Democracy for delivery:
transforming the public sector

This chapter analyses the crisis in the public sector. It develops a labour vision for the public sector. It recommends that COSATU should adopt an active strategy for transforming the public sector. A whole chapter is dedicated to this issue because it is so important for the transformation of our society.

1. The current situation in the public sector

The public sector is a broad area of state economic activity, including the public service, local government administration, public enterprises, and all other areas funded by the government through transfers, such as higher learning institutions, independent commissions, boards and parastatals. The public sector is also discussed in Chapter 4, particularly the role of public enterprises and parastatals in economic evelopment.

Apartheid created a public sector which was geared to meet the needs of a minority of 'citizens', and to control the majority of 'non-citizens' and deny them access to services. Apartheid also established duplicate administrations and departments for different so-called 'population groups': 11 bantustans, urban Africans, Coloureds, Indians and Whites. This squandered state resources, and created a labyrinthine, unaccountable and inefficient bureaucracy. Apartheid politics also determined the employment policies of the state bureaucracy. In the bantustans, puppet regimes were able to buy some support by distributing public sector jobs. In the rest of South Africa the public sector explicitly served to create jobs for whites. This inherited public sector is poorly equipped to facilitate development or deliver services to all citizens of South Africa.

In addition, the transition to democracy has accelerated a crisis in the public sector because of:

- a lack of motivation amongst the 'old' public servants at national, provincial and local level particularly those who were loyal to the old order
- the quickly disappointed expectations of the public
- uncertainty and tension about affirmative action and career-pathing
- a lack of goals, programmes and strategies for transformation

In addition, the government's policies of tough fiscal discipline, voluntary retrenchment through the increased severance package, random redeployment, and continued lack of action and leadership on the part of management in general, are contributing to the decline of the institutional capacity of the public sector.

Some of the results are:

- poor management
- no culture of service
- a general lack of skills
- run-down technology
- inefficiency
- slow or no delivery
- low pay, poor conditions, lack of training and career-pathing, bad treatment, racism and poor management for public sector workers
- huge salary differentials between the lowest and highest paid in the public sector
- a poor public image of the public sector which creates conditions for an attack on the sector
- hostility to COSATU and its public-sector affiliates, manifested in opposition to any proposal or action by the public-sector affiliates.

This crisis in the public sector provides ammunition for those who argue that the most effective way to deliver services is to privatise the state and its services. The ideology of privatisation has become increasingly hegemonic around the world, and there is a creeping enthusiasm for privatisation even among some within the government.

Despite these significant challenges there are some important positive features of the sector that also need to be considered. Amongst others, these are:

- policies that the Alliance has agreed on and the ANC has adopted, such
- as the Reconstruction and Development Programme (RDP)
- government policies that are in place, such as the National Framework Agreement and to some extent the White Paper on Transformation of the Public Service, and subsidiary policy papers and legislation
- relatively strong unions in the public sector .

2. A labour vision for the public sector

Building a new hospital an Northern Province: the public sector needs investment, not budget cuts - *Photo: William Matlala*

2.1 The public sector is the foundation for social and economic citizenship

The public sector is the basic foundation for translating into reality the citizenship rights enshrined in the Constitution: access to housing, safety and security, health care, education, food and water, transport and a social safety net. The public sector is therefore essential for the implementation of the RDP.

The public sector is the critical arena in the struggle for social solidarity and social justice against the market - it is where social goods are produced and public rights are exercised. It is also the starting point, together with the other significant collective forms of ownership such as the social sector initiatives discussed in Chapter 4, for a socialist project in our country.

The public sector uses public money - it belongs to all citizens. It should be characterised by an ethos of service to the public, of fairness and administrative justice. It should be efficient, transparent and responsive. Achieving these goals requires that public sector workers work in fair, democratic workplaces, with reasonable pay and conditions, with access to training, under effective management.

The public sector is a national asset, not simply a cost in the government budget.

2.2 The public sector is a major economic agent

The public sector is also a major economic agent in our economy. It is a major consumer and producer of goods and services, and a major investor. It has an enormous effect on aggregate demand for consumer and productive goods,

and on the supply of transport, electricity, communications, and infrastructure. It is therefore a tool for development. The public sector should be harnessed to COSATU's goals of economic and social development, facilitating economic activity and meeting the needs of the people.

2.3 The public sector is a major employer

The public sector is a major employer. Given the high level of unemployment, we reject the ideological notion of a lean state as focusing on an unnecessary reduction of employment. The public sector should become a model employer - closing the wage gap, providing training and skills, using labour-intensive technology where possible and appropriate, and institutionalising workplace democracy and participation.

As a model employer, it should lead the private sector rather than follow it. One way it can do this is by extending its reach into the private sector by adopting similar labour standards as criteria for tendering and procurement. There should be labour participation in all tendering and procurement procedures.

2.4 Decentralise government institutions

There should be greater decentralisation within government institutions. This will unleash the creativity and problem-solving abilities of managers and workers at grassroots level, producing a dynamic, effective and responsive public sector.

Public-sector management should establish criteria (such as managerial and financial capacity) for devolving authority to specific institutions. These criteria must include issues like: workplace democracy; union rights such as full-time shopstewards; having a negotiated training programme in place; etc. Devolution of authority will allow for greater workplace democracy and negotiation. It must not, however, be allowed to undermine centralised bargaining.

2.5 Use public-private partnerships to socialise capital

Partnerships between the public and private sectors have the potential to contribute to reforming and strengthening the public sector, leveraging investment and skills for expanding the public sector, transforming the private sector and managing the market. However, there are many different kinds of partnership, ranging from Business Against Crime, to strategic equity partners, to contracting out the building and operating of roads. Labour and government should shape these initiatives so that they represent a socialising of private capital, technology or management expertise, rather than a privatising of services. This means that the performance of private partners needs to be assessed according to social goals, for example, service delivery targets, enhancing the capacity of the public sector to deliver. Criteria should include union recognition, labour standards, training and transfer of skills, workplace democracy, etc.

While public-private partnerships may be necessary to access the huge amounts of capital, and the expertise and capacity, that we need for infrastructural development in South Africa, we reject the argument that most state services or providers of public goods should be privatised in order to be efficient. The private sector itself does not have a good track record of efficiency. Private operators invariably require 'market-related' returns - in other words, profits. This frequently *adds* to the cost of service provision (public sector providers do not need to make a profit), and excludes those who cannot pay the service charges necessary to generate profits.

2.6 The size of the public sector should match service delivery goals

The size of the public sector should be determined by the level of services and activities we want to sustain in each sector. Government has set arbitrary targets for reduction of the workforce, and relied on voluntary severance and badly-planned redeployment. The result has been that sectors or departments where staffing levels are already low, have also seen people take packages.

2.7 Invest in the public sector

Transformation of such a weak and crisis-ridden public sector requires government to build its institutional capacity. Substantial investment is required to develop management capacity, to increase skills and initiative and generally develop human resources, to install new technology, and to detect and punish corruption and theft.

Government does not have a strategy to address the complexity of institutional change, or the difficult process of creating effective public sector institutions. The Gowth, Employment and Redistribution strategy (GEAR), for example, projects a short-term reduction in funding for the public sector, followed by an increase after three years as private sector investment and taxes increase government revenues. This ignores the fact that the initial reduction in funding will destroy institutional capacity that will take many years to rebuild - for example, hospital closures. Government policies of voluntary severance and redeployment have a similar effect. Transformation of the public sector requires investment, not across-the-board budget cuts. Where cuts are to be made they must be part of a plan that aims to re-prioritise spending in the public sector.

3. Options

COSATU has a number of strategic options and policy choices to make in relation to the public sector:

3.1 Bread & butter unionism

With this option COSATU's strategic choice is to prioritise the defence of its members' immediate interests, irrespective of the impact on the public sector. This means protecting jobs, fighting for improved pay, and defending civil service career-paths based on seniority and other similar objectives The implication is that COSATU refuses to take any responsibility for managing or overcoming the crisis in the public sector and that it demands that management solve those problems. For example, COSATU refuses to take into account the budgetary constraints government may be facing, COSATU refuses to accommodate redeployment, and it protects ghost workers and ignores theft, inefficiency and corruption.

This option would amount to defending the status quo (except for wages), and would therefore be against the interests of the rest of COSATU's members, the broader working class and the public in general, who are all users of the public sector. COSATU would play no role in transforming the public sector into a public sector that meets the needs of systems and society as outlined in Section 2, *A labour vision for the public sector*.

Two possible outcomes can be envisaged if COSATU adopts such a strategy:

a. There could be a stalemate in which the public sector continues to decay, and we end up with a scenario like **Skorokoro**; or,
b. This strategy could lead to the isolation of the public sector unions and their members, and government could then move to attack the unions, restructuring and downsizing the public sector unilaterally. This would have a disruptive impact on the public sector, the workers and the unions, and could lead to **The desert** scenario.

3.2 Social unionism

With this option COSATU's strategic choice is to develop a vision and programme for building a public sector that can deliver efficiently and effectively, and improve the working life of the members of the public sector unions. We call this *social unionism* because it takes the needs of society into account (see Chapter 2, Section 2 *Options*). This

means taking some responsibility for co-managing transformation. For example, COSATU would, together with government, fight and expose corruption as well as ghost workers.

Social unionism means acknowledging that there are limits on government resources, and unlimited needs. COSATU should reject the limits defined by GEAR, and continue to contest them. But even without GEAR, there would be limits. This implies trade-offs between different priorities.

In general, a progressive vision for the public sector in South Africa should aim for a bigger, more labour-intensive public sector, employing more people to get services to those communities which never had services before. However, what this means in practice would vary from sub-sector to sub-sector, depending on skills required, labour process and other factors.

These are the dilemmas and difficult choices *social unionism* would have to grapple with. With such a strategy, the public-sector affiliates would seek to align their members' interests and the public interest. They, together with COSATU, would become genuine defenders of the public sector and the public interest, and genuine agents for transformation.

Participation with government in the formulation of the strategy would mean that whatever choices are made, even hard ones, the unions would be willing to take joint responsibility for their implementation.

The advantage could be developing a transformed and effective public sector, as envisaged in the **Pap, vleis and gravy** scenario, with broad support from the rest of COSATU's membership and the public. However, trade unions cannot transform the public sector alone; if government proved unable (because of incompetence) or unwilling to co-operate and lead transformation, COSATU would probably be forced to revert to the option of *bread & butter unionism* in the public sector or parts of it.

3.3 Zigzagging between bread & butter unionism and social unionism

COSATU could try to avoid the difficult challenges of *social unionism* in the public sector, and try to straddle both the options outlined above. This would most likely result in zigzagging, contradictory strategies, and confusion among members - in other words, in *zigzag unionism*. The public-sector affiliates, and COSATU, would be unable to play a sustained or coherent role in transformation of the public sector. In such a case a somewhat transformed public sector might be achieved, with parts of it functioning well, others privatised and others simply remaining as they are or even deteriorating. As a result we could get bogged down in a **Skorokoro** scenario.

4. Recommendations
4.1 A national strategy for the public sector

i.   COSATU should adopt the second option outlined above - *social unionism*. COSATU and its affiliates should make a conscious political choice to engage with the process of public-sector transformation, and attempt *to give leadership through co-owning the transformation project*. COSATU and its public-sector affiliates need to develop the idea of themselves as genuine defenders of the public sector and the public interest. This should be communicated and discussed internally so that all union leadership and representatives can act accordingly. There should also be a conscious media campaign to publicly present COSATU and its public-sector affiliates in this light.

ii.   As the first step in developing this strategy, COSATU should adopt *a bold vision of what a transformed public sector would look like*. Our proposal for such a vision is described in Section 2 above. COSATU and affiliates also need to develop a more concrete and specific vision for each sub-sector within the public sector (see below, Section 4.2).

iii. COSATU *should meet with its Alliance partners to develop a common vision and programme*, as argued in Chapter 3. A central part of such a programme should be a vision and strategy *for the transformation of the public sector* along the lines outlined in Section 2 above. This must also be in line with our vision of a developmental state.

Transformation of the public sector is one of the greatest challenges facing the democratic movement and the people of South Africa. It is far too important to be left to negotiations with specific ministers, or to the collective-bargaining process. For the strategy to succeed, *COSATU should dedicate its senior leadership to this issue*.

One of the outcomes COSATU should aim at is that government starts to project a *new positive vision* of the role of the public sector, with reform rather than privatisation as the central thrust of the transformation effort.

iv. COSATU also needs to engage with the transformation of the public *sector at provincial and town council levels*. Provincial and town governments control large parts of the public sector which are crucial to service delivery and development. COSATU needs to avoid getting so bogged down in national policy discussions that it neglects engaging in transformation at practical, concrete levels. The structures at local and regional levels need to be empowered to engage with the Tripartite Alliance, and with government structures, on the issue of public-sector transformation (see Chapter 10, *Building the engines of COSATU*).

v. COSATU should adopt the goal of *an adequately staffed, better resourced and motivated public sector*. We believe that ghost workers have no place in a progressive public sector. It is generally acknowledged that the voluntary severance scheme has been a disaster. In fact it indicates an abdication of management responsibility to manage transformation. We also reject arbitrary figures based on deficit targets. If the state wants to retrench, it is incumbent on state managers to say where such retrenchments should take place, why those staff are redundant, and produce an assessment of the likely impact on service delivery. COSATU will then be able to negotiate the issues. Every public sector affiliate should develop a staffing, skills and wage policy for its sub-sector (see 4.2.iii below).

vi. COSATU should develop criteria for procurement and private sector partnerships, *demand representation on all structures that take procurement or partnership decisions*, and train its representatives to be effective. The aim of influencing procurement, tendering and public-private partnerships is to *extend* labour standards, workplace democracy and commitment to training from the public sector into the private sector. COSATU should also investigate the options of developing public-sector partnerships with non-governmental organisations (NGOs), and community- or worker-based co-operatives, rather than private capital.

vii. COSATU should investigate the implications of an Alliance campaign to draw up a *Citizens' Charter* setting out the rights and expectations of the public for comprehensive, quality and effective service delivery. COSATU should also consider drawing up *a code of conduct for public servants*, linked to the Citizens' Charter. A code of conduct should, in addition to obliging public servants to serve the public with discipline and commitment, also place obligations on management to manage in a certain way, and on government to provide fair and sufficiently-resourced workplaces.

The code of conduct should not be used by management to discipline workers - rather it should be seen as a guide to how the union believes it members should conduct themselves at work

(this could be based on the NEHAWU code of conduct). The code of conduct should not be structured in such a way as to suggest that COSATU's members are to blame for the crisis in the public sector - the crisis has been created by incompetent management and apartheid practices. Rather, the code should be seen as a proactive strategy to demonstrate COSATU's commitment to transformation and delivery. It could serve as the basis to challenge management and negotiate transformation. For example, affiliates could agree to actively implement the code in subsectors or workplaces where management has agreed to a programme of transformation.

viii.   COSATU and its public-sector affiliates should launch a campaign against corruption and theft in the public sector. The campaign should demand strict action against public-sector managers who squander public money, encourage those who work in the public sector to expose corruption or theft, and encourage members to oppose and expose theft among colleagues. Such a campaign should be linked to negotiation over transformation of public-sector institutions and workplaces - ie union agreement to actively combat theft should be part of a transformation programme. This campaign could be linked to the code of conduct discussed above.

4.2 Vision and strategies for different sectors

The challenge is to extend services to previously excluded communities:
COSATU must develop a vision for each service in the public sector
- Photo: William Matlala

i.   We recommend that COSATU should, together with its public-sector affiliates, develop a vision and strategies for the following key sectors:
   o   Education: the main challenges here are equitable distribution of teachers and resources, reduced class sizes, curriculum development and teacher development. COSATU should develop a vision of South Africa as a learning nation based on a culture of learning and teaching.

- o Health: the main challenges are to develop a plan for a national health service, development of the primary health-care system, changing work organisation in hospitals, and the devolution of powers and responsibilities to hospital management.
- o Safety and security: challenges include dealing with corruption and racism, retraining of police personnel, changes in work organisation (more visible policing, better crime detection, education of communities). A police union can be an important agent for changing the culture of a police force. On the one hand, a police union is a democratic counterweight to the authoritarian inclinations of police management. On the other, it ensures that the police force marches in the same direction as society in general.
- o Welfare: challenges include addressing corruption, better delivery of welfare payments, targeting the poor, and establishing a comprehensive social security net (discussed in chapter 4).
- o Public enterprises: the challenge here is to develop an overall perspective on the role of the parastatals in industrial and economic development, and in the delivery of services, and use this to inform our approach to 'restructuring state assets'. This issue is discussed further in Chapter 4.
- o Local government: the key issues here are to look at ways of guaranteeing certain basic services at relatively low costs to all citizens.

ii. Each affiliate in the public sector should develop a vision for its sector (what it should look like in 10 years time), and a concrete programme with specific goals and time-frames for achieving this vision. This should serve as the basis for mobilising their members, developing a partnership with (or challenging and negotiating with) the Alliance, ministers and departments in their sectors. COSATU should stimulate and participate in this process of developing a vision and programme, since COSATU members and their families are the users of these services. The public-sector affiliates should be accountable to Exco for the development of their vision and programme.

iii. The vision and programme should include a set of policies for staffing, wages and skills for each sub-sector, taking into account limits to state resources, the need to expand employment and service delivery, and the need to narrow the apartheid income gaps in the public sector. This set of policies should include policy on grading, work organisation, training and career-paths for their sectors

iv. Each public-sector affiliate should develop policy on public-private sector partnerships in its sub-sector. If such partnerships are a viable way of leveraging capital and extending affordable services, the union needs to develop guidelines for how such partnerships should be structured, and for enhancing workers' rights and skills.

v. Public-sector affiliates should develop guidelines for union rights in the workplace, for transformation forums, for more progressive forms of work organisation, and for workplace democracy (this needs to be done on a sectoral basis to take account for different labour processes, products/services etc.).

vi. Public-sector management should establish the criteria for devolving authority to local institutions, for example a hospital. These criteria would include managerial and financial capacity. COSATU's public-sector affiliates should ensure that these criteria include issues such as workplace democracy, union rights such as full-time shopstewards and, having a negotiated training programme in place. In other words, authority should not be devolved to any local institution unless it meets these criteria. Affiliates should draw up a list of their preferred criteria for negotiation with management at sectoral level. While devolution of authority will allow for greater workplace democracy and negotiation, it must not be allowed to undermine centralised bargaining. Unions will have to develop policy on this.

vii.   COSATU should co-ordinate all affiliates with members in parastatals, with the aim of developing a strategic vision as outlined above, and spearheading an assertive programme of negotiation with government. COSATU should seek to negotiate a plan for the entire state (parastatal) sector, rather than each affiliate negotiating over restructuring of state assets in its own sector. This too should form part of the Alliance programme.

4.3 Micro-institutional transformation

Striking nurses: there is a need for COSATU to engage in the transformation of public institutions - *Photo: William Matlala*

The scale of the problems and the required changes in the public sector, mean that transformation is likely to be a long, drawn-out process. Our recommendations for strategies in relation to the public sector as a whole, and in relation to sectoral transformation, are critically important - but they focus on centres of power that are far removed from the workplaces and working lives of COSATU members. They will also take time to make any difference to concrete service delivery to members' communities and the public at large.

It is therefore very important that COSATU and its affiliates develop strategies for transformation at the micro-level - the hospital, the school, the local police station, the local town council, the local post office, etc.

Recommendations

i.   Each public-sector affiliate should target a small number of local institutions in its sub-sector as pilot-projects for developing a model for transformation.

ii.   The affiliates should then assist the shopstewards in the targeted institutions to initiate discussions with their members, and consultation with other employees and managers in those institutions, with the aim of drawing up a programme for transformation and improved service

delivery. Such a programme could take the form of, for example, 'a plan for a people's hospital'. Such a plan should include issues such as quality of service, targets for service delivery, staffing levels, supplies and resources, corruption and theft, better management practices, working conditions, work organisation, and union rights such as full-time shopstewards with time off for training.

iii. This programme should be taken to the transformation forum and negotiated with all stakeholders. It could also serve as the basis for negotiation with the relevant government department about increased funding, and devolution of managerial authority to that institution.

iv. The union should ensure that there is COSATU involvement via the COSATU local. Transformation of the public sector at local or micro-institutional level could form an important part of the programme of COSATU locals over the next 3-5 years. The focus on transformation could form the basis for engaging with town councils and the Alliance at local level, and for local COSATU campaigns. Such a programme could help revive and focus the work of the COSATU locals.

v. COSATU should ensure community involvement in shaping the programme for transformation, in defining service delivery targets and monitoring, and in campaigning in support of union demands where necessary. Community involvement can be generated via the COSATU local, in alliance with community organisations, through the local Alliance structures, through the press, etc.

4.4 Building capacity for the above programme

Currently the unions in the public sector, and COSATU, lack the capacity to take forward all of the above proposals in a consistent manner. A good example is COSATU's participation in the restructuring of state assets. COSATU's success in preventing unilateral government decisions on privatisation, and in negotiating the National Framework Agreement, was not matched by COSATU's capacity to take advantage of the opportunities its struggles had opened up.

Recommendations

i. The public-sector affiliates should develop their capacity to formulate policy on transformation in general, and more specifically, on staffing levels, work organisation, grading, training and career-pathing, and workplace democracy. Such capacity could be located in the public-sector affiliates themselves, or preferably in a policy institute under the joint control of all public-sector affiliates, or at the National Labour and Economic Development Institute (NALEDI).

ii. The unions have weak capacities for *implementing* policies on transformation at present. Where unions do have policies, they simply expect organisers and shopstewards to be able to implement these.

The imperative is to develop the experience and expertise within the unions to engage in transformation. We propose that every affiliate should set up a department to focus on transformation in its sub-sector. The union should establish a project team for transformation to work with this department. The project team should include national, regional and local officials, and shopstewards. The project team should identify transformation issues at sectoral, provincial and local levels, and select the key strategic areas that it should focus on. These should include targeting a small number of workplaces or institutions for pilot transformation projects at micro-institutional level. The project team should drive a programme for transformation at micro-institutional level, as well as at sectoral and provincial levels.

This will build up a cadre of experienced shopstewards and local and head office officials - who can then support shopstewards in an increasing number of workplaces. They can use their experience to empower other shopstewards and officials to implement similar programmes. Shopstewards and organisers from other workplaces could visit the pilot projects in order to learn from them. Shopstewards who have gained experience in the pilot projects could be seconded to assist shopstewards at other workplaces. Experienced shopstewards could also be employed as officials specialising in workplace transformation.

In this way, a strategy for implementation becomes at the same time a strategy for building capacity.

iii. COSATU should develop its capacity to formulate policies on procurement, tendering and private sector partnerships, and to train representatives who sit on the relevant structures.

iv. COSATU should establish a team to work with NALEDI on developing an overall perspective and strategies for the "restructuring of state assets", as discussed in Chapter 4 (see also Recommendation 4.2.vi in this chapter, above). The focus should be on parastatals and industrial strategy, service delivery, the role of public/private partnerships, appropriate forms of privatisation, stakeholder participation and workplace democracy.

v. An important aspect of capacity is co-ordination. Co-ordination should be developed within affiliates, across public-sector affiliates (perhaps through a public-sector bloc or cartel), and across all affiliates dealing with parastatals or "state assets". COSATU should also develop its co-ordination capacity in relation to the public sector at all levels: national (in relation to the Alliance, NEDLAC, public-sector bargaining councils, and ministries), regional (in relation to provincial government and its various departments) and local (in relation to local authorities and local public-sector institutions such as hospitals, schools etc)

vi. The Alliance itself is a powerful resource for COSATU. COSATU should therefore focus attention on building the Alliance around a programme of transformation of the public sector, as recommended in Chapter 3.