An Assessment of Cost-Benefit Analysis in Enhancing Public Policy Evaluation at Gauteng Provincial Treasury

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ABSTRACT

The advent of democracy held the promise that South African citizens would have improved access to public services. To a great extent this has been achieved. However, the inefficient and ineffective use of public resources to some extent has detracted from the full realisation of this promise. That is, the achievement of value for money in the provision of public services has not been fully realised.

The primary function of the Gauteng Provincial Treasury (GPT) is to ensure that good governance and financial stewardship within the Gauteng Provincial Government. To this end, GPT employs monitoring measures to ensure that to some extent value for money is achieved. However, monitoring alone is not adequate to determine the factors driving the success and failure of public programmes or projects, and therefore without evaluation value for money cannot be attained. Therefore, policy evaluation allows institutions to measure the efficiency and effectiveness of service delivery. A key policy evaluation tool in the determination of value for money is Cost-Benefit Analysis (CBA).

This study, therefore, intended to assess the role of CBA in enhancing policy evaluation in the GPT. This study followed the qualitative approach and observation to achieve this objective. In order to achieve this goal this study analysed the policy framework for evaluation in relation to GPT, analysed the use of CBA in a developing country context and its adequacy for use in the public sector.

The findings indicated that indeed no CBA was conducted in the GPT within the 2015/16 financial year, and that this constituted a policy gap in the achievement in the GPT vision of achieving value for money service within the province. Furthermore, it was found that a comprehensive legislative and policy framework exists in South Africa through which evaluations can be conducted in the GPT. The findings further show that CBA as a tool for policy analysis has a long and established history. This means that CBA is adequate for use in public policy analysis.

In addition, this study showed that CBA was flexible both in terms of the variety of functional areas and the techniques which can be used for application. This result demonstrated that CBA can be applied at varying levels of sophistication and thereby increasing the probability of implementation.

It also was found that CBA can play a positive role in enhancing policy evaluation in the GPT. This in turn can enhance service delivery and social welfare in the Gauteng province. In the main this study recommended for the establishment of the CBA Evaluation Unit within the GPT to drive this enhancement of policy evaluation in the province.

Keywords: Cost Benefit Analysis, Policy Evaluation, Gauteng Provincial Treasury