



MINISTRY
PUBLIC SERVICE AND ADMINISTRATION
REPUBLIC OF SOUTH AFRICA

Budget Vote 2023

Deputy Minister Public Service and Administration

Dr Chana Pilane-Majake, MP

16 May 2023

14h00

Good Hope Chamber

- **Honourable House Chairperson;**
- **Minister for the Public Service and Administration, Hon. Noxolo Kieviet;**
- **Honourable Members of Parliament, in particular the Chairperson and Members of the Portfolio Committee on Public Service and Administration;**
- **Our Honoured Public Servants;**
- **Fellow South Africans**

INTRODUCTION

Our central commitment is one of building and sustaining a developmental and capable state. This is the thread that binds and mainstreams all the various programmes, projects, and the resource allocations that we commit to our work. Thus, whilst the end goal of a developmental capable state is predominantly outward looking with a focus on the delivery of public goods and services, it is equally important to create a conducive environment for public servants to work with relative ease, and ensure maximum productivity.

I am pleased to present to you, Honourable Members, some of the key programmes and projects that we pursue to create an enabling environment for the public sector employees to perform maximally in their duties.

These initiatives revolve around the following:

- Our commitment to enable public servants to access housing and own homes. This is done through the Government Employees Housing Scheme (GEHS). The current budget is R14,669 million, and includes R5,259m for Goods and Services and R9,399 million for Compensation.
- Our commitment to enable civil servants to have easy access to healthcare services. We do this through the Government Employees Medical Aid (GEMS). Gems does not get funding from government. However, government does subsidize medical aid contributions by its employees. The projected total contribution income for 2023 is R48.08 Billion. About R2.125 billion which almost 4.4% will be dedicated to operations.

- The third element, which goes beyond the two issues mentioned above, is our work that seeks to build an innovative state, and therefore ensure a government that is timeously responsive to the needs of the citizens. This is done through the Centre for Public Sector Innovation. The Centre has been allocated an annual budget of about R46 million for the budget vote number 12, which is that of the DPSA.

Honourable Members, please allow me to provide a brief detail on each of these three issues:

ON THE GOVERNMENT EMPLOYEES HOUSING SCHEME

The Government Employees Housing Scheme (GEHS) was established in terms of Public Service Coordinating Bargaining Council (PSCBC) Resolution 7 of 2015. The purpose of the Scheme is to assist government employees to access affordable housing through various interventions. These include the following:

- The administration of Housing Allowance;
- Facilitating access to affordable housing finance;
- Facilitation of the provision of the housing stock;
- Enrolling employees into the Scheme in order to aggregate demand; and
- Provision of advice, education and counselling to employees with the aim of improving their chances to access home ownership.

I am happy to share with Honourable Members, some of the notable progress in this regard:

On the Housing Allowance Administration

The current public service employs 1.3 million employees of which, more than 1.1 million are eligible for a housing allowance. Of this number, prior to the collective agreement in 2015, only 355 000 employees (that is, **32%**) utilised the housing allowance for mortgage assistance for home ownership for salary grades 1-10. A further 569 000 (52%) employees received the housing allowance for rental of accommodation.

To date, home ownership has increased to 774 235 as of 31 March 2023. This amounts to **70.4%** of employees receiving the housing allowance for salary levels 1-10. A further 189 856 amounting to 17% of employees received the housing allowance for rental accommodation as compared to 52% in 2015.

On the Stakeholder engagements

The GEHS has established partnerships with various Stakeholders through several Memorandums of Understanding (MoU), Service Level Agreements, Implementation Protocols, and Resolutions with Organised Labour.

Partnership discussions with the GEPF on the introduction of Pension Guaranteed Home Loans as well as their assistance with Housing Finance Solutions for government employees are continuing.

The National Housing Finance Corporation and the DPSA signed an MoU on Finance Linked Individual Subsidy Programme (FLISP). This is an important milestone which will see the GEHS coordinating all Public Servants' FLIPS services through a single point of contact – National Office. We currently have 223 272 employees who may qualify for FLISP

subsidy. The MoU will ensure that government employees' applications will be fast-tracked and processed fast in provinces.

The introduction of an Individual-Linked Savings Facility (ILSF) has created a culture of savings by Public Servants. As at 31 March 2023, over R19b (R19 Billion) has been saved by government employees in the Individual-Linked Savings Facility (ILSF). Approximately R300 million is being saved in the ILSF on a monthly basis.

The Social Housing Regulatory Authority (SHRA) develops or manages social housing stock. It ensures high-quality rental housing to the low to middle-income groups (earning between R1 850 and R22 000) per month. About **38 770** rental stock units have been created throughout the country and a number of Government employees who are not ready to buy are accommodated.

On the planned milestones for the 2023 / 2024 financial year

We are currently engaging relevant stakeholders in the implementation of the Public Service Summit Resolutions of March 2022.

The DPSA will continue to provide support and education to Human Resource and Finance practitioners in all national and provincial departments including their entities. The following will be the focus areas: the administration of the ILSF deposits, home loan applications, Permission-to-Occupy (PTO), and withdrawal applications from employees and enrolment.

We will continue to engage the Housing Development Agency (HDA) for the availability of serviced sites in various municipalities to enable

government employees to access the sites. A draft MoU has been developed in this regard.

The access to and provision of decent housing is a national imperative and the DPSA is acutely aware of its role in acting as a catalyst for disrupting the housing *status quo*.

ON THE GOVERNMENT EMPLOYEES MEDICAL SCHEME

The Government Employees Medical Scheme (GEMS) is mandated with the provisioning of healthcare coverage to our public service employees, that is efficient, cost-effective and equitable; and also to provide further options for those who wish to purchase more extensive cover.

GEMS strives to be ready for Universal Healthcare Coverage (UHC) by 2026. This overarching strategic intent seeks to improve *affordability and access to quality healthcare for public service employees*, thereby contributing to state capacity through the enabling of a healthy workforce.

GEMS has become the second largest Medical Scheme in South Africa. It is the fastest-growing Medical Scheme and now represents 3.4% of the South African population, and 22% of the medical scheme beneficiaries. By 31 December 2022, the Scheme had 805 544 registered principal members and covered 2 143 249 beneficiaries.

Beyond this, there are other notable achievements, that include the following:

- GEMS provides the broadest beneficiary of the “Beneficiary Definition” that enables GEMS members to register extended family members as dependents on the Scheme. Over one million of GEMS’ beneficiaries

joined and had access to a medical scheme for the first-time in their lives as a result of this broadened beneficiary definition.

- The Scheme has consistently kept non-healthcare costs amongst the lowest in the medical schemes industry. At 5.4% of contribution income, the 2022 GEMS non-healthcare costs are expected to remain significantly lower than that of other schemes. This represents a saving of approximately R2.03 billion for the 2022 year for its members. This means that GEMS spends more on healthcare costs as a proportion of contribution income from its members when compared to other medical schemes.
- GEMS maintained excellent financial and clinical results through its programme of care coordination on two Scheme benefit options. Care coordination reduces the cost of healthcare while simultaneously improving clinical outcomes. The nomination of a General Practitioner (GP) for primary care forms the foundation for care coordination and is aligned with the ideals of NHI.
- The GEMS “Tanzanite One” benefit option was designed with the Scheme being a possible reference or benchmark for the NHI basic service package. This option is affordable for public service employees remunerated on salary levels 1-5 while they have access to both private and public healthcare facilities with emphasis on primary care.

The following highlights were recorded in the last financial year:

- The Scheme paid risk claims to the value of R46.0 billion (representing 116.47 million claim lines). This translates to a 10% increase from 2021 during which the Scheme paid risk claims to the value of R41.8 billion (representing 109.67 million claim lines).

- The Scheme reported a surplus of R1.14bn for the 2022 Financial Year and increased its reserve ratio to 48.95% and this is much better than the scheme budget of 41.42%.
- Accumulated funds increased to R28.83 billion in 2022 (R27.18bn: 2021). This must be interpreted in the context of the aftermath of the reduced utilisation of some of the healthcare services since the Covid19 Pandemic occurred.
- GCR Ratings (“GCR”) has upgraded the GEMS financial strength rating to **AA (ZA)** from **AA-(ZA)**, with the **outlook** accorded as **Stable**. The rating reflects our sustained improvement in reserves exceeding Medical Schemes Act requirements.
- From the latest independent Health Quality Assessment HQA report, GEMS outperforms the industry on most chronic disease outcome measures, such as Diabetes, HIV, and Hypertension.
- GEMS has the largest HIV Disease Management Programme among medical schemes, with more than 148,037 active participants receiving R2.3 billion worth of care per annum. The Scheme has adopted the UNAIDS 90-90-90 targets to ultimately end the AIDS epidemic. By 2022, the Scheme’s figures were as follows:
 - 91% of all people living with HIV know their HIV status.
 - 90.17% of all people with diagnosed HIV infection received sustained antiretroviral therapy.
 - 92.20% of all people receiving antiretroviral therapy have viral suppression.
- GEMS was able to cover the unpredictable COVID-19-related costs for its beneficiaries in full:
 - The Scheme spent a total of R710.2 million towards COVID-19 costs in 2022. This made up 1.6% of all claims paid in 2022 and conducted approximately 1 477 607 in COVID testing,

with 307 508 beneficiaries testing positive. Sadly, the Scheme had 11 629 fatalities as at 31 December 2022.

As we chart the way forward, we will ensure that Gems remains financially sustainable to continue discharging its mandate. GEMS is well positioned to implement its flagship strategic programme of insourcing of capabilities which ensures that the Scheme is fit for purpose to be a positive participant in ensuring that the country reaches Universal Healthcare Coverage.

It is crucial that both the GEHS and GEMS cater for the housing and health needs of public servants so that government remains an employer of choice. This is an integral part of state building, consolidation, and sustainability.

This then, Honourable Members, takes us to the third element I mentioned in my introduction – which is the state capacity building through innovation.

Our Mandate for state capacity building through innovation as a catalyst for improved and sustained service delivery, is primarily driven by the Centre for Public Service Innovation (CPSI). It is tasked with building and entrenching the culture and practice of innovation in the Public Sector.

In 2022/23, the CPSI undertook a number of new multi-year development projects that will be completed in the 2023/24 Financial Year. One of these is the partnership with the Northern Cape Office of the Premier. This is the development of a virtual Thusong Centre that enables citizens to access the services offered through Thusong Centres without having to physically visit these centres.

The CPSI is also following a similar approach, co-developing a solution with Gauteng Emergency Medical Services (EMS) to efficiently manage planned patient transfers.

In its drive to promote digital inclusion and participation of youth in service delivery innovation, the Centre continued to partner with youth innovators and youth organisations. These included the following:

- Piloted the Citizen Engagement Mobile Application, aptly named, A *Let's Talk* in two DDM sites - OR Tambo and Waterberg Districts. This solution was developed by the young innovator Mr Moepi Setona and allows for reporting of service delivery problems and two-way communication between citizens and their councillors and officials.
- The Centre provided mentorship to a number of hackathons to support youth that are developing solutions for the Public Sector. The CPSI engaged with youth across the country, from Giyani in Limpopo to Springbok in the Northern Cape.
- Last year we hosted six "Living Labs" where learners from nine schools were introduced to 4IR skillsets, including Robotics and Coding. Following support to these schools throughout the year, we plan to host the second 4IR Expo on 16 and 17 June 2023.

Through the Centre, we continue to coordinate robust innovation knowledge platforms as part of our efforts to nurture and inculcate the culture of innovation in the Public Sector.

We do this through the *Design Thinking and Innovation Workshops*, the *Annual Public Sector Innovation Awards*, and the *Public Sector Innovation Conference*. Thus, building a vibrant community of practice dedicated to public sector innovation.

We are bringing together public sector system developers to “hack” and find possible solutions for a specified service delivery challenge. The re-skilling of the current ICT personnel and in-sourcing of software developers will be a game changer in the Public Sector.

We are also happy to announce that the National School of Government will soon be offering this as a course.

The Centre continues to cultivate and promote the use of in-house public service system developers and programmers. We will continue to work on building a community of developers supporting the digitisation of services. . The Centre will further provide an online platform where system developers within government can begin to share code and leverage on each other's strengths.

Last year, the CPSI undertook a Digital Fingerprint Project. This project addresses the challenge of unidentified and unclaimed bodies in our mortuaries. This was highlighted by the Gauteng MEC for Health, where it was indicated that Gauteng alone has about 900 unclaimed/ unidentified corpses. The project uses specialised scanners and third-party verification to identify the deceased through fingerprints with quicker and faster timelines than the normal route.

We need to drastically change the role that ICT units play in departments. These units should not only be seen as providing desktop support. We need to re-skill ICT personnel to ensure we derive maximum benefit from the cohort of public servants.

We also want to acknowledge the role played by Public Sector Innovation Ambassadors, in extending the advocacy work of the CPSI. In this regard we acknowledge Ms Phuti Ragophala, also known as *Techno Granny* who

is the recipient of the 2023 Order of the Boabab, Silver for her contribution to the promotion of innovation in the education field. Mme Ragophala, a retired school principal, has dispelled the myth that old people are not tech savvy – she completed a course in coding and robotics through the University of Johannesburg after retirement. She continues to inculcate the culture and practice of innovation in the education sector. We congratulate her on this one of many achievements.

Conclusion

Honourable Members, we as the leadership of the DPSA, are alive to the fact that undertaking measures of building the state to deliver efficient services, it is important that we make the public service an employer of choice. Thus, we will continue to create an attractive environment for all many professionals and skilled personnel to want to work and contribute for the state and its delivery course. We will also continue to create platforms and avenues for innovation in our quest to deliver both public goods and services to our people.

I thank you!