Vision 2029:
Maximising Service Delivery by Minimising Cabinet
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Introduction

The DA’s vision for government, as set out in Vision 2029, is animated by the values of freedom, fairness and opportunity.

We believe in a partnership approach to development. The government has a critical role to play in creating and expanding opportunities so that citizens can flourish and live lives they value. In turn, all South Africans have a responsibility – to themselves, their families and their communities – to make the most of those opportunities. This lies at the heart of development. It is how we will create South Africa a dynamic and vibrant country, a leader in the developing world.

But right now, government is proving to be an unreliable partner.

The current bloated ANC national government is failing South Africans in numerous ways. Corruption and nepotism, at every level of government, are diverting resources from where they are needed most and enriching a small elite.

Two decades after South Africa’s first democratic election many South Africans do not believe that all government departments and state institutions are working to serve them. We have seen many of our democratic institutions abused by a ruling party that seems more focused on serving its own interests than serving the people of South Africa.

In terms of the World Bank’s Worldwide Governance Indicators, South Africa’s percentile ranking in nearly all key indicators of good governance has declined.

The DA believes that governance and government in South Africa can be better. We believe government can be more responsive to the needs of the people, we believe it can be more transparent and accountable to those it serves, and we believe that it can be more efficient in delivering services. We believe that government can do more to create an enabling environment for growth and development.

For this to happen, South Africa must radically rethink the shape and function of government, from the top down. Reconfiguring government to create a nimble, cost-effective executive designed to maximise service delivery and tackle head-on South Africa’s primary challenges — unemployment and poverty — is an essential first step in this process. Our government needs to be streamlined to contain public spending and to promote clean, accountable, efficient, responsive and citizen-oriented governance.

This paper details the DA’s plan to do just that. It provides an in-depth analysis of how our current financially unsustainable and ineffective government is hurting the economy. It documents the kinds of expenditure patterns that the government must prioritise in order to remedy this. It then
provides a new configuration for South Africa’s executive, pared down to 15 ministries, linked to spending priorities that promote economic growth and job creation. Moreover, the paper will show that by reconfiguring the Executive, and realigning some of the associated national departments, the DA could save an estimated R4.7bn each year¹.

Where the DA governs, our service delivery record and governance outcomes show that we are committed to spending public money in the interest of the people and that we have the capacity to deliver.

Nationally, the time has come to get the macro structure of government right. This will lead to more bang for the taxpayers’ buck, and better service delivery for all South Africans. And it will begin to lay the foundation for a partnership approach between the government and South African citizens. A partnership in which the government works to deliver opportunities and citizens take responsibility for using these opportunities to improve their own lives.

¹ See Addendum B.
Why is a bloated government bad?

Economists have studied the impact of 'big government', in a financial sense, on economic growth for a number of decades. The results of these studies have often been contradictory\(^{2}\). The debate has, in the last five or so years, shown convincing arguments for the negative effect that excessive government expenditure has on GDP growth in developed countries (such as those in the OECD)\(^{3}\). The relationship in least developed and middle income countries is more complex and the impact of the size and level of government expenditure, including its spending patterns, is nuanced.

The Armey Curve below, which is widely accepted by scholars, shows the relationship between government spending as a share of GDP and GDP growth\(^{4}\). It also helps us understand at which point government spending can become detrimental to economic growth in developing countries. As can be seen on the graph, for countries with lower public spending as a share of GDP an increase in expenditure can be translated into economic growth. However, beyond a certain point additional government spending has a negative impact.

![Figure 1: The Armey Curve](image-url)

At point A on the graph, government is spending very little on ensuring the enforcement of social contract (by enforcing the rule of law and protecting property rights) and providing public goods essential for economic growth (such as roads, electricity and communications infrastructure). As government begins to spend more on the right mix of priorities, moving from point A toward B, there is an associated

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\(^{2}\) This is often attributed to different country samples, types of data and statistical modelling as well as inadequate control variables used across the various studies.

\(^{3}\) Bergh and Henrekson propose that when OECD and comparable (economic size) countries are studied in terms of the correlation between GDP growth per capita versus the size of their governments, there is a strong negative relationship which does not appear to be a function of counter-cyclical spending (when governments spend more during a recession to dampen the downturn’s impact on the economy).

increase in economic growth. Point B exhibits the level of optimal public spending. At this point, government is spending the perfect amount of money on enforcing social contract and providing public goods and the country’s growth potential is maximised. When public spending increases beyond this point, from point B toward point C, additional money spent by the government actually begins to have a negative impact on economic growth. Negative returns on spending from point B onward can be explained by a number of factors.

**Crowding Out**
The first of these factors is crowding out. There is a very real opportunity cost to any country’s economy when the public sector ‘crowds out’ the private sector. Every economy has a finite amount of finance and other resources available. As mentioned above, a certain level of government spending is beneficial for the economy, when focussed on the right priorities. However, when a government spends beyond this point, or more than it receives in revenue (from taxes and other income streams), it has to borrow money to finance this expenditure. This situation can often lead to an occurrence called ‘crowding out’, where the large size of government borrowing leaves less room for the private sector to invest and innovate. This means that because of the significant size of the public sector in the economy, there is less room for the private sector to grow because the private sector has to compete with government for available finance and other resources. The result is that the private sector, and thus the economy, will not grow as fast as it could. This is a point of significant concern in South Africa where so many people are unable to find work. It is only in an economy which is growing rapidly that more South Africans will be able to find employment.

**Patronage, Rent-Seeking and Corruption**
A second reason for slower economic growth, when governments spend more than the optimum amount (point B), is patronage and rent-seeking. In any country, as the economy develops, interest groups form. These groups are likely to lobby government for legislation and resources/transfers to further their own interests. When this happens, normal government spending and behaviour becomes distorted, meaning that government spending can negatively impact the economy. Henrekson and Bergh (2011) describe how this effect can worsen as the public sector gets bigger:

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5 Crowding out can also be explained in terms of the interest rate. If the public sector funds spending through significant lending, this can drive up the interest rate (which can be thought of as the cost of lending money). The result is that it becomes more expensive for the private sector to fund new investment opportunities.

6 Interest groups can be any group of people who have some common interest, belief or goal, and who join forces to collectively bargain with the state.
“The scope for interest group action of this kind is likely to be greater in countries with larger public sectors. This situation is compounded as the public sector grows, as the potential profits from rent-seeking activities are larger. This may lead to a greater diversion of resources into unproductive use.”

**Higher Taxation**

Finally, high levels of public spending can be bad for the economy because of mechanisms used to create funding. Funding through debt, as mentioned above, is harmful to the economy because it leads to crowding out. But funding can also come from raising taxes. Increased taxes hurt economic growth, and therefore job creation, in a number of ways. Firstly, they are essentially a cost to private businesses, which lead to market distortions. Among other problems, they reduce the amount of money which businesses can reinvest to grow, which means that less employment can be created. This also means that higher business taxes make a country less attractive as investment destinations for foreign businesses. Secondly, high personal tax rates are also bad for the economy as they reduce the amount of money that individuals can spend on the goods and services which they need (decreasing consumption-driven growth) as well as decreasing the amount of money which individuals can save (decreasing investment-driven growth).

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7 Henrekson and Bergh. 2011.
8 Taxes essentially drive a wedge between normal market supply and demand functions. The result of taxation is a loss of both producer and consumer surpluses.
Can efficient and well-directed government spending play a role in boosting economic growth in South Africa?

Optimum Levels of Government Expenditure
The DA does not believe that simply implementing large-scale government spending cuts will lead to economic growth. Similarly, the party recognises that our country still has significant socio-economic challenges, including poverty, inequality and high levels of unemployment, requiring sustainable social spending to aid and uplift disadvantaged individuals and communities, and to provide more people with real economic opportunities. The DA believes that what is important is finding the right mix of government spending priorities, making government spending and operations efficient and responsive to the needs and concerns of ordinary South Africans, and ensuring that government spending is as close to an optimum level as possible.

Finding the Right Mix: How can government spending lead to economic growth?
Economic authors, Bergh and Henrekson, in a number of papers published in recent years, suggest that a country’s economy can escape, or at least mitigate, the negative impact of a big government by adopting growth-positive policy measures. In other words, they suggest that when it comes to the impact of government spending on the economy, what money is being spent on matters.

When considering public expenditure, spending can be split into two categories: productive and unproductive. Productive spending can be thought of as expenditure which changes a country’s medium- to long-term growth potential. For example, if a government spends money on improving education and training it means that in the years to come there will be more skilled workers in the economy. The extravagant costs associated with South Africa’s bloated cabinet, described in more detail below, can be considered unproductive spending in that it has no positive medium to long-term impact on economic growth.

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9 See Addendum A.
10 Henrekson and Bergh (2011).
An econometric study by Moreno-Dodson (2008), and a follow-up study by Bayraktar and Marenod-Dodson (2011), focused on the policy conditions under which developing countries\footnote{A sub-set of seven countries was used in the initial 2008 study. The same subset was then compared to a control group of seven other developing countries in the follow-up 2011 study. For more information see Moreno-Dodson (2008) and Bayraktar and Marenod-Dodson (2011).} do well, particularly in terms of which public spending policies can impact economic growth positively.

The studies found the following:

1. **Public spending on education was the central driver of economic growth** in all of the countries observed. This finding echoes the DA’s long-held policy position that sees improved education as key to South Africa’s success in the future.

2. When public expenditure is split into ‘core’ productive spending and unproductive spending, the study shows that it is only productive spending which leads to medium and long-term economic growth. What this means is that if a country wants to improve its economic growth rate in the years to come, there is evidence from successful developing countries that proves that spending must prioritise general public services, health, education, housing, transportation, energy, fuel and communications. This evidence also confirms that when the government spends consumptively (government expenditure on goods and services outside these key priority areas), this spending has no impact on economic growth and, in many instances, may negatively impact it.

3. Finally, the study finds that integrated planning matters. For example, if money is spent on building a new school then planning for transportation infrastructure is essential to ensure that students can get to that school. Likewise, the same public transportation infrastructure should make access to healthcare possible for those very same learners and their communities, etc.

**Providing a Growth Positive Policy Environment for Prioritised Government Spending to Work**

It must be noted that simply spending money on the ‘right’ mix of things does not lead to positive economic growth by itself – *good governance is a key part of the equation*. If government spending, budgeted for ‘core’ productive expenditure, is diverted because of poor governance it cannot meaningfully lead to growth. This is of particular relevance in the South African case. While the ANC government has historically apportioned significant amounts of the budget toward healthcare and education, this spending has not borne fruit as a result of the party’s inability to effectively deal with corruption and nepotism, not to mention wasteful, fruitless and extravagant expenditure. The DA has,
by contrast, established a well-deserved reputation for good, responsive governance, earning one clean audit after another where we govern.

Similarly, productive spending must occur in a growth-positive policy environment. According to Bayraktar and Maren-Dodson (2011), “…public spending has a positive impact on growth through its productive ‘core’ components, in a policy environment where private sector investment, openness and macroeconomic stability are also conducive to growth\(^{12}\).

Creating this policy environment, particularly in terms of encouraging public sector investment (domestic and foreign) which can lead to increased employment, is another area of failure for the ANC. The ruling party has not only failed to strengthen the role of institutions which promote the rule of law and the protection of property rights (considered key to economic growth)\(^{13}\), but has also very publically flouted these institutions. It is no surprise then that investors are wary to set up operations in a country where the government ignores its own laws, diminishes the role of constitutionally mandated bodies and has proposed numerous bills which give the State leave to expropriate property and profits.

\(^{12}\) Bayraktar and Maren-Dodson (2011).
\(^{13}\) Rodrik et al. (2004) posit that property rights are more important to economic growth than either geography or trade.
The Size of the South African Government under the ANC

The graph below details the growth in national government spending since 1994. It paints a clear picture of the rapid and sustained growth of the public sector to more than 30% of GDP\textsuperscript{14}.

![Budgeted and actual national government expenditure](image)

Source: South African Reserve Bank\textsuperscript{15}

It is enlightening to view this graph relative to the growth in the size of cabinet over the same period. As the graph below shows, the growth in the public sector relative to GDP is mirrored by a growth in the number of ministries over the same period.

\textsuperscript{14} As seen in Addendum A, the vast majority of countries have a predicted optimum government spending level which is much lower than this.

\textsuperscript{15} Available online: https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5664/March%202013%20Supplement.pdf
A symptom of power and unchallenged majority rule is the growth in corruption and patronage within government, and it is this that the DA believes is primarily responsible for both the size of the public sector and the related size of the cabinet. The growth of rampant patronage networks, which now exist within ANC ranks, are clear when one examines the growth in ministries in South Africa since 1994 and then considers this growth relative to the share of public expenditure to GDP.

On one hand, it is clear that the ANC leadership has used cabinet positions, both ministerial and deputy ministerial, to continue to balance tensions and ensure stability. In turn, this sustains support from the SACP and the Congress of South African Trade Unions (COSATU), which, together with the ANC, make up the Tripartite Alliance.

In addition, the ruthless leadership succession battles which have become characteristic of ANC elective congresses have led to widespread patronage at the highest levels of ANC structures. This has increasingly required incumbent ANC leaders to expand the Executive as a means to award loyal supporters within the Alliance.

Patronage networks and their resultant effects will never result in positive outcomes for any country. In South Africa, we need a government which is focused on the people; on providing quality basic services; on stamping out corruption; and, crucially, on providing ordinary South Africans with real economic opportunities.

**Executive Expenditure**
It must be emphasised that a significant amount of unproductive spending in the public sector stems from the Cabinet. South Africa has one of the largest cabinets in the world comprised of the President, Deputy President, 35 ministers and 37 deputy ministers.

Nothing encapsulates this more than the significant amount of money which is spent on VIP Protection and Static and Mobile Security.
<table>
<thead>
<tr>
<th>VIP Security Bill</th>
<th>R ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIP Protection Services</td>
<td>977 903</td>
</tr>
<tr>
<td>Static and Mobile Security</td>
<td>909 698</td>
</tr>
<tr>
<td>Operational Support</td>
<td>207 656</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 095 257</strong></td>
</tr>
</tbody>
</table>

The current cost of this programme, paid for out of the South African Police Service’s annual budget, exceeds R2bn. The headline services that this amount has paid for, according to the SAPS annual financial statements, include:

**VIP Protection Services:**
- “In-transit protection was provided to 96 national, 163 provincial and 56 foreign dignitaries, including Heads of State visiting South Africa”.
- “68 protectors to Lesotho for the SADC Observer Mission”.
- “Operational protection was also provided at 41 major/special, national and provincial events”.
- “In-transit protection was provided to 16 presidential dignitaries... [during] 180 visits outside the borders ... of South Africa”.
- “[The protection of] 108 foreign Heads of State/Government”.

**Static and Mobile Security:**
- “A 24-hour static protection service was provided by 14 Static Units that covered 92 identified VIP residences and 40 strategic installations located throughout South Africa by providing 94 352 protection services”.
- In terms of the ‘Presidential Protection Service’:
  - “A 24-hour static protection service was provided by four Static Units that covered 19 identified VIP residences and four offices. These Static Units provided 16 790 protection services”.
  - “The counter-assault team... was involved in 900 local movements and 71 foreign deployments”.

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17 According to the Estimates of National Expenditure 2015, the following sub-programmes carry out the following mandates:
**VIP Protection Services** provides for the protection of the president, deputy president, former presidents, their spouses, and other identified dignitaries while in transit. **Static and Mobile Security** provides for the protection of other local and foreign dignitaries and the places in which all dignitaries, including persons related to the president and the deputy president, are present. **Operational Support** provides administrative support to the Protection and Security Services Programme of the SAPS (of which the previous two are sub-programmes), including personnel development.
The DA believes it is imperative to secure our executive and visiting dignitaries. However, it is clear that the massive amount of taxpayer money spent on the VIP security Bill is exorbitant and unjustified expenditure on a small elite.

The exorbitant costs of the Executive cannot be said to be anything but unproductive spending. To understand this better, the following illustrates the productive spending that could have resulted from the R2 095 257 000 spent on securing an elite few.

<table>
<thead>
<tr>
<th>Opportunity Cost of VIP Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bursaries for post-schooling education</td>
</tr>
<tr>
<td>RDP houses</td>
</tr>
<tr>
<td>Additional teachers</td>
</tr>
<tr>
<td>Additional Police</td>
</tr>
</tbody>
</table>

The DA does recognise the need for a cabinet; however, there is no reasonable argument which can be made to justify, firstly, the current size of the Executive and, secondly, the excessive perks which amount to a high percentage of the total cost.

Aside from this, what can be seen through an examination of the annual reports of the country’s existing 35 departments is that the level of fruitless and wasteful expenditure that is currently occurring is alarmingly high. It is yet again symptomatic of the ANC government’s inadequate governance leading to economically costly unproductive spending.

In the 2013/14 financial year, total fruitless and wasteful expenditure for all government departments (excluding entities) amounted to more than R1 billion.

What South Africa needs is fewer ministries that work efficiently toward the right mix of priorities, that deliver services, are responsive to citizens, and that spend South Africa’s money productively and not on excessive ministerial perks or on fruitless and wasteful endeavours.

**The Public Sector Wage Bill**

The public sector wage bill is reflective of the growth of the Executive as increasingly more government posts and departments must be created to support a snowballing executive structure. This is problematic because it is one of the government’s biggest expenditure items. The ANC-led government allocated a staggering R439 billion to public sector wages for the year 2014-15. This means that the public wage bill, which amounted to 5% of total government expenditure in 1994, has swelled to 39% of total government expenditure in 2014. Importantly, this should be compared against other government spending priorities, such as social benefits which only amounted to R177bn or 13% of total government spending, as can be seen in the graph below.
It is useful to examine the details of the recent wage settlement. The deal includes a 7% increase in the 2015-2016 financial year, with CPI +1% for the following two years; housing allowance increases of R300 across the board; and an increase in medical contributions of 28.5%. The result is a total average increase per employee of 11.5%.

The result of this increase for government in an extra R12.6bn for the 2015-2016 financial year, and R21bn and R32bn in the following two financial years, respectively. The total additional cost for government amounts to R65.5bn which the current government simply does not have. Wave after wave of above-inflation pay hikes for public sector employees, particularly in ministries which provide little public benefit, is simply not sustainable.

The DA recognises that the restructuring of the public sector cannot be accomplished in an ad hoc manner. This is why it is so crucial that the Executive be reconceptualised. To fix this problem the macrostructure of government must first be addressed. This means aligning the structure of the Executive to make sure that it is responsive, efficient and working toward clear, common goals as well as spending priorities which will grow the economy and provide more jobs.\footnote{A DA-led national government would immediately establish a commission within The Presidency to investigate the current state of the civil service following the restructuring of the Executive. Public sector redeployment programmes have been successfully implemented internationally, particularly in countries where fiscal bail-outs were necessitated, and the DA would take decisive action before this became a necessity in South Africa.}
The DA’s National Government

Rationalising government starts at the top: 15 Ministries

From the previous sections, this paper has established the following:

- Excessive government spending can negatively impact economic growth.
- In order to make headway in reducing poverty, unemployment and inequality, government spending must focus on the right mix of priorities and create the right policy environment.
- The current ANC government has spent billions of Rands on unproductive initiatives, failed to use public money efficiently/transparently, and has been unsuccessful in creating a growth-positive policy environment for the economy to expand and address unemployment and poverty.

South Africa needs a responsive, efficient and citizen-oriented government which only the DA can provide in today’s political landscape. We believe that rationalising the way government operates, from the Executive macro level, is the first vital step in correcting the current failure of government to convert public money into equitable economic growth, and into improving service delivery to realize a better South Africa for all who live in it.

Ministries vs. Departments

When considering the DA’s 15 Ministries proposal, it is essential to bear in mind the difference between ministries and departments. Ministries are headed by members of the Executive – cabinet ministers – who dictate policy and exercise political oversight over the various departments and entities that report to them. Ministers are politicians appointed by the President and can be dismissed or re-assigned at his/her sole discretion. By contrast, departments are headed by directors general (DGs) who are senior civil servants. DGs are appointed by the relevant minister, upon the recommendation of a selection panel. Departments and entities can be reassigned to different ministries without substantively affecting their day-to-day functioning.

The Structure of National Government under the DA

To create the kind of responsive government that South Africa deserves, the DA would restructure the Executive so that it comprises the following 15 ministries. As will be seen from the discussions below, this new make-up of South Africa’s executive is carefully and purposefully designed to direct
government spending towards the right mix of priorities, which will in turn lead to economic growth. The 15 ministries are:

1. Employment and Enterprise
2. Economic Infrastructure
3. Finance
4. Basic Education
5. Further Education, Skills and Innovation
6. Health and Social Development
7. Integrated Planning and Service Delivery
8. Police
9. Local and Provincial Government
10. Home Affairs
11. Agriculture and Land Reform
12. Justice and Correctional Services
13. Environment
14. Foreign Affairs
15. Defence

The sections below provides a discussion on the composition and rationale of the newly formed ministries, which have been highlighted above. Details regarding ministries which would remain unchanged, or only undergo minor changes, are expanded on in the following section.

**Employment and Enterprise Ministry**
The Employment and Enterprise Ministry would encompass the mandates from the following:

1. Trade and Industry – which will be split in two and merged with other mandates (see below)
2. Small Business Development

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20 We envision that some Ministers will have deputies to enhance political oversight within their particular ministries. The appointment of a deputy minister will be contingent on the number of departments reporting to any particular ministry, as well as the ministry’s strategic importance.
21 The same configuration as the previous Ministry of Finance.
22 The same configuration as the previous Ministry of Police.
23 This ministry would essentially take over the current functions of the Ministry of Cooperative Governance and Traditional Affairs.
24 The same configuration as the previous Ministry of Home Affairs.
25 The configuration of this ministry remains unchanged.
26 The same configuration as the previous Ministry of International Relations and Cooperation.
27 The same configuration as the previous Ministry of Defence.
3. Economic Development
4. Mineral Resources
5. Tourism
6. Labour
7. The Labour Relations And Remuneration Management Programme of the Department of Public Service and Administration would be merged with the Labour Department

In order for the South African economy to grow and provide more people with employment opportunities, government planning, policy and related initiatives must be complimentary and focused.

Under the current ANC government there are three different ministries which all have very similar mandates: Trade and Industry, Economic Development and Small Business Development. These ministries have failed to produce significant results and, as a result of this, South Africa’s economy continues to perform poorly. For instance, the Department of Trade and Industry has five core mandate areas which it focuses on (detailed below), and these link closely with the mandates of Economic Development and Small Business Development. Under its Broader Participation theme, there is a focus on the transformation and channelling of support to Small, Medium and Micro-sized Enterprises (SMMEs)\(^\text{28}\). In addition, a central focus of Trade and Industry’s mission is to ‘broaden participation in the economy to strengthen economic development’.

The DTI currently carries out a number of mandates as a department. These include:

- the promotion of industrial development (the implementation of the Industrial Policy Action Plan (IPAP2));
- providing strategic direction in terms of trade, export and investment, including forums such as the South African Development Community (SADC), the South African Customs Union (SACU) and the World Trade Organization (WTO);
- promoting broader participation in the economy, particularly for previously disadvantaged communities;
- formulating and implementing regulation to ensure a fair economy; and
- an administrative and coordination function which integrates the programmes of the department into broader government action plans.

In addition to this, the department also oversees a number of agencies and commissions which carry out related mandates, as well as coordinating relationships with a number of governmental and inter-governmental organisations, public corporations and non-profit institutions. This brief discussion illustrates the lack of efficiency and focus in the current ANC government's structure as the three abovementioned ministries (and associated departments) all have similar mandates.

It is only with planning that policy and initiatives, at the Executive’s level, can have a single coherent direction and be effective. This is why the DA would break up the DTI department into two new departments.

\(^{28}\) http://www.thedti.gov.za/about_dti.jsp
The first would be the *Investment, Trade and Tourism Department*. This department would take on the industrial development and trade, export and investment mandates. In addition, it would take over the oversight or coordination function for the following:

- Export Credit Insurance Corporation (ECIC)
- Small Enterprise Development Agency (SEDA)
- National Research Fund
- Council for Scientific and Industrial Research (CSIR)
- Development Bank of South Africa (DBSA)
- Industrial Development Corporation (IDC)
- Intsimbi (National Tooling Initiative)
- Centurion Aerospace Village
- Proudly South Africa Campaign
- Trade and Industrial Policy Strategies

As the name suggests, this new department would also take over the mandate for overseeing tourism. As such, the Department of Tourism would be amalgamated into the Investment, Trade and Tourism Department. The mandates of the Small Business Development and Economic departments would also be transferred to this new department.

The second would be the *Empowerment and Consumer Protection Department*. This department would take the mandate to broaden the participation of previously disadvantaged groups in the South African economy as well the mandate to regulate the country’s business environment. In addition, it would take over the oversight or coordination function for the following:

- Black Business Council
- B-BBEE Commission
- National Empowerment Fund (NEF)
- South African Women Entrepreneurs Network
- Public Service Sector Education & Training Authority (PSETA)
- Companies Tribunal
- National Consumer Tribunal (NCT)
- National Credit Regulator (NCR)
- National Gambling Board (NGB)
- National Lotteries Board (NLB)
- National Consumer Commission (NCC)
- National Regulator for Compulsory Specifications (NRCS)
- South African National Accreditation System (SANAS)
- South African Bureau of Standards (SABS)
- Productivity South Africa (formerly known as the National Productivity Institute)
- Protechnik Laboratories
- Independent Regulatory Board of Auditors
- Intellectual Property Commission

Similarly, the department of Mineral Resources has a strong economic focus. Accordingly, its vision states:

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29 The mandate of the Companies and Intellectual Property Commission (CIPC) would be split in two. The mandate for the registration of new companies would be carried out by SARS, while the Commission’s mandate to oversee patents and trademarks would be carried out by a newly named Intellectual Property Commission.

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“The vision of the Department of Mineral Resources is to enable a globally competitive, sustainable and meaningfully transformed minerals and mining sector to ensure that all South Africans derive sustainable benefit from the country’s mineral wealth”30

There is an obvious link between this vision and that of the broader goals of the DA’s Employment and Enterprise Ministry. In addition, having the current competencies of the Trade and Industry and Mineral and Resources departments falling under a single ministry would allow for enhanced coordination between the two. Mining is also an important part of the South African economy, in part because of its role in providing employment, including peri-urban and rural parts of the country. This is why the DA believes it is important that the mining sector be included in broader government plans for economic development, growth and prosperity that can benefit all South Africans. Coordinated executive oversight under a single ministry will be key to achieving this. Lastly, the operation and management of the Alexkor diamond-mining company (currently a state-owned enterprise), would also move to this department.

Tourism is another important sector for growth and development in South Africa. The industry has massive job creation potential and should be a priority area for government in terms of reducing poverty and growing our economy.

Finally, a key challenge facing many industries in recent years has been ongoing labour disputes. Having the Department of Labour under the Employment and Enterprise Ministry will mean that labour relations become a key focus area for government. An emphasis on finding negotiated solutions and implementing innovative labour reforms can and will play an integral role in turning around South Africa’s flailing economy and addressing the unemployment crisis. Industry and organised labour must work together to secure South Africa’s success in the future.

**Economic Infrastructure Ministry**

The Economic Infrastructure Ministry would encompass the mandates from the following:

1. The Ministry of Communications
2. The Ministry of Telecommunications and Postal Services
3. The Public Sector Information Communication Technology Management Programme from the Department of Public Service and Administration
4. The State Security Agency’s National Communications Centre
5. The Ministry of Transport
   a. The mandate of the Department of Public Enterprises for the management of Transnet and SA Express, as well as for South African Airways (SAA), from the National Treasury.

The aim of this ministry would be to combine and streamline the efforts of the above ministries which contribute to the basic conditions of South Africa’s business environment. This ministry would focus its efforts on improving access to Information Communication Technology (ICT) and improving transport infrastructure and security for economic growth. To this end, both the departments of Communications and Telecommunications and Postal Services would be collapsed, reimagined and renamed the Department of Information and Communications Technology. This department would regulate, develop and legislate all of the infrastructure that information and communications technology runs on in the country.

The Public Sector Information and Communication Technology Management Programme, which essentially forms the backbone of e-government services, would also be moved from the Department of Public Service and Administration to this new department. The South African Broadcasting Corporation (SABC) would be privatised and sold off in various commercial entities, with licence conditions which would still mandate the entity to produce radio and television content that would be geared towards public benefit and not just profit. The Independent Communications Authority of South Africa (ICASA) and the Competition Commission would be mandated to oversee the process to ensure a diversity of ownership and voices in the SABC.

Similarly, the management of Transnet, SAA and SA Express would be transferred from National Treasury and Department of Public Enterprises to the Department of Transport, which would remain a separate government department under the Ministry of Economic Infrastructure.

**Basic Education Ministry**

The Basic Education Ministry would encompass the mandates from the following:

1. The Ministry of Basic Education
2. The Ministry of Sport and Recreation’s School Sport sub-programme

Physical education forms an integral part of any child or youth’s education. It is vital that every South African learner, regardless of their socio-economic background, has an opportunity to take part in a range of athletic activities. This should be available for those who take part for their health and enjoyment, but also to provide quality facilities and training opportunities to all our nation’s future sportswomen and men. The intersection between the mandates of the Ministry of Basic Education and the Ministry of Sports and Recreation has meant that not enough has been done in South Africa to increase access to sport and recreation as well as physical education, particularly for learners from disadvantaged communities. There is still much work that needs to be done to build capacity to deliver school sport for all South Africans and ensure fair participation for all in school sport leagues. With this in mind, the DA would migrate the School Sport sub-programme to the Department of Basic Education as a priority area to be overseen by the new Ministry of Basic Education.
The DA would eliminate the Department of Sport and Recreation in favour of a government agency which would report to the Executive. This agency would be responsible for the management of the South African Institute for Drug Free Sport (SAIDS) and Boxing South Africa (BSA), as well as the department’s Sports Support and International Liaison and Events programmes. The Mass Participation and Community Mass Participation sub-programmes of the Department’s Mass Participation Programme, as well as the Facilities Coordination Programme, would be devolved to a provincial level, as would the associated funding.

**Further Education, Skills and Innovation Ministry**

The Further Education, Skills and Innovation Ministry would encompass the mandates from the following ministries:

1. Higher Education
2. Science and Technology
3. Arts and Culture

The DA believes that innovation is of vital importance to ensuring the long-term growth of, and investment in, the South African economy. Importantly, innovation is intrinsically linked to higher education and training. The DA believes that merging the current Department of Science and Technology and the Department of Higher Education and Training will streamline South Africa’s research and development (R&D) capacity, as well as skills training. This will serve to support the work-readiness and productivity of job-seekers and the employed so that ordinary South Africans will receive real benefits and opportunities from our research activities.
Moving Toward a Focus on Innovation

A recent presentation by the Department of Science and Technology to the Standing Committee on Finance in Parliament showed that the current tax incentive model used by the ANC government to encourage innovative R&D in South Africa is not working. At present, the backlog of applications for the tax incentive still to be adjudicated by the Department sits at 305. This amounts to 34% of the total number of applications made since October 2012. The effect of the delay in approving the tax incentive can clearly be seen in the statistics – a steady decline in companies taking part in the incentive recorded over the past three financial years.

The DA believes that by focusing the country’s resources strategically, through a merger of the ministries and departments of Higher Education and Science and Technology, South Africa would be best positioned to take its place as a global hub for R&D. The creation of a single ministry would allow for a number of important synergies which would create the space for a number of innovative policy measures. Specifically this would include:

- establishing a venture capital fund to support researchers to turn their work into marketable products;
- allowing universities to retain ownership of government-funded work and thus benefit financially from their innovations;
- using national grant and bursary funding to encourage research in priority areas;
- strengthening the capacity of the Technology Innovation Agency;
- reducing the costs of R&D inputs;
- creating strong tax incentives for private sector investment in R&D;
- creating sites for innovation, like techno-parks; and
- strengthening the protection of intellectual property by withdrawing the unimplementable 2013 amendments to legislation.

The department and ministry of Further Education, Skills and Innovation would focus on providing higher education, skills and training in consultation with private and public sector stakeholders. This would mean focussing resources and identifying priority areas for training, research and innovation into skills-gap areas in the economy, as well as striving to enable scientific and technological innovation which could lead to a number of positive social externalities, including new employment/business opportunities, improved service delivery, and improved standards of living (health, sanitation, communication technologies, etc.). Developing effective models for the funding and incentivising of education, training and research-driven innovation, and determining needs and coordinating projects to maintain and improve knowledge infrastructure in cooperation with the private sector, would also be a key mandate.

The aims of the Department of Arts and Culture have strong links to those of the newly created Higher Education and Innovation Department. The department is tasked with, among other things, developing, promoting and protecting the official languages of South Africa; the conservation and promotion of cultural heritage; and the development of the archival and information resources of South Africa. All of these have very strong ties to furthering higher educational outcomes and research and development. Thus, the Department of Arts and Culture would also fall under the Executive’s oversight of the Further Education, Skills and Innovation Ministry.
Health and Social Development Ministry
The Health and Social Development Ministry would encompass the mandates from the following:

1. The Ministry of Social Development
2. The Ministry of Health

The departments of Health and Social Development have strong links to one another in terms of improving the standard of living of South Africans and providing those from disadvantaged communities with services. The visions of the respective departments are: ‘A caring and integrated system of social development services that facilitates human development and improves the quality of life’ and ‘[a] long and healthy life for all South Africans’. Preventative health initiatives, adequate nutrition for our children, and the prevention of HIV/AIDS and initiatives to limit its progression in those already infected are all common areas where both departments could benefit from coordinated executive oversight.

Integrated Planning and Service Delivery Ministry
The Integrated Planning and Service Delivery Ministry would encompass the mandates from the following:

1. The Ministry of Human Settlements
2. The Ministry of Water and Sanitation
3. The Management of the Expanded Public Works Programme from the Department of Public Works
4. The oversight of the National Infrastructure Maintenance Strategy (NIMS) and the Zimsile service delivery improvement initiative from the Department of Public Works
5. The regulatory oversight of the construction and building industries from the Department of Public Works
6. The Spatial Planning and Land Use Management competency from the Department of Rural Development and Land Reform
7. The Service Delivery And Organisational Transformation Programme from the Department of Public Service and Administration

Poor service delivery, inadequate housing and the legacy of Apartheid spatial planning continue to leave many South African cities and towns dealing with urban sprawl, poverty and lasting racial divides. Recognising that South Africa is urbanising very quickly, concurrent with the prevalence of poverty, inequality and unemployment, a DA-led government would form a ministry and department of Spatial Planning and Service Delivery.

This new ministry and department would have a multifaceted mandate. It would firstly be tasked with providing a range of adequate housing opportunities to those who are unable to do so for themselves.
Secondly, it would be charged with reconceptualising the way our cities work using modern spatial design that promotes integration and inclusivity. This would also entail creating spaces within our cities, including public spaces, which deconstruct Apartheid city planning. Finally, ensuring improved service delivery, including access to and the quality of water and sanitation, would be a central mandate of the ministry.

Competencies from the Department of Public Works (as mentioned above), which would be eliminated, would be amalgamated under this ministry. In addition, the *Spatial Planning and Land Use Management* competency from Rural Development and Land Reform and the *Service Delivery and Organisational Transformation* programme from the Department of Public Service and Administration would also be amalgamated in the new ministry and department.

**Agriculture and Land Reform Ministry**
The Agriculture and Land Reform Ministry would encompass the mandates from the following:

1. Agriculture, Forestry and Fisheries
2. Rural Development and Land Reform

Rural development and land reform are very closely linked to agriculture. Agriculture and Land Reform were traditionally one department and ministry, from 1996 to 2009, after which they were split in President Zuma’s first Cabinet.

During the same period, the mandate of the Department of Agriculture was expanded to include Forestry and Fisheries, ignoring that both have significant overlaps with the mandate of the Department of Environmental Affairs. The DA believes that the Forestry and Fisheries mandate should be moved to a new Ministry (detailed below). This would allow the new Agriculture and Land Reform Ministry (and department) to focus on the importance of agriculture as both a key economic driver and employer in rural areas and therefore, its integral role in rural development.

The Department of Rural Development and Land Reform has performed very poorly in recent years, proving that separating its functions from agriculture was a mistake. The department as a separate entity has had no significant successes to speak of; in fact, a number of indicators suggest that it is failing to carry out its redress and development mandates adequately. The estimated 70-90% failure rate of land reform projects shows that, far from helping to promote rural prosperity, land reform under the ANC government has left its supposed beneficiaries with neither food to sell nor jobs to provide them with an income. By merging the Agriculture and Land Reform departments and ministries, many of the current challenges which have hampered the success of these reform projects can be overcome.

The focus of the DA’s Agriculture and Land Reform Ministry and associated department would shift from its historic mandate of meeting targets to meeting the needs of ordinary South Africans. The success of land reform under a DA national government would be measured in how many people are...
able to support themselves, and how reform grows the economy. Land redistribution must support commercial and small-scale farmers. It must secure South Africa’s food supply (both nationally and in terms of eradicating hunger in disadvantaged rural communities). It must lead to meaningful backward and forward linkages that create job opportunities through agro-processing. Finally, it must go beyond the simple transfer of land and create a new class of successful commercial farmers by assisting emerging farmers and land reform beneficiaries to get on their feet (through initiatives which emphasise capital investment, creation of markets, infrastructure and training and skills transfers). The successful land reform envisioned above will change the reality lived by many South Africans in our rural areas, as well as radically increase South Africa’s standing as a global agricultural player.

**Environment**

The Environment Ministry would encompass the mandates from the following:

1. The Forestry and Fisheries mandate from the Ministry of Agriculture, Forestry and Fisheries
2. The Ministry of Environmental Affairs
3. The Ministry of Energy

Merging environmental resources under one ministry, to promote sustainable and equitable exploitation of these, needs to be a key goal of the South African government. This is why a DA national government would transfer the Forestry and Fisheries mandate from the Department of Agriculture, Forestry and Fisheries and merge it with that of Environmental Affairs to form the new Environment department and ministry. Furthermore, the management and operation of the South African Forestry Company (SAFCOL), which is currently a state-owned enterprise, would be moved to this ministry.

A DA national government would prioritise energy security and for this reason, would include the Department of Energy in the Environment Ministry. Research has shown that the vast majority of CO₂ emissions emanate from the Energy sector itself, due for the most part to the extraction and use of energy products within the economy. Taking this into account and the fact that currently the Department of Energy, and not the Department of Environmental Affairs, is the custodian of emissions-mitigating legislation and policy instruments, the Department of Energy’s efforts should be aligned with the Department of Environmental Affairs under a DA government.

**Other Structural Changes**

The following ministries would be eliminated and their functions would be devolved to offices which report to the Executive:

1. The Presidency becomes an office reporting to the Executive, in addition the National Planning Commission (NPC) and the Planning and Monitoring and Evaluation (DPME) would become an inter-ministerial committee, chaired by National Treasury, which would absorb the mandate of the DPME and the NPC. This committee would have members from key
ministries, in line with the country's main policy focus areas, as well as representatives from the Executive. The function of this committee would be to ensure that spending in all government departments was policy aligned, feasible, coordinated and measureable.31. Furthermore, the government’s recently adopted tool for the assessment of policy initiatives, legislation and regulations, the so-called Socio-Economic Impact Assessment System (SEIAS), is certain to fall short as well. The new inter-ministerial committee should also oversee a reinvented and meaningful regulatory and socio-economic impact assessment.

The following ministries and/or departments would be eliminated and part of their functions absorbed by relevant chapter nine institutions:

1. The Department and Ministry of Public Service Administration would fall away. Each government department would be responsible for its own administrative practices. The Public Service Commission would remain a chapter nine institution.
   a. The Labour Relations and Remuneration Management Programme of the Department of Public Service and Administration would be absorbed by the Department of Labour.

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31 The National Development Plan (NDP) is not being implemented substantively. Indeed, national government policy is routinely disregarded by government departments that pursue their own policy initiatives and priorities. Amid this uncertain policy environment, the Department of Planning, Monitoring and Evaluation (DPME) and the NPC, is failing to carry out its mandate. The DPME’s Mission Statement reads: “Our mission is to facilitate, influence and support effective planning, monitoring and evaluation of government programmes aimed at improving service delivery, outcomes and impact on society.” National Treasury, by the nature of its mandate, has the best understanding of the country’s available resources and how best to use them within fiscal limits. For the right amount of money to be dedicated to the right policy priorities, it is essential that National Treasury be able to assess the proposed budgets of national government departments and entities and hold a chairperson position on this committee. This will allow Treasury to determine whether government programmes and initiatives align with the Executive’s policy priorities, and if they are feasible. This, in essence, puts government’s money where its mouth is.
2. The Ministry of Women in the Presidency would be eliminated. The Commission for Gender Equality would remain a chapter nine institution.

**Furthering the Rights of Women and Youth through Chapter Nine Institutions**

The Report of the Ad Hoc Committee on the Review of Chapter 9 and Associated Institutions ("the Asmal Report"), published on 31 July 2007, proposes the establishment of an umbrella human rights body - the South African Commission on Human Rights and Equality. It recommends that the National Youth Commission (now amalgamated with the Umsobomvu Youth Fund and known as the National Youth Development Agency), the Commission on the Promotion and Protection of Cultural, Religious and Linguistic Communities (including the Pan South African Language Board), the South African Human Rights Commission (SAHRC) and the Commission for Gender Equality (CGE), be incorporated into this overarching human rights body.

As our ministries plan calls for the dissolution of the Department of Women in the Presidency, this is a valid suggestion for the greater structure of our various Chapter 9 institutions, but particularly that of the CGE. Seeing that advancing the realisation of various socio-economic rights is at the core of the mandate of Chapter 9 institutions like the SAHRC, the CGE and the Public Protector, the moving of budget allocation, resources and staff away from that ministry to the CGE and the further empowerment of the CGE to do effective oversight on other ministries is the ideal solution.

The Ministry of Women in the Presidency has been largely ineffective in its role because of the time and infrastructure it takes to build up a new ministry. At the same time, the CGE has been ineffective in achieving its mandate because of lack of political will and a large enough budget. The amalgamation of staff, political empowerment and budget works in favour of all those committed to the realisation of gender equality and the rights of women.

*Departments which are eliminated with core mandates moving to other departments and ministries:*

3. The Department and Ministry of Public Enterprises would be eliminated. The function of management of state-owned enterprises (SOEs) would be moved to a number of departments as follows.
   a. Denel would move to the Department of Defence.
   b. Eskom would move to the Department of Energy under the Ministry of Environment.
   c. SAA and SA Express would move to the Department of Transport under the Economic Infrastructure Ministry.
   d. Transnet would move to the Department of Transport under the Economic Infrastructure Ministry.

It should be noted that one of the key priorities of the DA government’s new cabinet would be to initiate an exhaustive audit of South Africa’s state owned entities. The goal of this audit would be to identify and prepare the vast majority of these enterprises for privatisation.

4. The Department and Ministry of State Security would be eliminated and its functions delineated in the following ways.
   a. The National Intelligence Co-ordinating Committee (NICOC) would become an office reporting to the Executive.
b. The State Security Agency Domestic Branch would move to the Department of Justice and Correctional Services.

c. The State Security Agency Foreign Branch would become a unit within the Department of Foreign Affairs.

d. The State Security Agency National Communications Centre would move to the Communications Department under the Ministry of Economic Infrastructure.

5. The Department of Public Works would be eliminated. Its core functions would be devolved in the following ways:

a. The Immovable Asset Management Programme would be overseen by the National Treasury under the Finance Ministry in conjunction with all spheres of government.

b. The management of the Expanded Public Works Programme, oversight of the National Infrastructure Maintenance Strategy (NIMS) and the Zimsile service delivery improvement initiative would be transferred to the Integrated Planning and Service Delivery Department and Ministry.

c. The policy regulatory oversight of the construction and property industries would be transferred to the Integrated Planning and Service Delivery Department and Ministry.

d. The Auxiliary and Associated Services Programme would be devolved to provincial level, as would associated funding, with the exception of the Sector Education Training Authority which would be eliminated.
Implementing the DA’s plan for 15 ministries is central to improving economic growth and creating more employment. By focusing government spending on ‘core’ productive initiatives and programmes, government expenditure can lead to a crowding in, and not crowding out effect. Crowding in occurs when government expenditure is complementary to that of the private sector. The DA’s commitment to refocus resources on improving transport infrastructure from major industrial hubs to ports, for instance, will have a positive influence on the investment patterns of private businesses. If businesses know that it will be easier, safer and cheaper to transport their goods, they are more likely to expand their production and invest in new opportunities. When this happens government spending actually stimulates private sector growth and expansion by providing the right business environment. This growth means that there is more income in the economy and more savings which can be drawn on by the private sector for investment. Critically, more jobs will be created!

Similarly, carefully considered and efficient public expenditure that forgoes the extravagant spending that has become the hallmark of the ANC government can lead to lower taxation. Lower taxation also means that businesses and individuals have more money to invest and save, both of which are vital for economic growth.

In short, spending South Africa’s money on the right mix of priorities and in a coordinated fashion will lead to improved economic growth. As businesses grow, more and more jobs will be created meaning that more people will be able to live a life free from poverty.

A recent calculation estimated that there were approximately 2.161 million civil servants across the different spheres of government or employed by other government organisations. Of this total, the national government is estimated to employ 455,701 civil servants. The DA’s plan to rationalise government ministries, as well as some of the associated government departments, would lead to a comparatively small number of public sector job cuts initially. However, given the enormity and unsustainability of the public sector wage bill, a DA national government would actively seek to decrease the real cost of the bill by 10% over a ten year period (between 2019 and 2029). This would be achieved, in large part, by eliminating superfluous middle-management positions in government that the ANC have created to deploy cadres.

In general, government ministries do not employ very large numbers of people relative to their exorbitant expenditure. Where government departments are eliminated, a number of government posts would be retained where associated programmes are incorporated into existing or new departments. The reality of decreasing the size of government is that the overall number of national government employees will

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32 https://africacheck.org/reports/does-south-africa-really-employ-more-civil-servants-than-the-us-the-claim-is-false/
have to be revised downward; however, because of the associated improvement to market sentiment, fiscal sustainability and a revitalised economy, job losses in the public sector will be more than outweighed by job creation in the private sector.

The new, efficient and lean DA national government would make use of several methods to downsize personnel levels, including attrition, voluntary severance packages, contract expiration and employer-initiated retrenchment packages.

The primary mechanism will have to be an attractive employer-initiated retrenchment package. Each affected department and/or ministry will have the duty to ensure that downsizing and rightsizing is implemented in a manner that minimizes the risk of public sector employees exiting the system without alternative employment.

A DA national government would, as far as possible, ensure that personnel who are to be separated be given preference for employment in other state departments or newly-formed ministries where their skills may be of value and where appropriate vacancies are available.
Conclusion

This document sets out the DA’s vision for a new, nimble, efficient and citizen-oriented form of executive government. It demonstrates how the current design of the bloated ANC government’s Cabinet is symptomatic of larger-scale inefficiencies and networks of patronage and corruption in our multi-layered bureaucracy. It also demonstrates how picking the right mix of spending priorities, including education, public services, health, housing opportunities, transportation, energy, fuel and communications, can grow the economy, enable meaningful job creation in the private sector, and reduce the fiscal pressure currently being placed on the state by the public sector wage bill.

The redesign of the Executive proposed in this paper is the crucial first step towards South Africa improving public administration for better service delivery. It will provide the framework for a genuine partnership between the state and citizens to achieve improved development outcomes. It aligns the role and functions of government with efficient and effective re-prioritised expenditure. In essence, the new design ensures that instead of more than 30 ministries spending money on countless and often unrelated goals and aims, the DA’s 15 ministries will work together, with an integrated focus on growing the economy, significantly cutting unemployment, alleviating poverty and providing South Africa with the right kind of governance to realise its extraordinary potential. It also demonstrates that by making the most of administrative economies of scale, the DA’s plan to reorganise the Executive would save over R4bn annually.

Simply put, the DA’s reconfiguration of the Executive will allow government to fulfil this vital role. The DA’s 15 ministries will be at the forefront of creating a clean, accountable, efficient, responsive and citizen-oriented government after the 2019 elections. In the future, every South African will have access to opportunity and enjoy freedom and fairness.
Addendum A

It is a very difficult task to know exactly at which point marginal returns to public spending become negative and the answer is dependent on a number of structural factors, such as the business cycle, fiscal pressures and how public spending is structured.

The table below shows a number of academic studies which have used the Armey Curve to try and model the optimum level of public expenditure which maximises economic growth. While every country will have a different optimum spending level, the table below does illustrate that the optimum level is generally less than 30%. In fact, the majority of the countries represented below have optimum government spending levels below 26% as a share of GDP.

<table>
<thead>
<tr>
<th>Study/ Country</th>
<th>Optimum level of public spending</th>
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<tbody>
<tr>
<td>ASEAN countries</td>
<td>25.69%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>22.45%</td>
</tr>
<tr>
<td>Brazil</td>
<td>22%</td>
</tr>
<tr>
<td>China</td>
<td>19.43%</td>
</tr>
<tr>
<td>Democratic Republic of Congo</td>
<td>25%</td>
</tr>
<tr>
<td>France</td>
<td>30%</td>
</tr>
<tr>
<td>Italy</td>
<td>23%</td>
</tr>
<tr>
<td>Iran</td>
<td>22.8%</td>
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The Countries included in the study were: Brunei, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam


<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Japan</td>
<td>15.23%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>11%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>17%</td>
</tr>
<tr>
<td>Romania</td>
<td>20.44%</td>
</tr>
<tr>
<td>Turkey</td>
<td>25.21%</td>
</tr>
</tbody>
</table>

41 S. D. Thanh. 2015
The authors note that due to some data limitations the optimum level is likely to be slightly higher
44 O.F. Altunc and C. Aydin. 2013
Addendum B Cost-Cutting Exercise

1. The administrative saving from combining certain departments in line with the new ministerial design:

A further cost saving associated with the above-mentioned redesign of the cabinet stems from certain departments which would be combined, as well as those which are dispensed with altogether. In the case where government departments are amalgamated, there is a cost saving because of the economies of scale which are generated by having a single administrative function for operations and programmes which would have previously been undertaken by more than one department. For example, the administrative costs associated with the programmes and initiatives of the Department of Economic Development would in large part fall away when it is reabsorbed by the Department of Trade and Industry. The Department of Trade and Industry could then set aside a portion of the budget associated with the programmes to pay for any additional marginal administrative capacity required as a result of the amalgamation.

a. Department of Public Enterprises

<table>
<thead>
<tr>
<th>Line Item</th>
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<tbody>
<tr>
<td>Ministry</td>
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<tr>
<td>Management</td>
<td>15152</td>
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<td>Corporate Services</td>
<td>28075</td>
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<td>Chief Financial Officer</td>
<td>12578</td>
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<td>Human Resources</td>
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<td>16072</td>
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<tr>
<td>Strategic Planning, Monitoring and Evaluation</td>
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<tr>
<td>Inter-Governmental Relations</td>
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<tr>
<td>Internal Audit</td>
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<tr>
<td>Office Accommodation</td>
<td>8101</td>
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<td><strong>Total Saving:</strong></td>
<td><strong>145557</strong></td>
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</table>

b. Department of Public Service and Administration

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46 Annual report of the Department of Public Enterprises 2014/15, Actual Expenditure Amount
<table>
<thead>
<tr>
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<td>Corporate Services</td>
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<td>Finance Administration</td>
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<td>Internal Audit</td>
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<td>Office Accommodation</td>
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<td><strong>Total Saving:</strong></td>
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</table>

c. Ministry of Women in the Presidency
   i. Administrative cost saving from disbanding the department: R77 581 000. The remaining funds from other programmes would be transferred to the Chapter nine Commission for Gender Equality.

d. Department of Small Business Development
   No separate financial report has been released for the Department for the 2014/15 financial year. However, the adjusted appropriation for this period was R45 000 000.

e. Department of Economic Development

<table>
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<td>Ministry</td>
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<td>Office of the DG</td>
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<tr>
<td>General Management Services</td>
<td>55008</td>
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<tr>
<td><strong>Total Saving:</strong></td>
<td><strong>87419</strong></td>
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f. Department of Telecommunications and Postal Services

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Saving in Rands (000)</th>
</tr>
</thead>
</table>

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47 Annual report of the Department of Public Service and Administration 2014/15, Actual Expenditure Amount
48 Annual report of the Department of Women 2014/15, Actual Expenditure Amount
50 Annual report of the Department of Economic Development 2014/15, Actual Expenditure Amount
51 Annual report of the Department of Telecommunications and Postal Services 2014/15, Actual Expenditure Amount
Ministry 4056
Departmental Management 65781
Internal Audit 5708
Corporate Services 70163
Financial Management 74918
Office Accommodation 6016
Total Saving: 226642

g. Department of Public Works

<table>
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<tr>
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<th>Saving in Rands (000)</th>
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</thead>
<tbody>
<tr>
<td>Ministry</td>
<td>23435</td>
</tr>
<tr>
<td>Management</td>
<td>130471</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>549178</td>
</tr>
<tr>
<td>Office Accommodation</td>
<td>471721</td>
</tr>
<tr>
<td><strong>Total Saving:</strong></td>
<td><strong>1174805</strong></td>
</tr>
</tbody>
</table>

h. Department of Rural Development and Land Reform

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Saving in Rands (000)</th>
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</thead>
<tbody>
<tr>
<td>Ministry</td>
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<tr>
<td>Management</td>
<td>133840</td>
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<tr>
<td>Internal Audit</td>
<td>40953</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>498996</td>
</tr>
<tr>
<td>Financial Services</td>
<td>168209</td>
</tr>
<tr>
<td>Provincial Coordination</td>
<td>294 516</td>
</tr>
<tr>
<td>Office Accommodation</td>
<td>204473</td>
</tr>
<tr>
<td><strong>Total Saving:</strong></td>
<td><strong>1382197</strong></td>
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</tbody>
</table>

i. Science and Technology

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Saving in Rands (000)</th>
</tr>
</thead>
</table>

52 Annual report of the Department of Public Works 2014/15, Actual Expenditure Amount
53 Annual report of the Department of Rural Development and Land Reform 2014/15, Actual Expenditure Amount
54 Annual report of the Department of Science and Technology 2014/15, Actual Expenditure Amount
j. **Sports and Recreation**

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Saving in Rands (000)</th>
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</thead>
<tbody>
<tr>
<td>Ministry</td>
<td>25004</td>
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<tr>
<td>Management</td>
<td>12690</td>
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<tr>
<td>Strategic and Executive Support</td>
<td>5194</td>
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<tr>
<td>Corporate Services</td>
<td>37002</td>
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<td>Office of the CFO</td>
<td>15443</td>
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<tr>
<td>Office Accommodation</td>
<td>9819</td>
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<tr>
<td><strong>Total Saving:</strong></td>
<td><strong>105152</strong></td>
</tr>
</tbody>
</table>

k. **State Security**

Annual report is not available to the public.

l. **Water and Sanitation**

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Saving in Rands (000)</th>
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</thead>
<tbody>
<tr>
<td>Ministry</td>
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<tr>
<td>Departmental Management</td>
<td>36039</td>
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<tr>
<td>Strategic and Executive Support</td>
<td>20185</td>
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<tr>
<td>Corporate Services</td>
<td>407521</td>
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<tr>
<td>Financial Management</td>
<td>127473</td>
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<td>Office Accommodation</td>
<td>253699</td>
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<tr>
<td><strong>Total Saving:</strong></td>
<td><strong>888190</strong></td>
</tr>
</tbody>
</table>

**Total Savings from Eliminating/Merging Departments: R4, 605, 749, 000**

55 Annual report of the Department of Sport and Recreation 2014/15, Actual Expenditure Amount
56 Annual report of the Department of Water and Sanitation 2014/15, Actual Expenditure Amount
2. The administrative saving from consolidating and reducing ministries:
The administrative cost associated with supporting ministers and deputy ministers, which is carried by their respective departments, would also be cut as a result of our leaner 15 ministry configuration. In other words, where a number of departments, which previously all supported respective ministries, now fall under the oversight of a single ministry, an economy of scale is realised. The below represent the estimated cost savings associated with these cuts.

- **Mineral Resources**
  - Administrative cost saving from disbanding the ministry associated with the department: R26 480 000

- **Tourism**
  - Administrative cost saving from disbanding the ministry associated with the department: R30 834 000

- **Labour**
  - Administrative cost saving from disbanding the ministry associated with the department: R24 340 000

- **Arts and Culture**
  - Administrative cost saving from disbanding the ministry associated with the department: R4 186 000

- **Health**
  - Administrative cost saving from disbanding the ministry associated with the department: R28 851 000

- **Energy**
  - Administrative cost saving from disbanding the ministry associated with the department: R41 767 000

57 The calculations in these sections are based on the most conservative estimate possible. That is, the ministry with the highest actual expenditure (in any of the abovementioned 15 new groupings) is used as the best estimate for costing the new ministry. The savings are calculated by eliminating the cost of the line item: 'Ministry' for each other respective department which would fall under that new ministerial grouping. It should be noted that in some cases there will likely be the appointment of deputy ministers to some ministries, which may increase the administrative cost to these ministries.

58 Annual report of the Department of Mineral Resources 2014/15, Actual Expenditure Amount
59 Annual report of the Department of Tourism 2014/15, Actual Expenditure Amount
60 Annual report of the Department of Labour 2014/15, Actual Expenditure Amount
61 Annual report of the Department of Arts and Culture 2014/15, Actual Expenditure Amount
62 Annual report of the Department of Health 2014/15, Actual Expenditure Amount
63 Annual report of the Department of Energy 2014/15, Actual Expenditure Amount. Comparative data for the Department of Environmental Affairs was not available in the applicable annual report.
Total Savings from Eliminating Redundant Ministries: R 156 458 000

Total Savings from the Exercise: R 4 762 207 000