermined and eroded the SAPS department. The policy decisions impacted on matters such as pay progression, acting allowance, grade progression etc. Over the years, the compensation to operational cost increased from 71% - 29% in 2009/10 to 75% - 24% in 2015/2016. As such, the National Treasury has been at the forefront leading the call for institutions to adequately manage personnel costs.

The following recommendations are noted:

- The need for salary negotiations to be done within the fiscal framework due to the country's volatile economy. Thorough consultation with other sectors must be carried out before reaching agreements that have financial implications.
- The following conditions need to be considered when ensuring remuneration within fiscal framework:
 - Determination of salary scales and allowances
 - Grading in terms of salary scales
 - Salary, service benefits and other compensation practices
 - Implementation of the retention policy to retain scarce skills in the SAPS

4.6.4 Ensure market-related remuneration

For the health sector, the Report on Remuneration Policy for Health Professionals Employed in the Public Sector (2010) notes that the OSD was introduced to improve remuneration in the public sector as means of retaining skilled practitioners. The OSD was particularly recommended to focus on what practitioners do instead of adopting a fixed remuneration system across the board.

The report on Remuneration (2010) notes that the government often competes with the private sector and international agencies for scarce skills, leading to skilled personnel leaving the country for better opportunities. As such, it recommends that an effective remuneration policy aimed at retaining existing skills must take into consideration different factors such as working environment where moving health practitioners practice. Other key recommendations are as follows:

- A transparent salary determination system is needed, such as scarce skills, overtime and rural allowances (DoH, 2010). This will help curb the pay gap between the public sector and the private sector.
- New policy proposals should adhere to public service remuneration as well as promote remuneration that is fiscally sustainable.

4.6.5 Ensure suitable job classification linked to remuneration

Salaries in the public sector do not match salaries in the private sector. As such, current salaries fail to match private sector pay. The report also notes that whilst health officials study for up to five years, do community service and an internship, but have to compete with other professions that require less training (DoH, 2010). As a precautionary measure, the report (DoH, 2010: 10) suggests, “a system of occupational salary differentiation will go a long way in resolving the remuneration difficulties experienced by the health departments to recruit and retain professionals”.

The DoH (2010: 11) report further recommends the need to explore “options that provide career streams for health professionals who prefer careers in either the clinical/technical field or specialization in management in their respective disciplines. A typical example of such system is to provide salary level progression to recognise specific skills by professional nurses or medical specialists without them having to perform non-clinical management duties. For employees to progress to higher occupational (salary) levels, certain hurdles will have to be put in place. Some criteria are needed that will qualify employees for promotion to higher levels of responsibility. This prevents the notion of everyone automatically progressing without proving his or her worth”.

The SAPS report on Remuneration notes that there are inconsistencies in job evaluations that lead to displeasure amongst employees. In addition to this, there are no clear criteria in the determination of salaries in the public services. The fact that job evaluations and grading were done separately by each department brought inconsistencies in the grading of similar jobs.

The SAPS recorded mass movement of personnel to other public service departments due to non-adoption of the OSD system in the SAPS. Critical positions such as social workers within SAPS.

4.6.6 Promote sustainable pay progression and performance management

The report also notes that there is a lack of a clear system for career progression, which results on skilled personnel seeking better employment and remuneration in the private sector. In addition, there is also an issue of lack of attractive incentives to work in public health (Department of Health, 2010).

- Provision of clear salary and career progression process linked to worker's performance and competencies.
- Recognise those who perform remarkably.

The public health sector is quickly becoming less desirable because of the perceived lack of career progression. This is because progression is dependent on the availability of senior positions, which results in a lack of career progression by many health professionals (DoH, 2010). According to DoH (2010), this results in health practitioners opting to go to management rather than practice, due to the availability of senior positions in management. As such, these circumstances only undermine service delivery in hospitals.

The SAPS pay progression system states that employees may move up by up to 4% after 3 years of being at a certain salary scale. The SAPS report on Remuneration cited the need to review and change the difference in pay progression between the employees represented in the Public Service Act and the employees falling under the SAPS Act.

The SAPS report on Remuneration recommended that:

- "The starting notch for an entry level policeman be equivalent to the first notch of salary 6 in the public service"
- The implementation of 1.5% notches as well as up to 12 notches per level.
- The report also recommended the review of allowance in relation to their purpose – noting the need for every allowance to have specific and clearly defined job-based rules.

4.6.7 Improve skills retention

The report on Remuneration (2010) notes that the government often competes with the private sector and international agencies for scarce skills, leading to skilled personnel

leaving the country for better opportunities. As such, it recommends that an effective remuneration policy aimed at retaining existing skills must take into consideration different factors such as working environment where moving health practitioners' practice. The report notes that working conditions in the private sector are more conducive and lucrative as compared to the public sector. This is accompanied by unreasonable working hours in the public sector, which leads to deteriorating the working environment in the public sector.

There is a huge problem in retaining staff in the public sector. The biggest problem failure to retain skilled officials is related to the remuneration system in the public sector, as it fails to offer competitive salaries as the private sector.

Numerous measures are noted in the bid to come up with effective retention policies. For instance, the KwaZulu-Natal DoH developed a policy framework to enhance retention. The policy document emphasised the need to link employee retention to a sound recruitment process to ensure that the best and suitable candidates are always selected (DoH, 2012). Other measures include the effective use of PMDS, ensure appropriate salaries, and to counter offers in relation to scarce and critical skills, particularly on performing staff (DoH, 2012). Additional retention methods such as indirect measures through demonstrating effective leadership, granting special leaves and growth and promotion opportunities are recommended (DoH, 2012).

4.6.8 Promote sound labour relations

Concerning labour relations, The SAPS is part of the Labour Relations Act, 1995, with representation through the PSCBC and SSSBC council. The SAPS report on labour relations suggests that the inclusion of the SAPS in the BCEA negatively affects service delivery due to the restrictions on maximum hours that officials can perform. As such, the report recommends that consideration of excluding the SAPS from the BCEA and LRA. In addition to this, the report also suggests a separate legislation to protect workers, while aligning it to constitutional limits.

The SAPS report on Labour Relations also suggests that although SAPS matters fall within the LRA Act, this can be changed if the consideration of exempting the SAPS from BCEA and LRA is approved.

4.7 State of Labour Relations

In relations to the current state of labour relations in the SAPS, the report finds that the current state is not ideal for sound relations. At the heart of this is the disconnect between what is negotiated and what is implemented despite thorough negotiations between unions and the SAPS management.

There are various factors that impact on the labour relations in the SAPS. The SAPS Labour Relations report notes that the existing labour relations undermine service delivery. Negative factors include issues such as working hours.

The report further recommends the need to develop working hours that will permit the SAPS to curb crime through allowing the police service the freedom to deploy police all its personnel resources without fear of contravening labour regulations. Of particular focus is the need to deal with the Basic Condition of Employment Act that suggests 45 hours per week on average. These hours cannot be exceeded according to Section 9 of the BCE Act. Keeping within the stipulated hours is impossible given the task that faces the police force.

4.8 Submissions Received from Organizations Representing People with Disabilities

The Commission's terms of reference did not specify an enquiry into issues relating to the people with disability. However, upon analyzing recruitment, appointment and promotion, policies and practices, the Commission realized that people with disability could not be excluded from the enquiry. The Commission engaged with at least three National Bodies representing people with disability to encourage them to make submissions on behalf of their constituencies. The three National Bodies referred to are, Disabled People of South Africa, Quad Para Association of South Africa and National Council for Persons with Physical Disabilities in South Africa.

It was on the strength of these interactions, that the Commission looked into the conditions within which people with disabilities find themselves at places, of work in particular in the public service. The Commission found that people with disabilities were disadvantaged in many respects in that some public buildings are not accessible. In addition they are mostly relegated to low entry-level positions as receptionists, call center attendants and administrative clerks with poor chances of promotion.

There are two corridors of opportunity within the education sector that could accommodate people with disabilities. While the administrative corridor seems to be the usual opportunity for the people with disabilities, the other corridor could be training as educators. This corridor could also absorb people with certain types of disabilities. Given advances in information technology (IT), a disabled educator can facilitate a lesson remotely or on site to a class of students. Experienced disabled educators could even be used to empower other educators using IT.

4.9 Recommendations:

Given the assessment of the submissions from the three national organizations representing disabled people in South Africa the Commission recommends the following:

- People with disabilities must be involved in the recruitment and selection processes of prospective disabled employees to ensure a better understanding;
- HR staff dealing with recruitment and selection must be trained to improve their awareness and understanding of disability
- Disability targets agreed upon by social partners in the sector including government, must be included as a measure of performance in the contracts of Director Generals and CEO's of Public Entities;
- All government buildings that are non-compliant including schools, must be upgraded in order to be accessible for people with disability; and
- An electronic jobs application portal must be created to allow online submission in order to avoid costs of transport and physical submission of Z83 forms in the buildings that are inaccessible.

5 Conclusion

The terms of reference for the Presidential Remuneration Review Commission (PRRC) investigation into the public service remuneration and conditions of service included a wide range of issues that were extensively discussed in the body of this report. The investigation itself was bogged down by several delays and extensions that are explained in the introduction of this report. This report brings together the findings of the Commission's investigation according to the terms of reference, and paying particular attention to the education sector, and Public Entities listed in Schedule 3A and 3C of the Public Finance Management Act (PFMA).

In addition to the sectors identified in the terms of reference the Commission also had to investigate submissions from individuals affected by the implementation of the Occupational Specific Dispensation (OSD) program. Finally, the Commission felt obliged to investigate condition of service issues related to the plight of disabled people within the public sector.

Drawing on the submissions of stakeholders, relevant literature, international best practice the report explains the pertinent terms of reference and identified issues and gaps that the Commission used in its enquiry. The Commission paid special attention to an enquiry into the provision of basic education in particular.

The Executive Summary of this report gathers together all the recommendations in one place for easy access. The Introduction presents the background and legal mandate of the enquiry and also presents a history of the life of the Commission from its inception. The Introduction also explains the delays and processes associated with the enquiry. Chapter One of the report explains the methodology and framework used in the enquiry and defines each of the terms of reference. Through this process the enquiry used the submissions and expert opinions to present recommendations on the different sector of the public service for each of the terms of reference.

Chapter 2 of the Report analyzes the submissions and expert reports with a special focus on the provision of basic education. The mandate of the Commission required that the Commission pay special attention to the conditions of service and remuneration of educators in the public service. Chapter 2 extensively reviewed and assessed the

submissions related to the education sector and the role of educators. The chapter covers the current situation of the conditions of service and remuneration of educators in the basic education sector and makes several recommendations to address the grievances, challenges and complaints received. The analysis of the current situation of educators in the provision of basic education in South Africa presents a case study for addressing general issues related to remuneration and conditions of service in the public sector with particular attention on the provision of constitutionally mandated basic services (CMBS).

Chapter 3 of the Report assesses the submissions from stakeholders in Public Entities and complaints about the implementation of the OSD from individuals. The analysis and recommendations cover the legal, administrative, regulatory and institutional policy instruments and environments. Some of the key recommendations speak to the challenges presented by South Africa's intergovernmental fiscal relations system and the role of provincial governments in the delivery of essential services. Other recommendations address the issues of wasteful and fruitless expenditure incurred by Public Entities, and the misuse of the procurement system for personal gain.

Chapter 4 of the Report is an assessment and analysis of submissions from the health and security sectors, and issues pertaining to disabled people in the public service. The recommendations in this chapter focus on the delivery of services and the conditions services for health workers and members of the South African Police Services (SAPS). Many of the recommendations argue in favour of making these sectors more attractive places for employment because they provide essential services.

Finally, the Report emphasizes that promoting sound labour relations is important for creating a conducive working environment for employees and the management. Such an environment ensures effective service delivery and promotes positive outcomes. In general, the Report cautions against changing the pay employment arrangements and salary structures without proper consultation. Such changes should be debated, negotiated and researched before a conclusion is reached. The report further recommends:

- The reviewing of existing and previous policies to avoid making mistakes that will undermine labour relations, particularly between the government and the unions.
- A change in the nature in which disputes are resolved between different parties.

- Due consideration be given to the negative impact of strikes on learner outcomes and the country's development trajectory. Strikes can be better-managed by categorising education under essential services to limit negative consequences on learners.
- The use of an arbitrator to ensure sound labour relations. This could be done through a process of evaluation in which a third party evaluates the circumstances and makes a binding decision.

In concluding this Report, the Commission presents the findings of the assessment and recommends some specific questions that the Government may wish to pursue in the future. The recommendations for specific questions and issues are drawn from the respective sections of the report in the order in which they are presented. The questions and issues that emerge from the assessment, and that Government may wish to pursue in the enquiry are captured in the Executive Summary and the body of the Report. These questions and issues emerge from an understanding of the terms of reference for the Commission's enquiry.

Justice K K Mthiyane

Chairperson of the Presidential Remuneration Review Commission

Retired Deputy President of the Supreme Court of Appeal

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