

Reorganise the Presidency and the Cabinet

ACTION ONE



PRIORITIES
FOR SA'S NEW GOVERNMENT



**AGENDA
2024**

About CDE

The Centre for Development and Enterprise, an independent policy research and advocacy organisation, is South Africa's leading development think tank. Since its establishment in 1995, CDE has been consulting widely, gathering evidence and generating innovative policy recommendations on issues critical to economic growth and democratic consolidation. By examining South African and international experience, CDE formulates practical policy proposals outlining ways in which South Africa can tackle major social and economic challenges. CDE has a special focus on the role of business and markets in development.

CDE disseminates its research and proposals to a national audience of policy makers, opinion formers and the wider public through printed and digital publications, which receive wide media coverage. Our track record of successful engagement enables CDE to bring together experts (local and international), senior government officials (national and local), business leaders, politicians and civil society organisations to debate critical challenges facing the country and the policy implications of research findings.

The Agenda 2024 series

Series editor: Ann Bernstein

Reports in the Agenda 2024 Series are based on CDE's many policy initiatives, commissioned research and think pieces, as well as consultations and workshops with experts and stakeholders.

This special project has been guided by the CDE Board, a select group of senior business leaders, a strategy group of analysts supplemented by other senior advisers.

This document and the other reports that will follow in the Agenda 2024 series are available from CDE, and can be downloaded from www.cde.org.za.

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Photo credit: Union Buildings, by Mano Africa

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AGENDA 2024: Priorities for a new government

AGENDA 2024 is based on CDE's extensive policy work and recent collaboration with experts, business leaders, former public servants, and others across our society. The project sets out to answer what is by far the most important question facing South Africa: **what can a new government do to get the country back on track after 15 years of stagnation and decline?**

We cannot afford to keep making the same mistakes while hoping for a different outcome. We need a new vision of how to govern South Africa and a carefully crafted strategy to make it happen. Confronted with a generational challenge to get tens of millions of people out of poverty, the new government must take bold action.

AGENDA 2024 makes the case for a policy agenda that is substantially different from what we have seen over the past 15 years. It consists of a series of carefully selected and crafted actions to signal a new approach to reform. We have to prioritise fixing the basics and sending strong signals that a new determination and focus will characterise the 7th democratic government. The right priorities are essential and the first step of reform is to appoint excellent people into senior government positions.

Our priority areas for action are:

- Fix the state
- Drive growth and development by freeing up markets and competition
- Build a new approach to mass inclusion
- Tackle the fiscal crisis
- Strengthen the rule of law

This report is the first of the CDE Agenda 2024 series, ACTION ONE: Reorganise the Presidency and the Cabinet.

ACTION ONE: Reorganise the Presidency and the Cabinet

Introduction

For South Africa to realise its potential, we need to focus on critical priorities. One overarching theme in CDE's new Agenda 2024 series will be fixing a state that is collapsing around us.

In this first priority area for action, we focus on the centre of government. A competent, honest and accountable government is a prerequisite for South Africa's return to faster growth that creates opportunities for all South Africans.

The state's capacity to implement policies and deliver public services and programmes has been undermined by systemic corruption, inadequate skills at critical levels, and a lack of accountability for poor performance and wrongdoing.

Simultaneously, government has taken on more responsibilities, creating new government departments and public entities and adding layers of bureaucracy and parallel management structures. All this has made it harder to take decisions and coordinate key actors to deliver on outcomes.

Whatever governing arrangement emerges after the 2024 election (be it a GNU, a formal coalition, a minority government etc) the principles and proposals we are putting forward will be of durable relevance.

“The best governments are run by Cabinets full of talented, knowledgeable, hard-working and ethical political executives”

How to think about a new Cabinet

The best governments are run by Cabinets full of talented, knowledgeable, hard-working and ethical political executives who can lead the agencies that report to them effectively, while ensuring that a wider agenda, led by the President, is elaborated and implemented. Individual ministers in such a Cabinet would be experienced, flexible and pragmatic. They would be leaders of teams and capable of evaluating evidence to solve complex problems. They would regard themselves as bound by the Constitution and the law, but also by a wider ethic of public service and loyalty to the President and his agenda. They would not only be personally honest, they would be willing to act against dishonesty whenever and wherever it manifested, notwithstanding any pre-existing party and political loyalties.

Given the depths of the overlapping crises that SA faces, the likelihood that a new Cabinet will be weaker than it should be is a tragedy for which there are many causes. One is the constitutional requirement that all but two Cabinet ministers must be Members of Parliament, which limits the pool of eligible candidates.¹ Given this, it is important that these two positions are used to expand Cabinet expertise in key positions.

A second reason why the Cabinet is likely to be weaker than we need is that any President will have to reward his supporters with positions of power and influence, irrespective of whether they share his reformist instincts or are especially well-suited to delivering that agenda. A third is that the composition of the Cabinet will have to be negotiated with coalition partners who may also not put forward the most appropriate leaders for these roles.

There are, therefore, significant political constraints on any President, no matter how reform-minded, that will limit his ability to select a Cabinet of the excellent people the country's current situation demands. This is clearly a problem: a reformist administration is going to confront a large number of highly varied challenges, not all of which can be anticipated in advance; the less agile, competent and effective the Cabinet, the more likely it is that it will struggle to address these. These constraints make the appointment of Directors-General and other senior state positions more important, so a new government needs to ensure that they are excellent professionals committed to the reform agenda and public service delivery. (See ACTION TWO report on mission critical jobs in this CDE series.)

Serious as this is, a new government needs to find ways to minimise and mitigate these deficiencies and to build systems and processes at the centre of government so that it functions as well as it possibly can. Fortunately, there are some interventions that would dramatically improve the functioning of the Presidency and the Cabinet even if a new President were not supported by a world-class Cabinet.

Principles for Cabinet selection

The first principle for selecting Cabinet members is that, even if they cannot all be ideological soulmates of the President, he must still try to choose the best available people, i.e. those with the necessary experience and skills to lead large government departments, keep reform on track, and sell those reforms to a range of constituencies.

“A prerequisite for the job should be that ministers must also be personally honest because corruption in the Cabinet will undermine everything”

A prerequisite for the job should be that ministers must also be personally honest because corruption in the Cabinet will undermine everything that a reformist President wants to achieve. The President should insist that every member of the Cabinet disclose to his office all relevant financial interests, as well as sources of income and wealth for themselves and their families. Disclosures should be followed up and checked, and, if they prove to be incomplete or dishonest, that should render the individual automatically ineligible.

To the extent that income or wealth derives from having done business with the state, the President must assure himself that those tenders were honestly secured and that value for money was delivered.

The second principle of Cabinet selection should be that “less is more” or, more accurately, “fewer is more”. Smaller Cabinets are more agile, more collegial and more able to maintain a degree of collective oversight and collective responsibility. Smaller Cabinets are also likely to be more ideologically coherent, and less prone to bouts of policy contestation. This is enormously important for reformers, particularly when large swathes

of policy and government work need to be revamped. In these circumstances, the bigger the Cabinet and the more diverse its views, the harder it may be to make progress.

There are some important limitations on how small a South African Cabinet can be, however. Many of the laws that set out the mandates and functions of government agencies include provisions that can only be effected by a minister responsible for the portfolio into which that function falls. While that, by itself, does not mean that there are a minimum number of ministers needed by law, the weight of responsibility on ministers' shoulders means that care needs to be taken to avoid having too few individuals responsible for these functions as that would increase the risk of mistakes and omissions. If ministers' portfolios are too broad, they will not be able to oversee the activity of their departments or properly consider policy choices. It is important to avoid over emphasising the number of ministers in a Cabinet as a sign of bloat, ineffectiveness or patronage: Cabinet has enormous responsibilities, and it must be as large as necessary to meet those responsibilities.

“The most important figure in the Cabinet (after the President himself) is the Minister of Finance, and it is critical that the Minister be someone with personal and political authority”

The third principle of Cabinet selection is that not all ministers have equally important portfolios, and a President who fails to recognise this will fail to do his duty. In this regard, the most important figure in the Cabinet (after the President himself) is the Minister of Finance, and it is critical that the Minister be someone with personal and political authority. They must enjoy the complete confidence of the President, and a Minister of Finance who does not enjoy the complete confidence of the President should resign or be replaced. Presidential backing of the Minister of Finance must include support for their assessment of the affordability or otherwise, of policy proposals from other ministries and, critically, of what is and is not a sustainable fiscal position.

Given the nature of the crises South Africa faces, other critically important ministries that must enjoy the complete confidence of the President are those responsible for law enforcement and, in particular, the combatting of corruption. (See Appendix for one proposal of a more streamlined cabinet.)

Improving Cabinet processes

Improving the quality of Cabinet members for the success of a reforming president is important, as is the need to ensure that Cabinet processes are dramatically improved.

It seems clear both from the quality of government's decision-making and from the accounts of senior public servants with experience of Cabinet processes, that Cabinet's ability to make rational decisions based on all available evidence and with a full understanding of the risks, costs and consequences of their choices has been compromised. This is primarily because of a failure to ensure that the quality of the documentation going to Cabinet is adequate. This fatally undermines good governance because members of the Cabinet are not in a position to make appropriate decisions if the options and recommendations made are not properly presented.

A core reason for this weakness is the closure of the Mbeki-era Policy Coordination and Advisory Services (PCAS) unit in 2010. Located in the Presidency, PCAS had a range of functions such as ad hoc scanning for

future risk and addressing bottlenecks in the implementation of complex multi-sectoral policies. It also played a critical role in ensuring that the President was properly and fully briefed on all the key proposals that were on Cabinet's agenda. This function has not been adequately replaced, and the result has been a deterioration in the quality of cabinet discussions that has, over time, led to lower expectations being put on Cabinet ministers and their departments who are seeking approval for a proposal.

“Government should choose an initial set of catalytic actions that signal its determination to get the country back on track. And then it should be reorganised to achieve these reform priorities”

PCAS was small and simply organised, mirroring five Cabinet clusters, and staffed by high-quality people. There is a policy research function in the Presidency today, but this functions at too low a level and does not perform the high-level role that PCAS did.

A new high-powered PCAS should be established as a unit in the Presidency. While it should remain small, it would benefit from an additional policy learning function, tapping into expertise distributed across South African universities and think tanks, identifying key challenges, possibilities and risks.

A critical role that PCAS should be tasked with is that of playing devil's advocate in respect of policy proposals, testing the plausibility of the assumptions, the methods used to cost proposals, the extent to which risks have been considered, etc. It should also work closely with National Treasury, which must be tasked with providing a definitive assessment of whether the cost implications of proposals being made to Cabinet have been properly calculated and whether these are affordable. Where this has been done poorly or not at all, proposals must be withdrawn from Cabinet.

Cabinet processes would also be greatly strengthened by a much more rigorous and discriminating process of priority-setting that defines what is urgent and what is not, what needs immediate change and what can be allowed to bubble along without intervention for the time being. It is hard to escape the conclusion that the previous Cabinet failed to develop a clear vision of its priorities. More specifically, it seems to have developed an approach to prioritisation in which everything is a priority and in which all priorities are equally important and equally urgent. Fixing this is essential if there is ever to be any sensible discussion of the trade-offs that are an inherent part of the business of governance.

A government with too many priorities has none. In a capacity constrained environment, government should focus on doing fewer things well rather than trying to do everything but achieving very little. It should choose an initial set of catalytic actions that signal its determination to get the country back on track. And then it should be reorganised to achieve these reform priorities. The bureaucracy as a whole should be focused on implementing actions to turn the tide on the biggest obstacles holding the country back. Critically, this is a job for Cabinet, under the leadership of the President.

Having a list of priorities should also be seen as a constraint on the President and Cabinet: we need to move as quickly as possible away from the tendency of Presidents to succumb to the temptation to endlessly update the list of priorities and to announce new initiatives every time something captures their imagination. This is a profoundly debilitating approach to governance, and a clear set of Cabinet priorities needs to be understood to be binding on the President too.

Strengthening the Presidency

Improving Cabinet processes is critical to improving the quality of deliberations and, therefore, of decision-making. But in a system such as ours, where there are bound to be weaknesses in Cabinet and in the upper echelons of the public service, it is also critical that a reform-minded President has access to institutional machinery that allows him to monitor – and, more importantly, *evaluate* – the performance of government and of his ministers. He would also need high quality advice on the choices that need to be made in a range of policy domains ranging from the restructuring of state-owned companies and the combatting of corruption to the hair-raising fiscal implications of NHI and a universal basic income grant.

“The President should also commit to high levels of transparency with regard to data on government spending, activities, performance and results”

These are all areas where the appropriate ministers and their departments should provide advice and recommendations to Cabinet. But they are also issues where the consequences of the decisions taken are so material and will so profoundly shape South Africa's economic prospects over the medium and long terms that the President ought to have access to unfiltered, institutionally disinterested advice from experts. This is important not just for making sure that the right decisions are taken by Cabinet, but also for ensuring that those decisions are actually reflected in the work that the relevant ministers and departments do after Cabinet has made its decisions.

This role – of following up the implementation of Cabinet decisions – is not an insignificant consideration for a would-be reformer. It is the nature of the challenges that South Africa faces that a great deal turns on the details of policy design and implementation, as well as on the pace and sequence at which reforms are pursued and implemented. Unfortunately, there is a great deal of experience of ministers and senior public servants that have slow-walked policy decisions or engineered changes to the details of policy design that undercut the original policy intention.

A President cannot possibly follow up all these details, so it's important that he have access to institutional machinery that can do this, and that can intervene to course correct when implementation is delayed or when Cabinet decisions are being undermined by officials.

This is roughly what Operation Vulindlela (OV) has been doing for the past four years, and it is something that a reform-minded President will need more of if he hopes to see a more ambitious reform agenda being implemented. This will require more capacity, and, to that end, OV should absorb the Department of Planning Monitoring and Evaluation (DPME) and the Project Management Office and reconstitute itself as a delivery unit focused on making sure priority reforms are implemented. There will be some overlap with the policy unit, but the function of the policy unit (to help formulate effective, workable policies) and the delivery unit (to maintain a constant focus on established priorities and ensure their ongoing implementation) are distinct and equally important. Both units need to comprise individuals who are totally committed to the reform process. The core tasks of the new and strengthened OV would be:

- Ensuring that priorities are pursued without distraction
- Focusing on routine problem-solving and delivery
- Systematically promoting cooperation across government agencies
- Developing metrics that identify both achievements and early warnings of challenges being encountered

One of the challenges that any President faces is that his ministers are likely to present him with information and analyses that cast unduly favourable light on their achievements. The existence of a delivery unit could help hold this tendency in check. But the President faces the same kind of incentive and is also going to be tempted to offer as rosy an analysis of the progress he and his ministers are making in addressing their stated priorities. Given this, the President should also commit to high levels of transparency with regard to data on government spending, activities, performance and results. Ensuring that departments in government and the Presidency itself maximise the provision of unfiltered data can act as a profound check and balance on how government is functioning.

Engaging society

An effective President, especially one overseeing a process of deep policy reform must see himself as 'communicator-in-chief'. It is his responsibility to ensure that the whole of society understands and supports the reforms he leads. This is especially true when those reforms will – at least initially - be opposed by powerful vested interests in government, in society and even in the political alliance he leads. Critically, he needs to build a compelling vision of the kind of future that will be made possible by the reforms he is championing, and which will be impossible to achieve if reforms are not undertaken.

“Appointing and supporting people of excellence to senior positions in the public service is the first step of reform”

Precisely because there is bound to be opposition to reform, the President needs to ensure that the public supports the moves he is making. He also needs to seek and secure the support of the large number of public servants who want to see improved governance, who want to make greater contributions to living standards and public welfare, and who know that the past 15 years have seen significant regression in the delivery of services like reliable electricity and clean water.

Improvements in public services and the acceleration of growth that reform will herald will take time to make a meaningful impact on society. In the meantime, of course, those who oppose reform will be seeking to mobilise opposition. They will argue that the reforms represent "selling out" or that they serve the interests of "white monopoly capital". They will argue also that the reforms do not or will not work. These arguments need to be anticipated and addressed, and the messaging of the President and the Cabinet needs to be confident, effective and, as much as possible, unchanging: the temptation to adjust the list of priority reforms in response to every instance of political contestation needs to be resisted.

Critically, the President needs to reach out to allies and potential allies to ensure that they provide support and encouragement for reforms, and that they also engage on their own initiatives to counter the arguments made by opponents of reform.

Final Thoughts

Any hope of progress being made by a newly elected government necessitates an effective, streamlined centre of government setting priorities and introducing a new approach to how to govern South Africa. This requires a reorganised Presidency, and a smaller, fit for purpose Cabinet, where reporting lines are clear, where duplication of effort is avoided, and where everyone is committed to the reform agenda. Appointing and supporting people of excellence to senior positions in the public service is the first step of reform.

ACTION ONE: Reorganise the Presidency and the Cabinet

In this ACTION document we are proposing a streamlined presidency that concentrates the support a reform-minded president will need: a strengthened policy unit, that works closely with the communications unit, and a strengthened OV that becomes a delivery unit focusing on presidential reform priorities and ensuring they take place as effectively and speedily as possible. A smaller Cabinet comprising as many people of excellence and experience as possible will enhance cohesion and better decision making. The two ministers who the constitution allows the President to appoint without being members of parliament, are an important mechanism to increase Cabinet expertise at a time of multiple crises in the country. They should be used to bring in leadership talent in critical portfolios.

See CDE's report, ACTION TWO for proposals on how to ensure the best possible people are appointed to 'mission critical' positions.

Notes

¹See Chapter 5 of the South African Constitution: "The Constitution and the Cabinet"
pg. 49, <https://www.justice.gov.za/legislation/constitution/saconstitution-web-eng.pdf>

Appendix

A proposal: Achieving a more effective Presidency and Cabinet

In the main report we make the case for a smaller Cabinet and a more streamlined Presidency as important steps in bringing about more effective policy making and implementation. Getting there will be complicated and require sustained effort and determined negotiation. In this Appendix we provide some preliminary, provocative ideas on what these changes might look like.

We show how a better organised, smaller and more effective cabinet of some 20 Ministers could be constituted out of the current 30. Our proposed list is based on advice from some very knowledgeable experts, but it is not intended to be the final word on the topic. Different iterations are possible and may even be preferable. Other proposals and reactions to ours are to be welcomed. South Africa needs an urgent and serious discussion on what a more effective Cabinet should look like, in order to meet the country's challenges for the next five years.

Clearly a restructuring process will follow the kind of cabinet re-shuffle we envisage here. Of course there is no one-to-one relationship between merging Cabinet jobs and merging departments. However, it seems clear that many departments could be merged, whereas some need to be shut down entirely. Competent people should be re-deployed wherever possible, i.e. where such redeployments are likely to be effective. There will, inevitably though, be redundancies and retrenchments. These need to be budgeted for, and need to be undertaken in a fair, and efficient manner. Such processes must be initiated carefully, without undue haste.

At the same time, the challenges of the exercise shouldn't stand as arguments against urgently initiating the kinds of changes we need. Making such changes is necessary to permit a different kind of approach to governance, the kind the country needs if we are to have any hope of overcoming the current state of crisis.

The current cabinet: 30 ministers

1. Minister of Agriculture, Land Reform and Rural Development; 2. Minister of Basic Education; 3. Minister of Communications and Digital Technologies; 4. Minister of Cooperative Governance and Traditional Affairs; 5. Minister of Defence and Military Veterans; 6. Minister of Employment and Labour; 7. Minister of Forestry, Fisheries and the Environment; 8. Minister of Finance; 9. Minister of Health; 10. Minister of Higher Education, Science and Innovation; 11. Minister of Home Affairs; 12. Minister of Human Settlements; 13. Minister of International Relations and Cooperation; 14. Minister of Justice and Correctional Services; 15. Minister of Mineral Resources and Energy; 16. Minister of Police; 17. Minister in the Presidency; 18. Minister in the Presidency responsible for Electricity; 19. Minister in the Presidency responsible for Planning, Monitoring and Evaluation; 20. Minister in the Presidency for Women, Youth and Persons with Disabilities; 21. Minister of Public Enterprises; 22. Minister of Public Service and Administration; 23. Minister of Public Works and Infrastructure; 24. Minister of Small Business Development; 25. Minister of Social Development; 26. Minister of Sports, Arts and Culture; 27. Minister of Tourism; 28. Minister of Trade, Industry and Competition; 29. Minister of Transport; 30. Minister of Water and Sanitation.

CDE's proposed new cabinet (20 ministers)

The Economy Cluster

1. Finance (leave as is, but strong minister, with full presidential support)
2. Economy (three into one - DTIC, Mining, and Tourism. Two Deputy Ministers)
3. Employment and Labour (leave as is, but with a primary focus on reducing unemployment)
4. Cities, Housing, and Urban Development (New ministry but absorbs Human Settlements and focused just on Metros. Two Deputy Ministers)
5. Water and Sanitation, Energy, Environment (two into one – Energy splits from Mining. Two Deputy Ministers)
6. Transport, Infrastructure, Communications and Digital Technologies (three into one. Infrastructure splits off from public works. Two Deputy Ministers)
7. Agriculture and Land Reform (As is. Two Deputy Ministers)
8. Local Government (non-metros) and Traditional Affairs (As is – but now main focus on non- Metro local government, along with Traditional Affairs. Two Deputy Ministers)

The Social Services Cluster

9. Education and Training (two into one. Main focus on basic and higher education, with a strong small division focusing on science and innovation. Two Deputy Ministers)
10. Health (As is)
11. Social Development (As is)
12. Sports, Arts and Culture
13. Home Affairs (As is)

The Safety and Security Cluster

14. Police (As is)
15. Justice and Correctional Services (As is)
16. Defence (As is)
17. State Security and Intelligence (As is but outside the Presidency)
18. International Relations (As is)

Public service

19. Public Service and Administration (As is)
20. Minister in the Presidency (As is, but providing support in driving the reform programme)

ACTION ONE: Reorganise the Presidency and the Cabinet

The following ministries would either be terminated or downgraded to non-ministerial level

1. Minister in the Presidency responsible for Electricity - Terminate
2. Minister in the Presidency responsible for Planning, Monitoring and Evaluation – Downgrade and to be absorbed into Operation Vulindlela
3. Minister in the Presidency for Women, Youth and Persons with Disabilities – Make this a function in every department where appropriate
4. Minister of Public Enterprises – Terminate – Viable SOCs to report to line departments.*
5. Minister of Public Works and Infrastructure – Public works should be a provincial function. Infrastructure part of a new Ministry (see above)
6. Minister of Small Business Development – Terminate and shut down department

*NOTE: CDE is working on a separate ACTION report on what to do about the SOCs (forthcoming in this series), in which we will propose how best to manage the SOCs - options include: DPE in different form, unit in the National Treasury or something else in government.



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