

PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

THURSDAY, 3 MAY 2018

TABLE OF CONTENTS

ANNOUNCEMENTS

National Assembly and National Council of Provinces

1. Bills passed – to be submitted to President for assent..... 2
2. Membership of Committees 2

National Assembly

1. Appointment of Chairpersons for mini-plenaries on budget vote
debates 2
2. Referral to Committees of Bills introduced..... 2

TABLINGS

National Assembly and National Council of Provinces

1. Minister of Trade and Industry 3

COMMITTEE REPORTS

National Assembly

1. Mineral Resources 4
2. Higher Education and Training 49
3. Rural Development and Land Reform..... 50
4. Health..... 81

5.	Home Affairs	130
6.	Basic Education	155
7.	Public Service and Administration	205
8.	Public Service and Administration	240
9.	Public Service and Administration	268

ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. Bills passed by Houses – to be submitted to President for assent

(1) Bill passed by National Council of Provinces on 2 May 2018:

- (a) **Division of Revenue Bill** [B 2 – 2018] (National Assembly – sec 76).

2. Membership of Committees

(1) The following Members were elected Co-Chairs of the **Ad Hoc Joint Committee on Parliament and Provincial Medical Aid:**

- (a) Mr J P Parkies
(b) Ms L M Maseko

National Assembly

The Speaker

1. Appointment of members to Chair mini-plenary sessions on budget vote debates

(1) The following members are appointed in terms of Rule 54 to Chair mini-plenary sessions on budget votes debates: Mr M R Mdakane, Ms Y N Phosa, Mr B L Mashile, Ms L M Maseko, Mr N A Masondo, Ms N Gina and Ms X S Tom.

2. Referral to Committee of Bill introduced

(1) The **Appropriation Bill** [B 3 - 2017] (National Assembly –sec 77) is referred to the Standing Committee on Appropriations for consideration and report in terms of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No 9 of 2009).

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Trade and Industry

- (a) Government Notice No 232, published in Government Gazette No 41503, dated 16 March 2018: Financial Reporting Pronouncement 1: Substantively Enacted Tax Rates and Tax Laws under International Financial Reporting Standards and International Financial Reporting Standards for Small and Medium Enterprises, in terms of the Companies Act, 1971 (Act No 71 of 2008).
- (b) Government Notice No 233, published in Government Gazette No 41503, dated 16 March 2018: Financial Reporting Pronouncement 2: Accounting for Black Economic Empowerment (BEE) transactions under International Financial Reporting Standards (IFRS), in terms of the Companies Act, 1971 (Act No 71 of 2008).
- (c) Government Notice No 234, published in Government Gazette No 41503, dated 16 March 2018: Financial Reporting Pronouncement 3: Accounting for Black Economic Empowerment (BEE) transactions under International Financial Reporting Standards (IFRS) for Small and Medium Enterprises, in terms of the Companies Act, 1971 (Act No 71 of 2008).
- (d) Government Notice No 235, published in Government Gazette No 41503, dated 16 March 2018: Financial Reporting Pronouncement 5: Summary Financial Statements, in terms of the Companies Act, 1971 (Act No 71 of 2008).
- (e) Government Notice No 236, published in Government Gazette No 41503, dated 16 March 2018: Financial Reporting Pronouncement 4: The limit on a defined benefit asset, minimum funding requirements and their interaction under International Financial Reporting Standards (IFRS) in the South African Pension Fund Environment, in terms of the Companies Act, 1971 (Act No 71 of 2008).
- (f) Government Notice No 389, published in Government Gazette No 41534, dated 29 March 2018: Invitation for the public to comment on the Draft Guidelines on the Processes and Procedures for the Planning and Establishment of the Special Economic Zones Programme, in terms of the Special Economic Zones Act, 2014 (Act No 16 of 2014).

- (g) Government Notice No 390, published in Government Gazette No 41534, dated 29 March 2018: Notice in terms of section 25(7) of the Special Economic Zones Act, 2014 (Act No 16 of 2014).
 - (h) Government Notice No 402, published in Government Gazette No 41546, dated 29 March 2018: Codes of Good Practice on Broad Based Black Economic Empowerment: Draft Statement 000, Codes Series 000 of 2018 for 60-day public commentary, in terms of the Broad-Based Black Economic Empowerment Amendment Act, 2003 (Act No 53 of 2003).
 - (i) Government Notice No 403, published in Government Gazette No 41546, dated 29 March 2018: Codes of Good Practice on Broad based Black Economic Empowerment: Draft Statement 300, Codes Series 300 of 2018 for 60-day public commentary, in terms of the Broad-Based Black Economic Empowerment Amendment Act, 2003 (Act No 53 of 2003).
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COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Mineral Resources on the Annual Performance Plan and Budget Vote 29 of the Department of Mineral Resources for the 2018/ 2019 Financial Year, dated 25 April 2018

The Portfolio Committee on Mineral Resources, having considered the 2018/2019 Annual Performance Plan (APP) and Budget Vote 29: Mineral Resources (during the period 18 – 19 April 2018), reports as follows:

1. Introduction

The Department of Mineral Resources (DMR), as an institution, had a good year in 2017. It received a clean audit report from the Auditor General and achieved 82 per cent of its performance goals. On the other hand, the South African mining industry, in the words of *Mining Weekly*, a leading trade journal “has had a tumultuous time”¹. This is “because of the controversial Reviewed Draft Broad-Based Black Economic Empowerment Charter for

the South African Mining and Minerals Industry, also known as Mining Charter III, which, amid lingering political uncertainty, led to low investor confidence and continuing breaches of trust between government and industry, resulting in declining constructive engagement”.

It is, perhaps, a weakness in monitoring systems that allows a national department to appear as a ‘model portfolio’ while the sector for which it is responsible is in significant disarray. On the face of things, Budget 2018, brings no significant changes to indicate government’s appreciation of the priority that needs to be accorded now to the development of the mineral and petroleum sector. That is the conclusion one must draw from the figures, from ‘following the money’.

The purpose of Vote 29: Mineral Resources is to:

- “Promote and regulate the minerals and mining sector for transformation, growth, and development”; and to
- “Ensure that all South Africans derive sustainable benefits from the country’s mineral wealth.”

The Budget was tabled on 21 February 2018 and the Annual Performance Plan (APP) of the DMR, which provides specific performance targets for 2018/19, was tabled on 08 March 2018. The mining industry, and the economy as a whole, is in a poor state. The Treasury highlighted that “Policy uncertainty hinders investment in the mining sector.”

“Despite improved performance in 2017, mining remains under pressure due to high operating costs and persistent policy uncertainty related to the Mining Charter and the Mineral and Petroleum Resources Development Amendment Bill. The amendment bill was sent back to Parliament in January 2015 and its status has not been resolved.

The Mining Charter, approved by Cabinet and gazetted in June 2017, has contributed to policy uncertainty. Both the charter and the outstanding amendment bill leave mining, oil and gas companies unable to accurately assess the expected return on their investments”.

According to the Fraser Institute's Mining Investment Attractiveness Index, South Africa ranked 48th out of 91 jurisdictions in 2017.⁶ The country is currently ranked 4th in Africa. In terms of mining policy, across 15 countries surveyed in Africa, South Africa ranks 13th. Only Zimbabwe and the Democratic Republic of Congo (DRC) have less favourable mining policy environments than South Africa.

Treasury notes that "real fixed investment in mining has been stagnant since 2008." This echoes a concern of the Chamber of Mines that "in the decade between 2007 and 2017 a downward trajectory is evident in the industry's fixed investment activity".

Because of lower investment and policy uncertainty, South African mining has underperformed compared to countries such as Chile, China, Canada, Australia and Russia.

Treasury identifies two priorities for the DMR in 2018:

- Eliminating policy uncertainty to catalyse investment
- Immediate measures to establish policy certainty in key areas to rebuild trust and create an enabling environment for investment.

The revival and promotion of the mining sector is crucial if South Africa is to reduce unemployment, poverty and inequality.

Even in the face of an inadequate budget allocation, the DMR has scope to improve its policy and implementation practices.

2. Overview of the 2017/18 financial year

The DMR had an available budget of R1.8 billion in 2017/18.⁹ This represented a nominal increase of R118 million, or 7 per cent, compared with 2016/17. Most of the increase, however, was R86-million which was appropriated through Vote 29 to fund the Petroleum Agency of SA (PASA), the national regulator of the oil and gas sector.

The 2017/18 Annual Report of the Department, covering the full financial year ending 31 March 2018, will be available at the end of September 2018. The third quarter expenditure report shows that at the end of December

2017 the DMR had spent 77.3 per cent of its available budget. This compares with 76.3 per cent at the same point of the previous year.

The DMR has a record of managing its budget very well and spending exactly 100 per cent, or very slightly less, by the end of each financial year. Transfers and Subsidies accounted for R896.8 million of the available budget and, of this amount, the Department had transferred by December 2017, R722.4 million, or 81 per cent, mainly to public corporations and private enterprises and departmental agencies and accounts. By December 2017, the Department had spent R 652.8 million, or 74 per cent, of the remaining budget, the majority of which was used on compensation of employees and goods and services.

Spending from the Mineral Policy and Promotion Programme was lower than projected, by R50.3 million. This was because payment for membership fees for the African Diamond Producing Countries was delayed and planned Mining Charter and the Shale gas advocacy events were halted. The advocacy events were halted pending finalisation of the court case brought by industry on the Charter which was due be heard in February 2018.

The APP for 2017/1813 identified as legislative policy objectives for the year:

- a) Review the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) (including its regulations) – this will follow the conclusion of the MPRDA Bill, which was expected by June 2017.
- b) Legislative establishment of the Mining Company of South Africa (MinCo) as the state owned mining company. The African Exploration Mining and Finance Corporation (AEFMC) Bill was published for public comment in January 201615 and will be tabled in Parliament during the 2017/2018 financial year.
- c) The amendment bill to the Mine Health and Safety Act, No. 29 of 1996 (MHSA) (including its regulations) will be “processed and finalised” by the fourth quarter of 2017/18.

None of these have yet been completed. All were previously planned for completion in theAPP of 2016/17.

The key strategic priority of Vote 29, as emphasised in the 2017 State of the Nation Address, was to finalise changes to the legislation and regulations for minerals and petroleum that have been delayed since 2010. In addition, the DMR had to implement the policy of transformation in the mining sector, particularly by setting performance targets for right holders for the period after 2014.

Neither of these key objectives was achieved. The amendments to the mining legislation remained in Parliament, with the National Council of Provinces, because of a decision of the DMR to introduce complex additional changes to the Bill that was passed by Parliament in 2014. The third iteration of the Mining Charter was gazetted, but immediately challenged by stakeholders in a series of court cases.

The National Treasury has not acted on the recommendations of the Portfolio Committee on Mineral Resources (PCMR) that were forwarded to it in the 2017 Budgetary Review and Recommendation Report (BRRR), related to Vote 29, the budget of the DMR.

These included a recommendation that the Council for Geoscience (CGS) should be better funded to support prospecting and exploration for new reserves. The PCMR stated:

“The CGS has motivated for a ten year programme of geological mapping. This is essential for promoting mineral prospecting and also for planning national infrastructure and food and water security. The cost is R20-billion over 10 years and an additional R1.8-billion over the Medium Term Expenditure Framework (MTEF)”.

In addition, the Committee said: “The DMR has indicated that it cannot fulfil its mandate if the current cuts implemented by National Treasury continue. Treasury should ensure that DMR has the financial resources available to carry out its wide and essential responsibilities as the custodian of the nation’s mineral resources for present and future generations.”

The mining industry more than pays its way. Company Income Tax (CIT) from mines exceeds R16-billion a year¹⁹ and royalty payments to government in 2018/19 are expected to be R8- billion. Mining contributes R24-billion a year directly to government revenue, yet the annual budget of the DMR is less than R2-billion. This is a sector that is critical for 27 per cent of export earnings, for energy (from coal beneficiated locally) and for hundreds of thousands of jobs.

Industry experts agree that the SA mining sector has fallen behind in technology, research and development and in exploration. The huge mineral wealth of the country has to be developed now for the future. As the custodian of the nation's mineral wealth it is the responsibility of the state to ensure that this is done. The DMR spends its budget allocation in line with all the rules, following the APP. It gets a clean audit. But the budget is too limited to support to the duty of care owed by a custodian.

3. Policy Priorities for 2018/19 AND ALIGNMENT WITH NATIONAL, REGIONAL, CONTINENTAL AND GLOBAL DEVELOPMENT AGENDAS (NDP, NINE POINT PLAN, SADC-RIDMP, AGENDA 2063 & SDGS)

In the 2018 State of the Nation Address on 16 February 2018, President Cyril Ramaphosa outlined several policy priorities for the mining sector in order “to grow the sector, attract new investment create jobs and set the industry on a new path of transformation and sustainability.”

The priorities embodied the following:

- To work with mining companies, unions and communities;
- To ensure that Mining Charter three is an effective instrument to sustainably transform the face of mining in South Africa by engaging all stakeholders on the Mining Charter;
- To resolve the current impasse between Government and the industry through a genuine partnership to build trust and a shared vision;
- To accelerate transformation and grow the mining sector.

- To process the Mineral and Petroleum Development Amendment Bill during the first quarter of 2018. The Bill, once enacted into law, will entrench existing regulatory certainty, provide for security of tenure and advance the socio-economic interests of all South Africans.
- To ensure that mine accidents are dramatically reduced by working with mining companies together with all stakeholders.

President Ramaphosa stated: “We will ... deal decisively with companies that resist transformation.”

In order to deal with companies that resist transformation, it is necessary to know the **names** of these companies and to understand where they have fallen short in promoting transformation.

The Mining Charter is the primary instrument by which government implements its policy of transformation in the mining sector.

At a meeting on Wednesday, 05 August 2015, the DMR made a presentation on the Mining Charter 2015 audit. The minutes of the meeting recorded that the DMR “said a number of mining companies have not met the required 2014 target of implementation of the Mining Charter. Mineworkers and communities remained the least beneficiaries from empowerment transactions.”

The Portfolio Committee formally resolved that the DMR “should submit a report with the number of mining companies who have not met the targets and specify the names of mines and which targets are not met.” The purpose of the request was to assess the scope and nature of non-compliance with the Mining Charter by the holders of mining rights. The information has never been received, almost three years later, despite several reminders and repeated requests from the Chairperson and the Committee to the DMR and its leadership.

It is well known that the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) abolished mineral rights and their private ownership and made the State the custodian of South Africa's mineral wealth for the benefit of all South Africans. All the established mining companies had to apply to convert their rights to mine into so-called "new order" mining rights. These applications were granted by the State because the mines committed to apply the terms of the Mining Charter. It is not sufficient for the DMR to state that "a number of mining companies have not met the required 2014 target of implementation of the Mining Charter". DMR must name the names so that the decisive action promised in the SONA can be implemented.

Mining in South Africa has a terrible, tainted past – but the mining industry is now based on *our* mineral resources that belong to the national as a whole. As the President stated in SONA 2018:

"Mining is another area that has massive unrealised potential for growth and job creation is mining. We need to see mining as a sunrise industry."

But that sun has to rise on an industry that is transformed so that benefits are shared with all stakeholders – investors, workers, mining-affected communities and the nation as a whole.

The PCMR could call on the DMR to list names of the mining companies which have not met the required standards and to set out the areas in which these companies have failed to carry out their commitments under the Mining Charter between 2004 and 2014.

This is a necessary precursor to the development of the new Mining Charter for the next ten years.

Parliament has provided the instruments for transformation in the Mine Health and Safety Act, No. 29 of 1996 (MHSA) and the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA), which are the main legislative measures supported by Vote 29.

The DMR's policies and strategies are aligned to the National Development Plan, but the implementation of critical aspects of the Plan – such as an improved regulatory environment have been long delayed, despite the financial support given under Vote 29 (Vote 32 in previous years). The DMR's priorities for 2018/19 are directed by the 2014/19 Strategic Plan that was presented to Parliament in 2014 and, specifically, by the Annual Performance Plan 2018/19.

In the Nine Point Plan, the DMR is listed as the lead department for Operation Phakisa in mining (including aspects of the Oceans Economy Phakisa).

The Southern African Development Community (SADC) Regional Infrastructure Development Master Plan (RIDMP) was adopted by SADC Heads of State and Government in August 2012. While improved infrastructure in the region will be positive for the growth of the mining sector, the projects adopted cover six specific sectors: energy, tourism, transport, ICT, meteorology and water. The SADC-RIDMP is therefore not relevant for Vote 29.

Agenda 2063, is a fifty-year strategy for the continent that was set in motion following the 50th anniversary of the African Union (AU) in 2013. South Africa contributed to the formulation of Agenda 2063, so the strategy is already aligned with South Africa's development goals.

Aspirations expressed in the strategy are consistent with the mandate of the DMR and the purposes of Vote 29. These include inclusive growth and sustainable development, good governance, democracy, respect for human rights, justice and the rule of law.

In September 2015, the member states of the United Nations (UN) agreed on a set of 17 Sustainable Development Goals (SDGs), which represent the global agenda for equitable, socially inclusive, and environmentally sustainable economic development until 2030. Mining companies have the potential to become leading partners in achieving the SDGs.

Vote 29 supports long-standing policies of the DMR, expressed in the MPRDA, the MHSA and the Mining Charter, to ensure that there is equitable access to the benefits of mining and that these should extend beyond the life of the mine itself, so that the mining industry has a positive impact on the natural environment and social capital. Under the new environmental laws for mining, directly implemented with funds from Vote 29, mining companies are required to improve environmental stewardship. Through the Social and Labour Plans approved and monitored by the DMR, mining companies are required to consult with communities on mine impacts and to boost the local economy through providing jobs and purchasing South African stores, capital goods and services. Mining companies that fail to follow the law in these respects may put their operations at risk in the short and long term. It can be argued that Vote 29 is not merely consistent with the SDGs—it actively requires the mining, oil and gas sectors to contribute to many of the SDGs.

4. Budget Analysis

Table 1: Vote 29: Mineral Resources

Programme	Budget				Nominal Rand change	Nominal % change	Real % change
	2017/18	2018/19	2019/20	2020/21	2017/18- 2018/19	2017/18-2018/19	
R million							
Administration	339.9	327.0	345.5	365.7	- 12.9	-3.80 per cent	-8.82 per cent
Promotion of Mine Safety and Health	194.1	205.0	219.3	235.6	10.9	5.61 per cent	0.10 per cent
Mineral Regulation	379.3	393.6	415.4	444.1	14.3	3.78 per cent	-1.63 per cent
Mineral Policy and Promotion	866.1	965.0	1 035.9	1 094.3	98.9	11.42 per cent	5.61 per cent
TOTAL	1 779.4	1 890.7	2 016.0	2 139.7	111.2	6.25 per cent	0.71 per cent

Source: National Treasury (2018a) Vote 29: Mineral Resources 2018

It is the task of the DMR to help South Africa to harness its mineral wealth for development. The budget of the Department is comparatively small, barely 0.2 per cent of the total appropriation by vote in 2018/19, but its role in wisely applying laws and fostering the contributions of several state agencies is critical for the growth of the minerals and petroleum sector, which is experiencing the most adverse economic climate since the 1990's.

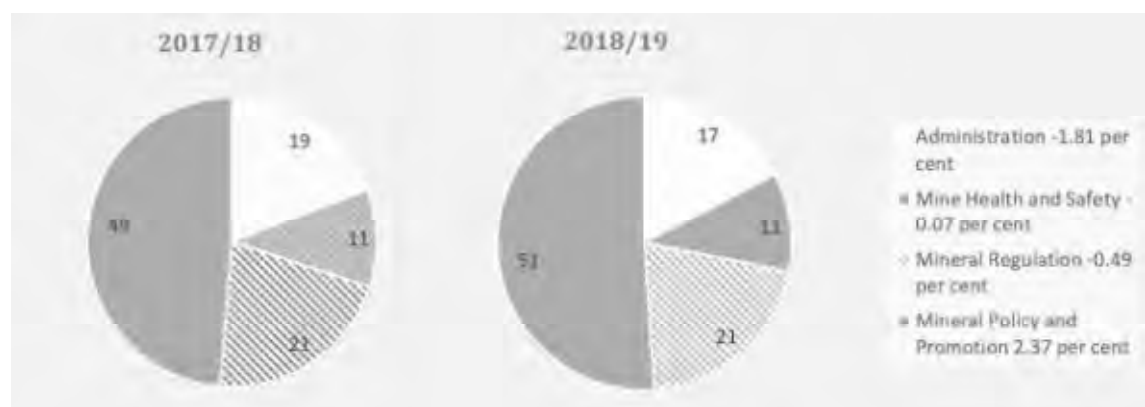
The budget of the DMR for the 2018/19 financial year is R1.9-billion. This represents a nominal increase of R111.2-million over the previous year, but in real terms, when inflation is taken into account, the allocation represents a marginal 0.71 per cent increase in the value of the resources available to the Department, compared with the previous year. This is part of the implementation of the government plan, first announced by the Minister of Finance in the Budget Speech in 2016 to moderate government expenditure to compensate for the continued weak performance of the SA economy.

There has been no structural change from the pattern of past DMR budgets. Half (47.1 per cent) goes to current payments, half (52.3 per cent) to transfers (mainly to the CGS and Mintek), with a negligible proportion going to capital expenditure.

The compensation of employees makes up 33 per cent of the total budget and goods and services 14 per cent. These proportions are not significantly different from 2017/18. The weighting of the programmes as a percentage of the total Vote allocation is indicated in Figure 1, below, for 2017/18 and 2018/19, with the percentage changes in the size of the 'slices' indicated next to each programme name:

[This shows a small shift away from Administration and a small shift towards Mineral Policy and Promotion in the share which each of four programmes has in the total budget for the Department. The reason is mainly the funds allocated under the economic competitiveness and support package in 2018/19 to CGS (R90-million) and Mintek (R70-million).]

Figure 1: Vote 29: Comparison of the split of the Mineral Resources budget between Programmes



Source: Calculated by the Research Unit from National Treasury (2018a).

4.1 Programme Analysis

4.1.1 Programme 1: Administration

The purpose of the Administration Programme is to “provide strategic leadership, management and support services to the Department”.

Table 2: Programme 1 - Administration

Sub-Programme R million	Budget		Nominal Increase / Decrease in 2018/19	Real Increase / Decrease in 2018/19	Real Percent change in 2018/19
	2017/18	2018/19			
Ministry	28.1	27.3	- 0.8	-2.76 per cent	-7.83 per cent
Corporate Services	145.1	125.2	- 19.9	-13.72 per cent	-18.22 per cent
Department Management	21.8	30.1	8.3	38.00 per cent	30.80 per cent
Financial Administration	97.6	96.8	- 0.8	-0.85 per cent	-6.02 per cent
Internal Audit	14.5	12.9	- 1.6	-11.07 per cent	-15.71 per cent
Office Accommodation	32.9	34.8	1.9	5.80 per cent	0.28 per cent
TOTAL	339.9	327.0	- 12.9	-3.80 per cent	-8.82 per cent

Source: National Treasury Vote 29: Mineral Resources 2018

Overall, there is a 13 per cent real decrease in the budget allocation for Administration, with R13-million less being spent on this function compared with 2017/18. This is due to lower expenditure on operating leases.

Administration: Over the medium term, to 2020/21, compensation of employees will grow by 6.0 per cent on average each year. Due to the reduction in the amounts budgeted for operating leases and travel & subsistence, there will be a -4.6 per cent, cut in the value of goods and services over the MTEF. There were 377 funded posts in Administration in the 2017 budget, 355 of which were filled by the end of 2017/18. The number of employees is planned to fall further, to 327 by 2020/21, so the salary bill will fall by -2.7 per cent each year.

4.1.2 Programme 2: Mine Health and Safety

The purpose of the Promotion of Mine Health and Safety programme is “to ensure the safe mining of minerals under healthy working conditions”.

Table 3: Programme 2 - Mine Health and Safety

Sub-Programme R million	Budget		Nominal Increase / Decrease in 2018/19	Real Increase / Decrease in 2018/19	Real Percent change in 2018/19 R million
	2017/18	2018/19			
Governance Policy and Oversight	47.1	59.8	12.7	26.96 per cent	20.34 per cent
Mine Health and Safety Regions	140.9	140.5	- 0.4	-0.32 per cent	-5.51 per cent
Mine Health and Safety Council	6.2	4.8	- 1.4	-22.05 per cent	-26.12 per cent
TOTAL	194.1	205.0	10.9	5.61 per cent	0.10 per cent

Source: National Treasury Vote 29: Mineral Resources 2018

Overall, there the budget allocation for Mine Health and Safety has maintained the real level of the previous year, after real declines of 6 per cent in 2016/17 and 2017/18.

Mine Health and Safety: Over the medium term, to 2020/21, compensation of employees will grow by 7.3 per cent on average each year. This needs to be compared against the 5.4 per cent provision for the growth in goods and services. This is due to an increased pace of expenditure on travel and subsistence, but one that is below the 5.5 per cent anticipated increase in prices over the period. The number of employees for mine health and safety is set to decrease. There were 278 out of 303 posts filled in Programme 2 by the end of 2017/18. The number of employees is planned to fall to 271 by 2019/20, but the salary bill will grow by 7.3 per cent each year, partly because learner inspectors have been moved to higher salary grades.

Eight thousand health and safety inspections and 396 audits are to be commissioned in 2018/19, the same number as in the previous year. The Mine Health and Safety Council (MHSC) will be supported by a transfer from the Department of R4.8-million in 2018/19, rising to R5.4-m in 2020/21. The MHSC budget is supported mainly by levy income from the mines and the Council has a significant accumulated surplus.

4.1.3 Programme 3: Mineral Regulation

The purpose of the Mineral Regulation Programme is to “regulate the minerals and mining sector to promote economic development, employment and ensure transformation and sustainable development”

This represents a change from 2016/17, when the stated purpose of the programme included “environmental compliance”¹. New environmental compliance responsibilities were transferred from the Department of Environmental Affairs to the DMR in December 2014, with the introduction of the One Environmental System for Mining. These responsibilities still remain in place and the DMR has trained a cohort of Environmental Mineral Resource Inspectors (EMRIs) in the new regulations which the DMR environmental inspectorate has to enforce.

Table 4: Programme 3 - Mineral Regulation

Sub-Programme R million	Budget		Nominal Increase / Decrease in 2018/19	Real Increase / Decrease in 2018/19	Real Percent change in 2018/19 R million
	2017/18	2018/19			
Mineral Regulation and Administration	199.2	206.8	7.6	3.83 per cent	-1.59 per cent
Management Mineral Regulation	27.1	29.2	2.2	8.06 per cent	2.43 per cent
SA Diamond & Precious Metals Regulator	65.9	59.1	- 6.8	-10.26 per cent	-14.94 per cent
Petroleum Agency South Africa (PASA)	87.1	98.4	11.3	12.97 per cent	7.08 per cent
TOTAL	379.3	393.6	14.3	3.78 per cent	-1.63 per cent

Source: National Treasury Vote 29: Mineral Resources 2018

Overall, there is a -1.6 per cent real decrease in the budget allocation for Mineral Regulation in 2018/19, compared with the previous year. Significant budget increases, approaching R90-million a year, which began in 2017/18 are explained by the need for government to fund the operations of the PASA – the regulator of the oil and gas sector – after its reserves of funding were exhausted. Transfers to PASA from the budget of the DMR are R50-m less than the R150-m per year previously anticipated in the MTEF, following Cabinet-approved deductions.

Mineral Regulation: Over the medium term, to 2020/21, compensation of employees will grow by 6.7 per cent on average each year. This needs to be compared against the 6.3 per cent, provision for the growth in goods and services. The number of employees is set to fall from 386 to 361 in 2018/19, a level that will be maintained in the MTEF period. (The number of employees for Mineral Regulation was previously planned to rise to 415 by 2018/19).

Despite the declared intention of the DMR to “protect and enhance our environmental assets” and to ensure compliance with environmental legislation, the Department has reduced the number of environmental

verification inspections in its performance targets. In 2015/16, the annual number was reduced by a quarter, to its present level of 1,275 from 1,700. This target was itself reduced from 1,856 in 2014/15. The reduction in the performance measure was said to be due to the “budgetary constraints”. The DMR became fully responsible to implement national environmental standards in the mining sector from December 2014.

4.1.4 Programme 4: Mineral Policy and Promotion

The purpose of the Mineral Policy and Promotion programme is to “develop relevant mineral policies that promote South Africa’s mining and minerals industries to attract investment”.

Table 5: Programme 4 - Mineral Policy and Promotion

Sub-Programme R million	Budget		Nominal Increase / Decrease in 2018/19	Real Increase / Decrease in 2018/19	Real Percent change in 2018/19 R million
	2017/18	2018/19			
Management	31.5	22.3	- 9.2	-29.19 per cent	-32.88 per cent
Mineral Policy	20.0	20.0	0.0	0.11 per cent	-5.11 per cent
Mineral Promotion and International Coordination	47.8	71.8	24.0	50.11 per cent	42.28 per cent
Assistance to Mines	0.0	5.9	5.9		
Council for Geoscience	367.0	386.3	19.3	5.26 per cent	-0.22 per cent
Mintek	367.3	420.4	53.1	14.46 per cent	8.49 per cent
Economic Advisory Services	4.5	4.5	0.0	-0.24 per cent	-5.44 per cent
Mine Environmental Management	28.1	33.9	5.8	20.70 per cent	14.41 per cent
TOTAL	866.1	965.0	98.9	11.42 per cent	5.61 per cent

Source: National Treasury Vote 29: Mineral Resources 2018

Overall, there is a 5.6 per cent real increase in the budget allocation for Mineral Policy and Promotion in 2018/19, compared with the previous year.

Mineral Policy and Promotion: Over the medium term, to 2020/21, compensation of employees will grow by 6.4 per cent on average each year. This needs to be compared against the 1.0 per cent, provision for the growth in goods and services. The number of employees, which was previously planned to stay constant at 112 up to 2018/19, will now be reduced to 104, from the figure of 112 employees at the end of March 2018.

The largest operational budget changes for Mineral Policy and Promotion relate to the sub-programmes that deal with promotion and environmental management

A 50 per cent (R24-m) increase is proposed in the Mineral Promotion and International Coordination sub programme which “promotes mineral development and advises on trends in the mining industry to attract additional investment”. It produces “publications, participates in mining conferences, and supports the implementation of national mineral beneficiation initiatives.” The 2018/19 increase come on top of the in 58 per cent (R28-m) annual increase that was effected in 2017/18. Expenditure will rise from R47.8-m in 2017/18 to R82-m by 2020/21.

A major increase in budgeted expenditure on Mine Environmental Management came into effect in 2016/17. This includes rehabilitation for derelict and ownerless mines and providing advice on mine closure. The amounts increased from less than R10-m before 2015/16 to almost R40-m up to 2020/21. It is noteworthy that this budgetary increase was accompanied by a reduction from 50 to 45 in the number of derelict and ownerless mines that will be rehabilitated every year. The reduced target came into effect in 2016/17, just as expenditure expanded, and continues at this lower level through the MTEF period.

New support for CGS, but not for Mintek

Mineral Policy and Promotion is the largest programme of the DMR, absorbing 51 per cent of its budget. Some 85 per cent of the programme budget consists of transfers to Mintek and the CGS, two national science councils that are funded through Vote 29. The base allocation to Mintek will barely grow in absolute terms over the next three years. On the other hand, the base allocation to CGS for operational expenditure will grow substantially – from R332-million in 2017/18 to R481-m in 2020/21. Once off payments will be made to both entities in 2018/19 under the economic competitiveness and support package. Mintek will receive R70-m (for equipment and facilities; research and development; efficiency projects) and CGS will receive R90m (for digital information system; buildings; equipment and facilities). This is in addition to standing annual contributions to capital spending of about R60-m a year for Mintek and R40-m a year for CGS.

Information in the electronic publications on Vote 29 state that Cabinet has approved additional allocations for CGS of “R188 million in 2019/20 and R198.3 million in 2020/21 through the economic competitiveness and support package for improvements to the Council’s digital information systems, geoscientific equipment and infrastructure; and to improve the quality of the council’s analytical and research work on concrete geopolymers, groundwater vulnerability, acid mine water, petro physical properties of rocks and soil, and whole rock geochemistry”. The council expects to increase the number of digital maps produced per year from 40 in 2017/18 to 150 in 2020/21, at an estimated cost of R386 million over the medium term.

Whether the scale of this welcome investment is large enough to make up for the neglect of the CGS in past budgets, and to drive forward support for prospecting and exploration, is not clear and merits further enquiry from CGS leadership.

5. Briefing by Auditor General of SA

The Auditor General's office presented an interim review of the final draft 2018-19 Annual Performance Plan (APP) for the Department of Mineral Resource. The applicable laws and regulations are used as the framework for managing programme performance information (FMPPI and the framework for strategic plans and annual performance plans (FSAPP), issued by the National Treasury and Treasury Regulations (TR), 2005 issued in terms of the Public Finance Management Act (PFMA).

The role of AGSA in the review of final draft 2018-19 APP:

- Understand the overall planning process, i.e. was the final draft APP (after DPME review) prepared in accordance with the FSPAPP and were planning timeframes adhered to?
- Assess the measurability and relevance (excl. consistency and presentation) of the indicators and targets planned for each selected programmes in the final draft APP (against the requirements of the FSPAPP and FMPPI)
- Measurability: Performance measures/indicator are well defined and verifiable and targets are specific, measurable and time bound.
- Relevance: Performance measures/indicators relate logically and directly to an aspect of the department's mandate and the realisation of strategic goals and objectives.
- Report findings to management with the expectation that the findings will be addressed. These finding will not have an impact on the 2017-18 audit conclusion

It was indicated that a good performance indicator should be well defined, verifiable and relevant

The AGSA has reviewed Mine Health and Safety, Mineral Regulation and Mineral Policy and Promotion programmes and made the following findings which were communicated to Management.

1. The following indicators/measures did not have technical indicator description (not include in Annexure E of the draft APP) (repeat finding)
 - Programme 3: Mineral Regulation: Percentage adherence to prescribed timeframes and percentage of evaluated work programmes relative to rights issued considering the elements of sustainable development. In reporting to the status it was indicated that Management subsequently included the technical indicator description to the draft APP.
2. The following indicators/measures were included in Annexure E but not in Part B: Programme and sub programme plans of the APP.
 - Programme 3: Mineral Regulation: Percentage of environmental authorisation granted within the prescribed timeframe and percentage of complaint renewed prospecting rights. It was reported that the Management subsequently removed the indicators/measures from Annexure E on the basis that they were erroneously included and that they were dropped from the APP at the strategic planning session held on 16 to 17 November 2017.
3. The titles of the following indicators/measures in Part B: Programme and sub programme plans of the APP is not consistent with the titles in the Annexure E: Technical measure description
 - Programme 3: Mineral Regulation: Percentage of approved SLPs published and number of mine environmental management tools developed. It was reported that Management subsequently updated Annexure E and made the indicator/measure titles consistent with Part B of the APP
4. The following findings relate to the accuracy of the method of calculation/analysis in Annexure E:

4.1 The method of analysis (calculation) documented in the technical measure description (Annexure E) for the following indicators/measures is incorrect:

No.	Measure	Method of Analysis
Programme 2: Mine Health and Safety		
1.	Percentage of Administration of Government Certificate of Competency (GCC) exams policy	(Number of procedures in the model not properly implemented divided by the total number of procedures in the model for Certificate of Competency)x100
2..	Percentage Adherence to existing SLAs	Number of Agreement not properly implemented divided by the total number Agreements entered into) x100

4.2. The method of calculation in the technical measure description (Annexure E) for the following indicators/measures has been documented incorrectly. The correct calculation should be the number of complaints attended divided by total number of complaints received x 100

No	Measure	Method of Calculating
Programme 3: Mineral Regulation		
1.	Percentage of complaints received versus inspected.	Number of complaints received divide by number of complaints attended to x 100
2.	Percentage Adherence to existing SLAs	Number of Agreement not properly implemented divided by the total number Agreements entered into) x100

- 4.3 The method of calculation in the technical measure descriptions (Annexure E) for the following indicator/measure includes subtracting the total number of complaints referred/closed, which is not related to the measure title:

No.	Measure	Method of calculating
Programme 3: Mineral Regulation		
1.	Percentage of statutory notices/orders issued to remedy inadequate financial provision	Total number of inspection conducted divide by a number of statutory notices and directives issued minus the total number of complaints referred/closed x 100

It was reported that Management subsequently corrected the method of calculation in the draft APP.

5. The means of verification for the following indicators was not specific:
- 5.1 The means of verification in the technical measure description (Annexure E) for the following indicators/measures has been stated as reports. The measure definition does not indicate which reports are being referred to: therefore, the measure is not specific:

No.	Measure title	Means of verification
Programme 4: Mineral Policy and Promotion		
1.	Number of Mine Environmental Management too developed	Reports

- 5.2 The means of verification in the technical measure description (Annexure E) for the following indicators/measures has been stated as reports. As the measure is referring to development of Minerals and Petroleum Investment Promotion Strategy, the means of verifications should be a strategy documents or similar

No.	Measure title	Means of verification
Programme 4: Mineral Policy and Promotion		
1.	Development of Minerals and Petroleum Investment Promotion Strategy	Reports

It was reported that Management subsequently updated the means of verification to be specific and relevant to the indicator/measure.

5.3 The means of verification in the technical measure description (Annexure E) for the following indicators/measure has been stated as either a list or reports. A list of number inspections conducted or a list of number of audits conducted cannot serve as primary source data. The list (which is a secondary source) should rather accompany the reports which are the primary source (list of inspections and inspection reports):

No.	Measure title	Means of verification
Programme 2: Mine Health and Safety		
1.	Number of inspections conducted	List of number of inspections conducted per region or inspections report
2.	Number of audits conducted, individual audits included	List of number of audits conducted per regions or Audit reports

It was reported that Management subsequently updated the means of verification to make it specific and to ensure that it refers to primary source data.

These are the key considerations when AGSA was reviewing the APP

- Is there a clear link between a strategic objectives and each programme
- Logical link between mandate/legislation/strategic objectives actions and the indicators and targets?

- Does APP include all indicators (incl. MTSF) relating to core function arising from mandate?
 - Are performance targets specified for each performance indicator?
 - Quarterly targets included for indicators that need to be reported quarterly?
 - Is each performance indicator well defined, verifiable and relevant?
 - Is there a technical indicator description for each indicator?
 - Is each performance target specific, measurable and time bound?
 - Clear and reliable baseline information used for each target?
- Overall alignment between the budget and APP evident and clear?

6. Briefing by Researcher

The Researcher, Dr. Nicol presented the 2018/19 Annual Performance Plan of the Department of Mineral Resources. The reference points were DMR APP, DMR strategic plan 2014/19, 2018 budget book from the National Treasury, Portfolio Committee on Mineral Resources BRRR 2017. The contents included the BRRR 2017 and the APP and Budget 2018, progress with legislation and policy, performance issues in the budget and contributions to national revenue from mining as shown in the budget review.

Dr. Nicol highlighted the recommendations which the National Treasury and the Department did not act upon in the BRRR 2017. The Committee recommended that substantial investment in the Council for Geoscience mapping and research programmes. (extra 386.3 granted, about 1/3 of CGS request). But Treasury did respond to the BRRR, in a document tabled on 05 April 2018 where it indicated that the Council for Geoscience received an allocation of R1.3 billion over the 2018 MTEF (259.3 million in 2018/19, R494.7 million in 2019/20 and R521.9million in 20/21) mainly towards the operations of the entity. Cabinet has approved an additional allocation of R90 million through the Economic Competitiveness and support package in

2018/19 for the council's digital information system, building, equipment and facilities that are aimed at improving the services and quality of analytical and research work offered by the entity. Additionally, the department will be transferring R1 million in 2017/18, R1 million in 2018/19 and R1 million in 2019/20 through the Expanded Public Works Programme for the rehabilitation of derelict and ownerless mines.

The department did not act upon the following recommendations:

- 'The development of an annual report for the new Environmental Mineral Resource Inspectorate (EMRI)
- Appropriate performance measures that reflect on the role of the SA Mineral Resource Administrative Database (SAMRAD).
- The finalisation and implementation of the Women in Mining Strategy.

Dr Nicol outlined the progress in implementing legislation and policy for mineral resources from October 2017 – March 2018. There has been a clear lack of progress in developing coal policy, beneficiation and consequences for mining due to the passing of Spatial Land Use Management Act (SPLUMA). Furthermore, two new bills which are amendments to Mine health and safety and Minco Bill to Parliament were promised to be tabled in 2017/18 and nothing is reflected in the 2018/19 APP regarding the above mentioned bills.

With regards to performance measures for the DMR, on the Administration programme, there were two measures revised and one dropped. On Promotion of Mine Safety and Health, one measure was added. On Mineral Policy and Promotion, one new measure, one superseded and several targets were adjusted.

Dr Nicol indicated that the number of mines rose by 8% but inspections fell by 16% which raises a big concern. The target set in the DMR strategic Plan 2014/19 for number of Environmental Compliance Inspection vs number of mines was not met. The target was reduced by quarter in the APPs due to "cost constraints".

Since July 2017, the DMR has tried to ensure that “100 per cent of approved Social and Labour Plans” are accessible to the public. Modalities are still being attended to. The following errors and inconsistencies in the 2018/19 APPs of the DMR entities and the 2018 ENE were noted. The Coal policy, due for completion in 2015/16 was deferred to 2016/17 and is still not published. Unachieved performance targets in one year are regularly dropped from inclusion in the next. Once a target is set, it should not be retired – or delayed without a full explanation.

The DMR has convinced the Committee (but not Treasury) that it is underfunded in at least three respects:

- Council for Geosciences (mandate under the Act and R20 billion needed for mapping)
- Environmental inspectorate (new responsibilities have not come with adequate resources) (9% increase in the number of operating mines since 2014 – 1637 t 1786)
- SAMRAD (the DMR lacks the funds for a world class database on the identity of right holders and where rights have been granted).

This expenditure is needed because of the role of the DMR as the custodian of the mineral wealth.

7. Departmental Strategic and Annual Performance Plan 2017/18

The DG, Adv. T Mokoena tendered apology for the Minister and the Deputy Minister. He gave a presentation outline

The DG presented the department structure overview. He outlined the APP and applicable principles as follows:

- Management Involvement – APP was developed by management of the department under the guidance of the Executive Authority.
- Realistic Targeting – the adopted performance targets accurately reflect what the DMR will endeavour to achieve given the available human and financial resource and the prevailing operating conditions.

- Alignment – the APP remains in line with the tabled 2014-2019 Strategic Plan
- National Outcomes- the department continue to aim to achieve its strategic objective that are aligned to the National Outcomes.
- Strategic Goals – the department continue to aim to achieve its strategic goals:
 - Increased investment in the mineral, mining and petroleum sectors
 - Transformed mineral sector
 - Equitable and sustainable benefit from mineral resources
 - Efficient, effective and development oriented Department
- Focused and Consistent strategy aimed at delivering organisational Vision and Mandate

The DG indicated that the department followed a roadmap towards delivering a quality assured 2018/19 Annual Performance Plan. The APP first draft was submitted to the DPME by 31 August 2017. The second draft was submitted to the DMR Internal Audit and DPME again on 30 November 2017. Then submitted to Auditor General for review on 31 January 2018. On 28 February 2018, DMR management team had engagement with both DPME/AG to facilitate input on the final draft. The draft APP was then tabled to Parliament on 08 March 2018.

The DG reported the following milestones that have been achieved post the tabling of the 2018/19 Annual Performance Plan

- Mining Charter Engagement with Social Partners (17-18 March 2018)
- Ongoing Mining Charter consultations with relevant stakeholders
- Artisanal and Small Scale Mining Bill in research phase

The DG reported on the audited Performance Overview, where the department received a clean audit report.

The 2018/19 situational 2018/19 analysis was presented as follows:

Performance Delivery Environment	Organizational Environment
<ul style="list-style-type: none"> Global Growth is firming as per the June 2017 Global Economic Prospects released by the World Bank 	<ul style="list-style-type: none"> The department has embarked on a restructuring process which also involve business process mapping exercise
<ul style="list-style-type: none"> Government 14-Point plan aimed at invigorating the economy has mining as one of the key pillars 	<ul style="list-style-type: none"> There will be effort with speed to recruit, develop and retain qualified and diverse workforce
<ul style="list-style-type: none"> Fixed Capital Formation in mining has been on the increase under MPRDAA, from R18 billion 2004 to R93 billion in 2016 (Source: SA ResBank) 	<ul style="list-style-type: none"> Budget cuts have negatively impacted on operations and in response the DMR will be re-organising and multi-skilling staff and job rotating
<ul style="list-style-type: none"> GDP contribution was 7.9 % in 2016, a slight decrease from 8% in 2015 	<ul style="list-style-type: none"> Regulatory uncertainty – Finalisation of MPRD Amendment and review of Mining Charter
<ul style="list-style-type: none"> Mining Fatalities, Injuries and Occupational Disease on a downward trend 	<ul style="list-style-type: none"> Illegal Mining – fast track the rehabilitation of D&O mines and ensure that these sites don't become prone to illegal mining activities
<ul style="list-style-type: none"> Focus on transparent administration aimed at empowering historically disadvantaged South Africans and especially women in terms of the MPRDA 	
<ul style="list-style-type: none"> Revitalisation of Distressed Mining Communities and Labour sending areas aimed at addressing social economic challenges in mining districts 	
STRATEGIC GOALS	
<ul style="list-style-type: none"> Increased investment in the mineral, mining and petroleum sectors Transformed minerals sector Equitable and sustainable benefit from mineral resources Efficient, effective and development- oriented Department 	

The DG outlined the expenditure trends. He gave an opportunity to the DDGs to present their programs which the researcher has alluded to in his analysis.

The DG assured the committee of the 2018/19 APP responsiveness to 2018 SONA. He indicated that the department has since ensured that the approved and tabled 2018/19 Annual Performance Plan brings to life the commitments of the State President as outlined below:

1. Resolve the Mining Charter impasse

- On the 17 and 18th march 2018, the Minister met with representatives of organised business and organised labour and engaged on finalisation of the Mining Charter (2017) issues of growth and competitiveness of the industry. Two task teams were established, one to engage on the Mining Charter and transformation issues, and the other one to engage on growth and competitiveness of the industry. The department was currently in engagement with communities and other relevant stakeholders
- The department has started engaging meaningfully with all mining industry stakeholders to find progressive solutions as mining is the bedrock for the South African Economy which can contribute towards Transformation, Job creation, Economic Growth
- The department will continue to support the implementation of the Framework Agreement for a sustainable mining industry
- Transformation remain central to a drive towards the programme of empowering historically disadvantaged South Africans, in a quest to normalise society, implementation of the mining charter was a necessary tool to transform the industry
- They department has already started with consultation with communities and stakeholders in the mining industry and conducting industry workshops across the country aimed at finalising the Mining Charter.

- The MPRDA is reported to be currently undergoing a Parliament process and the department remained committed in the provision of support to ensure finalisation of the MPRD Amendment Bill during 2018/19 financial year.

2. Contribute to Economic Growth through Mining

- The Mining Charter will make provision for contribution and support for the development of SMMEs including the development of women owned SMMEs; employment equity and transformation targets
- The department assured that the review process takes into account the delicate balance between business interests, community and labour interest.

3. Promote Mining Investment in South Africa Mining Licence Applications

The DMR will continue to:

- Ensure that there is strict adherence to applications processing turnaround times
- Accelerate processing of section 11 and 102 applications thus attracting new investment and creating jobs
- Facilitate diamond trade, issue licenses to enable diamond and precious metals trade through the SADPMR

MAPPING

The department will be implementing an integrated multidisciplinary Geoscience Mapping Programme aimed at generating information intended to secure sector growth through exploration and targeting new job creating investments. The programme will be covering the following themes:

- Minerals and Energy resources
- Geohazards (e.g. Mine Seismicity)
- Environment (Legacy, air, surface and ground water and regolith)

Diamond Industry

- Through the State Diamond Trader (SDT), the department will be increasing security of supply of suitable rough diamonds to clients for beneficiation
- The SDT will be investigating other forms of funding aimed at supporting its mandate of making rough diamonds available to a broader client base
- Attraction of new entrants to the beneficiation of rough diamond for non-jewellery applications
- The SDT will work with the Gauteng Industrial Development Zone (GIDZ) and SEDA Platinum incubator to setup an “Equipment Hub” aimed at supporting new entrants to the industry with access to infrastructure

Alternative Applications

The DMR will through Mintek ensure that it promotes alternative mineral beneficiation projects like:

- PGM catalyst to be used in the hydrogen fuel
- Metal – based HIV diagnostics test kits
- Allow development for jewellery application and prevention of corrosion

4. Promote Sustainable Mining**The DMR will continue to ensure sustainable mining through:**

- Ensuring that there is development of technologies aimed at improving mining efficiency and processes through research work at Mintek. During the upcoming year focus will be on provision of Gold, PGM and Base Metal Expertise, water efficient Mineral processes, Mine Site Rehabilitation, Mine Dumps treatment, underground ore processing, solid waste treatment and metal recovery and mine affected effluent treatment

- The department has already begun the work of reviving social dialogues in the sector and committed to continued engagement of social partners
- Two work streams have been established with government, organised labour and organised business focusing on Transformation and investment and growth

5. Continue to transform the mining Industry through transparent implementation of legislation (MPRDA)

Diversification

- Through the SDT, the department will ensure that new entities venture into new beneficiation channels like non-jewellery beneficiation of rough diamonds thus resulting in sector transformation
- The SDT will work with the Gauteng Industrial Development Zone (GIDZ) and SEDA platinum incubator to set-up an Equipment Hub” aimed at supporting new entrants to the industry with access to infrastructure and beneficiation critical equipment
- Through Mintek, the department will promote the mineral-based economies of rural and marginalised communities through technical assistance and skills development. The training projects will include: Small Scale Mining, Glass and Waste recycling and Reprocessing, Jewellery design and Manufacturing Potter Design and Manufacturing
- Through Mintek, the department will conduct training of young black female engineers and scientist.
- Hosting of Mining Industry workshops at Mintek
- Host the DST non-aligned and other countries training programme

Compliance

- Through the SADPMR, improve participation of the historically disadvantaged individuals by training, conduct inspections and audits to verify transformation commitment of licenses as per Broad Based Socio Economic Empowerment Charter.

6. Promote Health and Safety across mining sector

- With regards to health and safety, there has been meetings with the CEOs of poor performing mining companies
- Ensure that fatalities and injuries are reduced by 20% per annum
- MHSI branch to conduct a total of 396 planned audits
- MHSI branch to conduct a total of 8 000 planned inspections
- Convene 40 regional Tripartite Forums (RFT)
- Convene a Health and Safety Summit during November 2018.

8. Briefing by Mine Health and Safety Council (MHSC)

The Acting Chairperson of the board, Mr M Zondi welcomed and opportunity to present and introduced his team. Mr T Dube, the CEO outlined the contents of the presentation, which were MHSC history and Journey to Zero Harm, MHSC Alignment to National Initiatives, MHSC Mandate, Vision, Mission and Goals, MHSC Operating Structure, MHSC Strategic Objectives and Summit Milestones, Approved Budget and Conclusion.

Mr Dube outlined the MHSC alignment with National Initiatives which are the National Development Plan (Chapter 9, 10 and 13) and State of the Nation Address (SONA) and the Nine Point Plan to Ignite Economic Growth.

With regards to elimination of fatalities and Injuries, it was indicated that every mining company must have a target of Zero Fatalities. Up to December 2016, the target was a 20% reduction in Serious Injuries per year. From January 2017, there was a target of 20% reduction in Lost Time Injuries (LTI) per year. With regards to elimination of noise induced hearing loss, it was indicated that by December 2024, the total operational or process noise emitted by any equipment must not exceed a sound pressure level of 107 dB (A). With regards to Standard Threshold Shift (STS) for individuals, it was indicated that by December 2016, no employee's (STS) will exceed 25dB from the baseline.

With regards to elimination of lung diseases, by 2024, 95% of Exposure Measurement Results will be below milestone levels of coal dust, crystalline silica and platinum respirable particulate dust. Using present diagnostic techniques, no new cases of occupational diseases: silicosis and pneumoconiosis will be reported. The "Guideline for the compilation of a mandatory code of practice for an occupational health programme on persona exposure to airborne pollutants 'has been promulgated. Awareness workshops to assist the industry on the requirements of the Guideline will be completed by the end of the 2nd quarter of 2018/19 financial year.

Mr Dube reported that MHSC has completed the integration and simplifying of the compensation system and rehabilitation of mine workers injured on duty.

With regards to reduction and prevention of TB, HIV and AIDS, it was reported that there has been a roll- out of the "Guideline for the compilation of a mandatory code of practice fo the implementation of the integrated policy on HIV/AIDS, TB and Occupational lung diseases". The guideline seeks to enable the employer at every mine to compile a COP that would assist the employer to manage HIV, TB and Occupational Lung Diseases within the mine workplace. Implementation of Memorandum of Understanding with the Chamber of Mines on adoption of the Masoyise iTB and MHSC leading to improved awareness and outcomes in B and HIV management. Other

collaborations include: DoH (Department of Health), SABCOHA (South African Business Coalition on Health and Aids), FPD (Foundation for Professional Development), Aurum local community organisations and government etc.

The aim of promotional campaign in 2018/19 was to encourage employees and communities to know their TB, HIV and other lifestyle diseases for better management and care. The guidelines for Tuberculosis Preventive Therapy among people living with HIV and Silicosis in South African (IPT Policy and DOH ART Guideline) to be promoted at forums such as AIDS Conferences, RFT meeting and events such as World TB Day.

With regards to the culture transformation framework (CTF) promoted by the Council, it was indicated that by December 2020 there will be 100% implementation of the six pillars. During the Summit held on the 17 - 18 November 2016, stakeholders recommitted themselves to the agreed 2014 milestones and further committed to the implementation of the following initiatives:

- Promotion of Tripartite Visible Felt Leadership
- Mining Principals Engagement/Meetings
- Improvements Communications
- Addressing Trust Deficit
- Supervisor and Employee Empowerment and
- Annual Mining Companies Health and Safety Days.

Mr Dube outlined the special MHSC projects as follows:

- Women in Mining (WIM)- campaigns to promote awareness on OHS and security issues relating WIM are being undertaken across the county through the Regional Tripartite Forums (RFTs) across the country.
- Dissemination of booklets, guidelines and promotion material on PPE for WIM and material for the prevention of sexual harassment
- Men pledging to end sexual harassment against WIM

- The development of an illustrative handbook to create awareness on Health, Safety and Security challenges impacting WIM in the SAMI is envisaged to be completed in the first quarter of the 2018/19 financial year
- A WIM workshop is scheduled to take place in Gauteng in the 2nd quarter of the 2018/19 financial year.

Mr Dube reported that MHSC and MOSH Learning Hub (an initiative of the Chamber of Mines) has signed an MOU and an implementation plan that is aimed at promoting and strengthening collaboration in the identification, dissemination, adoption and promotion of leading or best practices following areas:

- Elimination of falls of ground accidents
- Elimination of transport and machinery accidents
- Elimination of occupation lung diseases
- Elimination of noise induced hearing loss
- Promote the implementation of the CTF focussing on human factors, organisational factors, leadership, communication etc.
- Eliminate other OHS (Occupational Health and Safety) risks in the SA mining industry.

The CFO presented the approved budget overview for 2018/19. The income received amounted to R 124 883 810 (mainly from levies from mines, the DMR contributes R4 803.00-million annually from its budget). The CFO indicated that the majority of Expenditure related to Centre for Excellent OHS research. There was no surplus recorded for 2018/19. The CFO outlined the use of Surplus Funding as follows:

- Surplus funds expected to be depleted by 2021
- Based on approved medium term budget (2019-2021)
- Surplus Funds to be utilised as follows:

Acquisition of MHSC Building and Research laboratory	R40m
Centre of Excellence – Mine Occupational Health and Safety Research Projects	R7 m
Upgrading of Mine Occupational Health and Safety Research Facilities	R58m
The expansion of the South African nation Seismograph Network (SANSN) into the Bushveld Complex	R23m
Total	R128m

Mr Dube concluded that it is important that all stakeholders continue to live the theme “every mine worker returns from work unharmed every day, striving for Zero Harm”. Increased participation of tripartite forums, professional mining associations, mining companies and other stakeholders is paramount. Commitment of all stakeholders is critical to ensure that MHSC strategic objectives including 2014 milestones are achieved, including the 2016 Summit pledge.

9. Briefing by Council for Geoscience (CGS)

The Chairperson of the Board (CGS) Dr. M H Mathe opened the presentation by introducing his team and four PhD graduates, who have been funded the Council, he further informed the Committee about the success of the entity in drilling boreholes, (165 metres underground) that produces three million litres of water per month in Beaufort West, in February 2018 which went a long way in addressing water shortage in the area. The Committee was reminded that the CGS has consistently obtained unqualified audit for the past 16 years, furthermore the Council was encouraged by the recovery of the mineral prices, as this will assist the entity to intensify its multidisciplinary approach to its geological mapping programme, while at the same time contributing to diversifying the energy mix of the country.

The Chairperson further committed the Board to the following initiatives:

- Investigating shale gas and geothermal technology
- Applying artificial intelligence principles to geological science problems
- Pursue geo-environmental studies and assess uranium deposits
- Upgrading of laboratory services
- Pursue collaborative partnerships

The CEO, Mr. M Mabuza introduced the mission and vision of the entity and proceeded to emphasize that it is important to always align the vision of the entity with National imperatives, namely the National Development Plan (NDP) and the Medium Term Strategic Framework (MTSF). The Committee was informed about the Geoscience Mapping programme, which aims to map the country at a scale of 1:50 000. Noting that countries (Australia, Canada and Namibia), that have been successful in mapping their countries to the equivalent level of resolution, account for about 40% of exploration activity.

Mr Mabuza also informed the Committee that the Council is also targeting poverty nodes around the country with an aim of transforming such areas using geo-physical solutions. Furthermore, the Department of Science and Technology will second a PhD graduate to assist the CGS in applying artificial intelligence to geoscience solutions

The following two programmes were presented to the Committee:

Carbon Capture storage, focusing on the Zululand basin which has a potential of storing carbon

Preliminary geothermal map of the country

The CFO presented the finances by outlining the budget for 2017/18 – 2020/21. He presented the revenue analysis and expenditure for 2017/18 to 2020/21.

CGS has faced the following funding challenges:

- Additional requisite funding of R20 billion is sought for the multi-disciplinary and integrated mapping programme
- An amount of R1.82 billion was requested for the MTEF period 2018/19 -2020/21
- A total of R386m is allocated for the MTEF period
- It is difficult to plan, employ the requisite capacity and deliver expediently when funding is not guaranteed

With regards to financial outlook, it was reported that:

- Liquidity Ratio is 2:1. This means that the CGS is able to meet its financial obligations
- A steady balance sheet position is maintained with total assets of R613m
- Income generation expected to be R414m. This includes baseline Allocation, Ring-fenced MTEF projects and Revenue from collaborations
- The CGS has over 15 years consistently been obtaining unqualified audit opinions from the AG and it is now aiming to obtain clean audit opinion hence forth
- The CGS is in good financial standing in the short term
- Ring-fenced funding is short- term and does not allow for permanent appointment of personnel
- An amount of R386 million has been allocated for the new MTEF project from 2019/20 to 2020/21 which does not form part of the baseline
- An increase in the baseline allocation is required in order to plans for the long term

10. Briefing by Mintek

Ms K McClain, the Board Member introduced her delegation, and brought to the attention of the Committee the fact that Mintek has recently won two awards (Best public sector company and Best Community Empowerment programs), she handed over to the Acting Chief Executive Officer (CEO)

The Acting CEO, Mr D Msiza proceeded to present strategy 2030, adding that it is also aligned to the NDP, State of the Nation Address and the DMR strategic plan. The strategy has four key pillars namely

- Beneficiation
- Re-innovation
- Transformation
- Business Strategy

Mr Msiza expressed relief that mineral prices are stabilizing; it was becoming clear that the industry is emerging from the downturn. This will assist the entity to better finance its scope of work, which entails mining, processing, refining and manufacturing. Mr Msiza reported that about 1060 projects were underway in 2017, this bold well for Mintek whose commercial income is a function of exploration pipeline activity. The CEO stressed that better economic prospects does not imply that state funded work will be ignored as it forms a core part of the entity's mandate.

Work is being pursued with respect to catalysis, technology metals, water and mine affluent processing, waste and tailings treatment. Furthermore, work on Platinum Group Metals (PGM) will focus on fuel extending cells as opposed to auto catalyst technology. Furthermore, the entity will continue to market its services extensively through engaging other stakeholders, and maintaining presence in investment, technology and commodity conferences.

With regards to Skills Development Programmes, Mintek plan to fund 60 under and post graduates' students from 2018/19 to 2020/21 financial year. Regarding other educational initiatives, the entity plans to train 120, 140 and 140 students during 2018/19, 2019/20 and 2020/21 financial year respectively, on work integrated learning, artisan programme and community training.

Key Interventions for 2018/19

The following three key interventions were identified for the current financial year

- Inculcating a culture of innovation
- Increasing woman representation
- Form industry partnerships to improve mining experience

Financial Plan

The Chief Financial Officer presented the financial plan of the entity, starting by the statement of financial position, current assets were valued at R 503 million while current liabilities were equal to R 301 million resulting in a net worth of R 202 million. The state grant to the entity excluding VAT for the medium term will be equal R 420,3 million in the current financial year falling to R 369, 9 million in 2019/20 and rising again to reach R 390,3 in 2020/21 financial year. The CFO explained that commercial revenue of the entity has been experiencing steep decline as a result of slow economic activity which has been prevalent, in the local and global economy

11. South African Diamond and Precious Metals Regulator (SADPMR)

The Chairperson of the Board, Mr Ngqeza introduced his team and indicated the Acting CEO will lead the presentation. Mr. Mbonambi introduced the mandate and the organizational structure of the regulator, which entail trade facilitation, Kimberly Process (KP) implementation, precious metals regulation and the enforcement of section 100 of the MPRDA to ensure transformation of the industry.

The SADPMR has a staff complement of 119 (70 females and 49 male) of which 109 are Africans. In presenting the Annual Performance Plan, the CEO listed 5 strategic objectives of the entity which entails;

- Improving competitiveness and job creation in the diamond and precious metals industry
- Transforming the diamond and precious metals sector
- Promoting equitable access to resources for local beneficiation
- Enforcing compliance with the legislative requirements
- Improving organizational capacity for maximum execution

Mr. Mbonambi proceeded to demonstrate how the above strategic objectives are linked to the National Development Plan and NDP focus areas. A reservation was expressed by the CEO on the exemptions in terms of section 74 of the Diamond Act of 1986, as it tends to limit the quantity and quality of diamonds that are available to local diamond beneficiaries

Financial Plan

The Chief Financial Officer presented the financial plan of the entity, transfer payments to the entity were R 59,1, R 62,4 and R 65,8 million for the 2018/19, 2019/20 and 2010/21 financial year respectively. The above transfers will result in surplus of R 3, R 3,2 and R 3,4 million for the corresponding period after the respective expenditure has been incurred.

12. Briefing by State Diamond Trader (SDT)

The Board member of the SDT tendered an apology for the Chairperson who could not attend due to other engagements. He handed over to the new CEO, Mr S Mnguni who presented 2018/19 APP and Budget for SDT. In his introductory remarks he said during the review of the strategic environment for 2018/19 and beyond, the board of the SDT made the following observation and challenges to its mandate:

- The conceptualisation of the SDT was premised on the assumption that all rough diamond produced in South Africa can be economically cut and polished locally resulting in the inaccurate conclusions in relation to the funding of the entity and its ability to grow local diamond beneficiation'
- An analysis of rough diamonds purchased in an eighteen (18) months cycle found that only 15% purchased by the entity were desired by clients.

The CFO presented the budget of the SDT for 2018/19. The projected sales for the year are recorded at R751 378 905. The Cost of Goods sold were recorded at R720 891 131. The Gross Profit was recorded at R30 487 774. The Earnings before Interest and Tax (EBIT) are projected at R1 152 596 this is after covering the overheads of approximately R29 335 178.

13. Observations

The Committee following its deliberations noted the following concerns:

- The delays to fast-track legislation continue to have a negative impact on the investment climate for mining in South Africa.
- The organograms of many of the entities reflect a lack of demographic representation in senior management. The Committee appreciates the conscious and planned efforts of entities like Mintek and CGS to train new technically-skilled executives from within and to develop previously disadvantaged groups across the employment spectrum.
- As per the findings of the Auditor General, the Committee notes that the DMR performs a great deal better than many other government departments and that its entities are responsible and well-managed.
- The financial and operating model of the State Diamond Trader is increasingly becoming more unsustainable, as evidenced by the increasing reliance on debt finance, this continue to present a growing financial risk to the entity.
- A number of acting positions within the DMR as well as entities continue to pose stability risk to the department's ability to effectively fulfil its mandate.
- Clear challenges confront the Mineral Resources Portfolio because of inadequate budget allocations. The Committee require details on what is not being done because of budget limitations and what are corresponding implications for service delivery.
- There is a lack of information on the level of skills available to the mine health and safety inspectorate and whether these are adequate for a wide range of geological and technological challenges associated with mining.
- The DMR should ensure that Social and Labour Plans are published, so as to ensure transparency and easy access for communities to the commitments of respective mining companies.

- Exemptions with regard to section 74 of the Diamond Act (1986) continue to pose challenges to the SADPMR in discharging its transformational mandate
- There is a risk of mandate creep in the SADPMR, which will make it difficult to distinguish the functions of the entity to those of the State Diamond Trader
- Despite improved funding for the CGS, the ratio of baseline to MTEF funding continue to be unfavourable, this will result in the entity losing scientist which it has spent considerable resources training and mentoring, due to its inability to offer job security (long vs short term contracts for PhD graduates)

14. Recommendations

Having considered the Strategic Plan, Annual Performance Plans and budget for the Department of Mineral Resources and its entities, the Committee recommends as follows:

- DMR should present to the Committee strategies which are outstanding from previous financial year's commitments namely; Woman in Mining and Coal Strategy etc.
- The DMR should present a plan to the Committee clearly demonstrating how it is going to address the backlog on the MTSF goal of rehabilitation of ownerless and derelict mines.
- The DMR should report to the Committee on their mineral beneficiation strategy and its coordination with other relevant departments, entities and agencies.
- The DMR should present to the Committee the list of all Bills in the pipeline with corresponding timelines to table such Bills in Parliament
- The Minister should revise the APP to formally incorporate key initiatives that are presently excluded, such as Mining Phakisa, Artisanal Mining and Small-Scale Mining Bill and the Vision 2030 mining growth strategy.

- The DMR should provide full information on the training undertaken for its staff with relevant positions as well as respective gender profiles.
- The SDT should conclude a comprehensive (fully costed) financial and operational model review, to come up with a sustainable model that will eliminate reliance on debt financing and applicable proposals to address legislative defects.
- The DMR to communicate and commit to a timeline to substantially reduce acting positions within the department and entities, in order to enhance stability in the organization
- SADPMR to submit concrete proposals to the Committee on the required corrective legislative measures pertaining to Section 74 of the Diamond Act
- SADPMR to take measures that ensure its mandate continue to deal with the regulation of all precious metals, and position itself in a manner that distinguishes it from the SDT.
- The CGS to craft a long term human resource retention strategy, which will ensure that the institution does not lose valuable intellectual capital, necessary for the fulfilment of its mandate

15. Conclusion

The Committee thanks the Department and the entities for the in-depth discussions on their Annual Performance Plans and Budget for 2018/19 financial year.

Report to be considered.

2. Report of the Portfolio Committee on Higher Education and Training on the Revised Addis Convention on the Recognition of Studies, Certificates, Diplomas, Degrees and Other Academic Qualifications in Higher Education in African States and the Explanatory Memorandum, tabled in terms of section 231(2) of the Constitution, 1996, dated 14 February 2018

The Portfolio Committee on Higher Education and Training having considered on 14 February 2018 the Revised Addis Convention on the Recognition of Studies, Certificates, Diplomas, Degrees and Other Academic Qualifications in Higher Education in African States as well as the Explanatory Memorandum, tabled in terms of section 231(2) of the Constitution, 1996, notes and accepts the submission made by the Minister of Higher Education and Training and the Department on the report, and recommends to the National Assembly (NA) the ratification of the Convention/Agreement for approval by the House.

Report to be considered.

3. Report of the Portfolio Committee on Rural Development and Land Reform on Budget Vote 39: Rural Development and Land Reform, dated 03 May 2018

The Portfolio Committee on Rural Development and Land Reform, having considered the Strategic Plans (2015 – 2020), the 2018/19 Annual Performance Plans, and allocation of budget for the Department of Rural Development and Land Reform, the Commission on Restitution of Land Rights, the Office of the Valuer-General, and the Ingonyama Trust Board, reports as follows:

1. Background and introduction

This report accounts for processes facilitated by the Portfolio Committee on Rural Development and Land Reform (the Committee) to consider Budget Vote 39: Rural Development and Land Reform. The Vote encompasses the Department of Rural Development and Land Reform (the Department), the Commission on Restitution of Land Rights (the Commission), the Office of the Valuer-General (OVG) and the Ingonyama Trust Board (ITB). Briefings on, and analysis of, strategic plans, annual performance plans and estimates of expenditure formed an integral part of the afore-mentioned processes aimed at enforcing accountability of the Executive. The plans and resource allocation were assessed against key policy priorities drawn from the 2018 State of the Nation Address (SONA), the National Development Plan (NDP), Medium-Term Strategic Framework (MTSF), the Estimates of National Expenditures (ENE) from the National Treasury, and the 2018 Budget Speech by the Minister of Finance. The Committee also drew on its past Budget Vote Report and Budget Review Recommendations Reports (BRRR) in order to aide assessment of implementation progress and policy direction. The Auditor-General's assessment of the plans, as presented on 18 April 2018 provided insights on compliance with relevant prescripts. The briefing sessions with the ITB and the Commission were held on 18 April May 2018 whereas the OVG and the Department appeared before the Committee on 20 April 2018. The Committee further deliberations on the operational plans of the four on 25 April 2018. The final report was adopted on 03 May 2018.

The principal concern of this report is whether the key priorities of the Department were clearly enunciated, supporting programmes were put in place and sufficient resources were allocated to give effect to the Constitutional imperatives to redress skewed land ownership patterns in Section 25 of the Constitution which addresses three rights, that is right to equitable land access, tenure that is legally secure or comparable redress and right to restitution. Given this focus, this report proceeds as follows: It

presents an overview of the strategic context and review the priorities as well as estimates of expenditure of the Department and its entities; it documents the Committee's key conclusions, taking into consideration the implementation track record of the Department; and it concludes with recommendations for consideration by the National Assembly.

2. The Department of Rural Development and Land Reform

The mandate of the Department, in terms of the Strategic Plan 2015-2020 herein after referred to as the Strategic Plan, is to create and maintain an equitable and sustainable land dispensation; and acting as a coordinator and catalyst in rural development to ensure sustainable rural livelihoods, decent work and continued social and economic advancement of all South Africans. The mandate draws on Sections 24, 25 and 27 of the Constitution of the Republic of South Africa, which is about sustainable development and use of natural resources, redress of racially-based property relations, and access to sufficient food and water. Against this backdrop, the vision of the Department is to ensure attainment vibrant, equitable and sustainable rural communities. Its mission is to initiate, facilitate, coordinate, catalyse and implement an integrated rural development program. The vision and mission of the Department are underpinned by agrarian transformation which is understood to mean a rapid and fundamental change in the relations (systems and patterns of ownership and control) of land, livestock, cropping and community.

2.1 Strategic context, goals and the key priorities for the 2018/19 financial year.

The Strategic Plan proposes concrete plans and interventions to address marginalisation and deprivation of the poor, especially those living in the rural areas. Such marginalisation and deprivation result from the legacy of apartheid's spatial design which excluded blacks from the mainstream of the economy, unequal land ownership patterns, underutilisation and unsustainable use of natural resources, weak coordination of planning and implementation of rural development programmes, and inability of rural areas to attract sustainable enterprises and industries. Government has committed itself to radical socio-economic transformation which entails a fundamental shift in the existing order of the agrarian relations; the patterns of ownership, power and production in favour of the poor and marginal groups. The Minister of Rural Development and Land Reform (the Minister) reaffirmed this policy position. However, recognises the complexity and suggests that such policy directive that aims to achieve radical agrarian transformation ought to be implemented in a manner that does not harm the economy, and undermine agricultural production and food security.

The Department, through a strategy referred to as the agrarian transformation system which comprehensively integrates land reform and rural development, intends to achieve the transformation of rural economy to meet basic human needs; support rural enterprise development; development of agro-village industries, sustained by credit facilities and value-chain markets; and improved land tenure. The approach is aligned with Chapter 6 of the NDP which puts emphasis on development of integrated rural areas where residents will be economically active, have food security, access to basic services, health-care and quality education. The crux of the relevant NDP intervention is the potential to create 300 000 jobs in different levels of farming. All these have been incorporated into the 2014-2019 MTSF of government which sets out the priorities as outlined in Table 1 below. The Committee welcomed the alignment of programmes of the Department to the MTSF priorities and the relevant SONA pronouncements. For example, increase the percentage of productive land owned by previously disadvantaged individuals from 11.5 per cent in 2013 to 20 per cent by 2019 (or 16.2 million hectares) will make more land available and inclusive agricultural industry.

Table 1: Alignment of the DRDLR Strategic objective with NDP and MTSF

NDP & MSTF Priorities	MTSF Activities	Strategic Objectives
Improved land administration and spatial planning for integrated development with a bias towards rural areas; up-scaled rural development as a result of coordinated and integrated planning, resource allocation and implementation.		Improved spatial planning. Improve land administration for integrated and sustainable use of land for development.
Sustainable land reform	Increase the percentage of productive land owned by previously disadvantaged individuals from 11.5 per cent in 2013 to 20 per cent by 2019 (or 16.2 million hectares).	Promote equitable land redistribution and agricultural development. Promote sustainable rural livelihoods. Restoration of land rights.
Improved food security	Reduce the percentage of households who are vulnerable to hunger from 11.4 per cent in 2013 to less than 9.5 per cent in 2020.	Provide comprehensive farm development support. Promote sustainable rural livelihoods.

Smallholder farmer development and support for agrarian transformation	Increase the percentage of productive land owned by previously disadvantaged individuals from 11.5 per cent in 2013 to 20 per cent by 2019 (or 16.2 million hectares).	Provide comprehensive farm development support.
Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas.		Facilitate infrastructure development to support economic transformation by 2020 Improved access to services.
Growth of sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services resulting in rural job creation.	Reduce the percentage of the population living below the lower bound poverty line (R443 in 2011 prices) from 32.3 per cent to below 22 per cent. Reduce rural unemployment from the current 49 per cent to less than 40 per cent.	Provide support to rural enterprises and development of rural industries. Job creation and skills development in rural areas.

The 2018 SONA places job creation for youth, amongst other priorities, high in the National Agenda. It also reaffirmed government's undertaking to set aside at least 30 per cent of public procurement to small, medium and micro enterprises (SMMEs), cooperatives, and townships and rural enterprises. The Department finds itself at the centre of these undertakings in so far as advancing the agenda in South Africa's rural areas. With regard to land reform, the SONA reaffirmed government's resolve to accelerate land redistribution, not only to redress historical injustice but also to widen access to land in order bring in more producers into the agricultural sector as stated above. It pronounced on government's intention to pursue land expropriation without compensation with a proviso that expropriation would be executed as one of the policy instruments to acquire land and implemented in a manner that increases agricultural production, improves food security and ensures that the land is returned to those from whom it was taken under colonialism and Apartheid. Realisation of this bold policy decision require collaboration of stakeholders, especially financial institutions, and government to mobilise resources to accelerate the redistribution of land which is of an utmost importance, if South Africa was to see the much needed investment in the agricultural sector.

Table 2 below illustrates the extent to which the Department's planning has taken into consideration the wider context and government-wide policy priorities set out in the SONA as introduced above.

Table 2: Strategic outcome oriented goals

Strategic Goal	Strategic Goal Statement
- Corporate governance and service excellence	- Foster corporate governance and service excellence through compliance with the legal framework
- Improved land administration for integrated and sustainable growth and development	- Improve land administration and spatial planning for integrated sustainable growth and development with a bias towards rural areas
- Promote equitable access to and sustainable use of land for development	- An inclusive and equitable land dispensation with transformed patterns of land tenure and use
- Promote sustainable rural livelihoods	- Improve rural livelihoods as a result of capabilities, income and job opportunities provided
- Improved access to services	- Improve access to services in rural areas through the coordinated of quality infrastructure
- Sustainable rural enterprise and industries	- Promote economically, socially, and environmentally viable rural enterprises and industries
- Restoration of Land Rights	- Restoration of Land Rights in terms of the Restitution of Land Rights Act, as amended.

Source: DRDLR (2015) Strategic Plan 2015-2020

Whilst Table 2 above illustrates the strategic goals; Table 3 below illustrates strategic objectives according to the five main programmes of the Department. The Committee noted that the strategic objectives of the Department largely remained unchanged since the tabling of the Strategic Plan (2015-2020). Appraisal of the priorities and strategic objectives, illustrated in Tables 1 and 3 demonstrates the extent of alignment of the programmes of the Department, the NDP and ultimately MTSF priorities. Section 3.1 of this report will demonstrate how each programme contributes to the priorities set out in Table 3 above.

Table 3: Strategic objectives of the Department of Rural Development and Land Reform

Programme	Strategic Objective
1. Administration	<ul style="list-style-type: none"> - Compliance with all public sector legal prescripts - Unqualified regularity audit opinion - Skills development for improved service delivery
2. National Geomatics Management Services	<ul style="list-style-type: none"> - Improved spatial planning - Integrated and comprehensive land administration system
3. Rural development	<ul style="list-style-type: none"> - Job creation and skills development in rural areas - Quality infrastructure provided - Functional and institutional arrangements - Facilitate the establishment of rural enterprises and industries
4. Restitution	<ul style="list-style-type: none"> - Land Rights restored - Redress land rights lost after 1913
5. Land Reform	<ul style="list-style-type: none"> - Strategically located land acquired - Support to rural communities to produce their own food - Farm development support provided to smallholder farmers

Source: DRDLR (2015) Strategic Plan 2015-2020

As discussed above, the medium-term budget of the Department focusses on rural socio-economic transformation through the Agri-parks, including implementation of the One Household-One Hectare as well as the One Household-Two Dairy Cows Programmes; acceleration of land redistribution to smallholder farmers; fast-track the settlement of claims; enhancing security of tenure for people living and working on farms, including accelerated delivery of the Strengthening of the Relative Rights Programme (50/50 Programme); and increasing job opportunities; and improving inefficiencies in land administration. The Committee noted that despite the pronouncement of the government's intention to pursue reforms that would make expropriation of land without compensation possible, neither the Department's 2018 Estimates of National Expenditure (ENE) nor the APP make reference to this major policy shift since the tabling of the strategic plan in 2015. The Committee noted with concern that both the Department has not included policy initiatives around clarification of 'just and equitable' compensation in their policy and legislative programme in line with this development, except for the OVG's plans to develop processes, procedures and guidelines around valuation. The Committee was of the view that expropriation of land without compensation would significantly impact on the structure of the Department and the manner in which it operated. This development is thus an important policy context not to ignore.

2.2 Priority legislation and policies to be developed over the medium-term

Since the 1997 White Paper on Land Policy, the Department has not published any overarching framework policy that ties all aspects of its work together, yet its mandate has expanded exponentially. The 2011 Green Paper on Land Reform and subsequent extensive public consultations have not resulted in the White Paper on Land Policy. Its outcome was many loosely connected policies and legislative amendments. The Committee noted that failure to produce a White Paper on Land Policy, coupled with inability of the Department to adhere to its own legislative programme, especially tabling of legislation in Parliament, symbolised capacity challenges confronting the Department. The Committee expressed profound concerns over lack of finalization of policy documents. For example, the Policy on Exceptions to the 1913 cut-off date, which is long overdue has disappeared from policy priorities. Similarly, the policy on access to Historical Land Marks and Heritage Sites as pronounced by the President during the SONA of 2012 is not included in the list of policies. The Committee expressed concern that the Department has moved on to other policies and there is no clarity around these policies. The focus of the Department has shifted to the following: (i) Policy framework: Review of the Deeds Registries Act of 1937 and geomatics functions; (ii) An operations policy to institute agricultural land ceilings; (iii) Policy contributions towards a land value tax; and (iv) An operations policy for evidence based policy research and development for rural development and land reform

With regard to legislative programme, the Committee observed that the track record of the Department was not satisfactory. During 2017/18, the Department tabled the CPA Amendment Bill and Electronic Deeds Registration Systems Bill. Therefore, only 2 of the 8 pieces of legislation were tabled in Parliament. For the 2018/19 financial year, the Department has carried over all pieces of legislation that could not be finalised in 2017/18 and these are as follows:

- *Regulation of Agricultural Land Holding Bill, 2018*: This Bill seeks to provide for disclosure by agricultural landowners of their nationality, race and gender; the circumstances under which foreign persons may own and/or have access to land; the establishment and maintenance of a register of land ownership; the submission of information on public land; the establishment and composition of the Land Commission. At the time of the briefing session, the Bill was yet to be finalized for processing to Parliament.

- *Communal Land Bill, 2018*: The Bill provides for the regulation of communal land; legal security of tenure by transferring communal land, including KZN Ingonyama land, to communities and members of communities; the administration of communal land by communities; communities' choice of rights for members in respect of residential and business properties; land rights enquiries; establishment of the Communal Land Board; and amendment and repeal of certain laws. At the time of the briefing, the Bill was approved by Cabinet and published for public comments.
- *Deeds Registries Amendment Bill, 2018*. The Bill seeks to effect technical amendments to the Deeds Registries Act to improve on some of the technical implementation challenges. At the time of the briefing, the Bill was with the Office of the Chief State Law Advisor for certification opinion after which it will be processed to Parliament.
- *Sectional Titles Amendment Bill, 2018*: The Bill seeks to effect technical amendments. At the time of the briefing, the Bill was with the Office of the Chief State Law Advisor for certification opinion after which it will be processed to Parliament.
- *Planning Profession Amendment Bill, 2018*. The Bill seeks to provide for the transformation of the planning profession; review of categories for registration of planners; transforming and realignment of planning education; development of accreditation criteria for the accreditation of planning programs/schools; identification of areas of work for planners; promote the maintenance of a high standard of professional conduct and integrity and development of competencies and standards for curriculum development. At the time of the briefing, the Bill was not yet published for public comment.
- *Land Survey Amendment Bill, 2018*. The Bill seeks to address technical challenges that are experienced in the administration of the Act. The Bill was yet to be published for comment.
- *Rural Development Bill, 2018*: The Bill seeks to develop a legislative framework to better coordinate rural development initiatives that will also include a dedicated rural development coordination entity in the form of a Rural Development Agency (RDA); and it will concretise the department's mandate that seeks to coordinate and catalyse rural development to ensure sustainable rural livelihoods, decent work and continued social and economic advancement of all South Africans.

Whilst the Committee welcomed the list of pieces of legislation to be processed during 2018/19 but was concerned about lack of timeframes. Further, most of the pieces of legislation were carried over from 2017/18.

3. Overview of the 2018/19 budget allocations and the MTEF estimates

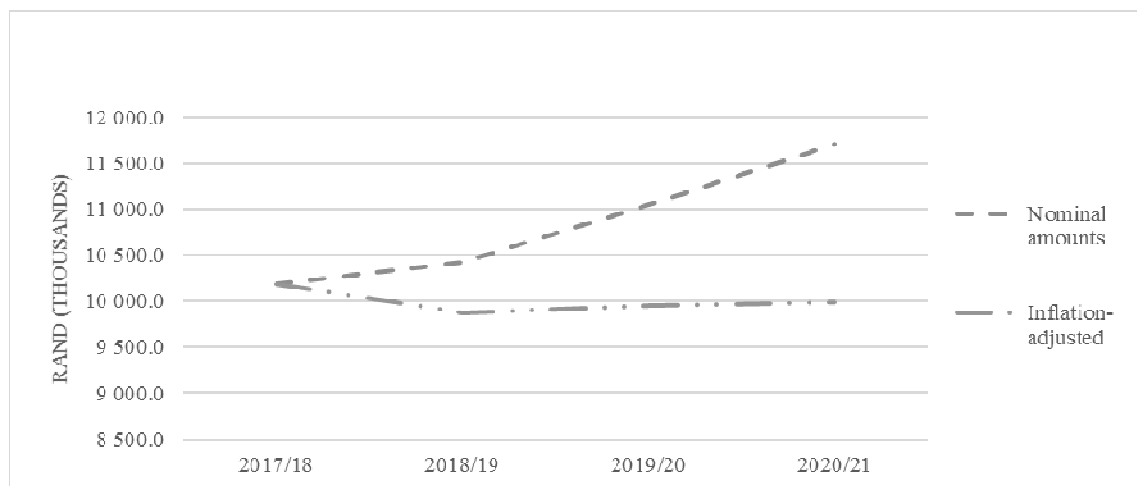
Table 4: Programme appropriations from 2017/18 to 2020/21

Programme	Budget (R ,000)				Rand Change		% Change	
					Nominal	Real	Nominal	Real
	2017/18	2018/19	2019/20	2020/21	2017/18-18/19		2017/18-18/19	
Admin	1735.8	1 825.40	1 869.20	1 992.90	89.6	-5.6	5.16	-0.32
NGMS ¹	661.3	690.4	744.6	790.6	29.1	-6.9	4.40	-1.04
Rural Development	1907.5	1 814.50	1 924.50	2 035.50	-93	-187.6	-4.88	-9.83
Restitution	3239.5	3 371.00	3 603.60	3 810.70	131.5	-44.2	4.06	-1.37
LRD ²	2640.2	2 723.90	2 907.90	3 076.10	83.7	-58.3	3.17	-2.21
TOTAL	10 184.30	10 425.20	11 049.80	11 705.80	240.9	-302.6	2.37	-2.97

Source: Adapted from National Treasury (2018), Vote 39: Rural Development and Land Reform

Table 4 above shows that the total budget appropriated to the Department has increased from R10.184 billion in 2017/18 to R10.425 billion in 2018/19. This budget has nominally increased by 2.4 per cent. However, in real terms (inflation adjusted) it decreased by 2.97 per cent. The decrease can be attributed to the Cabinet approval of R725 million MTEF budget reductions for the Department which affected all programmes of the Department. However, a slight budget recovery would be seen by 2021 when the budget would nominally increase by 4.8% to R11.705 billion. In real terms, however, the budget would decrease by an average rate of 0.6per cent. Given the public outcry for land, the Committee expressed concern about the fact that the budget for land reform does not change in real terms as illustrated in Figure 1 below. It thus called for National Treasury to consider prioritising land reform in order to give effect to the transformational provisions of Sections 25(5), (6) and (7) of the Constitution.

Figure 1: Department Appropriation from 2017/18-2020/21: Nominal vs Inflation



¹ NGMS is National Geomatics Management Services

² Land Reform and Development

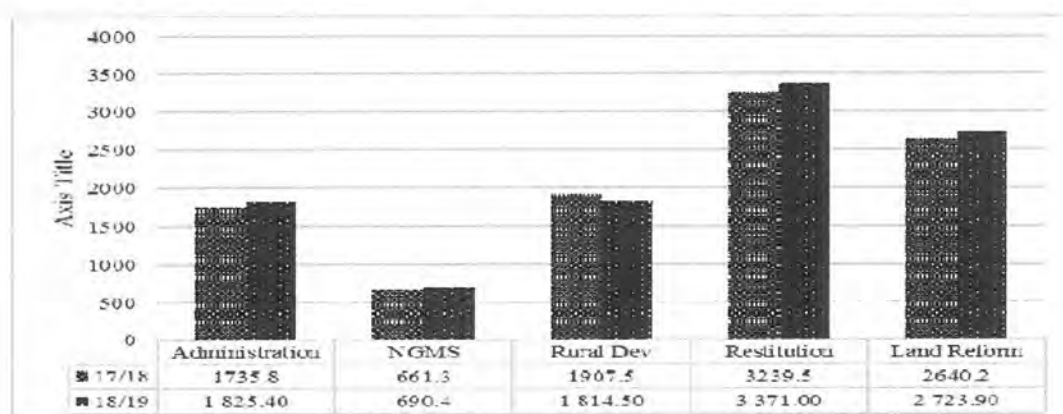
Table 4 has shown that all programmes of the Department have been affected by the budget cuts. It is however the budget cut for rural development, nominal budget decrease of 4.88 per cent, that is most notable. It decreased from R1.9 billion to R1.8 billion. Regardless of increases over the medium terms, when inflationary adjustments are factored in, this programme is the worst affected. Whilst the Committee expressed concern about this, it also emphasized a need for a deeper analysis of what rural development entails to ensure that the Department neither duplicates work of other Departments nor takes over mandates of other Departments. For example, construction of houses and paving of roads, and agricultural support in the Agri-Parks.

Given the pressure to finalise all pre-1998 land claims, reprioritisation of funds to land restitution and land reform which respectively account for 32.34 per cent and 26.13 per cent of the total budget of the Department was welcomed. These are the programmes that directly give effect to Section 25 (5), (6) and (7) of the Constitution. The Committee, however, noted that the increase under this programme was as a result of reprioritisation of funds within the Department rather than additional allocation from the National Treasury as the Minister of Finance's response to the previous BRRR of the Committee shows.

The Committee, as an extension of the National Assembly's oversight function, has been persistently tracking the funds appropriated by Parliament. In 2018/19, the item on transfers and subsidies accounts for 60.8 per cent (or R6.339 billion) of the total budget of the Department. Within this item, the biggest share of the budget is for Households, which accounts for 75.2 per cent (or R4.769 billion). Given a plethora of projects in Agri-Parks (One Household-One Hectare, One Households-Two Dairy Cows), National Rural Youth Service Corps (NARYSEC), Rural Enterprise and Industrial Development (REID) and Rural Infrastructure Development (RID) initiatives, R3.331 billion of that fund is set aside for restitution and land reform. However, the Committee noted with concern that the budget for acquisition of land (in terms of Section 25(5)) is less than that of RID. Further, the budget to support Land Tenure and Administration (LTA), where farm evictions and CPA support is located, is significantly lower than the allocation for NARYSEC and REID. The Committee further noted that under Goods and Services, budget for consultants account for 26.7 per cent. Although high consultancy fees continue to be a concern, the Committee welcomed it has decreased from R601.3 million in 2017/18 to R461.1 million in 2018/19.

3.1 Overview of programme allocation and performance plans

The Department is carried out under the five programmes, including the Commission on Restitution of Land Rights implemented as programme 4 of the Department. The five Programmes; namely, 1. Administration, 2. National Geomatics Management Services, 3. Rural Development, 4. Restitution (the Commission), and 5. Land Redistribution and Development.

Figure 2: Allocation of funds by Programme

3.1.1 Administration

Administration programme encompasses provision of leadership, management and support services to the entire Department. Table 5 below illustrates that the total appropriation for Administration Programme increased by 5.2 per cent from R1.735 billion in 2017/18 to R1.825 billion in 2018/19. Over the medium term period, the budget is expected to increase by an average annual growth rate of 4.7 per cent in nominal terms.

Table 5: Appropriations for Administration (2017/18 - 2018/19)

Sub-Programme	Budget		Increase/Decrease		Per cent Change	
	2017/18	2018/19	Nominal	Real	Nominal	Real
<i>Ministry</i>	42.7	40.7	- 2.0	- 4.1	-4.68 %	-9.65 %
<i>Management</i>	171.2	192.9	21.7	11.6	12.68 %	6.80 %
<i>Internal Audit</i>	39.3	41.0	1.7	- 0.4	4.33 %	-1.11 %
<i>Corporate Services</i>	412.5	446.7	34.2	10.9	8.29 %	2.65 %
<i>Financial Services</i>	186.4	196.2	9.8	- 0.4	5.26 %	-0.23 %
<i>Provincial Coordination</i>	351.6	376.5	24.9	5.3	7.08 %	1.50 %
<i>Office Accommodation</i>	532.0	531.4	- 0.6	- 28.3	-0.11 %	-5.32 %
TOTAL	1 735.7	1 825.4	89.7	- 5.5	5.2 %	-0.31 %

Source: Adapted from National Treasury (2018): Vote 39: Rural Development and Land Reform

The Committee welcomed the budget allocation for administration together with its MTEF targets for the strategic objectives. However, the Committee also expressed concerns over leadership of the Department. For example, seven of the 12 top management position including the Director-General position, were vacant for a very long time. This has translated in failures of key branches to perform optimally. For example, section responsible for policy and legislation development have over the past five years failed to meet their own targets on legislative programme. The Department has been unable to conclude the 2011 Green Paper of Land Reform processes and

produce a revised White Paper on Land Policy. Further, nine years since the establishment of the Department, Policy Document on Rural Development has not been finalised, and the Rural Development Agency was yet to be established. The Auditor-General reported that there has been lack of progress in implementation of audit action plans as reported by the Auditor-General and weakness in management controls.

The Committee expressed disquiet over the 13.22 vacancy rate in 2018/19. The disquiet arises from the fact that the vacancy rate exceeded the acceptable 10 per cent vacancy rate in public service. Further, the Committee noted that the number of employees under administration has been reduced from 1 772 in 2017/18 to 1 521 in 2018/19. Despite this reduction, Administration accounts for 33.8 per cent of the total allocation for Compensation of Employees in the Department in 2018/19, which is R785.5 million. The next highest allocation goes to NGMS which accounts for 22.2 per cent (R516.4). Given the demands for land and settlement support, there is a need for reimagining programmes and support mechanisms in restitution and land reform. The Committee noted and welcomed the investigations being conducted by the Department in order to rid the Department of the growing perceptions of corruption and maladministration. Key amongst these was the reported Special Investigation Unit (SIU) investigations which the Committee had requested the Department to ensure that the matters were finalised without delay.

3.1.2 National Geomatics Management Services (NGMS)

The NGMS caters for the provision of geospatial information, cadastral surveys, deeds registration, spatial planning information and other technical services in support of sustainable land development. Its objective is to facilitate integrated spatial planning and land use management across South Africa through relevant legislation by 2020. Ultimately, the programme aims at ensuring that South Africa has an integrated and comprehensive land use administration system. Among the key projects, the programme seeks to ensure that there are 44 District Rural Development Plans.

The budget of this programme nominally increased by 4.4 per cent; from an adjusted appropriation of R661.3 million in 2017/18 to R690.4 million in 2018/19. In real terms, it decreased by 1.04 per cent. Over the medium-term, the budget is expected to increase at an average growth rate of 6.1 per cent in nominal terms.

Table 6: Appropriations National Geomatics Management Services (2017/18 to 2018/19)

Sub-programme	Budget (R,000)		Increase/Decrease		Per cent Change	
	2017/18	2018/19	Nominal	Real	Nominal	Real
<i>National Geomatics Management Services</i>	494.4	512.5	18.1	- 8.6	3.66 %	-1.74 %
<i>Spatial Planning and Land Use Management</i>	159.4	170.3	10.9	2.0	6.84 %	1.27 %
<i>Registration of Deeds Trading Account</i>	0.0	0.0	0.0	0.0	0.00 %	0.00 %
<i>South African Council for Planners</i>	3.5	3.7	0.2	0.0	5.71 %	0.20 %
<i>South African Geomatics Council</i>	4.0	3.9	- 0.1	- 0.3	-2.50 %	-7.58 %
TOTAL	661.3	690.4	29.1	- 6.9	4.4 %	-1.04 %

Source: Adapted from National Treasury (2018) Vote 39: Rural Development and Land Reform

The Committee welcomed increase in the allocation for Spatial Planning and Land Use Management (SPLUM) which is central to development planning, especially in the 44 priority districts. In terms of the APP, the Committee noted that the Department will facilitate Rural Development Plans in Eastern Cape, Free State, KwaZulu-Natal, Limpopo, Mpumalanga and Northern Cape. The provinces of North-West, Gauteng and Western Cape were not listed for these plans in this year. However, implementation is expected to start in 2021. A number of issues were raised as a matter of concern by the Committee. Firstly, the mooted transfer of administration of SPLUMA from the Department to the Department of Planning, Monitoring and Evaluation (DPME) has taken too long to be implemented. Secondly, it expressed concerns over what appears to be lack of coordination among government departments - based on the Comprehensive Rural Development Programme (CRDP) experience - which might negatively impact on the development planning; splitting implementation among the Department, Cooperative Government and Traditional Affairs (COGTA) and the DPME has a potential to slow down development planning through the bureaucratic requirements that might be put in place. This in turn would require coordinated Parliamentary oversight.

The Committee's oversight visit reports point to a growing trend of CPA leaders who engage in fraudulent activities such as illegal sale of communal property, including farms. Yet the Deeds Office does not seem to pick up irregularities when there is fraudulent sale of communal property which was bought through government funding. The Department lacks a strategy to prevent the illegal sale and transfer of communally-owned farms, especially where individuals defraud communities. As a result, farms that have been sold fraudulently have been transferred and registered in the Deeds office without government knowing. The Committee stressed a need for mechanism, in the Deeds office, to trigger a verification process which would require compliance with relevant legislation such as the CPA Act.

3.1.3 Rural Development

Rural development programme is expected to contribute towards rural economic transformation, the growth of rural economies and the creation of job opportunities in rural areas, especially among rural youth through Agri-Parks and National Rural Youth Service Corps (NARYSEC). The strategic objectives make it clear that it focusses on livelihoods support, rural enterprise and industries development and support, as well as job creation. The Committee noted that the key focus of this programme needs to be reviewed in order to clarify the niche area of focus for this Department. The concern of the Committee stems from the fact that DAFF has a mandate and capacity to execute agricultural development and farmer support, whereas Department of Trade and Industry, Department of Economic Development and the Department of Small Business Development are the most relevant departments in relation to enterprise and industries development. Increasingly, the Department is implementing projects that it lacks capacity to effectively manage. For example, farmer support under its Recapitalisation and Development Programme (better known as Recap) and recently the post-settlement support.

Table 7: Appropriations for Rural Development (2016/17 to 2017/18)

Sub-programme	Budget (R,000)		Increase/Decrease		Per cent Change	
	2017/18	2018/19	Nominal	Real	Nominal	Real
<i>Rural Infrastructure Development</i>	917.2	928.2	11.0	- 37.4	1.20%	-4.08 %
<i>Rural Enterprise and Industrial Development</i>	554.6	508.3	- 46.3	- 72.8	-8.35 %	-13.13 %
<i>National Rural Youth Service Corps</i>	435.7	378.0	- 57.7	- 77.4	-13.24 %	-17.77 %
TOTAL	1 907.5	1 814.5	- 93.0	- 187.6	-4.9 %	-9.83 %

Source: Adapted from National Treasury (2018), Vote 39: Rural Development and Land Reform

Table 7 above shows that the budget allocation for this programme decreased nominally by 4.9% from an adjusted allocation of R1.907 billion in 2017/18 to R1.814 billion in 2018/19. However, in real terms, the budget decreased by 9.8 per cent. Both REID and NARYSEC appear to have had a serious allocation cut. The following points can be made about rural development: NARYSEC allocation will be in decline over the MTEF, from R 435.7 million to R402.8 million; Between 2017/18 and 2018/19, REID has also taken a budget decrease from R554 million to R508.3 million. In real terms, this represents a 13.30% decrease; and RID is the only sub-programme of the three in Rural Development Programme which has a budget increase and it accounts for R51.2% of the total budget.

From the Committee's perspective, this budget shows declining significance of NARYSEC despite the SONA's emphasis on youth employment. The Committee therefore called for a review of NARYSEC in order to assess if there was any value for money in the skills-training programme under the NARYSEC programme. Further, it emphasised a need to assess the value of qualifications or certificates offered through the NARYSEC programme.

3.1.4 Land Reform and Development

In the 2018 Budget Speech, the Minister of Finance acknowledged that accelerated land reform has become urgent. He announced that R4.2 billion has been set aside for the acquisition of about 291 000 hectares of strategically located land over the medium term. Table 8 below shows that the budget allocation to the Land Reform Programme has increased from R2.640 billion in 2017/18 to R2.723 billion in 2018/19, which represents an increase of 3.2 per cent in nominal terms while translating into a decrease of 2.21 per cent in real terms. However, it is expected to increase by a nominal average growth rate of 5.2 per cent over the medium term period, which translates into an insignificant decrease of 0.2 per cent in real terms. The budget allocations to the Land Tenure and Administration (LTA) and Agricultural Land Holding Account (ALHA) Sub-programmes have decreased in nominal terms by 3.2 per cent and 1.7 per cent, respectively, in 2018/19 compared to 2017/18.

Table 8: Appropriations for Land Reform and Development (2017/18 to 2018/19)

Sub-programme	Budget (R,000)		Increase/Decrease		Per cent Change	
	2017/18	2018/19	Nominal	Real	Nominal	Real
<i>Land Redistribution and Development</i>	261.7	273.1	11.4	- 2.8	4.36 %	-1.08 %
<i>Land Tenure and Administration</i>	407.6	394.6	- 13.0	- 33.6	-3.19 %	-8.24 %
<i>Land Reform Grants</i>	538.1	568.3	30.2	0.6	5.61 %	0.11 %
<i>KwaZulu-Natal Ingonyama Trust Board</i>	19.7	20.3	0.6	- 0.5	3.05 %	-2.33 %
<i>Agricultural Land Holding Account</i>	1 348.4	1 326.5	- 21.9	- 91.1	-1.62 %	-6.75 %
<i>Office of the Valuer General</i>	64.8	141.1	76.3	68.9	117.75%	106.40 %
TOTAL	2 640.3	2 723.9	83.6	- 58.4	3.2 %	-2.21 %

Source: Adapted from National Treasury (2018), Vote 39: Rural Development and Land Reform

The Committee welcomed reprioritisation of R911 million for the implementation of the Extension of Security of Tenure Amendment Bill, when it becomes enacted. R569 millions of that amount is expected to be used to acquire land for farm dwellers and labour tenants. The remaining funds are earmarked for upgrading of tenure and protection of informal land rights on communal land. It urged the LTA to include tenure as one of their key priorities. The budget allocation for the ALHA has decreased by 1.6 per cent in nominal terms or 6.75 per cent in real terms in 2018/19 compared to 2017/18. It means that there are fewer funds for the acquisition of land in 2018/19 which is likely to negatively impact attempts at radical agrarian transformation which begins with giving land and equipment. To be precise, it will acquire 81 000 hectares of strategically located land in 2018/19; which is 15 165 hectares less than what it acquired in 2017/18. The 2018/19 targets have been revised downward by 9 000 hectares compared to what was planned in the 2017/18 APP. The Committee was concerned about the diminishing budget but increasing mandate of the Department. As a result, it requested the Department to continuously work with, and persuade, National Treasury regarding funds for land acquisition.

4. Relevant entities

4.1 Commission on Restitution of Land Rights (Programme 5 of the Department)

4.1.1 Overview

The Commission on Restitution of Land Rights (Commission) was established in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994). Its powers are to provide restoration of land rights and equitable redress in line with the provisions of section 25(7) of the Constitution of the Republic of South Africa of 1996. Since 2012/13, the Commission has been meeting all APP targets and spending 100 per cent of the allocated budget. By 30 June 2017, 6 558 claims were still outstanding, of which 1 820 were on Phase 2 (screening phase), 115 on Phase 3 (determination and qualification) and 4 623 on Phase 4 (negotiation). About 2 152 of 6 558 outstanding claims would be finalised in 24 months (i.e. June 2019). In terms of the Operation Phakisa, the Commission was meant to conduct and finalise all outstanding research of claims lodged prior to 31 December 1998 (i.e. 916 land claims) by the end of the 1st quarter of 2017/18. However, the target could not be met due to fiscal constraints, complexities associated with verification and validation of claims, court challenges and internal capacity. Due to the Restitution of Land Rights Amendment Act of 2014, over 100 000 land claims were lodged. The Commission has not started processing these claims due to an interdict and nullification of the law by the Constitutional Court. The focus, therefore, should be to finalise the pre-1998 land claims. However, the Committee noted with concern the unreliability of the data from the Commission around outstanding research claim. In 2017, the Commission confirmed that there were 916 yet to be researched. Its third quarter report shows that the Commission research 970 land claims, which is 54 claims more than the total number of outstanding claims that required research.

4.1.2 Budget allocation and targets on strategic objectives

In the 2018 budget speech, the Minister of Finance announced that government would accelerate settlement of restitution of claims over the Medium Term Expenditure Framework (MTEF) period. About 10.8 billion has been set aside for the assignment. In line with this pronouncement, the Commission plans to finalise 2 851 claims, settle 3 369 claims and approved 335 projects over the medium term at the cost of R10.8 billion.

The allocation to the Restitution Program constitutes 32.3 per cent of the Department's total allocation of R33.2 billion over MTEF period. The Committee noted that increase in the allocation was below the R30 billion required to finalise all pre-1998 land claims as per Operation Phakisa plans. Further, the Committee was of the view that if land reform is national

priority, therefore its allocation should be increased significantly to address landlessness and provide justice for the dispossession of land rights for the majority of South Africans.

Table 9 below shows that allocation restitution increased from an adjusted appropriation of R3.24 billion in 2017/18 to R3.42 billion in 2018/19. It is expected to increase by average growth rate of 5.6 per cent over medium-term expenditure period. The Committee welcomed the projected increase in Restitution Grants Sub-programme which it supported in many BRRR. Unfortunately, these are not additional funds but reprioritised funds within the Department. Nonetheless, it welcomed the projected increase in the number of outstanding claims to be settled, from 724 in 2017/18 up to 995 in 2020/21, which is 2 851 of outstanding claims. However, the total number of outstanding claim by June 2017 was 6 558. There is also a critical matter of the backlog claims as well as the outstanding payment of Restitution Discretionary Grants. Given that the Recap policy has been stopped, it thus means that all the grants must be paid to restitution beneficiaries, yet the Commission has not quantified how much of the grant funding it owes beneficiaries as individuals or collectively as CPAs or Trusts.

Table 9: Appropriations from 2017/18 to 2020/21

Programme	Budget (R ,000)				Rand change		% change		
					Nominal	Real	Nominal	Real	
	2017/18	2018/19	2019/20	2020/21	2017/18-2018/19		2017/18-2018/19		
<i>Restitution</i>									
<i>National</i>	153.2	147.0	182.9	195.5	- 6.2	- 13.9	-4.05 %	-9.05 %	
<i>Restitution</i>									
<i>Regional</i>	477.5	461.1	501.0	534.9	- 16.4	- 40.4	-3.43 %	-8.47 %	
<i>Restitution</i>									
<i>Grants</i>	2608.8	2 762.9	2 919.7	3 080.3	154.1	10.1	5.91 %	0.39 %	
TOTAL	3 239.5	3 371.0	3 603.6	3 810.7	131.5	- 44.2	4.06 %	-1.37 %	

Source: Adapted from National Treasury (2018), Vote 39: Rural Development and Land Reform

The Committee noted that there has not been progress in the conversion of the Commission to be an autonomous body or the suggested Chapter 9 Institution. Further, the plans of the Commission do not include this policy directive that was taken a few years ago and is in line with the Restitution of Land Rights Act. The Committee also noted that the absence of post-settlement support, especially by the sector departments such as DAFF and DHS has resulted in the Commission operating outside its mandate, for example providing post-settlement support to CPAs.

4.2 Office of the Valuer-General

4.2.1 Overview

Since its establishment, the OVG, as an autonomous entity, tabled its first Strategic Plan and Annual Performance Plan. The Office of the Valuer-General (OVG) was set up in terms of the Property Valuation Act, No.17 of 2014. The OVG is responsible for: the valuation of properties identified for land reform purposes, as well as where a department has made a request for a valuation service to be rendered for purposes of acquiring or disposing of property; and developing criteria and procedures for the valuation of property that has been identified for land reform purposes and monitoring the proper, efficient and effective valuation of such properties based on set criteria and procedures. The intension was that the OVG would contribute to the government's commitment to address the slow pace of redistribution of land which has partly been associated with the escalating market-based land prices that government pays when acquiring land. These hefty prices are being paid in spite of the constitutional provision for 'just and equitable' compensation. Given the policy decision to abandon the Willing Buyer, Willing Seller approach and implement a 'just and equitable' compensation, the OVG ought to play a central role in determining property values.

4.2.2 Strategic objectives and targets for the OVG

The strategic focus of the OVG can be categorised into three main areas; namely, support land reform (including restitution); develop criteria, procedures and guidelines; and organisational stability.

- **Support land reform** by conducting all land valuation requests from the DRDLR and the Commission within the agreed timeframes. Over the MTEF period, it would execute 3550 restitution-related land valuations and 1268 valuations will be executed in 2018. With land reform, it will conduct 153 valuations. Therefore, a total of 1421 valuations will be conducted
- **Develop valuation criteria, procedures and guidelines to standardise valuation practice for land reform.** The OVG plans to complete the criteria, procedure and guidelines to standardise valuation practice for land reform. However, in 2018, the guidelines and procedures will only be approved by the Minister.
- **Organisational stability:** Given that the OVG is a relatively new 'entity', a sub-programme under land reform, organisational stability and clarity in strategy is vitally important. However, the Committee expressed concerns regarding the adherence to the SMART principle in crafting the KPI's and targets. For example; the OVG targets to ensure that revenue from the non-land reform valuations amounts to 5% of annual fixed operating costs. The OVG targets 0.25% for 2018/19 but there are no quarterly targets with which Parliament

could hold the VG accountable. Similarly, 50 per cent of professional vacancies must be filled, and there are no quarterly targets for monitoring.

4.2.3 Medium-term Estimates of Expenditure for the OVG

In 2018/19, the OVG has received a transfer of R141.1 million from the DRDLR. The transfer is a significant increase of 117.75 per cent in nominal terms or 106.4 per cent in real terms when compared to the allocation of R64.8 million in 2017/18. It is also expected to increase over the medium term by a nominal average growth rate of 31.5 per cent.

Table 10: Medium-term Estimates of Expenditure per economic classification

Goals	Economic Classification	Estimates of Expenditure			
		2018/19	2019/20	2020/21	Total
<i>Support land reform</i>	CoE	35365	37840	40489	113694
	Goods & services	35186	33210	33261	101657
<i>Develop criteria, procedures and guidelines</i>	CoE	3536	3784	4049	11369
	Goods & services	3519	3321	3326	10166
<i>Organisational stability</i>	CoE	31828	34056	36440	102324
	Goods & services	31666	29889	29935	91490
TOTAL		141100	142100	147500	430700

NB. CoE: Compensation of Employees

Over the MTEF, the allocation for the OVG increases to R430,7 million to executive land reform valuations with clear criteria, procedures and guidelines. Central to the efficiency of the OVG will be organisational stability which entails recruitment of highly skilled property valuers as well as support personnel. The highest allocation of the sub-programme's budget is towards supporting Land reform through valuations, which is R70.5 million (50 per cent of the total allocation) followed by an allocation to ensure organisational sustainability, amounting to R63.5 million (45 per cent).

4.3 Ingonyama Trust Board

The Ingonyama Trust Board (ITB) is a schedule 3A Public Entity and reports to the Minister of Rural Development and Land Reform. The Ingonyama Trust was established in terms of the KwaZulu-Natal Ingonyama Trust Act No 3 of 1994, amended by the National Act 9 of 1997 which provided for the establishment of the (ITB, hereafter referred as the Board). The Ingonyama Trust functions as a landowner-in-law of the Ingonyama Trust Land (previously owned by the KwaZulu Government). The land is owned communally and administered by Amakhosi. To date, such land was estimated to be 2,8 million hectares under some 1 600 individual

titles in all of the 11 Districts of Kwazulu-Natal and eThekweni Metro. The main objective of the Board is to administer Ingonyama Trust Land for the benefit of traditional authorities and communities residing thereon, who are at least four million.

The Board revised its 2015 -2020 Strategic Plan in alignment with Outcome 7 of the Medium Term Strategy Framework (MTSF) and other related outcomes of the National Development Plan (NDP). The aim of Outcome 7 is to build vibrant, equitable and sustainable rural communities with food security for all. It is also aligned to Outcome 8 and 12 of the NDP. In line with these government priorities, the ITB's main objective is to administer the Trust land for the material benefit and social wellbeing of the communities living on Trust land. The Board contributes to two of the main goals of the Department, namely, effective planning and administration that is biased towards rural areas, and increased access to and productive use of land, especially in the context of food security. It contributes to the following priorities of Outcome 7: Improved land administration and spatial planning for integrated development I rural areas; Sustainable land reform (agrarian transformation); Improved food security; and Growth of sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services, resulting in rural job creation.

4.3.1 Overview

The Secretariat is the administrative component through which ITB discharges its mandate. The organogram of the Secretariat has been substantial reviewed to enable the Board to respond efficiently to the needs of the community. This led to increase in the number programmes and sub-programmes. As compared to the two programmes in 2017/18, the ITB has reorganised its structure into four programmes as shown in Table 11.

Table 11: Programmes and Sub-programmes of the Secretariat

Programme	Purpose	Sub-programmes
Office of the CEO	To ensure that the strategic mandate of the ITB is administered in accordance with the objectives of the Trust	Governance and Compliance Organisational Performance & Development Board Secretariat Legal Support
Corporate Services	To provide corporate support services to ensure effective and efficient organisational process	Information & Communication Technology Human Capital Management Administration and Facilities Communications

Financial Management Services	To manage the finances and supply chain processes to ensure financial viability, compliance and reporting.	Financial Management and Accounting
Land and Tenure Management Services	To provide land management, land tenure, sustainable land, identify community and economic development opportunities as well provide customer care and stakeholder support services.	Supply Chain Management Land & Tenure Customer Care Projects Management Stakeholder Support Sustainable Land Management

The Committee welcomed and commended the ITB for putting in place a programme on Financial Management Services. For the first time, the ITB has put resolving audit outcome by Auditor General (AG) as a target. Further, it plans to achieve a clean audit by 2021/22. The Committee also noted that Land and Tenure Management Programme was broader programme than Real Estate which did not reflect the actual work undertaken within the Programme.

4.3.2 Medium-term Estimates of Expenditure: Ingonyama Trust

The total budget of the Board is made up of the so-called own income and transfer of payments it receives from the Department. Its revenue income is earned from leases and investment. In terms of the Board's disbursement policy, 90 per cent of the income earned through trading activities is for the material benefit of deserving communities. The internal administrative costs of the Board are met through a transfer payment from the Department. The ITB reported that Government does not incur any expenditure for activities of the Trust and that the Department only pay for 51 per cent of the administrative cost of the Board. All the activities of the Trust are funded by income self-generated by the Trust. The Committee noted that separate budgets for ITB and Ingonyama Trust have been tabled since 2015/16, as these are separate entities. However, the Committee observed that there are different interpretations of law which must be resolved, especially between the Minister of Rural Development and Land Reform, the Auditor-General of South Africa and the Ingonyama Trust Board.

Table 1: Expenditure Estimates for Ingonyama Trust over the MTEF

Programme	Budget				Rand change		% change	
					Nominal	Real	Nominal	Real
	2017/18	2018/19	2019/20	2020/21	2017/18-2018/19		2017/18-2018/19	
Administration	30,591,488	45,414,420	46,292,714	32,618,688	14,822,932	12,455,356	48.5 %	40.7%
LTM	68,769,302	122,586,788	161,317,456	124,527,494	124,527,494	121,976,903	181.1 %	177.4%
Total	99,360,790	168,001,208	207,610,170	157,146,182	68,640,418	59,882,062	69.1 %	60.3 %
Transfers to ITB	18,905,057	19,987,171	21,065,660	22,224,166	1,082,114	40,128	5.7%	0.2 %
Total Expenditure	118,265,847	187,988,379	228,675,829	179,370,348	69,722,532	59,922,190	58.9%	50.7 %

LTMS: Land Tenure Management Services

The total expenditure for the Ingonyama Trust in 2018/19 is R188 million of which R20 million is transfers and R168 million is from self-generating income. The expenditure in 2018/19 has increased from R118.3 million in 2017/18 to R188 million in 2018/19, which represents an increase of 58.5 per cent in nominal terms or 50.7 per cent in real terms. The expenditure for administration has increased by 48.5 per cent in nominal terms in 2018/19 compared to 2017/18. Land and Tenure Management Service and it has significantly in 2018/19 compared to 2017/18. This is expected since it is a priority programme. However, the Committee expressed concern that allocation for rates provision makes up highest budget allocation for the Programme at 56.3 per cent. Further, it of great concern that expenditure for disbursement funds has decreased by 23.9 per cent in 2018/19 compared to 2017/18. However, it will increase significantly in 2020/21 to R95 million.

4.3.3 Medium-term Estimates of Expenditure: Ingonyama Trust Board

The ITB is to administer the affairs of the Trust and Trust Land for the material benefit of communities living on Trust land. The total budget allocation for the ITB for 2018/19 amounts to R40.4 million, which represents a nominal increase of 4.39 per cent while it is a decrease of 1.05 per cent in real terms compared to 2017/18. The total budget allocation of R40.4 million includes transfer of R20.87 million (51.6 per cent) from the Department and R19.56 million from the Ingonyama Trust. This implies that the current transfer payment only caters for 51.6 per cent of the Board's operational/administrative expenditure, and the shortfall is covered by the income from the Trust.

Table 2: Expenditure Estimates for ITB over the MTEF

Programme	Budget				Rand change		% change	
	2017/18	2018/19	2019/20	2020/21	Nominal	Real	Nominal	Real
	2017/18	2018/19	2019/20	2020/21	2017/18-2018/19	2017/18-2018/19	2017/18-2018/19	2017/18-2018/19
Board	2.7	3.2	3.4	3.6	0.5	0.3	18.52 %	12.34 %
Office of the CEO	1.7	1.8	1.9	2.0	0.1	0.0	5.88 %	0.36 %
Corporate Services and Finance	8.5	8.5	9.0	9.5	0.0	- 0.4	0.00 %	-5.21 %
CoE	25.8	26.9	28.4	29.9	1.1	- 0.3	4.26%	-1.17 %
TOTAL	38.7	40.4	42.7	45.0	1.7	- 0.4	4.39 %	-1.05 %

5. Summary of key conclusions drawn from the deliberations on the Strategic Plan, the Annual Performance Plan of the Department and the entities

Having deliberated the findings and observations on budget allocations and APPs of the Department and entities, the Committee drew the following conclusions:

5.1 Department of Rural Development and Land Reform

Administration

- The programmes of the Department are aligned to government priorities outlined in the NDP. The programmes also respond to the relevant Phakisa initiatives, especially in acceleration of the settlement of land claims as well as redistribution of land.
- The continuous real terms decline of budget could potentially affect service delivery amid growing calls for acceleration of the redistribution of land through expropriation of land without compensation. The R725 million MTEF decrease in budget, as approved by Cabinet, will affect the Department negatively.
- There is a decrease in the number of employees for the Department broadly. This decrease has a potential to affect service delivery. Further, due to high staff turnover, over 58% of all top management positions (7/12) of the Department were occupied on an acting basis which could affect decision-making on key service delivery issues. Such could further be compounded by the vacancy rate of 13.22% (3% higher than the acceptable 10% vacancy rate).
- Budget of Compensation of Employees (CoE) is, to a greater extent spent on programme 1 and 2, that is administration (33.8%) and NGMS (22.2%) respectively.
- There is still no overarching policy framework that creates linkages among various policies that have been created over the last five years. Lack of a White Paper on Land Policy and Rural Development can be regarded as the greatest weakness of the Department.
- Further, the continued lack of provisional timeframes for submission of planned policies, albeit on a piece-meal basis, and legislation to Parliament was a major weakness in the legislative programme of the Department which creates a challenge for Parliamentary oversight and holding the Executive accountable.

National Geomatics Management Services

- The delays in finalisation of the transfer of the administration of SPLUMA to the Presidency could affect the effectiveness of planning at municipal level. Further, without clear delineation of responsibilities, government is likely to encounter poor planning which will result in lack of growth and development planning functions among the Presidency, Department and COGTA might have unintended consequences when there is lack of coordination among departments, as the experience of CRDP has shown.
- Increase in the sale of CPA properties and registration or transfers of CPA farms to private individuals while the Deeds Registries fail to pick up that the farms were bought government funding for communities was a cause for concern because, if not stopped, it risks reversing the gains that the programme of land reform, including restitution, has made over the last two decades.

- The innovative E-cadastre project is long overdue, and the proposed legislation could result in efficient service delivery in the deeds lodgement and registration system. The sale and transfer of registration could be blocked for verification through detection by this new electric system of lodgement and registration.
- The land audit report that has been tabled recently is welcome but it did not provide the full picture about who owns what land in South Africa. The continued protection of identities of those who own land through the trusts and companies makes it difficult to find out who owns what land in South Africa. This information is vitally important if the South Africa was to address the skewed patterns of land ownership.

Rural Development

- The real terms budget decrease of 9.8 % has affected NARYSEC programme which aims to provide skills to rural youth. Therefore, fewer youth are going to receive training from the Department and so are those in line for skills development and job opportunities.
- Agri-parks, if properly conceptualised and implemented, has a potential to transform the rural economy tremendously. The weakness of coordination in the Department, as seen with CRDP pilots, is likely to affect the effectiveness of the programme, especially as it relates to the role played by Department of Trade and Industry, Department of Small Business Development and the Department of Agriculture, Forestry and Fisheries.
- Projects linked to revitalisation of agriculture and agro-processing should be best implemented by those with expertise in this area of work, mainly the DAFF and DTI. Agri-Parks risks duplication of work done by other Departments.
- Lack of clear and publicly available policies on some of the new sub-programmes or projects has been a concern of the Committee over the years. Example of such projects is ‘One Household One Hectare’ and ‘One Household Two Dairy Cows’ which has seen reprioritisation of funds to deal implement these projects and such funds could be rechannelled to land redistribution.

Land Reform

- Silence of the Department’s APP on expropriation of land without compensation as one of the mechanisms to fast track redistribution of land could be an indication of lack of policy clarity within the Department about expropriation, hence there has not been any test case on just and equitable compensation before the Courts.

- Expenditure of land reform as a percentage share of the total expenditure of programmes of the Department has been in decline in the last few years. This year's slight nominal increase of 3.2% is a step in the right direction which could enhance the pace of redistribution of land. However, the decrease in the budget allocation for ALHA, which has resulted in few hectares to be acquired in 2018/19 compared to 2017/18 might undermine the strategic objective to fast track land reform towards radical socio-economic transformation
- Having been calling for proper budget for tenure reform on farms, the Committee concludes that real terms budget reduction of 8.2% in land tenure and administration sub-programme is likely to negatively impact the implementation of ESTA, LTA and CPA as well as IPILRA. This means that evictions on farms, poor support to CPAs, and lack protection of informal land rights on communal land (including the Ingonyama Trust land) will receive less attention.
- The extent to which transfer of the implementation of the 'recap policy' to the DAFF could result in more efficient farmer support is yet to be seen. Failure to ensure take up of support services by DAFF is likely to harm agricultural development by emerging farmers.
- The creation of new indicator of the number of farms supported through post-settlement while a decision was made that post-settlement is not the mandate of the Department and should be transferred to DAFF as in the case of Recap fails to resolve the question of duplication of mandates by DAFF and the Department.
- Weak legal services support in terms of the Land Rights Management Facility, if not capacitated, will not assist in the fundamental transformation of property relations in South Africa.
- Slow progress in the release of state and public land for land redistribution has contributed to the slow pace of land reform. Such land is available, in most cases, for immediate occupation by landless communities and individuals.

5.2 Commission on Restitution of Land Rights (Restitution)

- Failure to finalise the transition of the Commission to being an autonomous entity reporting directly to the Minister meant that the Commission continued to operate as programme 4 of the Department and is inconsistent with the legislative intentions under the Restitution of Land Rights Act, No. 22 of 1994.
- Given the commitments of about R5.7 billion reported in 2017, the burden on the fiscus and a need for better planning and capacity to settle and finalise claims without delay is of utmost importance. Better planning could be achieved if there was assessment of the outstanding land claims, the commitments on existing claims, including the cost of settlement and finalisation of such claims.

- Failure to conduct an in-depth analysis of claims received has contributed to lack of credible data on number of claims lodged by 1998, categorisation of claims by state land (and what it is used for), private agricultural, industrial and residential land, and communal land.
- The strategy of the Commission to deal with land claims on state land, including all forestry land, military land and other agricultural land, has not been effective. Many community claims on state and public land remains unresolved. If those claims are not attended as a matter of urgency, the could be mass land occupations.
- The impact of Operation Phakisa for agriculture, land reform and rural development places settlement and finalisation of land claims in high priority. Therefore, commission needs to improve research capacity, negotiations and conflict resolution in order to finalise outstanding claims without delay.
- The increase of budget by 4 per cent in 2018/19 compared to 2017/18, which will over the medium-term increase by an annual average growth rate of 5.6 per cent, is a modest increase which might not make any considerable impact in acceleration of the settlement of land claims and finalisation of backlog claims. Note that the Commission would need at least R30 billion to settle all outstanding claimants, yet it has been allocated R10.8 billion over the MTEF period.
- Discrepancies in the number of researched claims raises questions of credibility of the statistics generated by the Commission. For example, 2017/18 all 916 claims lodged by 1998 should have researched in the 1st quarter and the target was extended to the end of 3rd quarter. The report shows that the Commission completed research for 970 claims exceeding the total outstanding research by 54 claims.

5.3 The Office of the Valuer-General

- Failure of the OVG to grapple with the current land reform debates, especially its place in the debate about expropriation of land without compensation and review of Section 25 highlights the need for in-depth discussion between the Department and entities on mechanisms to fast track redistribution of land.
- The OVG has not spelt out clearly what its staff complement is and what is the vacancy rate as well as how it planned to fill in the vacancy. Should it fail to provide this information, Parliamentary oversight will be ineffective and the OVG might also not implement these plans because there would be no urgency due to lack of timeframes.
- Reported saving of the fiscus by regulating the valuations is a welcome development. It thus means that there is a need for further clarity on how the OVG determine the property value, and whether the values for compensation are “just and equitable” in line with the Section 25(3) of the Constitution.

- The under-achievement by the Commission to meet the target on the number of phased projects processed in the 3rd quarter has been attributed to late appointment of valuers. If the OVG does not attend to capacity constraints without delay, the office could become one of the factors that slows down the pace of settlement of land claims.

5.4 The Ingonyama Trust Board

- The APP of the ITB appeared to have been rushed through for tabling which could be the reason for discrepancies across the programmes. For example, the Corporate Services Programme has replaced the Administration in the new organogram, yet it still appeared as Administration in section on budget and targets.
- Lack of performance indicators and targets relating identification of community and development projects, customer care and stakeholder support services, which are part of the main aims of the programme is a cause of concern and could create an impression that the ITB does not exist for the material benefit of the deserving communities on the ITB land.
- There has been the delay in finalising engagements between ITB, Auditor-General, the Department and National Treasury about the qualified audit opinion as well as engagements regarding royalty revenue with the Department of Mineral Resources. If not addressed, these issue would continue to result in negative audit opinion.
- High staff turnover, suspensions of officials and prolonged disciplinary processes within the ITB could result in very negative morale among the employees of the ITB, thus affecting service delivery to communities in return. This would particularly be the case under the organisation whose organogram has expanded significantly.
- The increase in the number of policies to be developed and reviewed against what has been planned for and achieved in the past does not raise any confidence in the capacity of the ITB to deliver.
- There were still no plans around previous recommendations to the ITB to conduct the livelihoods impact of its programmes.

6. RECOMMENDATIONS

In view of the observations and key conclusions discussed above, the Committee recommends that the Minister of Rural Development and Land Reform should –

Policy

- Ensure that the Department starts a wide consultation process on national land and agrarian reform policy whose outcome be a revised White Paper on Land Policy (a framework policy document). The policy

document must ensure policy coherence and clarity coherence and guide the State in the implementation of land reform (including governance and administration).

- Conduct socio-economic impact assessment, including enterprise analyses, of various land reform farms in the post-settlement support by government departments to assess the viability of production, livelihood impacts and how the enterprises have benefitted the beneficiaries. Special focus should be on all the projects under the Recapitalisation and Development Programme, the farms under the SRRR or so-called '50/50', and the Agri-Parks.

Administration

- Ensure that the Director-General and all Deputy Director-General vacant positions are filled by the end of the first quarter of 2018/19.
- Finalise all disciplinary matters in the Department within 30 days. Further submit a report, within 30 days after the finalisation of the disciplinary matters, that outlines the outcome of each matter. In the event that some matters could not be concluded as recommended here, a time-bound plan on concluding all investigations and disciplinary matters must be submitted to the Committee.
- Submit a revised legislative programme outlining realistic targets for tabling of planned pieces of legislation in the National Assembly.
- Enhance capacity of the policy and legislative drafting section of the Department in order to ensure adherence to the legislative programme of the Department.

National Geomatics Management Services

- Submit to the National Assembly a progress report on the transfer of administration of the SPLUMA to the Presidency, indicating implications for funding, personnel and parliamentary oversight. The report must also indicate how the transfer would empower municipalities in terms of development planning and improved service delivery.
- Ensure that when CPA-owned land is sold and transferred to another entity, the electronic deeds system must trigger verification mechanisms of processes set out in the CPA Amendment Bill (which is to be signed into law after all the Parliamentary processes are concluded).
- Submit a report about the engagement between government and traditional leaders as well as other government and non-government entities which aimed at resolving impasse around implementation of SPLUMA.
- Draw coordination and implementation plan in conjunction with COGTA and the DPME. Further submit the plan for consideration by the relevant Portfolio Committees, jointly.

- Conduct the next phase of land audit which must unpack the ownership of all land under the ownership of Trusts and Companies. This should be completed by the end of the financial year and thereafter tabled for consideration by the Committee.

Rural Development

- Conducts a review of the NARYSEC programme to assess if the programme has achieved, the intended outcomes over the last five years, highlight the challenges encountered, and the implications for future programme implementation.
- Compiles and submit a report on the training programme of the NARYSEC programme and its impact in the empowerment of youth and job creation. In addition to the other critical matters, the report should outline the assessment standards and qualification that each category of graduate receives and the post-training monitoring of graduates in order to assist with job placements.
- Submits approved policies relating to sub-programmes introduced under the programme of rural development; namely, One Household-Two Dairy Cows and the One Household-One Hectare. Further, submit progress report on the two sub-programmes in the 44 rural districts. The report should detail each project, when it was initiated, beneficiaries, funds allocated to each (annually, if repeated funding was allocated), impact of the project on livelihoods of beneficiaries.
- Together with the National Treasury, Department of Agriculture Forestry and Fisheries, and other relevant government departments, review all programmes under rural development, especially those linked to revitalisation of agriculture and agro-processing as well as small business development, in order to minimise duplication of work.

Restitution

- Fast-track reconfiguration of an autonomous Commission as per the Restitution of Land Rights Act, Act 22 of 1994.
- Continuously engage National Treasury about increasing allocation of funding of restitution to clear the commitment register of settled land claims.
- Review and assess the statistics of all the land claims lodged prior to 31st December 1998 in order to produce the final number of outstanding land claim that require research, researched awaiting settlement, settled but not finalised, and finalised. The Commission should also analyse claims according to ownership and land use, for example state land, private ownership, and communal land;
- Engage National Treasury about the funds required to accelerate the finalisation of the land claims as outlined in Operation Phakisa initiative; and submit an implementation plan for settlement of all outstanding and finalisation of land claims over the MTEF period.

- Develop mechanisms to track the use of Section 4C development grants by beneficiaries of land restitution. Further submit a comprehensive report on funding released by the Commission to the ‘recap’, detailing the amounts and communities targeted and what the amounts were used for. Further report about communities who qualified for Section 42C support but their fund had not been released by 31 March 2018.
- Conduct an analysis of the Commitment register to ascertain number of communities or individuals that the Commission owes, age analysis of each commitment, and develop a time bound plan with which these commitments can be cleared.

Land Reform

- Ensure that the Department, working with the OVG, must development a policy position regarding expropriation of land in the public interests, taking into consideration the SONA pronouncement around expropriation of land without compensation in a manner that does not harm the economy and food security. Further explore the modalities with which such policy pronouncement could be implemented.
- Conduct enterprise analysis and socio-economic impact assessment of a representative sample of farming enterprises under the Recapitalisation and Development Programme, Strengthening of Relative Rights Programme (or so-called 50/50 projects) and other post-settlement support initiatives under the Agri-Parks programme. The impact assessment should be geared toward assessing if government funds invested under these programmes were yielding viable and sustainable farming businesses and ultimately having livelihood impacts on members of projects or beneficiaries.
- Ensure capacity of the Department to monitor land reform projects, especially an interface of strategic partnership and mentorship programmes and distribution of rewards or dividends to beneficiaries.
- Conclude, without delay, the finalisation of the Integrated Funding Model for post-settlement support which involves the National Treasury and the DAFF.
- Working with the Minister of Justice and Constitutional Development, facilitate discussion between the Department and the Legal Aid Board aiming at strengthening the provision of legal services to the vulnerable landless people, especially the farm dwellers and labour tenants who confront the brutality of illegal evictions from their homes on farms as well as violation of tenure rights for people living on communal land in the former homelands.

The Office of the Valuer-General

- Develop and submit a weighted system or formula for implementation of ‘just and equitable compensation’ in Section 25 of the Constitution.
- Submit progress report on the key achievements of the OVG, with key policy implications to the existing legislative framework under which the OVG operates.

- Submit a detailed estimates of expenditure for the OVG, with a clarification of the details of goods and services as well as compensation of employees.
- Submit an organogram of the OVG indicating funded posts, both filled and vacant, and positions that are additional to the establishment.

The Ingonyama Trust Board

- On the basis of the legal opinion obtained by the Minister of Rural Development and Land Reform, facilitate discussions between the Auditor-General, the Ingonyama Trust and the ITB, and the Department to develop a common understanding on the nature of the Ingonyama Trust and the Ingonyama Trust Board (whether the ITB should be seen as an independent entity from the Ingonyama Trust and the auditing complexities).
- Ensure that the Ingonyama Trust Board removes all forms of advertisements calling for residents on the Ingonyama Trust land approach the offices in order to convert their PTOs to leases. This includes all advertisements on the website of the ITB as well as any other form of media.
- Ensure that the ITB consult the residents, and not only the traditional councils, about the conversion of their established land rights into tenants of the Ingonyama Trust, i.e. entering into lease agreements with all the conditionality in the lease agreements. All conversions should be in line with all the land laws of the Country.
- Facilitate resolution of key questions and concerns raised by the Auditor-General in relation to the value of the ITB's land/property so that the ITB could move toward achievement of an unqualified audit. Further, submit quarterly progress report on implementation of the remedial measures set out by the Auditor-General in order to ensure that the ITB is compliant with all the relevant prescripts.
- Conduct a comprehensive socio-economic impact assessment of the performance of the ITB and how the beneficiaries have materially and socio-economically benefited from the ITB programmes.
- Review programmes to ensure implementation of ITB policy provision for allocation and use of 90 per cent of the revenue of the Trust for the material benefit of traditional communities living on the Ingonyama Trust Land.

The Committee further recommends that, within the three months after the adoption of this report by the National Assembly, the Minister submit a report that tables responses and progress report in the implementation of the above recommendations.

Report to be considered.

4. REPORT OF THE PORTFOLIO COMMITTEE ON HEALTH ON THE ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF HEALTH, ITS ENTITIES (2018/19 - 2020/2021) AND VOTE 16, DATED 25 APRIL 2018

The Portfolio Committee on Health (the Committee), having considered Budget Vote 16: Health, together with the Annual Performance Plan (APP) of the Department of Health (the Department) and six entities (South African Health Products Regulatory Authority, South African Medical Research Council, Office of Health Standards Compliance, Council for Medical Schemes, National Health Laboratory Service and the Compensation Commissioner for Occupational Diseases), reports as follows:

1. INTRODUCTION

The Constitution of South Africa (Act No. 108 of 1996) recognizes that Parliament has an important role to play in overseeing the performance of government departments and public entities. Through the review of strategic plans, annual performance plans, annual budget and medium-term expenditure framework allocation and needs.

This report summarises presentations received from the Department and its entities, focusing on their 2018/19 Annual Performance Plans and Budget as well as allocations over the MTEF. In addition, the Committee was also briefed by the Auditor General South Africa (AGSA) and Financial and Fiscal Commission (FFC) on their analysis of the APPs. The report details the deliberations, observations and recommendations made by the Committee relating to Vote 16.

2. CONSIDERATION OF THE ANNUAL PERFORMANCE PLAN AND BUDGET OF THE DEPARTMENT

On 19 April 2018, the Portfolio Committee engaged the Department on its Annual Performance Plan and budget for 2018/19.

3. OVERVIEW OF THE DEPARTMENT OF HEALTH

The Department aims to provide leadership and coordination of health services to promote the health of all people of South Africa through an accessible, caring and high quality health system based on primary health care approach. The Department derives its annual performance plan for 2018/19 financial year from the 2018 State of the Nation Address (SONA), National Development Plan (NDP) Vision-2030, the Medium-Term Strategic Framework (2014-2019), the Minister of Finance budget speech (2018) and the Department's planned policy initiatives and other relevant policies.

3.1. Department of Health Planned Policy Initiatives

The key policy priorities of the Department include the following:

- **Implementation of the National Health Insurance (NHI).** The first phase of a 5-year preparatory work plan to improve health systems performance, interventions to improve service delivery and provision, has been implemented at all levels of the health system.

The Minister of Health published the White Paper on NHI for public comments in December 2015. In addition, the Department has set up 6 NHI work streams. The public comments and recommendations from the NHI work streams contributed to the development of the NHI policy. In June 2017, the NHI Policy of South Africa was gazetted as the official policy on NHI. An evaluation of the first phase of NHI is currently underway and the report will be finalised during 2018/19 financial year.

The second phase will entail development of systems and processes to ensure effective functioning and administration of the NHI Fund. The NHI Fund will pool revenue and purchase health services, through contracting health service providers accredited by the Office of Health Standards Compliance. In addition, an implementation team will be established as a government component reporting to the Minister of Health.

- **South African Health Products Regulatory Authority (SAHPRA).** SAHPRA is established as a Section 3A Public Entity, meaning that it will be able to retain funds generated from applications, in order to acquire experts on a full-time basis. The key focus areas over the medium-term will be to evaluate and register pharmaceuticals, and medical devices, manage and co-ordinate the registration process, ensuring access to safe medicines and continue regulatory compliance.
- **Operation Phakisa and Ideal Clinic Initiative.** The Ideal Clinic Realisation and Maintenance programme began in 2013 with the aim to ensure that Primary Health Care (PHC) facilities has good infrastructure, human resources and systems in place. An improved and effective PHC system is seen as key to improving the health outcomes of the country in the most cost-effective manner.

3.2. Annual Performance Indicators for 2018/19

Some of the key performance indicators under each programme are as follows:

Programme 1: Administration

The purpose of the administration programme is to provide support services to the National Department of Health. These include: Human resources development and management, labour relations services, information communication technology services, property management services, security services, legal services, supply chain management and financial management services. The Department plans for the current financial year (2018/19) are:

- To obtain a clean audit opinion.
- To ensure improvements in audit outcomes for at least five provincial departments.

Programme 2: National Health Insurance, Health Planning and Systems Enablement

The purpose of the National Health Insurance (NHI), Health Planning and Systems Enablement Programme is to improve access to quality health services through the development and implementation of policies to achieve universal health coverage, health financing reform, integrated health systems planning, monitoring and evaluation and research. Under Programme 2, the Department plans to achieve the following:

- The draft NHI Bill will be gazetted for public comments.
- Private health providers will be contracted to provide health services.
- The eHealth Strategy (2019-2023) will be published.
- 3000 PHC facilities already using the health patient registration system (HPRS) will be maintained and an additional 470 PHC facilities and 22 hospitals will implement HPRS.
- 35 million patients will be registered on the HPRS.
- 3625 health facilities will be reporting stock availability at the national surveillance centre.
- 2.5 million patients will be enrolled for receiving medicines through the centralised chronic medicine dispensing (CCMDD) programme.
- Surveillance system for monitoring antimicrobial resistance will be accessible to three Provincial Departments of Health.
- The Traditional Health Practitioners Amendment Bill will be published for comments.
- The 2018/19 annual single exit price adjustments will be gazetted and implemented.
- 1500 PHC facilities will conduct patient experience of care surveys.
- The NHI Phase 1 evaluation report will be published.

Programme 3: HIV/AIDS, TB and Maternal and Child Health

The purpose of HIV/AIDS, TB and Maternal and Child Health programme is to develop and monitor implementation of national policies, guidelines, norms and standards, and targets for the national responses needed to decrease the burden of disease associated with burden of HIV and TB epidemics; to minimise maternal and child mortality and morbidity; and to optimise good health for children, adolescents and women; and monitor and evaluate the outcomes and impact of these. Targets under Programme 3 for the current financial year (2018/19) are as follows:

- On implementing prevention and treatment interventions to reduce the burden of HIV, STI and TB infections, the following will be achieved: 5 million patients remaining on ART; 14 million people reached in the national health screening and testing campaign; 600 000 medical male circumcision performed; and 80 000 new TB cases found.
- The EPI coverage survey protocol will be developed and field work completed.
- In reducing under 5 mortality rate, implementation plans will be developed in partnership with Provincial Departments of Health and three provincial trainings will be conducted.

Programme 4: Primary Health Care Services (PHC)

The purpose of Primary Health Care Service Programme is to develop and oversee the implementation of legislation, policies, systems and norms and standards for a uniform well-functioning district health system, environmental health services, communicable disease control, non-communicable disease control as well as health promotion and nutrition programmes. The targets for Programme 4 for 2018/19 financial year are as follows:

- The National Malaria Elimination Strategic Plan for South Africa will be published.

- The work plan for the International Health Regulations Joint External Evaluation recommendations will be developed.
- On strengthening district governance, plans will be developed for ten district structures to meet the minimum requirements of the District Health Management Office structure guidelines.
- On the Ideal Clinic programme, 1400 primary health care facilities in the 52 districts to qualify as Ideal Clinics.
- In improving accessibility of PHC services to people with disabilities, 40% of 3400 primary health care facilities will be accessible to people with disabilities.
- In improving quality of services at district hospitals, the status of all district hospitals will be determined against the ideal district hospital framework.
- 78 major Health Care Risk Waste (HCRW) generating public health facilities (hospitals that generate more than 2 kilograms per day) will be assessed for adherence to HCRW norms and standards.
- 21 municipalities will be randomly selected and audited against environmental health norms and standards.
- In strengthening mental health services, fifteen district mental health teams will be established.

Programme 5: Hospital, Tertiary Health Services and Human Resource Development

The purpose of this programme is to develop policies, delivery models and clinical protocols for hospitals and emergency medical services. It is also to ensure alignment of academic medical centres with health workforce programmes, training of health professionals and to ensure the planning of health infrastructure meet the health needs of the country. This programme will also assist the government to achieve the population health goals of the country through nursing and midwifery, by the provision of expert policy and technical advice and recommendations on the role of nurses in attainment of desired health outputs. Below are targets for 2018/19 under Programme 5:

- Ensure that Guidelines on Organisational Structures for central hospitals are approved by Technical National Health Council.
- In ensuring quality health care through compliance to National Core Standards (NCS), ten central hospitals will be assessed.
- Oncology service improvement plan for public hospitals will be developed.
- Obstetric service improvement plan for public hospitals will be developed.
- 9 Provincial Departments of Health will be monitored for compliance with Emergency Medical Services (EMS) regulations using the approved checklist. Nine EMS improvement plans will be developed.
- On health infrastructure, 400 facilities will comply with infrastructure norms and standards; 20 clinics and community health centres will be constructed or revitalised; two hospitals will be constructed or revitalised; 125 facilities in the NHI district will be maintained, repaired and/or refurbished; and 100 facilities will be maintained, repaired and/or refurbished outside the NHI pilot district.
- Draft Human Resource Regulations will be submitted to NHC for consideration.
- Ensure that 100% of South African Medical Interns and Community Service personnel who studied at South African Universities are allocated for placement by October and April respectively.
- The Human Resources for Health Strategic Plan for 2019 - 2024 will be drafted.
- All students returning from Cuba during 2018/19 will be placed for final clinical training in the local medical schools.
- 150 Hospital and 900 PHC managers will access the knowledge hub information system for coaching and mentoring.
- In strengthening Nursing Education and Training and Practice, nine of the 17 remaining colleges will have customised curricula for the new 3-year diploma in General Nursing; new courses will commence in 2019 academic year; and norms and standards for clinical training platform will be approved.

- In eliminating the backlog of blood alcohol tests and toxicology tests, 100% backlog will be eliminated for blood alcohol tests in Johannesburg laboratory and 60% backlog for toxicology tests eliminated.

Programme 6: Health Regulation and Compliance Management

The purpose of this programme is to regulate the scale of food and to ensure accountability and compliance by public entities and statutory health professional councils in accordance with applicable legislative prescripts. Targets under Programme 6 for the current financial year (2018/19) include:

- The National Public Health Institute of South Africa (NAPHISA) Act is promulgated into law.
- Biannual governance progress reports will be produced of all health entities and councils.
- A handbook for Board members serving on public health entities and statutory professional councils will be developed.

3.3. Budget Overview

3.3.1. Consolidated Health Budget

The public health budget spans across the national department, its entities and the provincial departments of health. The consolidated budget totals R205.4 billion.

Economic classification:

- A significant portion of the consolidated health expenditure (62.7%) is dedicated to Compensation of Employees, which totals R128.8 billion.
- Consolidated health expenditure on Goods and Services totals R57.4 billion for 2018/19, which constitutes 27.9% of health expenditure.

- Consolidated health expenditure also makes provision for R12.9 billion (6.3%) allocated to Capital spending and transfers, and R6.3 billion for current transfers and subsidies (3.1%).

3.3.2. NDoH Budget

The Department receives R47.1 billion for 2018/19, up from R42.6 billion in 2017/18. This represents an increase of 10.5% in nominal terms (4.8% in real terms).

Programme	Budget		Nominal Increase / Decrease in 2018/19	Real Increase / Decrease in 2018/19	Nominal Percent change in 2018/19	Real Percent change in 2018/19
	R million	2017/18				
Programme 1: Administration	514,8	550,8	36,0	7,3	6,99 per cent	1,42 per cent
Programme 2: National Health Insurance, Health Planning and Systems Enablement	934,7	1 671,6	736,9	649,8	78,84 per cent	69,51 per cent
Programme 3: HIV and AIDS, TB, and Maternal and Child Health	18 297,8	20 719,1	2 421,3	1 341,2	13,23 per cent	7,33 per cent
Programme 4: Primary Health Care Services	263,9	301,7	37,8	22,1	14,32 per cent	8,36 per cent
Programme 5: Hospitals, Tertiary Health Services and Human Resource Development	20 907,8	22 124,2	1 216,4	63,0	5,82 per cent	0,30 per cent
Programme 6: Health Regulation and Compliance Management	1 726,6	1 775,5	48,9	- 43,7	2,83 per cent	-2,53 per cent
TOTAL	42 645,6	47 142,9	4 497,3	2 039,6	10,5 per cent	4,78 per cent

Table 1: National Department of Health Budget (2018/19)

The two largest programmes, namely Programme 3: HIV and AIDS, TB, Maternal and Child Health (R20.7 billion) and Programme 5: Hospitals, Tertiary Services and Human Resource Development (R22.1 billion), jointly constitute 90.9% of the total budget allocation to the Department. Programme 4: Primary Health Care Services, receives the smallest allocation (R301.7 million), which is less than 1% (0.64%) of the Department's budget.

In terms of economic classification, the bulk of the Department's budget (R43.1 billion or 91.3%) consists of transfers and subsidies to provinces and municipalities, and departmental agencies and accounts. This figure includes R195.9 million to non-profit institutions, and R1.7 billion to departmental agencies and accounts.

3.3.3. Budget by programme

Programme 1: Administration

Programme	Budget		Nominal Increase / Decrease In 2018/19	Real Increase / Decrease In 2018/19	Nominal Percent change In 2018/19	Real Percent change In 2018/19	
	R million	2017/18					2018/19
Sub-programme 1: Ministry		31.8	31.2	- 0.6	- 2.2	-1.89 per cent	-7.00 per cent
Sub-programme 2: Management		19.6	25.7	6.1	4.8	31.12 per cent	24.29 per cent
Sub-programme 3: Corporate Services		235.5	245.0	9.5	- 3.3	- 4.03 per cent	-1.39 per cent
Sub-programme 4: Office Accommodation		165.2	174.9	9.7	0.6	5.87 per cent	0.35 per cent
Sub-programme 5: Financial Management		62.8	74.0	11.2	7.3	17.83 per cent	11.69 per cent
TOTAL		514.8	550.8	36.0	7.3	7.0 per cent	1.42 per cent

Programme 1's expenditure increases by 7.0% in nominal terms (increasing by 1.4% in real terms) from R514.8 million previously to R550.8 million in 2018/19. The largest sub-programme is Corporate Services, of which the allocation increases by 4.0% in nominal terms, but decreases by 1.4% in real terms. The only sub-programme that experiences a nominal percentage decrease is the Ministry sub-programme.

In terms of economic classification, 97.5% of the budget is allocated to current payments. Compensation of employees amounts to R209.2 million, while R328.1 million is allocated to Goods and Services. This includes R155.7 million for operating leases.

Programme 2: National Health Insurance, Health Planning and Systems Enablement

Table 3: National Health Insurance, Health Planning and Systems Enablement

Programme	Budget		Nominal Increase / Decrease In 2018/19	Real Increase / Decrease In 2018/19	Nominal Percent change In 2018/19	Real Percent change In 2018/19	
	R million	2017/18					2018/19
Sub-programme 1: Programme Management		4.0	4.0	0.0	0.4	15.00 per cent	9.00 per cent
Sub-programme 2: Technical Policy and Planning		97.8	21.4	- 76.4	- 77.6	-78.12 per cent	-79.28 per cent
Sub-programme 3: Health Information Management, Monitoring and Evaluation		87.1	82.0	- 5.1	- 8.3	-7.80 per cent	-12.42 per cent
Sub-programme 4: Sector-Wide Procurement		139.4	48.3	- 93.1	- 95.5	-88.79 per cent	-88.52 per cent
Sub-programme 5: Health Financing and NH		548.7	1 451.2	904.5	828.8	185.45 per cent	151.81 per cent
Sub-programme 8: International Health and Development		79.7	88.0	8.3	1.8	7.90 per cent	2.28 per cent
TOTAL		934.7	1 871.8	736.9	849.8	78.8 per cent	89.51 per cent

This programme budget increases significantly by 78.8% in nominal terms (69.5% in real terms), due largely to increased funding for the Health financing and NHI sub-programme which increases by 165.5% in nominal terms (151.6% in real terms). NHI allocations are now centralised resulting in significantly lower budgets for the Technical Policy and Planning sub-programme (78.1% nominal decrease) and sector-wide procurement sub-programme (66.8% nominal decrease).

Programme 3: HIV and AIDS, TB, Maternal and Child Health

The bulk of this programme's budget, 98.7%, is allocated to the HIV and AIDS sub-programme, amounting to R20.4 billion in 2018/19. This represents a nominal increase of 13.4%, (7.5% in real terms). The remaining four sub-programmes combined receive less than 1.3 % of the programme's budget. Community Health Workers have been included in the Comprehensive HIV and AIDS, and TB conditional grant.

Table 4: HIV and AIDS, TB, Maternal and Child Health

Programme	Budget		Nominal Increase / Decrease In 2018/19	Real Increase / Decrease In 2018/19	Nominal Percent change In 2018/19	Real Percent change In 2018/19
	R million	2017/18				
Sub-programme 1: Programme Management	6.5	5.4	- 1.1	- 1.4	-16.92 per cent	-21.25 per cent
Sub-programme 2: HIV and AIDS	18 024.4	20 441.5	2 417.1	1 351.4	13.41 per cent	7.50 per cent
Sub-programme 3: Tuberculosis	26.3	27.2	0.9	- 0.5	3.42 per cent	-1.97 per cent
Sub-programme 4: Women's Maternal and Reproductive Health	18.2	19.9	1.7	0.7	9.34 per cent	3.64 per cent
Sub-programme 5: Child. Health and School Health	222.5	225.0	2.5	- 0.2	1.12 per cent	-4.15 per cent
TOTAL	18 297.8	20 719.1	2 421.3	1 341.2	13.2 per cent	7.33 per cent

The TB sub-programme increases only slightly in nominal terms but decreases by 2% in real terms. This is of concern given the stated priority of tackling TB, and the high co-morbidity rate with HIV and AIDS.

The Women's Maternal and Reproductive Health sub-programme is responsible for, amongst other things, reducing maternal mortality and improving access to sexual and reproductive health services. This sub-programme received 0.1% of the programme budget. It receives R1.7 million more than last year, which represents a 3.6% real increase.

The Child, Youth and School Health sub-programme increases with 1.1 % in nominal terms (declining by 4.2% in real terms). A significant portion of the allocated budget funds the roll-out of the Human Papilloma Virus (HPV) Vaccine. This in-kind grant has been converted to a direct conditional grant. This sub-programme develops and monitors policies and guidelines, and sets norms and standards for child health. Each province also has a unit which is responsible for facilitating implementation at provincial level. The cluster focuses on, amongst other things, reducing under 5 years of age mortality; increasing the number of children with HIV on treatment; strengthening youth health services; including ensuring that health services are youth friendly; and strengthening school health services.

Capital budgets were reduced to reallocate to Information Communication Technology to maintain current systems.

Programme 4: Primary Health Care Services

Table 5: Primary Health Care Services

Programme	Budget		Increase / Decrease In 2018/19	Increase / Decrease In 2018/19	Infl Percent change In 2018/19	Real Percent change in 2018/19
	R million	2017/18				
Sub-programme 1: Programme Management	3.1	4.0	0.9	0.7	29.03 per cent	22.31 per cent
Sub-programme 2: District Health Services	46.3	10.6	- 35.7	- 36.3	-77.11 per cent	-78.30 per cent
Sub-programme 3: Communicable Diseases	21.7	22.7	1.0	- 0.2	4.61 per cent	-0.85 per cent
Sub-programme 4: Non-Communicable Diseases	22.5	74.2	51.7	47.8	229.78 per cent	212.59 per cent
Sub-programme 5: Health Promotion and Nutrition	26.3	24.7	- 1.6	- 2.9	-6.08 per cent	-10.98 per cent
Sub-programme 6: Environmental and Port Health Services	144.0	165.6	21.6	13.0	15.00 per cent	9.00 per cent
TOTAL	263.9	301.7	37.8	22.1	14.3 per cent	8.36 per cent

This Programme's budget increases by 14.3% in nominal terms (8.4% in real terms).

The Non-Communicable Diseases sub-programme allocation increases from R22.5 million in 2017/18 to R74.2 million, an increase of 230% in nominal terms (212.6% in real terms). This increase is to support chronic disease prevention and health promotion.

The District Health Services sub-programme declines by 77.1% nominally (78.3 % in real terms) from R46.3 million to R10.6 million.

It is also one of only two sub-programmes that experience real decrease, the other being Health Promotion and Nutrition which decreases by 6.1% in nominal terms (11% in real terms) from R26.3 million in 2017/18 to R24.7 million in 2018/19).

Programme 5: Hospitals, Tertiary Health Services and Human Resources Development

Table 6: Hospitals, Tertiary Health Services and Human Resources Development

Programme	Budget		Nominal Increase / Decrease In 2018/19	Real Increase / Decrease In 2018/19	Nominal Percent change In 2018/19	Real Percent change In 2018/19
	R million	2017/18				
Sub-prog. 1: Programme Management	3.7	3.3	- 0.4	- 0.6	-10.81 per cent	-15.46 per cent
Sub-prog. 2: Health Facilities Infrastructure Management	6 423.7	6 740.6	316.9	- 34.5	4.93 per cent	-0.54 per cent
Sub-prog. 3: Tertiary Health Care Planning and Policy	11 680.8	12 405.1	724.3	77.6	6.20 per cent	0.66 per cent
Sub-prog. 4: Hospital Management	5.0	6.5	1.5	1.2	30.00 per cent	23.22 per cent
Sub-prog. 5: Human Resources for Health	2 653.8	2 805.4	151.6	5.3	5.71 per cent	0.20 per cent
Sub-prog. 6: Nursing Services	6.6	9.1	2.5	2.0	37.88 per cent	30.69 per cent
Sub-prog. 7: Forensic Chemistry Laboratories	127.4	145.8	18.4	10.8	14.44 per cent	8.48 per cent
Sub-prog. 8: Violence, Trauma and EMS	6.9	8.5	1.6	1.2	23.19 per cent	16.77 per cent
TOTAL	20 907.8	22 124.2	1 216.4	63.0	5.8 per cent	0.30 per cent

Total expenditure for Programme 5 grows from R20.9 billion in the 2017/18 financial year to R22.1 billion. The budget for this programme increases by 5.8% in nominal terms, and 0.3% in real terms.

The 2018/19 allocation to Health Facilities Infrastructure Management sub-programme increases by 4.9% in nominal terms, declining by 0.5% in real terms.

The Forensic Chemistry Laboratories sub-programme allocation increases by 14.4% in nominal terms (increasing by 8.5% in real terms). The Nursing Services sub-programme exhibits the strongest growth, and increases by 37.9 % in nominal terms from R6.6 million in 2017/18 to R9.1 million in 2018/19.

Programme 6: Health Regulation and Compliance Management

Programme R million	Budget		Nominal Increase / Decrease In 2018/19	Real Increase / Decrease In 2018/19	Nominal Percent change In 2018/19	Real Percent change in 2018/19
	2017/18	2018/19				
Sub-programme 1: Programme Management	4.5	6.0	1.5	1.2	33.33 per cent	26.96 per cent
Sub-programme 2: Food Control	11.5	10.6	- 0.9	- 1.5	-7.83 per cent	-12.63 per cent
Sub-programme 3: Radiation Control and Health Technology	152.4	14.2	- 138.2	- 138.9	-90.68 per cent	-91.17 per cent
Sub-programme 4: Public Entities Management	1 486.4	1 679.1	182.7	95.2	12.21 per cent	6.36 per cent
Sub-programme 5: Compensation Commissioner for Occupational Diseases and Occupational Health	61.7	65.7	4.0	0.6	6.48 per cent	0.93 per cent
TOTAL	1 726.6	1 775.5	48.9	- 43.7	2.8 per cent	-2.53 per cent

Programme 6 grows slightly (2.8% in nominal terms) from R1.7 billion to R1.8 billion.

Budget allocation under Programme 6 is dominated by the Public Entities Management sub-programme, which receives 94.6%, amounting to R1.68 billion. This constitutes a 12.2% nominal and 6.4% real increase. The allocation to this sub-programme consist of transfers to entities and statutory councils falling within the mandate of health legislation.

4. CONSIDERATION OF THE ANNUAL PERFORMANCE PLANS AND BUDGET OF ENTITIES

The Committee considered the revised strategic plans, APPs and budget of six entities and reports as follows:

4.1. South African Health Products Regulatory Authority

The South African Health Products Regulatory Authority (SAHPRA) came into being on 01 February 2018 after the Medicines and Control Council (MCC) was dissolved. The Medicines and Related Substances Act, (No. 101 of 1965), (as amended by Act 72 of 2008, together with Act 14 of 2015), provides for the establishment of SAHPRA, a Schedule 3A public entity, which will operate as a separate juristic entity, outside of the National Department of Health. SAHPRA will be responsible for monitoring, evaluation, regulation, investigation, inspection, registration and control of medicines, scheduled substances, clinical trials, medical devices and related matters in the public interest.

The new SAHPRA legislation aligns South Africa with other international regulatory authorities and is designed to support a regulatory framework that addresses the changing needs of the South African public. The Authority aims to become more transparent with better accountability and communication to all its stakeholders, including civil society and the general public, health-care professionals, academia and industry.

Situational Analysis

SAHPRA recognises a number of key areas which would affect its performance. This includes amongst others:

Backlogs in Medicines Registration Applications:

- The SAHPRA Board has established a Technical Operations and Regulatory Strategy (TORS) Committee with a mandate to develop an integrated plan to address the backlog using approaches that will allow regulatory assessment of all products in a defined, achievable but ambitious timeline.
- This work will be financed from the envisaged increase in revenue generated through increased fees. The new fee structure will be a departure from the historical fees charged in the MCC era, and will enable establishment of a bold, refocused operational framework.
- Post registration amendments to packaging information etc. remains a significant cause of backlogs. This requires more technical evaluators to handle the volume of requests. Currently, very few full-time in-house staff work as evaluators.

Medical devices:

- There has been over 1000 applications for establishment licences to date, and there is currently insufficient capacity to deal with the registration of medical devices.
- The inspection and registration of these products would likely be conducted by identified conformity assessment bodies accredited by the South African National Accreditation System (SANAS).

The regulation and control of Active Pharmaceutical Ingredients (API):

- Local production of APIs is limited currently and experience in the inspection of API facilities needs to be improved.
- Key initiatives to strengthen the capacity of inspectors to support inspections and assessment of API manufacturing sites are being implemented, including participation in international networks to ensure harmonization of API requirements.

Annual Performance Indicators for 2018/19

The table below highlights some of the annual performance indicators of SAHPRA for 2018/19 financial year.

Table 8: Programme Performance Indicators and Targets for 2018/19

Strategic Objective	Programme Performance Indicator	Strategic Plan Target	Medium Term Target		
			2018/19	2019/20	2020/21
PROGRAMME 1					
Establish, in a phased approach, a fully functional Authority suitably staffed to execute the mandate and goals of SAHPRA	% of funded positions filled	90 %	70 %	80 %	80 %
	% of Staff trained as per annual training plan	100 %	60 %	70 %	80 %
Maximise performance to improve organisational efficiency	% Employee performance agreements signed no later than 31 May of each financial year	100 %	100 %	100 %	100 %
Develop a communication strategy to support improved external stakeholder interactions and relations	Communication strategy developed, approved and published	Approved communication strategy published in year one.	Approved communication strategy published	Communication strategy implemented	Communication strategy implemented
Create public and stakeholder awareness about the mandate of SAHPRA	Number of media and communication events and stakeholder meetings	4	4	4	4
Implement good governance, oversight and accountability through appropriate delegation, including Financial Management and compliance with PFMA requirements	Audit Outcome	Unqualified audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report
Ensure that the monitoring and inspection of information stored on SAHPRA ICT facilities and services are performed in an appropriate and responsible manner	ICT Policy developed and approved	Approved ICT Policy	Approved ICT Policy	Implement ICT policy	Implement ICT policy
Ensure comprehensive plan that outlines how technology should be used to meet IT and SAHPRA goals is in place	ICT Strategy developed and approved	Approved ICT Strategy	Approved ICT Strategy	Implement ICT strategy	Implement ICT strategy

Share, cooperate and strengthen collaborative initiatives with relevant stakeholders	Number of collaborative relationships strengthened	9	2 MOUs	2 MOUs	3 MOUs
Enter into agreements with contract laboratories to support quality assurance and control functions	Number of service level agreements in place	2	1 SLAs	2 SLAs	2 SLAs
Maintain medicine and medical device registers	Updated medicine and medical device registers published on the regulators website quarterly	Quarterly update reports published	Quarterly update reports published	Quarterly update reports published	Quarterly update reports published
PROGRAMME 2					
Take regulatory decision on all Backlog Applications	Backlog Framework developed	-	Backlog Framework developed and implemented	-	-
	% of Backlog Applications with regulatory decisions taken	All Backlog Applications prior to 1 st February 2018 with regulatory decisions taken	-	60 % Backlog Applications prior to 1 st February 2018 with regulatory decisions taken	80 % Backlog Applications prior to 1 st February 2018 with regulatory decisions taken
Issue of licence, permits, registration certificates, certificates of establishments and health products for applications received for Medicines and Medical Devices within a specified timeline after regulatory decision taken	% of licence/permits/certificates issued within predefined timelines on quarterly basis.	85%	70%	75%	80%
PROGRAMME 3					
Inspect establishments to ensure compliance with relevant GXP and established standards within pre-defined timelines	% of establishments due for inspection inspected annually	60 %	45 %	50 %	60 %
Inspect permit holders/ establishments of narcotic and psychotropic substances to ensure compliance with established standards within pre-defined timelines	% of permit holders/establishments/sites of narcotic and psychotropic substances inspected annually	20 %	20 %	20 %	20 %
PROGRAMME 4					
Evaluate clinical trial protocols received in accordance with defined standards	% of clinical trial applications evaluated within an evaluation cycle	95%	85%	90%	95%
Evaluate clinical trial protocol amendments in accordance with defined standards	% of clinical trial protocol amendments evaluated within pre-defined timelines	75%	72%	73%	74%
Evaluate the applications received for sale of unregistered health products in accordance with defined standards	% of applications for the sale of an unregistered health product evaluated within a specified timeline	85%	75%	80%	85%

Scientific Evaluation of all NCE/ Biological applications submitted for regulatory decision	% of NCE/Biological applications evaluations concluded with a regulatory decision taken within 275 working days	80%	40%	50%	60%
Scientific Evaluation of New Health Product amendments submitted for regulatory decision (4.5)	% of NCE/Biological amendments evaluations concluded with a regulatory decision within 120 working days (time spent at regulator)	80%	40%	50%	60%
Scientific Evaluation of Generic / Biosimilar applications submitted for regulatory decision	% of Generic / Biosimilar application evaluations concluded with a regulatory decision within 180 working days (time spent at regulator)	80%	40%	50%	60%
Scientific Evaluation of Generic / Biosimilar amendments submitted for regulatory decision	% of Generic/ Biosimilar amendment evaluations concluded with a regulatory decision within 120 working days (time spent at regulator)	80%	40%	50%	60%
Investigate, monitor, analyze solicit and act upon existing and new adverse events, interactions and signals emerging from post-marketing surveillance and vigilance	Published quarterly reports of new adverse events and signals that have been assessed, actioned and concluded	4	2	4	4
	An inclusive vigilance framework for all health products developed and approved	Approved Vigilance Framework for all health products	-	Draft framework developed	Approved Vigilance Framework for all health products

Budget Overview

SAHPRA has a budget of R215.9 million for the 2018/19 financial year made up of R90.7 million fees (42 %) and R125 million (58 %) Treasury allocation. The budget increases to R268.4 million in 2019/20, made up of R136.2 million from fees (51 %) and R132.2 million (49 %) Treasury allocation.

Table 9: Budget Allocation by Programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
	2018/19		2019/20		
	R million				
Programme 1: Administration	65 100,0	30,16 per cent	90 354,0	33,66 per cent	3,50 per cent
Programme 2: Authorisation Management	30 555,0	14,15 per cent	34 964,0	13,03 per cent	-1,13 per cent
Programme 3: Inspectorate and Regulatory Compliance	34 826,0	16,13 per cent	38 844,0	14,47 per cent	-1,66 per cent
Programme 4: Medicine Evaluation and Registration	67 158,0	31,11 per cent	82 537,0	30,75 per cent	-0,36 per cent
Programme 5: Devices and Radiation Control	18 231,0	8,45 per cent	21 733,0	8,10 per cent	-0,35 per cent
TOTAL	215 870,0	100,00 per cent	268 432,0	100,00 per cent	0,00 per cent

Programme 1: Administration

The Administration programme is allocated R65.1 million which is 30.2% of the total budget. The purpose of the programme is to provide the leadership and administrative support that SAHPRA needs to fulfil its function. It comprises of four sub-programmes, including, amongst others, Human Resource Management, and Information Technology and Communication. R38.2 million (58.7%) goes to goods and services, with R26.9 million (41.3%) allocated to compensation of employees.

Programme 2: Authorisation Management

Authorisation Management programme is to provide administrative support and co-ordinate the process of registration and/or licencing or amendment of applications in respect of medicines. It receives 14.2% of the total budget (R30.6 million). It aims to develop a backlog elimination strategy in 2018/19 and achieve a 60% reduction in the pre-2018 backlog.

Programme 3: Inspectorate and Regulatory Compliance

This programme conducts inspections including at API, medicine and medical device manufacturers, wholesalers, laboratories and clinical trial sites. It receives 16.1% of the budget (R34.8 million). Most of the budget for this programme (R27.7 million or 79.6%) is allocated to compensation of employees, with R7.1 million allocated to goods and services.

Programme 4: Medicines Evaluation and Registration

The Medicine Evaluation and Registration Programme receives 31.1% of the total budget (R67.2 million). The aim of this programme is to evaluate the safety and efficacy of medicines and register them. 85% of the budget (R57.1 million) goes to compensation of employees and 15% (R10.1 million) goes to goods and services. Over time, SAHPRA aims to absorb some of the external evaluators as employees. This should speed up the scientific evaluation of medicines and clinical trials by 2020/21.

Programme 5: Medical Devices, Diagnostics and Radiation Control

The main aim of this programme is to develop and maintain regulatory oversight of medical devices, ionizing and non-ionizing radiation emitting devices and radioactive nucleides. This programme receives R18.2 million, of which R10.5 million (57.4%) goes to compensation of employees and R7.8 million (42.7%) goes to goods and services.

4.2. South African Medical Research Council

Situational Analysis

The SAMRC's strategic plan and annual performance plan (APP) serve as a mechanism of implementing the National Development Plan 2030 (NDP), Sustainable Development Goals (SDGs) and the Medium Term Strategic Framework (MTSF) (2015/16-2019/20). In pursuit of achieving its key performance indicators and improving the health outlook of the country, the SAMRC works closely with key health partners such as the National Department of Health, the Department of Science and Technology (DST), science councils, medical schools, universities, research institutes and international collaborators.

Revisions to Legislative and Other Mandates

The SAMRC considered no significant changes to the South African Medical Research Council's legislative and other mandates. However, it considers the formation of the National Public Health Institutes of South Africa (NAPHISA) as a primary strategic risk. It also considers transformation challenges and inefficiencies in certain corporate processes as risks; hence, its Board monitors these as strategic risks on quarterly basis.

Research and performance at SAMRC

There are various research and clinical trials that the SAMRC has conducted and funded over the years including epidemiological research and surveys that provide key data for the government particularly for the NDoH. A sample of the studies conducted include the:

- South African Demographic and Health Surveys;

- Evaluation of health information systems for National Health Insurance;
- The implementation of a national TB prevalence survey in 2017;
- Rural Cancer Registry;
- Support of the National Cancer Registry; and
- Second National Survey of Female and Child Homicide.

Organisational Functioning

The following are some of several new initiatives that SAMRC plans to undertake during the 2018/19 fiscal year:

- The prioritisation and focus of the SAMRC's intramural research programme to create and strengthening ethos of high quality science and health impact;
- Strategic oversight of the SAMRC research by the Scientific Advisory Committee
- Improved funding of intramural units;
- Establish an Intramural Research Fund focussing on emerging and previously disadvantaged individuals;
- Implementation of collaborative projects jointly funded by Forte (Swedish Council for Health, Working Life and Welfare) and the SAMRC focussing on inequalities in health, health systems and health system policies; and
- Expand its African footprint through collaborative projects with scientists in African countries, which compliments existing work in Rwanda, Ghana, Kenya, and Zambia.

Annual Performance Indicators for 2018/19

The SAMRC has nine (9) strategic objectives that are linked with its budget and key instruments such as SDGs, NDP, 2030 and NDoH. Table 10 below gives a synopsis of the strategic objectives, annual performance indicators and estimated performance for the current fiscal year 2018/19:

Table 10: Programme Performance Indicators and Targets for 2018/19

STRATEGIC OBJECTIVES	ANNUAL PERFORMANCE INDICATORS	ESTIMATED PERFORMANCE FOR 2018/19
TO ENSURE GOOD GOVERNANCE, EFFECTIVE ADMINISTRATION AND COMPLIANCE WITH GOVERNMENT REGULATIONS	COMPLIANCE WITH LEGISLATIVE PRESCRIPTS, REFLECTED IN THE FINAL AUDIT REPORT RELATING TO THE PROCESSES AND SYSTEMS OF THE SAMRC	UNQUALIFIED
TO PROMOTE THE ORGANISATION'S ADMINISTRATIVE EFFICIENCY TO MAXIMISE THE FUNDS AVAILABLE FOR RESEARCH	PERCENTAGE (%) OF THE 2018/19 SAMRC TOTAL BUDGET SPENT ON SALARIES AND OPERATIONS OF ALL CORPORATE ADMINISTRATIVE FUNCTIONS	20%
TO PRODUCE AND DISSEMINATE NEW SCIENTIFIC FINDINGS AND KNOWLEDGE ON HEALTH	NUMBER OF PUBLISHED JOURNAL ARTICLES, BOOK CHAPTERS AND BOOKS BY SAMRC RESEARCHERS WITHIN INTRAMURAL, EXTRAMURAL RESEARCH UNITS AND COLLABORATING CENTRES AT THE SAMRC (MALARIA, TB, HIV AND CANCER), SELF-INITIATED RESEARCH, SHIP AND FLAGSHIP PROJECTS	750
	NUMBER OF JOURNAL ARTICLES PUBLISHED BY SAMRC GRANT-HOLDERS WITH ACKNOWLEDGEMENT OF SAMRC SUPPORT DURING THE REPORTING PERIOD	196
TO PROMOTE SCIENTIFIC EXCELLENCE AND THE REPUTATION OF SOUTH AFRICAN HEALTH RESEARCH	NUMBER OF PUBLISHED INDEXED IMPACT FACTOR JOURNAL ARTICLES WITH A SAMRC AFFILIATED AUTHOR	700
TO PROVIDE LEADERSHIP IN THE GENERATION NEW KNOWLEDGE IN HEALTH	NUMBER OF JOURNAL ARTICLES WHERE THE FIRST AND/OR LAST AUTHOR IS AFFILIATED TO THE SAMRC DURING THE REPORTING PERIOD	500
TO FACILITATE THE TRANSLATION OF SAMRC RESEARCH FINDINGS INTO HEALTH POLICIES AND PRACTICES	NUMBER OF POLICIES AND GUIDELINES THAT REFERENCE SAMRC RESEARCH	6
TO PROVIDE FUNDING FOR THE CONDUCT OF HEALTH RESEARCH	NUMBER OF RESEARCH GRANTS (NEW AND RENEWALS) AWARDED BY THE SAMRC (NEW/REFERRALS)	176
TO PROVIDE FUNDING FOR HEALTH RESEARCH INNOVATION AND TECHNOLOGY DEVELOPMENT	NUMBER OF INNOVATION AND TECHNOLOGY PROJECTS FUNDED BY THE SAMRC TO DEVELOP NEW DIAGNOSTICS, DEVICES, VACCINES AND THERAPEUTICS	40
	NUMBER OF NEW DIAGNOSTICS, DEVICES, VACCINES AND THERAPEUTICS PROGRESSED TO THE NEXT STAGE OF DEVELOPMENT DURING THE REPORTING PERIOD	2

TO ENHANCE THE LONG-TERM SUSTAINABILITY OF HEALTH RESEARCH IN SOUTH AFRICA BY PROVIDING FUNDING FOR THE NEXT GENERATION OF HEALTH RESEARCHERS	NUMBER (NEW AND RENEWALS) OF SAMRC BURSARIES, SCHOLARSHIPS AND FELLOWSHIPS FUNDED FOR POSTGRADUATE STUDY AT MASTERS DOCTORAL AND POSTDOCTORAL LEVELS	101
	NUMBER OF NEW MASTERS AND DOCTORAL STUDENTS GRADUATED DURING THE REPORTING PERIOD	60

Budget Overview

The SAMRC's complete budget comprise of two components namely, the annual baseline grants from the NDoH and donor funding. During the period of 2014/15 to 2017/18, the overall budget of the SAMRC was expected to grow at an average rate of 9.6% per annum from R750 million to R987 million. This is an increase of 31.6% over the period 2014-2018. Furthermore, the MTEF period of 2018/19-2020/21 indicates that its annual budget is projected to grow at an average rate of 5.3% annually. As a result, the budget depicts a slight increase of R108 million from 2018/19 to 2020/21. Table 11 below shows the detailed allocation for 2018/19 fiscal year for SAMRC.

Table 11: Budget overview across programmes

PROGRAMME	BUDGET				NOMINAL RAND CHANGE	REAL RAND CHANGE	NOMINAL % CHANGE	REAL % CHANGE
	2017/18	2018/19	2019/20	2020/21				
R MILLION					2017/18-2018/19		2017/18-2018/19	
ADMINISTRATION	199 232	183 111	194 684	203 259	- 16 121	- 25 667	-8,09%	-12,88%
CORE RESEARCH	603 247	660 301	601 655	651 306	57 054	22 630	9,46%	3,75%
INNOVATION & TECHNOLOGY	190 992	202 596	203 330	205 857	11 604	1 042	6,08%	0,55%
CAPACITY DEVELOPMENT	58 153	85 565	88 980	89 092	27 412	22 951	47,14%	39,47%
TOTAL	1 051 624	1 131 573	1 088 649	1 149 508	79 949	20 957	7,60%	1,99%

- The total budget allocation for the SAMRC in 2018/19 is R1.1 billion, which shows a marginal nominal rand, change of R79.9 million, while nominal percentage change is only 7.60%. The 2018/19 allocation is slight more than the 2017/18 allocation of R 1 billion.

4.3. Office of Health Standard Compliance

Situational Analysis

For the 2018/19 fiscal year, the OHSC considers no significant changes to its legislative and other mandates. However, it anticipates the publication and promulgation of norms and standards regulations.

In the preparation of the current 2018/19 fiscal year, the OHSC identified risks that could impact on its performance, as highlighted in Table 12 below.

Table 12: Identified Risks

TYPE OF RISKS	RISK IDENTIFICATION
STRATEGIC	<ul style="list-style-type: none"> LIMITED UNDERSTANDING AND CLARITY ON INDEPENDENCE AND MANDATE OF OHSC BY KEY STAKEHOLDERS;
	<ul style="list-style-type: none"> INADEQUATE NORMS AND STANDARDS FOR DIFFERENT TYPES OF HES; AND
	<ul style="list-style-type: none"> DELAYS IN THE RESOLUTIONS OF COMPLAINTS.
COMPLIANCE, REGULATORY & LEGAL	<ul style="list-style-type: none"> LIMITATION OF THE REGULATORY FRAMEWORK THAT HAS AN IMPACT IN OHSC TO IMPLEMENT ITS MANDATE;
	<ul style="list-style-type: none"> LITIGATION AGAINST THE OHSC; AND
	<ul style="list-style-type: none"> NON-COMPLIANCE WITH APPLICABLE REGULATORY REQUIREMENTS (CORE BUSINESS AND ADMINISTRATIVE PROCESSES).
REPUTATIONAL, GOVERNANCE AND PEOPLE /HUMAN RESOURCES	<ul style="list-style-type: none"> FRAUD AND CORRUPTION;
	<ul style="list-style-type: none"> ONGOING VACANCIES ON THE BOARD;
	<ul style="list-style-type: none"> INSUFFICIENT HUMAN RESOURCE CAPACITY AND SKILLS.

Organisational Environment

The OHSC is in the process of completing the norms and standards to be promulgated by the Minister of Health. Below are two changes resulting in the revision and the direction of the strategic plan for 2018/19 fiscal year:

- The exclusion of private health establishments in indicators for compliance inspections and progressive enforcement in exercising regulatory power due to unavailability of promulgated norms and standards regulations; and
- The increase in human resource capacity during 2016/17 financial year, reflected in the current staff compliment.

Annual Performance Indicators for 2018/19

Table 13 below captures some of the annual performance indicators which demonstrate the means to achieve the strategic objectives of the OHSC for the current fiscal year:

Table 13: Programme Performance Indicators and Targets for 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ESTIMATED PERFORMANCE FOR 2018/19
CREATE PUBLIC, PROVIDER AND STAKEHOLDER AWARENESS ABOUT THE ROLES AND POWERS OF THE OHSC	# OF MEDIA AND COMMUNICATION EVENTS AND CAMPAIGNS CONDUCTED ANNUALLY.	8
SUPPORT THE MANDATE AND OBJECTIVES OF THE OHSC THROUGH MEMORANDUM OF UNDERSTANDING (MOUS) WITH RELEVANT REGULATORS OR OTHER ORGANISATIONS	# OF MOUS SIGNED ANNUALLY WITH REGULATORS/OTHER ORGANISATIONS TO PROTECT AND PROMOTE HEALTHCARE QUALITY AND SAFETY.	4
CERTIFY HES THAT ARE COMPLIANT WITH PRESCRIBED NORMS AND STANDARDS	PROCEDURES FOR CERTIFICATION PROCESS DEVELOPED AND IMPLEMENTED.	CERTIFICATION PROCEDURES DEVELOPED
	% OF COMPLIANT HES CERTIFIED BY THE OHSC WITHIN 60 DAYS AFTER THE FINAL INSPECTION REPORT.	0
EFFECT ENFORCEMENT ACTION AGAINST PERSISTENTLY NON-COMPLIANT HES	PROCEDURES FOR TIMELY ENFORCEMENT ACTION DEVELOPED AND IMPLEMENTED.	0
	% OF PERSISTENTLY NON-COMPLIANT HEALTH ESTABLISHMENTS FOR WHICH ENFORCEMENT ACTION IS INITIATED WITHIN 10 DAYS FROM DATE OF RECEIPT OF RE-INSPECTION OR EWS REPORT.	

PUBLISH INFORMATION ABOUT COMPLIANCE STATUS OF HE WITH NORMS AND STANDARDS	# OF REPORTS ON INSPECTIONS CONDUCTED, REMEDIAL RECOMMENDATIONS ISSUED AND COMPLIANCE STATUS OF HEALTH ESTABLISHMENTS (ANNUAL INSPECTION REPORT).	1
COMMUNICATE AND MONITOR RECOMMENDATIONS MADE BY THE OMBUD	% OF OMBUD RECOMMENDATIONS MONITORED FOR IMPLEMENTATION BY HEALTH ESTABLISHMENTS WITHIN SIX MONTHS OF TABLING TO OHSC.	80%
RECOMMEND NORMS AND STANDARDS FOR DIFFERENT TYPES OF HES FOR SUBMISSION TO THE MINISTER FOR PROMULGATION	NUMBER OF NORMS AND STANDARDS RECOMMENDED TO THE MINISTER ANNUALLY.	1

Budget Overview

Table 14 below shows the budget for 2018/19 fiscal year as well as projection over the MTEF.

Table 14: Budget and Medium-Term Expenditure Framework

PROGRAMME	BUDGET				NOMINAL RAND CHANGE	REAL RAND CHANGE	NOMINAL % CHANGE	REAL % CHANGE
	2017/18	2018/19	2019/20	2020/21				
R MILLION								
ADMINISTRATION	50 114	50 381	52 588	55 895	266 663	-2 360	0.53%	-4.71%
COMPLIANCE INSPECTION, CERTIFICATION & ENFORCEMENT	49 110	49 300	52 770	54 738	189 487	-2 381	0.39%	-4.85%
COMPLAINTS MANAGEMENT & OMBUD	14 770	17 811	19 084	20 466	3 041	2 112	20.59%	14.3%
HEALTH STANDARDS DESIGN, ANALYSIS & SUPPORT	11 716	12 169	12 497	13 373	470 119	- 165 201	4.01%	-1.41%
TOTAL	125 711	129 678	136 940	144 472	3 967	-2 793	3.16%	-2.22%

For 2018/19 fiscal year, the proposed budget allocation is expected to be R129.7 million with 61% earmarked for core business activities. By 2020/21, it is likely to reach R144.5 million.

Despite the 3.16 % nominal increase from the previous year, the OHSC allocation declines with -2.2 % when taking into account the effects of inflation (real terms). However, the budget is inadequate to stretch the capacity of the OHSC; hence, the total staff complement is projected to remain at 121 over the MTEF period, which is not ideal.

As shown in table 13, the allocation is sub-divided according to the four programme. The Administration (38.9 with % of the overall budget) Compliance Inspection, Certification & Enforcement (38.0 % of the overall budget) programmes dominate expenditure.

Strongest growth is recorded for the Complaints Management & Ombud programme, at 14.3 % in real terms. The rest of the sub-programmes decline in real terms (inflation adjusted):

- Administration (-4.71 %).
- Compliance Inspection, Certification & Enforcement (-4.85 %).
- Health Standards Design, Analysis & Support (-1.41 %)

4.4. Council for Medical Schemes

Situational Analysis

The term of office for the Council that was appointed in October 2014, came to an end in the middle of November 2017, and a new Council has been appointed. The appointment of the Chief Executive Officer and Registrar for the CMS will be done before the end of the 2018/19 financial year. The staff complement of the CMS remains at 120.

The medical scheme industry trends on key indicators have not changed significantly in the past two years:

- The number of schemes have decreased from 83 to 82 in 2016/17;
- Overall scheme membership is stagnant at 8.87 million in 2016/17;
- Member contributions have increased from R151.6 billion to R163.9 billion;
- There is increasing inability by schemes to settle claims in line with contributions, without relying on investment income. A total of R2.4 billion before investment income for 2016/17; and

- There has been an overall decrease in the number of member complaints received during 2016 (4 823) compared to 2015 (5 089).

Annual Performance Indicators for 2018/19

The table below highlights some of the annual performance indicators of the CMS for 2018/19 financial year.

Table 15: Programme Performance Indicators and Targets for 2018/19

PROGRAMME	STRATEGIC OBJECTIVE	PLANNED TARGET 2018/19
ADMINISTRATION	Ensure effective financial management and alignment of budget allocation with strategic priorities	Obtain an unqualified opinion issued by the AG
		1 – annual performance information report
	An effective, efficient and transparent system of risk management is maintained in order to mitigate the risks exposure of the CMS	4 – strategic risk register reports
	An established ICT Infrastructure that ensures information is available, accessible and protected	Achieve 99% in network and server uptime
		Ensure 0% of IT security incidents per year
	Provide software applications that serve both internal as well as external stakeholders, that improve business operations and performance	Achieve 99% in uptime of all installed application systems
	Effectively provide information management services and organise and management organisational knowledge with a view to enhance knowledge sharing	Ensure that 90% of physical requests for information are responded to within 30 days
	Build competencies and retain skilled employees	Minimise staff turnover to less than 10% per annum
		Average turnaround time of 120 working days to fill a vacancy
	Maximise performance to improve organisational efficiency and maintain high performance culture	100% of employee performance agreements are signed no later than 31 May each year
		100% of employee performance assessments are concluded bi annually
	Legal advisory service for effective regulation of the industry and operations of the office	200 written and verbal legal opinions provided to internal and external stakeholders, per year
Support CMS mandate by defending decisions of Council and the Registrar	100% of court and tribunal appearance in legal matters received and handled	

STRATEGY OFFICE	Formulate PMB definitions to ensure members are adequately protected	4 – PMB definitions published
		Submit final costed PMB benefit package. Once approved, publish new regulations and code of conduct
	Provide clinical opinions to resolve complaints and enquiries	90% of clinical opinions provided within 30 days of receipt 90% of clinical enquiries received via e-mail or telephone and responded to within 7 days
ACCREDITATION	Accredit brokers based on their compliance with the requirements for accreditation in order to provide broker services	4 980 – brokers and broker organisations accredited
	Accredit Managed Care Organisations (MCOs) based on their compliance with the accreditation requirements in order to provide managed care services as defined	25 – MCOs applications
	Accredit administrators and issue compliance certificates to self-administered schemes	14 – applications by administrators and self-administered schemes accredited
RESEARCH AND MONITORING	Conduct research to inform policy interventions	8 – research projects
	Monitoring trends to improve regulatory policy and practice	1 – non-financial report submitted for inclusion in the annual report
STAKEHOLDER RELATIONS	Create awareness and provide training in order to enhance the visibility and reputation of CMS	Ensure 50% member awareness of CMS 45 – stakeholder training and awareness sessions conducted
	Communication and engagement to inform and empower stakeholders	1 – CMS annual report by 31 August 75% of feedback received on CMS reputation through a media monitoring tool, per year
COMPLIANCE AND INVESTIGATIONS	Regulated entities comply with legislation	100% non-compliance cases against regulated entities are undertaken, per year
	Strengthen and monitor governance systems	85 – governance interventions implemented
BENEFITS MANAGEMENT	Ensure that rules of the schemes are fair and compliant with the Medical Schemes Act	80% interim rule amendments are processed within 14 days of receipt
		90% of annual rule amendments are processed before 31 December each year
FINANCIAL SUPERVISION	Manage and promote financial soundness of medical schemes	Recommendations in respect of Regulation 29 for 100% of business plans received
		Recommendations on action plans for schemes with rapidly reducing solvency for 100% of schemes identified
		100% of auditor applications authorised or rejected
		3 – quarterly financial return reports published
		1 – Financial section prepared for the annual report
COMPLAINTS ADJUDICATION	Resolve complaints with the aim of protecting beneficiaries of medical schemes	83% of complaints adjudicated within 120 working days

Budget Overview

The total budget of the CMS for the current financial year is R161.2 million, up 4.6% in nominal terms from R154.1 million in 2017/18.

Table 16: CMS Budget

Programme	Adjusted appropriation	Medium-term expenditure allocations		
	2017/18	2018/19	2019/20	2020/21
R thousand				
1. Administration	8 0467.9	85 193.8	90 082.4	95 656.3
2. Strategy Office	9 866.8	10 615.9	11 372.7	12 121.7
3. Accreditation	9 170.0	9 600.8	10 224.9	11 040.8
4. Research and Monitoring	7 005.7	7 339.2	7 711.3	8 205.3
5. Stakeholder Relations	10 564.3	11 181.6	11 888.9	12 629.3
6. Compliance and Investigations	8 621.5	10 214.6	10 794.2	11 489.9
7. Benefit Management	6 332.5	7 110.2	7 726.2	8 225.7
8. Financial Supervision	11 822.4	12 648.9	13 362.5	14 302.2
9. Complaints Adjudication	6 689.5	7 250.3	7 726.2	8 225.7
TOTAL	150 540.6	161 155.3	170 890.0	181 815.6

- Programme 1: Administration receives the biggest allocation of R80.5 million. This programme comprises of five sub-programmes namely:
 - 1.1: Office of the CEO and Registrar R 10.1 million
 - 1.2: Office of the CFO R 32.7 million
 - 1.3: ICT and Knowledge Management R 21.1 million
 - 1.4: Human Resource R 7.9 million
 - 1.5: Legal Services R 13.4 million
- Programme 3 is responsible for accreditation and will receive R9.6 million in 2018/19 which is an increase from R9.1 million in 2017/18 financial year. This programme shows an increase of 4.7%.
- Programme 6 receives a significant increase from R8.6 million in 2017/18 to R10.2 million, representing 18.6% increase.

- Programme 7 receives R7.1 million this financial year. The largest portion of this programme's budget goes to compensation of employees, constituting 94% of the total budget.
- Programme 8 is responsible for financial supervision – for the current financial year, this programme receives R12.6 million a 6.9% nominal increase over the R11.8 million it received in 2017/18. The biggest portion of the budget is allocated to compensation of employees and training.

4.5. National Health Laboratory Service

The NHLS conducted a SWOT analysis to determine its challenges and plan a way forward. Hereunder, are the identified Strengths, Weaknesses, Opportunities and Threats that the entity plans to overcome to realise its mandate:

Strengths for NHLS:

- Africa leader in laboratory medicine;
- Exclusive national integrated data warehouse;
- Strong academic base and sustainable partnerships through relevant research outputs; and
- Sustainable partnerships with (NDoH and other agencies, Universities and Universities of Technologies).

Weaknesses for NHLS:

- Inability to cultivate team work;
- Lack of consequences of poor performance by management;
- Resistance to change;
- Poor communication both internally and externally; and
- Leadership instability.

Opportunities for NHLS:

- Introduction of the National Health Insurance (NHI);
- Increased volumes through universal test and treat (UTT) policy;

- Additional work to be performed within the SADC region to generate additional revenues; and
- Additional work to be performed within the SADC region to generate additional revenues.

Threats for NHLS:

- Increased financial pressures from exchange rates - i.e. equipment purchased from overseas;
- Additional work to be performed within the SADC region to generate additional revenues;
- High debtors level;
- Lack of investment on IT infrastructure; and
- Inadequate training platform in Virology, Human Genetics and Haematology; and
- Opening of new medical schools, the NHLS may not have enough resources to cover the need.

Strategic Outcome Orientated Goals

The preparation of the annual performance plan led to the revision of the Strategic Outcome Oriented Goals (SOOGs). The rationale for the mid-term strategic review is to align its strategic goals to the National Department of Health's five (5) year strategic goals. Another reason is due to organisational changes including change in national programs and priorities. Key to the updated Strategic Plan is the responsiveness to the governance issues raised in the 2016/17 Auditor General's audit opinion. The following are six (6) SOOGs that find expression in the APP for 2018/19:

- Modernised and Accessible Laboratory Service;
- Academic Excellence in Training and Research;
- Sound Governance and Improved Stakeholder Relations;
- Effective, Efficient and Ethical Organisation for improved service delivery and implementation of NHI;
- Efficient Financial Practices; and
- Skilled, competent and motivated workforce.

Annual Performance Indicators 2018/19

Tables 16 to 20 highlights some of the annual performance indicators of the NHLS for 2018/19 financial year.

Programme 1: Administration

The administration programme plays a crucial role in the delivery of the NHLS services through the provision of a range of support services. This programme has four (4) sub-programmes, namely: Financial Management, Governance and Compliance, Information Technology (IT) and Human Resources Management.

Table 17: Programme Performance Indicators

PROGRAMME PERFORMANCE INDICATOR.	PREVIOUS PERFORMANCE (2017/18)	PLANNED PERFORMANCE (2018/19)
CLEAN AUDIT OPINION OF THE AUDITOR GENERAL (AG).	QUALIFIED	UNQUALIFIED
DEVELOP AND IMPLEMENT THE FINANCIAL MANAGEMENT POLICY AND PLAN.	NEW	NEW
CONTRACT MANAGEMENT SYSTEM IMPLEMENTED.	NEW	NEW
PERCENTAGE TURNAROUND TIME FOR AWARDING TENDERS WITHIN 90 DAYS AFTER CLOSING DATE.	NEW	NEW
EFFECTIVE MONITORING TOOL TO MEASURE COMPLIANCE WITH BOARD'S DECISIONS AND RESOLUTIONS.	NEW	NEW
REVIEW AND REVISE THE CODE OF CONDUCT AND ETHICS POLICY.	NEW	NEW

Programme 2: Surveillance of Communicable Diseases

The National Institute for Communicable Diseases (NICD) is a national public health institute for South Africa providing reference microbiology, virology, epidemiology, surveillance and public health research to support the government's response to communicable disease threats.

Table 18: Programme Performance Indicators

PROGRAMME PERFORMANCE INDICATOR	PREVIOUS PERFORMANCE (2017/18)	PLANNED PERFORMANCE (2018/19)
PERCENTAGE OF IDENTIFIED PRIORITISED DISEASES UNDER SURVEILLANCE.	90%	90%
ANNUAL REPORT OF POPULATION BASED CANCER SURVEILLANCE	NEW	NEW
MAINTAIN WORLD HEALTH ORGANIZATION (WHO) REFERENCE LABORATORIES STATUS.	NEW	NEW
NUMBER OF ARTICLES PUBLISHED IN THE PEER REVIEWED JOURNALS	128	120
NUMBER OF FIELD EPIDEMIOLOGISTS QUALIFIED.	14	5

Programme 3: Occupational Health and Safety

The purpose of the National Institute of Occupational Health (NIOH) is to provide occupational health and safety services across all sectors of the economy to improve and promote workers' health and safety:

Table 19: Programme Performance Indicators

PROGRAMME PERFORMANCE INDICATOR	PREVIOUS PERFORMANCE (2017/18)	PLANNED PERFORMANCE (2018/19)
NUMBER OF STUDENTS, INTERNS, REGISTRARS UNDER SUPERVISION.	24	25
NUMBER OF ARTICLES PUBLISHED IN THE PEER REVIEWED JOURNALS.	24	25
PERCENTAGE OF OCCUPATIONAL AND ENVIRONMENTAL HEALTH LABORATORY TESTS CONDUCTED WITHIN PREDEFINED TURN-AROUND TIME.	93%	85%

Programme 4: Academic Affairs, Research and Quality Assurance

The main purpose of this programme is to strengthen the mandate of the NHLS of maintaining and providing quality assured and accredited laboratory medicine and the academic platform.

Table 20: Programme Performance Indicators

PROGRAMME PERFORMANCE INDICATOR	PREVIOUS PERFORMANCE (2017/18)	PLANNED PERFORMANCE (2018/19)
PERCENTAGE OF LABORATORIES ACHIEVING PROFICIENCY TESTING SCHEME PERFORMANCE STANDARDS OF 80%.	87%	82%
PREPARE GAP ANALYSIS AND WORK PLAN TO PREPARE SUPPORT SERVICE DEPARTMENTS AND LABORATORIES FOR CERTIFICATION AND ACCREDITATION PROCESS.	NEW	NEW
NUMBER OF MEDICAL SCIENTISTS ADMITTED AND TRAINED IN THE NHLS.	NEW	NEW
DEVELOP AND IMPLEMENT A PROPOSAL ON RESEARCH PRIORITIES.	NEW	NEW

Programme 5: Laboratory Services

This programme represents the core business of the NHLS as mandated the NHLS Act to provide cost-effective and efficient health laboratory services to all public sector health care providers.

Table 21: Programme Performance Indicators

PROGRAMME PERFORMANCE INDICATOR	PREVIOUS PERFORMANCE (2017/18)	PLANNED PERFORMANCE (2018/19)
PERCENTAGE TB MICROSCOPY TESTS PERFORMED WITHIN 40 HOURS.	95.72%	95%
PERCENTAGE TB GENEXPERT TESTS PERFORMED WITHIN 40 HOURS.	96.68%	95%
PERCENTAGE VIRAL LOAD TESTS PERFORMED WITHIN 96 HOURS.	87.30%	70%
DEVELOP THE LABORATORY STRUCTURE PER LEVEL OF CARE (ORGANOGRAM).	NEW	NEW
IMPLEMENTATION OF THE PILOT SPECIMEN TRACKING SYSTEM.	NEW	NEW

Budget Overview

The NHLS receives its income from providing laboratory tests to patients predominantly from public hospitals. Revenue from the provincial hospitals is approximately 95% of the total revenue. Also important is that it receives allocation from the NDoH. Table 22 hereunder depicts the revenue statement and projection of expenditure and revenue for 2018/19 fiscal year.

Table 22: Revenue Statement

SOURCES OF REVENUE	BUDGET				NOMINAL RAND CHANGE	REAL RAND CHANGE	NOMINAL % CHANGE	REAL % CHANGE
	2017/18	2018/19	2019/20	2020/21				
R MILLION	2017/18	2018/19	2019/20	2020/21	2017/18 – 2018/19		2017/18 – 2018/19	
TEST REVENUE	7 131 715	7 613 605	8 120 367	8 652 657	481 890	84 972	6.76 %	1.19%
GRANTS AND OTHER	235 000	248 395	262 305	276 732	13 359	411	5.70%	0.19%
INTEREST, DIVIDENDS AND RENT ON LAND	65 000	68 000	71 000	75 000	3 000	- 545	4.62%	-0.84%
TRANSFERS RECEIVED	746 464	789 759	833 986	874 434	43 295	2 123	5.80%	0.28%
TOTAL	8 178 179	8 719 759	9 287 658	9 878 823	541 544	86 961	6.62%	1.06%

The NHLS foresees increasing expenditure on key sectors such as Compensation of Employees from R3.3 billion in 2017/18 to R3.8 billion in 2018/19. The other expenditure is noticed on Materials from R2.6 billion in 2017/18 to R2.8 billion in 2018/19. Goods and Services are also increasing from R1.5 billion to R1.7 billion in 2018/19. The projected expenses for 2018/19 increases from R7.4 billion in 2017/18 to R8.4 billion in 2018/19. Likewise, the projected surplus is to decrease from R709 million in 2017/18 to R236 million in 2018/19.

4.6. Compensation Commissioner for Occupational Diseases

Situational Analysis

Below is information on the CCOD's performance delivery environment:

- The Chamber of Mines and the Gold Mining Companies continues their support for the CCOD. This included, secondment of medical doctors to the Certification Committees

of the MBOD; technical support for the preparation of the annual reports; personnel for the Carletonville One Stop Service Centre; funding for the electronic database of claimants; development of a logistics and coordinating centre; and tracking and tracing of claimants and beneficiaries.

- Approximately R72 million in funding support was made available by social partners through the provision of technical and human resources to the CCOD.
- There was a decrease in Benefit Medical Examinations in 2017/18 due to reduced number of service providers conducting assessments and consolidation of such services at One Stop Service Centres and at mining companies.
- Benefit Medical Examinations could not be provided at the MBOD due to X-ray equipment downtime.
- There has been a decline in the Tuberculosis prevention interventions, due to the reduced number of submissions from workers with Tuberculosis and the reduced number of workers within the mining sector due to mine closures.
- The annual reports for 2010/11 and 2011/12 were tabled in Parliament.
- A total of 7 197 claimants were paid R202 million, with 48% going to claimants in neighbouring countries, over the 9-month period ending in December 2017.
- A total of 9 769 (15 388 ending December 2016) certifications, with 6 156 compensable, 2 779 non-compensable and 834 deferred claims as the end of December 2017. Reasons for deferrals were due to missing information in the complaint files.
- The Compensation Fund continued to pay monthly pensions to 79 pensioners. The monthly pensions are provided from voted funds.
- A web-based scanning process of the movement of claimant files is in place and is assisting with the location of files within the CCOD/MBOD. The call centre to support outreach and awareness activities of the CCOD fielded 56 258 calls, made 1 301 calls to workers and beneficiaries and sent 194 834 SMS's as at the end of December 2017.

- A total of 1 342 and 1 457 current and ex-workers were seen at the Mthatha and Carletonville One Stop Service Centres respectively, as at the end of December 2017. Of these, 524 and 752 Benefit Medical Examination forms were submitted to the MBOD respectively.
- The One Stop Service Centres planned for Burgersfort in Limpopo and Kuruman in Northern Cape opened on 27 October 2017 and 5 December 2017 respectively. Seven similar facilities were opened in neighbouring countries through the Global Fund TB in Mining Sector Grant.
- At the end of the December 2017, there were 231 controlled mines and works in the register, with 21 closed mines or works. About 28% of controlled mines and works are not paying levies as they have requested a review of their status as a controlled entity or change in the levy based on the commodity (i.e. gold, platinum, diamond, etc.).
- Revenue generated from levies was R335 million in the 2016/17 financial year. The Deputy Commissioner with the support of inspectors has re-doubled their efforts in the collection of levies from non-paying controlled mines and works. In addition, a project was implemented to compile the register of controlled mines and works with reference to historical gazette notices.
- Health inspectors (nine) funded by the Global Fund have assessed the TB programmes and health risks at 180 controlled mines and works as at the end of December 2017. The assessment shows that 97% of the controlled mines and works have TB screening programmes and that gold mines still account for the highest incidence of TB at 1 465/100 000 workers relative to other commodities.

In terms of the organisational environment, the CCOD highlighted the following:

- The Certification Committee have been fully functional for the 9 months to 31 December 2017.

- The skills base of the medical doctors in assessing BMEs have been upgraded, effective work flow procedure dealing with TB claims.
- The electronic database of workers requiring biographic and demographic information will be piloted with five (5) mining companies and extended to all controlled mines and works.
- Challenges: service delivery was adversely impacted through staff reductions at the CCOD/MBOD and equipment downtime.

The key focus areas for 2018/19 financial year are:

- Submission of amendment on the Occupational Diseases in Mines and Works Act, 1973;
- Utilize decentralised facilities in provinces and neighbouring countries to increase access to workers, ex-workers and their beneficiaries to services of the CCOD/MBOD;
- Update the liability and assets of the Compensation Fund through use of the actuaries; and
- Submission of overdue annual reports of the Compensation Fund for 2014/15 and 2015/16 financial years.

Annual Performance Indicators for 2018/19

The CCOD has nine strategic objectives. These link with the outputs of the Health Sector's outcome 2 "A long and healthy life for all South Africans". Table 23 below outlines the strategic objectives and respective performance indicators and targets set for 2018/19.

Table 23: CCOD's Strategic Objectives and Targets for 2018/19

Strategic objectives	Performance indicators	2018/19 Targets
Policy and legislative framework for occupational health and compensation	Development of the policy and legislative framework for occupational health and compensation covering amendments to ODMWA	Submission of amendments to ODMWA
Enhance the governance and management of the CCOD	Number of meetings of the Audit and Risk Committee and the Advisory Committee	6 meetings of Audit and Risk Committee 4 meetings of Advisory Committee
Provide occupational health and compensation services through the establishment of	Development of the database of current and ex-workers in controlled mines and works	Extension of database to five mining companies

One Stop Service Centres in provinces and neighbouring countries	% of unpaid compensable claims prior to 31 March 2015 paid by the CCOD	5% of unpaid compensable claims prior to 21 March 2015 paid by the CCOD
	% of new compensable disease claims, as from 1 April 2018 paid by the CCOD within 3 months of receipt of compensated document in the claimant file	20% of new compensable disease claims paid by the CCOD within 3 months of receipt of completed documents in the claimant file
Ensure the effective and efficient management of the Compensation Fund	% of controlled mines and works paying levies to the Compensation Fund	75% of controlled mines and works paying levies to the Compensation Fund
	Report of the Actuarial Valuation of the Compensation Fund	1 Actuarial Valuation Report of the Compensation Fund
	Number of annual reports including financial statements to the Auditor General of South Africa (AGSA)	Submission of the 2014/15 and 2015/16 annual reports to the AGSA
	Number of current and ex-workers in controlled mines and works accessing benefit medical examinations per year	10 000
	Number of claims processed by the Certification Committees per year	12 000
	Number of claims paid by the Compensation Commissioner (other than pensioners) per year	7 000
	Number of controlled mines and works inspected per year to verify levies payable based to risk shifts worked	70
	Number of outreach and awareness activities per year	10
	Number of workers in controlled mines and works pair for loss of earnings while undergoing TB treatment per year	950

- On policy and legislative framework for occupational health and compensation – the proposed amendments to ODMWA include policy and legislative changes to cover current and former workers in controlled mines and works only and new workers joining the mines and works sector will be covered under COIDA as of a date to be determined in legislation.
- The CCOD will not increase the number of outreach activities due to budget constraints.
- Consideration is being given to sourcing administrative support for the CCOD by service providers who could administer the medical assessment and claims process and improve the turn-around times for payments and feedback to claimants.
- The CCOD will gradually increase inspections of mines and works from 60 in 2017/18 to 77 by 2020/21 financial year.

Budget Overview

There has been no substantial increase to the CCOD budget and the business reform processes at the CCOD have been supported by the Chamber of mines, the Gold Mining companies and other social partners. Substantial resources estimated at R200 million per annum are required to expand and scale up the services of the CCOD.

Table 24: CCOD Budget for 2018/19

Programme	R thousand	Medium-term expenditure allocations			Average growth rate (%)
	2017/18	2018/19	2019/20	2020/21	
Administration	8 393	8 500	8 781	8910	2.0%
Compensation of Pensioners	3 718	3 836	4 050	4 272	4.7%
Compensation of Ex-miners	148 003	151 300	159 773	175 750	5.9%
Compensation of Tuberculosis	34 445	36 650	38 702	42 572	7.3%
Eastern Cape project	11	8	8	8	-10.0%
TOTAL	194 570	200 294	211 314	231 512	6.0%

The budget increases by 2.9 percent from R194.6 million in 2017/18 to R200.3 million in 2018/19. In terms of economic classification, the Compensation of Ex-miners programme is the largest area of expenditure, accounting for 75.5 percent or R151.3 million of the budget. The second largest programme is the Compensation of Tuberculosis which receives 18.3 percent of the total budget (R36.7 million).

Expenditure trends

- Over the medium-term the CCOD's focus will be on stabilising the number of claims paid out by forming strategic partnerships;
- Interests earned from investments is expected to decrease from R270.3 million in 2016/17 to R235 million over the MTEF period;

- The initiatives of fast-tracing the claims payment processes over the MTEF periods will result in the expenditure increasing by R37 million by 2020/21. This makes up 95.9% of the CCOD's expenditure over the MTEF;
- Transfers to households in the compensation of ex-miners programme at an average annual rate of 5.9% and the compensation of Tuberculosis programme at an average annual rate of 7.3% over the medium term, with the overall amount for compensable diseases increasing from R166 million in the 2016/17 to R222 million the 2020/21 owing to benefit increases of 33.8%; and
- The Minister of Health has approved an increase in pension amounts. This will be funded by the annual transfer from the Department of Health and is expected to grow at an average annual rate of 4.7% over the medium terms from R3.5 million in 2016/17 to R4.3 million in 2020/21.

5. AUDITOR GENERAL SOUTH AFRICA ON THE 2018/19 ANNUAL PERFORMANCE PLANS OF HEALTH

According to the Auditor General, there has been a reduction in the number of indicators in the 2018/19 APP of the Department aimed at streamlining its activities in preparation for the NHI, as follows:

- Programme 2: National Health Insurance, Health Planning and Systems enablement, reduced by 13 indicators and targets.
- Programme 3: HIV and AIDS, TB, and Maternal Child Health, reduced 14 indicators and targets.
- Programme 5: Hospital, tertiary health services and human resource development, reduced 10 indicators and targets.

The Auditor General noted with concern the vacancies in key positions at the Council for Medical Schemes and National Health Laboratory Service. The AG conducted a status of records review of seven provincial departments (excluding Western Cape and North West) and found that the majority of provincial departments had numerous areas of concern that require urgent intervention to prevent audit failure. These areas relate to financial management, performance management, procurement and contract management, compliance management, IT management, Human Resources and Expenditure management.

6. FINANCIAL AND FISCAL COMMISSION ASSESSMENT OF THE HEALTH SECTOR APP AND BUDGET

According to the FFC, there are issues that needs to change in the health sector in ensuring a functioning health system. These include:

- Financing of the sector;
- Infrastructure maintenance (buildings and equipment);
- Procurement; and
- Investment in human capital management and resourcing.

The FFC highlighted the need for the health sector to improve fiscal and operational efficiency through the reduction of accruals; establishing a consensus over the use of transversal contracts; establishing resource claims administration units to ensure early and effective processing of Medico Legal claims; fast track implementation of electronic access to lab tests and the electronic filing system; improve infrastructure spending efficiency through standardises designs, normative unit costs and reduced variation orders; improve infrastructure planning; and resolve ongoing poor audit performance by provinces. Furthermore, the FFC noted with concern, the continuous increase in fruitless and wasteful expenditure incurred by provincial departments.

7. COMMITTEE OBSERVATIONS AND FINDINGS

Having considered the APP and the budget of the Department and its entities, and analyses of relevant institutions this section summarizes the Committee's findings and observations:

7.1. Findings and observations on the Department

- The Committee noted with concern the poor performance of provincial departments. The Committee was of the view that the APP of the Department is not addressing plans to assist provincial departments in improving financial management and the provision of quality health care.
- The Committee noted with concern the poor performance of provincial departments as reported by the AG, particularly around information management, financial management,

performance management, procurement and contract management, compliance management, IT management, Human Resources and Expenditure management.

- On mental health services, the Committee was concerned about the shortage of fully equipped mental health facilities in the country. Furthermore, concern was raised around the lack of a plan to monitor the implementation of the Mental Health Policy Framework and Strategic Plan (2013-2020).
- The Committee reflected on whether provincial departments are budgeting adequately for primary health care services.
- The Committee expressed concern around the visibility of ward-based primary health care teams in provinces.
- In view of the Listeriosis outbreak, the Committee raised concern around the Department's response to the outbreak and whether it had capacity in the form of environmental health officers to timeously detect outbreaks.
- The Committee raised a concern that provincial departments continue to incur accruals. Provinces are expected to settle accruals at the beginning of a financial year instead of delivering services to the people.
- The Committee was concerned that irregular, wasteful and fruitless expenditure by provincial departments continue to increase amounting to billions.
- Challenges around the provision of EMS in provinces is a concern to the Committee.
- The Committee observed that the health sector is faced with rising Medico Legal claims against provincial departments and noted that this is not reflected on the APP of the Department.
- The Committee was concerned that the Department has removed 37 performance indicators from Programme 2 (13 indicators), Programme 3 (14 indicators) and Programme 5 (10 indicators).
- The Committee noted with concern that the evaluation report of the first phase of NHI evaluation report is outstanding.
- The Committee observed that the APP and budget does not reflect on second phase of NHI implementation.

- The Committee also noted the lack of timeframes for the tabling of the NHI Bill in Parliament in line with the pronouncement made by the President during the 2018 SONA.
- On Programme 3, the Committee noted with concern that a large portion of the total budget is on Programme 3, however, there are only three strategic objectives linked to this programme. There is no indication on how the Department will address priorities such as child, women and maternal health and non-communicable diseases.
- The Committee expressed concern that Limpopo Provincial Department of Health has terminated contracts of NPOs employing home based carers and community health workers (CHWs).
- The Committee noted that during the 2018 SONA the President indicated that the Department will be launching a massive cancer campaign. However, the APP does not reflect on this pronouncement.
- The Committee noted with concern that infrastructure management at provincial departments remains a challenge, particularly maintenance of buildings and equipment.
- The Committee was of the view that there seem to be a lack of progress in relation to the introduction of the new Basic Nursing Qualification programme.
- The provision of oncology services in KwaZulu-Natal remains a concern to the Committee.

7.2. Findings and observations on Entities

7.2.1. SAHPRA

- The Committee observed that SAHPRA is yet to appoint a chief financial officer.
- The Committee observed that SAHPRA is still dealing with a huge backlog of applications for registration of medicines and medical devices.
- The Committee was concerned around the effect of fee increases (to generate revenue) on the cost of medicine and how it would impact on the vulnerable and poor.

7.2.2. SAMRC

- The Committee noted with concern the shortage of black female scientists.
- The Committee noted with concern the lack of equipment and personnel to diagnose TB particularly in certain mining areas.
- The Committee reflected on whether mHealth (new health App) was accessible to the wider community.

7.2.3. OHSC

- The Committee raised concern that OHSC reports do not reflect on remedial actions that health facilities must implement and thus perceived to be punitive.
- The Committee was concerned about the extended periods of time it takes to resolve complaints.
- The Committee noted with concern that there were vacancies within the Board.
- The Committee expressed concern in relation to the Health Ombud's Office and its funding, as it is funded through the OHSC budget when the Ombud is accountable to the Minister of Health.

7.2.4. CMS

- The Committee was concerned that the Registrar position was still vacant and there was no indication of when the position will be filled.
- The Committee expressed concern that members of medical schemes do not seem to understand the nature and extent of their benefits, public education and awareness seem to be inadequate.
- The Committee reflected on concerns around affordability of medical schemes and the role of CMS in regulating the industry.

7.2.5. NHLS

- The Committee was concerned about the vacancies in key positions over extended periods of time, in particular the CEO and CFO positions which had been vacant for 12 months and positions of Head: Information Technology and Head: Internal Audit and Risk Management vacant for four months.
- The Committee was concerned about the long standing cases of former NHLS staff that remains unresolved.

7.2.6. CCOD

- The Committee raised concern around the lack of decentralised services in certain provinces.
- The Committee reflected on whether the mines play any role in the tracking and tracing of ex-mine workers from which they were employed.
- The Committee noted with concern that there was a gap in the legislation as it did not cover disease due to environmental exposure, such as exposure to asbestos.

8. RECOMMENDATIONS

The Committee recommends as follows:

8.1. Department

- The Department should assist provincial departments to align their APPs to budgets, taking into consideration the huge amounts of accruals incurred by provincial departments.
- Ensure that the removal of the 37 performance indicators from Programme 2, 3 and 5 does not impact on the implementation of key programmes such as the National Health Insurance and the prevention and control of Non-Communicable Diseases.
- Review provincial budget allocations to primary health care services in ensuring that this line function is adequately funded.
- Continue to support provincial departments in implementing the primary health care re-engineering programme.

- Assist provinces with the implementation of the Mental Health Policy Framework and Strategic Plan (2013-2020) to ensure effective provision of mental health care services.
- Develop a mental health monitoring policy to monitor and evaluate implementation of the Mental Health Policy.
- Engage provincial Treasuries to assist provincial departments in eliminating their current accruals amounting to more than R16 billion.
- Assist provincial departments to develop mechanisms to monitor and maintain acceptable levels of accruals.
- Assist provincial departments to strengthen financial management planning in order to deal with the continuous audit findings related to accruals, irregular, wasteful and fruitless expenditure.
- Assist provincial departments to address SCM challenges to reduce wastage, improve procurement turnaround time and improve contract management.
- Develop a strategy to address challenges relating to the provision of EMS and submit such a plan to the Committee.
- Engage the Department of Justice and Correctional Services to develop and implement a national strategy in dealing with the rise in Medico Legal claims as they pose serious risk to provincial departments' budgets.
- Expedite the implementation of the National Community Health Care Workers Policy to provide clarity on the management of CHWs.
- Provide the Committee with a progress report on the cancer campaign.
- Assist provinces in ensuring that planning and budgeting processes for infrastructure and equipment takes into account their maintenance.
- Provide the Committee with a progress report on the new Basic Nursing Qualification programme.
- Provide the Committee with a progress report on the provision of oncology services in KwaZulu-Natal.

8.2. SAHPRA

- Accelerate the appointment of a chief financial officer.
- Appoint additional technical staff to address the backlog and regulatory workload.
- Ensure that the vulnerable and poor are not burdened with increasing costs of medicine due to fee increases aimed at revenue generation.

8.3. SAMRC

- The SAMRC should encourage black females to get into science.
- The SAMRC is encouraged to continue with research, particularly on TB treatment and skills capacity building on TB diagnosis.
- Ensure wider access to the mHealth App.

8.4. OHSC

- Ensure that its reports address remedial actions in order to encourage quality improvement.
- The OHSC should improve the turnaround time for complaints resolutions.
- Engage the Department on the funding of the Health Ombud's Office.

8.5. CMS

- Accelerate the appointment of a Registrar.
- Enhance public education and awareness on medical schemes benefits.
- Develop a strategy to address concerns around affordability of medical schemes. Provide a report to the Committee.

8.6. NHLS

- NHLS should ensure that vacancies in key positions are filled as matter of urgency.
- NHLS should resolve the long standing cases of former NHLS staff and provide the Committee with a progress report.

8.7. CCOD

- The CCOD should furnish the Committee with a progress report on the compensation legislation.
- The CCOD should accelerate the backlog of annual reports and financial statements is cleared.
- Ensure that decentralized services reach different provinces.

Unless otherwise indicated, the Department should respond to the recommendations in three months from the day the report is adopted by the House.

Report to be considered.**5. Report of the Portfolio Committee on Home Affairs on the Annual Performance Plans and Budget Vote 5 of the Department of Home Affairs Dated 24 April 2018.**

The Portfolio Committee on Home Affairs (the Committee) having met with the Department of Affairs (DHA) the Electoral Commission of South Africa (IEC) and the Government Printing Works (GPW) on their Annual Performance Plans (APPs) and budget for 2018/19, reports as follows:

1. INTRODUCTION

In its conducting of oversight over the DHA, IEC and GPW; the Committee met with the DHA on 20 March 2018, the IEC and GPW on 27 March 2018 to receive briefings on their APPs and budgets for the financial year 2018/19.

2. THE DEPARTMENT OF HOME AFFAIRS

The Vision of the DHA is to ensure a safe, secure South Africa where all its people are proud of, and value, their identity and citizenship. The mandate of the DHA is to be the custodian of identity and civic status, including citizenship; and to manage immigration securely and efficiently in the interest of economic development and national security.

The DHA has three programmes, namely Administration, Civic Services and Immigration Services. The core mandate of the DHA are Civic and Immigration Services.

The purpose of Civic Services is to ensure secure, efficient and accessible services and documents for citizens and ensure lawful documents for residents through the execution of the following core functions:

- Management of legislation and records relating to issuance of identity documents; births, marriages and deaths (BMD); passports and travel documents.
- Maintain secure, accurate and accessible systems such as the National Population Register (NPR), National Identity System (NIS) and related data.
- Affirm and regulate official identity, civic status and the acquisition and loss of citizenship.
- Provide access to secure and efficient services through enabling documents.

The core immigration mandate is to:

- Facilitate and regulate the secure movement of people through ports of entry into and out of the Republic of South Africa.
- Confirm and provide documents to foreign visitors legally residing within the Republic of South Africa.
- Enforce immigration legislation and effect deportations.
- Determine the status of asylum seekers and regulate refugee affairs.
- Contribute towards realising a positive migration trends into the Republic that enhances the skills base and support foreign direct investment.

2.1. DHA Annual Performance Plan for 2018/19 Financial Year

A delegation from the DHA was led by the Deputy Minister of Home Affairs and the presentation was made by the Director-General (DG) of the DHA and the Chief Financial Officer (CFO).

The DG reported on the DHA contribution to Medium Term Strategic Framework (MTSF) from 2014 to 2019. He reported that a major focus of the National Development Plan (NDP) is to confront the triple challenge of poverty, inequality and unemployment by achieving higher growth rates. A priority for the DHA is to facilitate the acquisition of the critical skills needed for economic growth and to build our own skills base. The NDP draws on international experience in pointing out that the strategy will succeed if it is led by a capable state staffed by professionals; where trust is engendered by social stability, improved services and reduced corruption; and the mass of citizens feel part of the economic development plan.

The DHA could play a key role in enabling regional development by working with SADC countries to establish efficient, secure and well managed migration.

The inclusion of all citizens in democracy and development is enabled by providing them with a status and an identity, thus access to rights and services. The modernisation programme of the DHA can reduce fraud and the cost of doing business by enabling e-government and this will attract more investment.

The DG reported that the following are the priorities of the DHA for 2014 – 2019 MTSF:

- Establishment of the Border Management Authority (BMA).
- Complete the Modernisation Programme.
- Upgrade key ports of entry (6).
- Comprehensive review of Immigration Policy; and
- Improved client experience through leadership (Moetapele).

The DG reported that the BMA Bill was still with Parliament at the National Council of Provinces (NCOP). The BMA was supposed to be operational by 2017/18. This commitment has not been met. The DHA hopes that the BMA will be finalised by 2018/19.

The second commitment was the registration of 810 000 births to be captured with 30 days by 2018/19. The DHA has also planned that the National Identity System should be operational by 2019-20. The DHA will have the draft Bill on the Repositioning of Home Affairs submitted to the Minister of Home Affairs for approval in the coming year.

He reported that all 100 percent of all designated ports of entry are to be equipped with the biometric systems by 2018/19, especially those with Enhanced Movement Control System (EMCS). It was reported that South Africa has 72 ports of entry and 10 have been equipped with the full biometrics and the remaining 62 will have an interim biometric functionality rolled out by 2018/19

The DHA will ensure that the completely revised Immigration and Refugees Bills would be submitted to Parliament by end of March 2019 for approval. It was reported that the 3 DHA Premium Visa and Permit Service Centres for Corporate Account Clients and their families have been opened and 85 percent of critical skills visas are adjudicated within four weeks for applications processed within the Republic of South Africa.

The DHA Contact Centre was established in 2015-16, although the Committee indicated that it does not operate efficiently.

The DG reported that the DHA has incrementally improved in achieving its targets. In 2015-16, it achieved 81 percent of its targets and in 2016-17; 84 percent and the projection for 2017/18 is 89 percent.

He reported that there are three targets that were at risk of not being achieved; firstly; the piloting of EMCS at one port of entry since the NPR and NIS might not be linked; secondly the issuance of 3 million Smart ID Cards because the DHA is no longer opening offices on Saturdays and lastly 70 percent of misconduct would probably not be submitted to the presiding officer for consideration in time. These targets would be transferred to 2018/19 financial year.

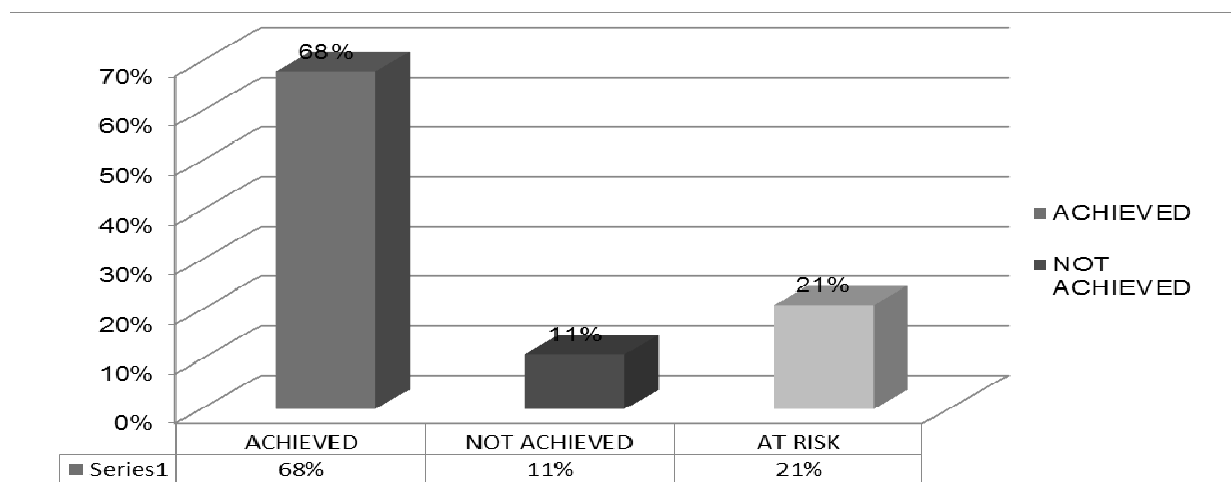
The DG further reported that the footprint of the DHA was 412 front office, 391 health facilities that are equipped to register births and deaths as well as an agreement with financial institutions for the applications of passports and Smart ID Cards at 14 branches. The DHA mobile solutions have 16 new mobile units which would be launched on 16 May 2018 to receive applications for passports and Smart ID Cards. The DHA is represented in 30 missions abroad and there are five (5) Refugee Reception Centres with Cape Town and Port Elizabeth offices not fully operationally. The total staff compliment is approximately 10 000 with 9604 filled and funded posts. Out of the 9604 posts, there are approximately 750 Immigration Inspectorate officials.

2.2. DHA 2018/19 Budget

The 2018/19 budget for the DHA that follows contains a brief overview of the 2017/18 financial year as at 31 December 2017 as well as DHA priority areas for MTEF with global, continental, regional and national frameworks and concludes with some key issues for consideration by for parliamentary committees for oversight.

2.2.1. Overview of the 2017/18 Financial Year Performance

The 2017/18 Annual Report of the Department, covering the full financial year ending 31 March 2018, will only be available at the end of September 2018. Therefore, this section's focus is on DHA's annual performance



targets and financial performance as at 3rd quarter of 2017/18.

DHA's performance from as at 31 December 2017. Source: Department of Home Affairs presentation of 3rd quarter performance to PC on Home Affairs (2018)

The Department had a total of 33 targets planned for the quarter 3 of 2017/18 financial year. As Figure 1 above depicts, as at 31 December 2017, DHA achieved 22 targets representing a 67 percent achievement rate, and 11 (33 percent) targets were not achieved. During its 3rd quarter performance report to the Portfolio Committee on Home Affairs (06 March 2018), DHA projected that, at the end of 2017/18 financial year, it may achieve 89 percent of the annual targets.

The DHA's initial budget for 2017/18 financial year (ending 31 March 2018) was R7.05 billion before adjustments. However, after adjustments, the total budget for DHA was R8.3 billion. This budget includes allocations to the Electoral Commission (IEC).

The 3rd quarter expenditure report shows that at the end of 3 December 2017, the DHA had spent 71.5 percent (lower than the 77 per cent spent in the same period of 2016/17) of its available budget. DHA's overall expenditure was R5.93 billion of the projected R5.37 billion as at 3rd quarter. This means that DHA had a variance of R607 million or 11.4 percent higher than the projected expenditure, mainly under programme 2 and 3. The overspending is mainly due to payment related to the cost of living adjustments, which were paid in December, self-financing expenditure for issuing of passports and Smart ID cards and infrastructure related expenditure for the rollout of the live capture system.

The expenditures are as follows:

Programme 1: Administration – programme spent R1.49 billion against the projected spending of R1.51 billion at the end of the third quarter, indicating lower than expected spending of R 11.1 million or 0.7 percent. The lower spending is largely due to the “Who Am I Online” (WAIO) project where spending was not in accordance with the spending plan.

Programme 2: Citizen Affairs – programme spent R3.6 billion against the projected spending of R3 billion at the end of the third quarter, indicating higher than expected spending of R598.6 million or 20 percent. The higher spending is largely due to self-financing expenditure for issuing of passports and Smart ID cards and infrastructure for the rollout of the live capture system.

Programme 3: Immigration Affairs – programme spent R847.5 million against the projected spending of R827.3 million at the end of the third quarter, indicating higher than expected spending of R20.2 million or 2.4 percent. The higher spending is due to the deployment of staff to the Ports of Entry due to the festive season.

Spending on compensation for the third quarter is R2.4 billion against the projected spending of R2 billion, indicating higher spending of R342.5 million or 16.8 percent. This higher spending is mainly due to payments related to the cost of living adjustments which were paid in December.

Spending on goods and services for the third quarter is R2.3 billion of the projected spending of R2.1 billion, indicating higher spending of R216.6 million or 10.4 percent. This higher spending is mainly due to expenditure related to self-financing for issuing of Smart Identity (ID) cards and infrastructure for the rollout of the live capture system.

2.2.2 DHA's 2018/19 National, Continental and Global Policy Priorities

The DHA medium term priorities of DHA should be aligned with the following:

- National Frameworks – NDP and MTSF.
- Regional and Continental Frameworks – African Union Agenda 2063 and the Southern African Development Community (SADC) Protocol on the Facilitation of Movement of Persons.
- Global Frameworks – Sustainable Development Goals.

Over the medium term, DHA's focus areas include:

- Repositioning itself towards transforming into a modern, highly secure organisation and professional department within the core security system of the state.
- Establishing a border management authority.
- Reviewing the international migration policy.
- Modernising and integrating information systems.
- Improving and expanding client interface.
- Focusing on infrastructure projects.

National Development Plan: DHA is in the process of modernising and integrating its information system. This modernisation process seeks to improve the national identity system (NIS) which is central to the department carrying out its core functions as it enables the security and reliability of biographical and biometric identity data, and, in turn, facilitates economic transformation, prompt service delivery and security. This is in line with NDP aspirations. The NDP requires the DHA to facilitate the acquisition of the critical skills to facilitate the building of a capable state and playing a role in enabling regional development by working with SADC countries to improve the efficient, secure and managed movements of people. The plan also requires DHA to provide citizens with identity documents that give them access to rights and services, through the modernization programme, seeking to reduce fraud and the cost of doing business.

NDP also requires DHA to reduce fraud and the cost of doing business, and enabling e-government, thus attracting more domestic and international investment to fund economic restructuring and growth. A considerable progress has been made by DHA through the National Population Register (NPR), which is being used to reduce fraud on a small scale within government and private sector; but is not yet integrated, reliable, secure and comprehensive enough to serve as a platform with which modern e-government and e-commerce systems can interface.

Medium Term Strategic Framework: National government has fourteen outcomes, and the DHA contributes to four of these, which comprise three Strategic Outcome Orientated goals for the 2015-2020 period. These in turn translate into 10 Strategic Objectives as follow:

Strategic Outcome Orientated goals: Home Affairs

Goal 1: Secure South African citizenship & identity.

- 1.1. All eligible citizens are issued with enabling documents relating to identity and status.
- 1.2. An integrated and digitised National Identity System (NIS) that is secure and contains biometric details of every person recorded on the system.
- 1.3. All eligible citizens are issued with enabling documents relating to identity and status.

Goal 2: Secured & responsive immigration system.

- 2.1. Movement of persons in and out of the country managed according to a risk-based approach.
- 2.2. Refugees and asylum seekers are managed and documented efficiently.
- 2.3. Enabling documents issued to foreigners efficiently and securely.

Goal 3: Services to citizens & other clients that are accessible & Efficient.

- 3.1. Secure, effective, efficient and accessible service delivery to citizens and immigrants.
- 3.2. Good governance and administration.
- 3.3. Ethical conduct and a zero tolerance approach to crime, fraud and corruption.
- 3.4. Collaboration with relevant stakeholders in support of enhanced service delivery and core business objectives.

Source: Presidency (2014)

State of the Nation Address 2018: Although there was no specific mention made of the DHA, there are five government priorities in the SONA, which Home Affairs does and will need to contribute to. These are:

- Encourage investment.

- Create jobs especially for youth.
- Infrastructure development.
- Address corruption.
- Improve service delivery efficiency.

Sustainable Development Goals: The outcome of the 2030 Sustainable Development Agenda outlining the 17 Sustainable Development Goals pays particular attention to the people, planet and prosperity. The SDGs recognises the positive contribution migration makes to inclusive growth and development and therefore call on United Nations (UN) member states to strengthen their international support and cooperation to ensure safe, orderly and regular migration with full respect for human rights and fundamental freedoms. In this regard, the South African government has embarked on a comprehensive process of re-examining the role that migration plays in its society and economy through an extensive review of the international migration policy outlook currently underway. The objective of this policy framework is to better equip South Africa to manage the challenges presented by migration and harness its opportunities for both the local communities as well as immigrants.

African Union Agenda 2063: At the African Union Assembly in June 2015, Members adopted Agenda 2063 as both vision and action plan for the integration of Africa. The White Paper on International Immigration Policy acknowledges at least two resolutions adopted by the Assembly, which set clear parameters for South Africa's immigration policy, namely, the establishment of a Continental Free Trade Area (CFTA) and a continent-wide visa-free regime, including the issuing of visas on arrival at ports of entry for African citizens. As a result, visa-free entry should be the norm provided that bilateral return agreements are concluded. In fact, DHA has been issuing 10-year multiple entry visas to frequent travellers from other African countries. Where visas are still required, entry is easy as possible for bona fide travellers.

In addition, South Africa's White Paper on International Migration Policy acknowledges at least two resolutions adopted by the Assembly, which set clear parameters for South Africa's immigration policy, namely, the establishment of a Continental Free Trade Area (CFTA) and a continent-wide visa-free regime, including the issuing of visas on arrival at ports of entry for African citizens.

SADC Protocol on the Facilitation of Movement of Persons: In SADC, although lagging behind other regional economic communities on the continent, the Protocol on the Facilitation of Movement of Persons has been adopted to facilitate the free movement of people, encompassing the right to visa-free entry, residence (temporary and permanent), and establishment (income generating activities). The main challenge in this regard is to develop critical enabling conditions, such as compatible immigration policies, laws, systems and accurate population registers. In light of slow progress regionally, South Africa has unilaterally or bilaterally adopted visa-free entry for nationals from 11 SADC countries. It also offers special permits to irregular migrants from Zimbabwe and Lesotho.

South Africa supports the development objectives and aims of Agenda 2063 and the SADC Protocol on the Facilitation of Movement of Persons in the context of strengthening the African cooperation, integration and for promoting inclusive development, and peace and security. South Africa fully supports the principle of free movement on the Continent, including the need for the AU to conclude a protocol to facilitate such free movement. This is also in line with the National Development Plan, which states that South Africa needs to adopt a much more progressive migration policy. To that effect, the country recently adopted a new White Paper on International Migration, which advocates for an Afrocentric migration approach.

2.2.3 DHA 2018/19 Budget Allocation

Over the medium term, the spending focus of DHA would be on repositioning itself towards transforming into a modern, professional and highly secure organisation with the ability to fully execute its mandate. It also plans to focus on establishing the border management authority, reviewing international migration policy, modernising and integrating its information systems, improving and expanding client interface, and completing important infrastructure projects.

It is anticipated that the current global economic recovery provides a supportive environment for South Africa to expand trade and investment. However, domestic constraints that have reduced business confidence stand in the way of accelerated growth.

The 2018 Budget reinforces the government's commitment to returning public finances to a sustainable path by means of adjusting expenditure. Expenditure for 2018/19 is reduced by R26.4 billion and over the 2018 and for the Medium Term Expenditure Framework (MTEF) is reduced by R85.7 billion. The baseline spending reductions in the 2018 budget is directed at large programmes, departmental administrative budgets, public entities and capital transfers to provinces and municipalities. Therefore, these budget cuts would require greater efficiency in the use of funds by the DHA. This simply means that DHA should:

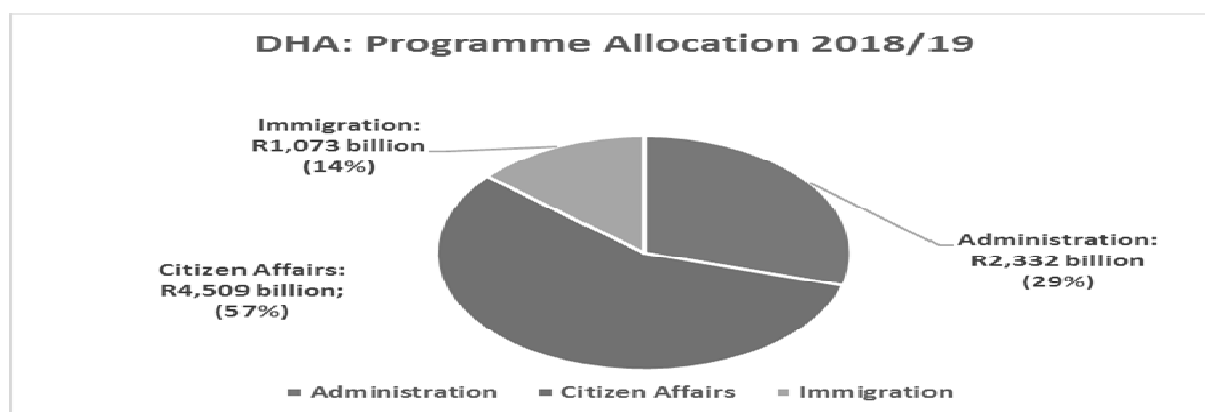
- Align its non-financial performance (achievement of targets) with actual budget expenditure.
- Reduce fruitless and wasteful expenditure of R201 000 that was declared in 2016-17 financial year due to hotel bookings made but not honoured.
- Address the recurring concerns raised by the Auditor-General (AG) of South Africa such as DHA's lack of effective oversight responsibility regarding the financial reporting and compliance with laws and regulations.

Summary of the DHA 2018/19 budget

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
	2017/18	2018/19	2019/20	2020/21	2017/18-2018/19		2017/18-2018/19	
R million								
Programme 1: Administration	2 731,2	2 332,8	2 502,2	2 656,5	- 398,4	- 520,0	-14,59 per cent	-19,04 per cent
Programme 2: Citizen Affairs	4 450,7	4 509,0	4 712,9	4 929,8	58,3	- 176,8	1,31 per cent	-3,97 per cent
Programme 3: Immigration Affairs	1 220,4	1 073,6	1 093,4	1 164,6	- 146,8	- 202,8	-12,03 per cent	-16,62 per cent
TOTAL	8 402,3	7 915,4	8 308,5	8 750,9	- 486,9	- 899,6	-5,79 per cent	-10,71 per cent

As shown in the summary above, DHA's total budget for 2018/19 is R7.915 billion. This is a decrease compared to an adjusted appropriation of R8.403 billion of 2017/18 financial year. Taking into consideration the inflation rate of 5.3 percent, the decrease in DHA's budget is R899.6 million or 10.7 percent. In real terms, all the Department's programmes shows a decrease in budget allocations:

- Programme 1: Administration – R520 million (or 19 percent)
- Programme 2: Citizen Affairs – R176.8 million (or 3.9 percent)
- Programme 3: Immigration Affairs – R202.8 million (or 16.6 percent)

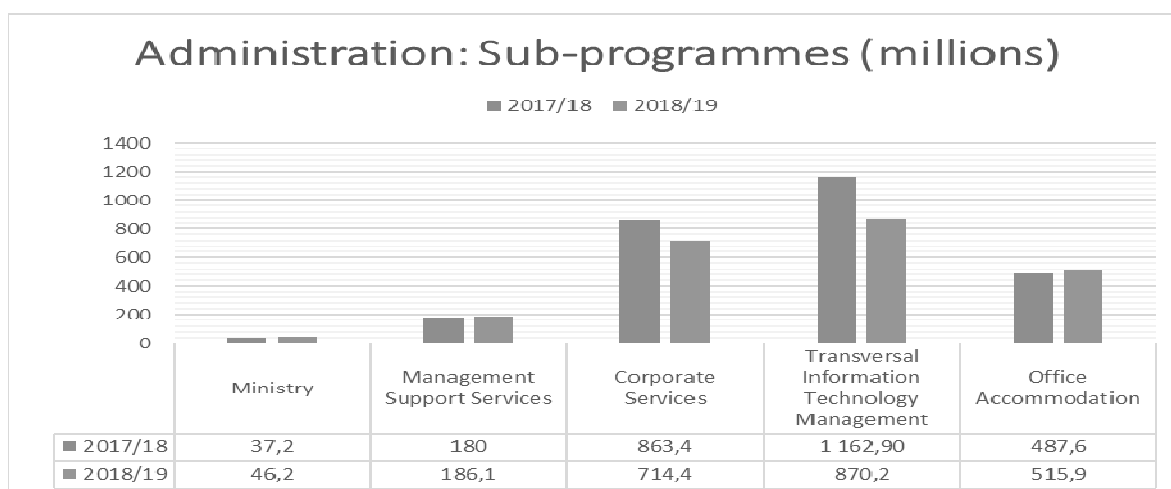


Budget per programme and percentage share

As indicated above, of the total budget of R7.915 billion allocated to DHA, R4.509 billion or 57 percent is allocated to Citizen Affairs programme. Administration and Immigration Affairs programmes received R2.332 billion (29 percent) and R1.073 billion (14 percent) respectively. A detailed analysis of programmes and sub-programmes expenditures is provided in the next section.

Programme 1 Administration: Administration programme is responsible for strategic leadership, management and support to the department and consist of 5 sub-programmes. The names of these sub-programmes are provided in Figure 3 below.

Administration Sub-programme expenditure



As stated previously, the Administration programme's allocation decreases by R519.9 million or 19.04 percent (taking into account the cost of inflation). The adjusted appropriation in 2017/18 was R2.731 billion, compared to R2.332 in 2018/19.

The *Transversal Information Technology Management* sub-programme continues to dominate the expenditure, but shows strong decline in expenditure from the previous year. At R870.2 million expenditure 2018/19, this sub-programme constitutes 37 percent of expenditure under the main programme. The *Corporate Services* sub-programme with the allocation of R714.4 million constitutes 31 percent of the total budget for programme 1.

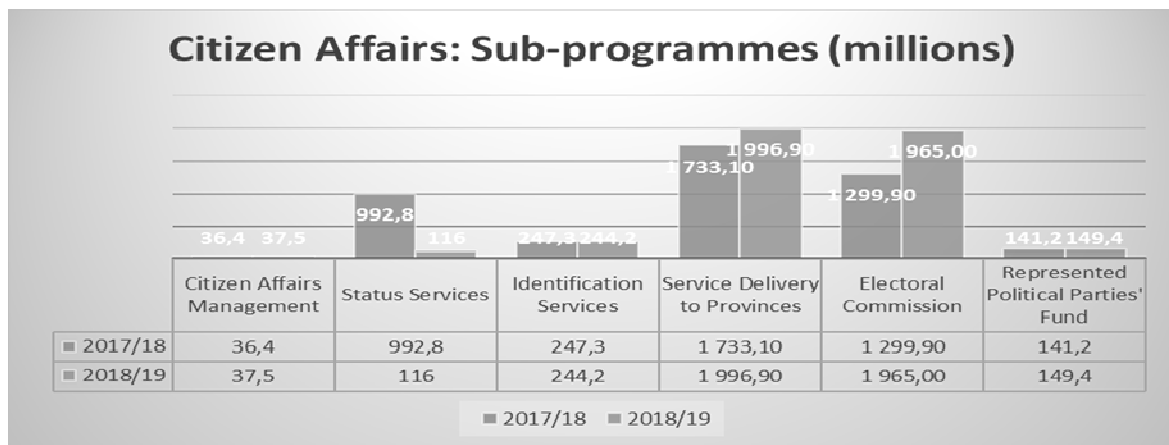
Unlike in the previous financial year, the following two sub-programmes experiences nominal and real increases growth: i.e. *Ministry* sub-programme R6.6 million real increase (17 percent) and *Office Accommodation* R1.4 million real increase (0.29 percent).

After inflation (which is calculated at 5.3 percent), the following **real** increases/ decreases are recorded per sub-programme:

- Ministry: 17 percent increase.
- Management Support Services: 2.0 percent **decrease**.
- Corporate Services: 21.7 percent **decrease**.

- Transversal Information Technology Management: 29.07percent decrease.
- Office Accommodation: 0.29 percent increase.

Programme 2 Citizen Affairs: The Citizen Affairs provide secure, efficient and accessible services and documents to citizens and lawful residents. The budget of this programme is allocated to 6 sub-programmes, namely: Citizen Affairs Management, Status Services, Identification Services, and Service Delivery to Provinces, Electoral Commission, and Represented Political Parties' Fund.



Citizen Affairs Sub-programme expenditure

The *Citizen Affairs* programme remains the biggest of the three main programmes in the DHA, constituting 57 percent of the overall departmental expenditure. In 2017/18, this programme constituted just over half (50.6 percent) of the department expenditure. *Citizen Affairs*' allocation increases from R4.450 billion in 2017/18 to R4.509 billion in 2018/19. In real terms, expenditure declines by R176.8 million (or 3.97 percent) between 2017/18 and 2018/19.

The *Electoral Commission's* allocation experiences significant real increases of 43.28 percent- which can be attributed to preparations towards the general elections scheduled for 2019. After inflation (5.3 percent), the following **real** increases/ decreases are recorded per sub-programme:

- Citizen Affairs Management: 2.35 percent **decrease**.

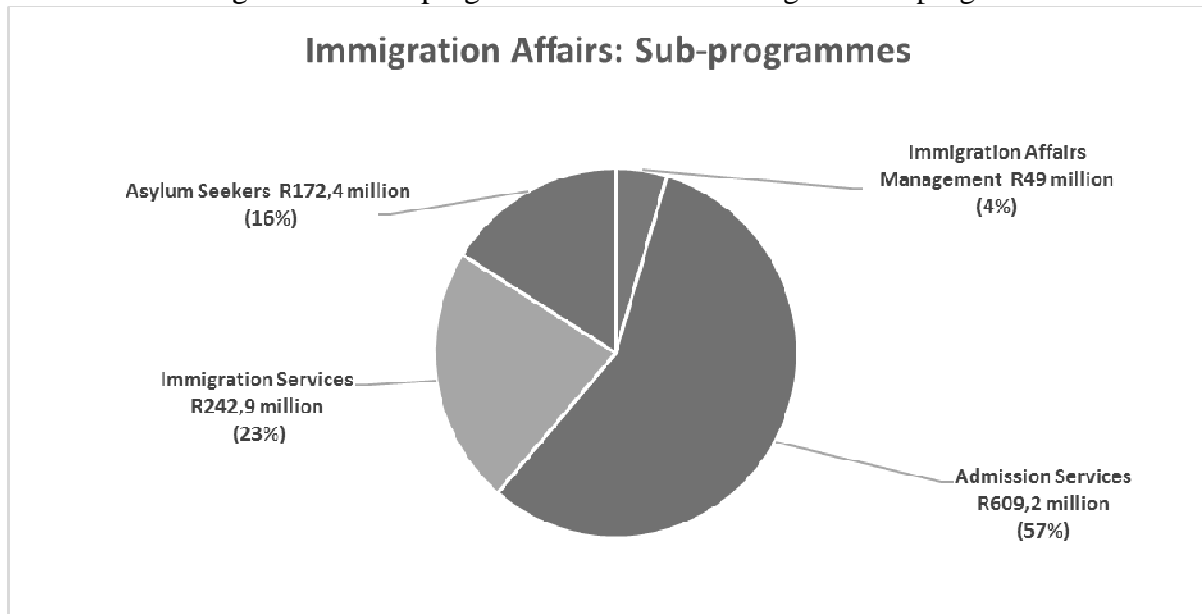
- Status Services: 88.92 percent **decrease**.
- Identification Services: 6.4 percent **decrease**.
- Services Delivery to Provinces: 9.21 percent increase.
- Electoral Commission: 43.28 percent increase.
- Represented Political Parties' Fund: 0.29 percent increase.

The increase recorded in *Service Delivery to Provinces* sub-programme augurs well with the priority for the redevelopment and modernisation of 6 priority land ports of entry (Beitbridge, Maseru Bridge, Kopfontein Gate, Lebombo, Oshoek and Ficksburg).

The *Status Services* sub-programme continue to experiences the biggest decline in its funding, i.e. 88.92 percent (real terms). This is the sub-programme tasked with one of the main mandates of the Department. This include maintaining an accurate register of all citizens and immigrants who have acquired the right to permanent residence; registering births, deaths and marriages; providing travel and citizenship documents; providing financial assistance to citizens abroad who wish to return to South Africa but have no means of doing so; and determining and granting citizenship.

Programme 3 Immigration Affairs: This programme is responsible for facilitating and regulating the secure movement of people through the ports of entry into and out of South Africa. It is also responsible for determining the status of asylum seekers and regulate refugee affairs.

The budget under the programme is shared amongst 4 sub-programme as



outlined below.

Immigration Affairs Sub-programme expenditure

The *Immigration Affairs* programme is the smallest of the three main programmes in terms of budgetary size. Unlike in the previous financial year whereby the programme experienced the strongest growth both in nominal and real terms, it decreases by 16.62 per cent (real decrease) from R1.220 billion to R1.073 billion in the current year.

Of the total budget of R1.073 billion allocated to programme 3, the *Admission Services* sub-programme receives the lion's share of R778.7 million or 64 percent. The *Immigration Affairs Management* sub-programme is allocated 4 percent of the programme budget (i.e. R48.4 million).

After inflation (5.3 percent), the following **real** increases/ decreases are recorded per sub programme:

- Immigration Affairs: 4.04 percent **decline**.
- Admission Services: 25.85 percent **decline**.
- Immigration Services: 2.23 percent **decline**.
- Asylum Seekers: 3.49 percent increase.

Asylum Seekers sub-programme is the only sub-programme that experiences increase in both nominal and real terms. The increase in *Asylum Seekers* sub-programme is commendable given the current challenges with regard to asylum seekers management in the Department. The increase in budget allocation would assist the Department in addressing those challenges.

3. The Electoral Commission of South Africa (IEC)

The IEC Chairperson made opening remarks and indicated that the 2019 National Elections are envisaged to take place between May and August 2019. The Political Party Funding Bill was still before Parliament and will hopefully be completed in time to prepare for the elections. The IEC will also refresh their Information Communication Technology (ICT) on both hardware and software commencing in the coming year. The five-year strategic plan will end in 2019 and hence there are long term targets that need to be completed. The IEC is not immune to fiscal constraints and is facing increasing shortfalls particularly in relation the unforeseen need to harvest addresses. There is going to be a need to appoint new Commissioners soon since Judge Makhanya's term will end in May 2018 and Rev. Finca and Vice-Chairperson Tselane's terms end in November 2018. Of the three, it is only one Commissioner who is eligible for an extension.

The CEO made the presentation on the APP. He reported on the recent court rulings such as the harvesting of the addresses in the voters roll by 30 June 2018 and the setting aside by the Electoral Court ruling of 23 September 2016 on the results of the Namakwa District Municipality. The IEC appealed the judgement to the Supreme Court of Appeal and the appeal was successful. The order by the Electoral Court to recount votes in Cape Metro, Bergerivier Municipality and the entire Swartland Municipality was also successfully appealed. The Pretoria High Court dismissed the appeal by the IEC vs. Abland in relation to the review of the lease of the Riverside Office Park.

The CEO also reported that the Draft Electoral Amendment Bill will be tabled in the First Quarter of 2018. The key amendments will include the electronic submission of registration of political parties and candidate lists; removing restrictions on mental health patients voting; providing for the Electoral Court to hear and determine any matter relating to the interpretation of the Constitution concerning disputes about the legitimate leadership of a party as well as voter registration enhancements to allow online registration.

He reported that the Political Party Funding Bill was due to be debated in the National Assembly in March 2018. The legalisation provides for the party funding to be managed by a separate entity to the Commission. The implementation of the legislation will be incremental due to the availability of funding.

He explained that there was an increased contestation between political parties turning to court to resolve disputes. Currently there are a number of municipalities which have coalitions which are fragile. The IEC might have to conduct a number of by-elections, especially in the KwaZulu-Natal Province.

He also reported that the IEC ICT refreshment was needed in preparation for the 2019 elections. There are 122 servers that need to be replaced during 2018. Computers, printers and laptops will also be replaced in late 2018 early 2019. Software will be upgraded from Windows 7 to Windows 10. The replacement of the equipment is pending full funding. The Registration devices (so-called zip-zip machines) need to be replaced before the 2019 Elections. It was reported that a tender for 38 000 zip-zip machines was in the final stage and delivery is expected in the first quarter of 2018/19.

The annual targets for 2018/19 and the budget of the IEC also include another registration weekend ahead of the 2019 National and Provincial Elections. The *Electoral Commission's* allocation experiences significant real increases of 43.28 percent in 2018/19 which can be attributed to the

NDP's vision of building a capable developmental state, and an active and engaged citizenry. Accordingly, over the medium term, the commission intends focusing on preparations for the 2019 national and provincial elections, and the 2021 local government elections.

R3.1 billion is allocated over the MTEF period for the commission's electoral operations and R808.2 million is allocated for its outreach activities. The commission plans to begin its electoral operations by conducting 2 weekends of registrations in the first half of 2018; procuring, distributing and warehousing voting registration materials; and providing logistical support for registrations.

Initially, 2017/18 was regarded as a one-year electoral cycle. However, the Constitutional Court made 2 judgments that directed the commission to obtain and record the addresses of all registered voters to ensure that they are registered in the correct voting districts before June 2018. As such, all voting stations are scheduled to open on 10 March and 11 March 2018, with about 68 000 full-time and fixed term staff deployed to record the addresses of registered voters. This activity is expected to cost R230 million. The updating of addresses on the voters roll in line with the court judgments, registration activities, and the procurement of ballot papers, ballot boxes and stationery account for estimated spending of R649 million over the MTEF period. In addition, between R450 million and R500 million is budgeted for the mentioned plans to update databases in line with electoral requirements, updating and rolling out the commission's IT infrastructure, replacing the zip-zip machines, as well as the erection of 8 prefabricated offices housing commission staff, bringing the total number of these offices to 38 by 2020/21.

The commission has a staff complement of 1 033, which is expected to remain constant over the medium term. Spending on compensation of employees is expected to increase at an average annual rate of 15.2 per cent between 2017/18 and 2020/21, from R604.5 million to R924 million. This increase is mainly due to the appointment of approximately 6000 expansion staff on fixed term contracts over a seven-month period in 2018/19 when election-related activities are at their peak.

R890 million is allocated over the MTEF period to attract an estimated 324 850 mature and experienced electoral staff for work on election days, 114 850 of whom are also expected to be compensated for registration activities. This funding is also expected to enable the commission to improve on and increase the training it provides through the electoral operations programme.

The commission undertakes extensive civic and democracy education and communications campaigns to protect the credibility and integrity of electoral processes. Through these campaigns, the commission keeps the electorate informed and aims to attain high voter turnouts on election days. R808.2 million is set aside over the MTEF period for these campaigns. The commission derives its revenue mainly from transfer payments it receives from the DHA. The commission also generates revenue from the sale of goods and services, and interest earned from investments. The commission's own revenue is expected to remain constant at R15 million per year over the MTEF period.

4. The Government Printing Works (GPW)

4.1 Annual Performance Plan

The Acting CEO, Ms N Moyo, made the presentation indicating the mission and vision of the GPW was still the same and that ICT is a critical element of GPW. GPW will procure eight new high tech pieces of equipment in the current financial year. The GPW was also producing the Smart ID Cards in relation to client (DHA) specifications. Government Gazettes, both digital and electronic, are also still issued timeously.

GPW was also marketing itself to most African countries, however, many countries still have contracts with their former European colonial countries. There are promising discussions with Swaziland and Zambia to produce documents. Currently, the Zambian IDs are produced by a private company based in Durban. GPW is also planning to open a store in Cape Town and Polokwane.

After the presentation by the CEO, the Committee engaged with the GPW on the following:

- The use of a private security company. GPW reported that all security officials from Fidelity Company have been vetted and where the production of Smart ID Cards is done, there are only GPW internal officials used for security purpose.
- Expanding to the African market. GPW reported that it was working with the Department of International Relations and Cooperation to further its business.
- With regard to litigation, the GPW reported that there was no litigation against it.
- In relation to the variations to the construction of Pavilion 3, GPW reported that the audit of financial had not been done because the service provider refused to provide certain information and the matter was being taken up with legal services. On the basis of the audit, criminal charges may still be laid.

4.2 Budget

Over the medium term, GPW intends to focus on replacing old equipment and machinery, and refurbishing its production facility. A new security printing division in Pretoria was expected to be completed by 2019/20, but due to delays in finalising the master plan, the project is still in the construction phase. The certificate of occupation for the property is scheduled in March 2018, with the project expected to be completed in 2020/21. 2 pavilions (phases) of the printing facility have been completed and once pavilion 3 is ready for use, it will provide an additional facility for the processing and dispatching of smart identity cards and passports.

Costs for refurbishing the site are projected at R1.2 billion over the MTEF period and are to be covered by the entity's accumulated funds. As part of its equipment upgrade at a total estimated cost of R180 million in 2018/19, the entity plans to buy specialised machinery, including 2 dynamic box production machines, 2 sheet fed printing presses, a wide web printing press, 2 paper finishing machines and a narrow web printing press. Spending on goods and services will thus increase from a projected R928.7 million in 2018/19 to R1.2 billion in 2020/21.

To recruit and train personnel to use the equipment, expenditure on compensation of employees is expected to increase from R269.2 million in 2017/18 to R403.3 million in 2020/21. The entity generates its own revenue, which is expected to increase at an average annual rate of 9.9 per cent, from R1.6 billion in 2018/19 to R2.1 billion in 2020/21. The entity expects to increase revenue by expanding the production of passports and identity documents with the new equipment.

5. Committee Observations

5.1. Department of Home Affairs

- There was concern that there was no indication of the funding of the BMA, which has been processed by the Portfolio Committee on Home Affairs to establish an entity for securing of the South African borders.
- There continue to be network challenges at the DHA offices and long queues in some offices such as in the Durban area.
- The Committee appreciated the arrests of officials at the Johannesburg Central office for corruption.
- Although the issue of vacancies was explained by the DG as due to lack of funds, the Committee felt that vacant funded posts should nonetheless be filled.
- The Committee expects adherence with regards to payment of invoices within 30 days.
- The DHA does not have a sufficient monitoring with regards to matters raised by the Auditor-General in 2016/2017.
- The Matatiele office needs an upgrade to issue passports and Smart ID Cards.
- The contact centre was not sufficiently assisting the public when they phoned in.

5.2. The Electoral Commission of South Africa

- The Committee was concerned with regards to the condonation of the irregular expenditure in relation to the lease agreement of the Riverside Office Park.

- The Committee was concerned about the voter turnout during election days for National and Provincial as well Local Government Elections.
- There was a concern in relation to the cutting of funding of other programmes to fund ICT and harvesting of addresses into the voters roll by 30 June 2018.

5.3. The Government Printing Works

- The Committee was concerned about the use of private security in and around the production of enabling documents.
- The Government Printing Works is not penetrating enough in the African market. The Committee noted that there were discussions with Swaziland and Zambia in relation to the production of their enabling documents.
- There were variations in relation to the construction of Pavilion 3.
- It is unacceptable that financial services were not being completed because the service provider refused to provide certain information.

6. Recommendations

Based on the interaction between the Department of Home Affairs, the Electoral Commission and the Government Printing Works, the Committee recommends the following:

7.1. Department of Home Affairs

- National Treasury should consider increasing funding to the Department of Home Affairs, especially allocations for the establishment of the BMA once it is finalised. DHA should brief the Committee on the anticipated costs of the BMA as soon as possible.
- The Department of Home Affairs should move towards alternative providers if the State Information Technology Agency (SITA) continues to not address issues of downtime and queues at front offices is addressed as matter of urgency.

- The DHA should ensure the matter of corruption at its offices is addressed as matter of urgency. The officials found to be guilty of corruption should be charged criminally.
- The DHA should fill all vacant funded posts as a matter of urgency.
- The DHA should ensure that all valid invoices are paid within 30 days after receipt.
- The DHA should have a dashboard with regards to matters raised by the Auditor-General in 2016/2017
- Key rural offices in the country need an upgrade to digitally apply for passports and Smart ID Cards.
- The issue capacity at the Contact Centre should be addressed urgently.
- Reopen refugee offices in Port Elizabeth and Cape Town as per court orders.
- Prioritise roll out of fully functioning mobile offices to improve service delivery.
- Plans to address long outstanding recommendations on capacity and budget allocations to immigration services.
- Ensure the preparation of an Audit Action Plan to address all issues raised by the Auditor-General in the Annual Audit Report of the DHA.

6.2. The Electoral Commission of South Africa

- The IEC should implement all the remedial actions of the Public Protector in relation to the lease agreement to the Riverside Office Park.
- The IEC should conduct an outreach programmes to communities regarding the importance of voting in elections.
- National Treasury should consider allocating more funding to harvesting of addresses and ICT refreshment.

7.3. The Government Printing Works

- The GPW should not use private security in and around the production of Smart ID Cards and ensure that all officials for both GPW and private security are vetted.

- The GPW should try to expand more to the African market and ensure that all South African departments print documents with them.
- The GPW should ensure that a financial audit is conducted to ensure that there were no financial irregularities in the construction of Pavilion 3.
- The appointment of the CEO of the GPW should be prioritised by the DHA and will be monitored by the Committee.

Report to be considered.

6. Report of the Portfolio Committee on Basic Education on Budget Vote 14: Basic Education, dated 2 May 2018

The Portfolio Committee on Basic Education having considered Budget Vote 14: Basic Education, together with the Annual Performance Plans of the Department of Basic Education and its Statutory Bodies, reports as follows:

1. Introduction

- 1.1 The Portfolio Committee on Basic Education considered the Annual Performance Plans (APPs) and Budget 2018/19 of the Department of Basic Education and its two Statutory Bodies, namely, the Council for Quality Assurance in General and Further Education and Training (Umalusi) and the South African Council for Educators (SACE).
- 1.2 The budget briefings served to acquaint the Portfolio Committee with the mandates and programmes of the Department and the named statutory bodies.
- 1.3 Those that appeared before the Portfolio Committee during the Budget Review sessions included the following:

- 1.3.1 **Department of Basic Education (DBE):** Mr E Surty: Deputy Minister of Basic Education, Mr H Mveli: Director-General, Ms N Molalekoa: Chief Finance Officer, Mr P Padayachee: Deputy Director, Ms C Nuga-Deliwe: Chief Director, Mr K Pila: Director, Ms T Martens: Deputy Director, Ms E Mmola: Director, Ms N Montsho: Director, Mr P Dikgomo: Director, Mr L Mahada: Parliamentary Liaison Officer, Ms N Molai: Senior Administrator, Ms C Van Wyk, Administrative Secretary, Ms P Mphigalale: Secretary, Ms L Carolissen: Liaison Officer and Ms H Love: Administrator.
- 1.3.2 **South African Council for Educators (SACE):** Ms E Mokgalane: Chief Executive Officer, Mr L Cele: Chairperson of Council, Mr M Mapindani: Chief Finance Officer, Ms N Nduna-Watson: Exco Member, Ms G Bowles: Exco Member and Mr H Walter: Exco Member
- 1.3.3 **Council for Quality Assurance in General and Further Education and Training (Umalusi):** Dr M Rakometsi: Chief Executive Officer, Prof J Volmink: Chairperson, Ms S Mosimege: Senior Manager, Mr J Rousseau: Chief Finance Officer, Dr S Mchunu: Member of Council and Ms M Madalane: Member of Council.
- 1.3.4 **Office of the Auditor-General of South Africa (AGSA):** Mr E De Haan: Director
- 1.4 This report gives a brief summary of the presentations made by the Department of Basic Education (DBE), the Office of the Auditor-General of South Africa (AGSA) and its statutory bodies (Umalusi and SACE) to the Portfolio Committee, focusing mainly on the Department's 2018 – 19 Annual Performance Plan and the 2018 Medium Term Expenditure Framework (METF) allocations and an overview of allocations per programme. The report also provides the Committee's key deliberations and recommendations relating to the Vote.

- 1.5 The Committee engaged with the Department, AGSA and its Statutory Bodies on their performance for the previous financial year and the funding needs for the current financial year, in October 2017, as part of the Budgetary Review and Recommendation Report (BRRR) process. The observations made in this report should be read in conjunction with those made in the BRRR report.
- 1.6 Copies of all presentations on the Budget Review of the DBE, SACE and Umalusi are available from the Committee Secretary.

2. Overview of the Annual Performance Plan for 2018/19

2.1 Strategic overview by the Department of Basic Education (DBE)

A delegation from the DBE was led by the Deputy Minister of Basic Education, Hon E Surty, and the presentation was made by the Director-General (DG), Mr Mweli, and the Chief Financial Officer (CFO), Ms N Molalekoa.

2.1.1 Background and Context - The Portfolio Committee was presented with some background and context to the 2018/19 APP and an indication that the sector demonstrated improvements in monitoring and evaluation to assist with addressing challenges related to performance. The DG reported that the DBE, being responsible for the concurrent function, had engaged through the Heads of Education Committee (HEDCOM), on, amongst others, gaps and inefficiencies in the system. The DBE also engaged with the Provincial Education Department (PEDs) on the 19 indicators that needed to be included in their APP's.

The DG further noted that learner performance continued to be on a steady increase with improved support from the Department and relevant stakeholders. The Bachelor pass trends of the National Senior Certificate performance showed an upward trajectory from 25,8 percent in 2015 to 28.7 percent in 2017.

In respect of key challenges in the sector, the DG noted that the introduction of indicators related to Learners with Severe to Profound Disability Grant (LSPID) over the Medium Term Expenditure Framework (MTEF) would address and remedy challenges with regards to Inclusive Education. There were also challenges which related to conducive school environment and infrastructure in some parts of the country.

The DG noted that the Budget Allocation for Vote 14: Basic Education for 2018/19 was 2.9 percent less than the previous year. Grants over the MTEF were allocated around R7 billion less than before. The investment in basic education had been reduced by around 10 percent over the last 10 years. The DG alluded to some of the causes for the reduction as follows:

- Salary negotiations – salaries accounted for approximately 80 percent of the budget allocation.
- Provinces had not been adequately monitored in respect of provincial budget allocations and spending.
- The decline was further caused by effects of the Occupational Special Dispensation (OSD) for Public Servants. National Treasury had never allocated enough money to cover the OSD; and
- The Basic Education budget was also affected by the increase in the budget allocation for Higher Education and Training.

2.1.2 Key Improvement Plans of the Department towards the Medium Term Strategic Framework (MTSF) and National Development Plan (NDP)

In improving the education sector, the Department had taken a range of steps, including the following:

- Developed the sector MTSF aligned customised Programme Performance Measures (PPMs);
- Improved and strengthened engagements with the Auditor-General (AG) and the Department of Planning, Monitoring and Evaluation (DPME);
- Regular engagements with Programmes through Quarterly Branch Reviews to track process, improve planning and resolve potential risks;
- Engagements through HEDCOM Sub-committees in collaborating and improving the sector's performance;
- Conducted gap analysis of the sector alignment and working on mitigating the gaps identified for medium and long- term plans; and
- Continued analysis of Provincial Education Department and Public entities' plans and reports to strengthen the management of Performance Information in the sector.

2.1.3 Key MTSF 2014 – 2019 Priorities

The DBE's priorities for the 2014-2019 MTSF are as follows:

- Improving quality of teaching and learning through development, supply and effective utilisation of teachers;
- Improving quality of teaching and learning through provision of adequate, quality infrastructure and Learning and Teaching Support Materials (LTSM);
- Improving assessment for learning to ensure quality and efficiency in academic achievement;
- Expanded access to Early Childhood Development (ECD) and improvement of the quality of Grade R, with support for pre-Grade R provision;
- Strengthening accountability and improving management at the school, community and district level; and
- Partnerships for education reform and improved quality.

2.1.4 Revisions to the DBE Strategic Plan:

The Department has made minor updates to the 2015/16 – 2019/20 Strategic Plan, covering five areas. Firstly, the Department has increased its priorities to focus on Rural Education for the 2018/19 financial year and the remainder of the current medium-term through improving literacy, numeracy and reading skills as well as striking a balance in curriculum, books and curricular activities to improve learner performance. Secondly, the Department aims to provide support to learners with intellectual disabilities through the Learners with Profound Intellectual Disabilities (LSPID) Grant which is planned for roll-out in the 2018/19 and 2019/20 financial years. Thirdly, the Department has completed the process of developing lesson plans as per the strategic plan and in the 2018/19 financial year the Department plans to focus on the monitoring of the implementation of lesson plans by teachers. Fourthly, the implementation of the Accelerated Schools Infrastructure Delivery Initiative (ASIDI) has been re-continued for 2018/19 after it was set for completion in 2017/18. Finally, the strategic Objective 3.3 has been rephrased from “Administer Diagnostic Self-assessments tests to Mathematics, English First Additional Language, Physical Sciences and Accounting teachers in order to determine their content knowledge” to “To identify and determine content knowledge of teachers in Mathematics, English First Additional Language, Physical Sciences and Accounting through Diagnostic Self-Assessments”.

2.2 Review of the Draft 2018/19 Annual Performance Plan (APP) of the Department of Basic Education (DBE) by the Office of the Auditor-General of South Africa (AGSA)

The AGSA briefed the Portfolio Committee on its findings on the review of the draft 2018/19 APP of the Department of Basic Education. These findings had been communicated to the Department who confirmed that they were in the process of taking AGSA suggestions into consideration.

2.2 The AGSA findings identified and communicated to DBE included the following:

- AGSA noted that the targets that were expressed in percentages did not have the absolute values as required by the framework.
- Indicators relating to HIV and Aids (Life Skills Education) conditional grant were not included in the APP.
- AGSA noted that some of the indicators were indicated as “cumulative” but the targets were not listed as cumulative under the MTSF period. Therefore, it was recommended that targets that were cumulative per quarter were clearly indicated in the TID.
- The Department had been in discussions with PEDs throughout the year and had started standardising some of the MTSF indicators and including them as customised indicators for 2018/19.
- PED’s had started aligning their annual performance plan to MTSF indicators but not all indicators were included.
- The 2014-2019 MTSF indicator relating to Annual National Assessment (ANA) could not be implemented as yet by the PEDs. This was because DBE was remodelling ANA. In this regard, key milestones were not included in the APP of the DBE and therefore MTSF indicators were not measured for performance within the education sector.
- Some performance measures in the NDP and MTSF were not translated into performance indicators resulting in poor alignment between the national and provincial departments of education.

2.2.1 Portfolio Committee Observations

- Members generally queried the reasons for the inclusion of the ANA indicators amongst AGSA findings when this had been reviewed and discontinued.
- Members noted indicators that have not yet been included in the PPMs of the PEDs.

- Members further noted that many of the AGSA findings had been issues raised by the Portfolio Committee in previous years and some were currently being addressed in the Department's 2018/19 APP and the PPMs of the PEDs.

2.3 Strategic Objectives, Indicators and Targets in the 2018/19 APP

Most performance indicators in the 2018/19 APP were introduced in the 2016/17 financial year as part of the Revised Strategic Plan of the Department. They show an improved alignment with the Department's policy development and monitoring role and are largely anchored in the MTSF and the APP. The Department introduced three new indicators in the 2018/19 APP.

2.3.1 Programme 1 – Administration

2.3.1.1 Strategic Objective: To improve the administrative and governance systems through compliance to the key legislations governing administration in order to support the delivery of education and to strengthen accountability.

2.3.1.2 Programme Performance Indicators: All three performance indicators in this programme were introduced in the 2016/17 financial year. The Department's target for the percentage of service provider invoices within the procurement unit paid within 30 days remains at 100 percent while the percentage of received misconduct cases resolved within 90 days is now set at 85 percent, compared to 90 percent in 2017/18. The target set for the percentage of received grievance cases resolved within 30 days is 85 percent, up from 80 percent in 2017/18.

2.3.2 Programme 2 – Curriculum Policy, Support and Monitoring

2.3.2.1 Strategic Objectives and Programme Performance

Indicators: This programme adds two new Strategic Objectives to the five Strategic Objectives in the 2017/18 APP. The Strategic Objectives added relate to the improvement of the quality of education in rural schools and ensuring that Learners with Severe to Profound Intellectual disabilities access quality publicly funded education and support. In addition, the programme retains its 15 performance indicators in the 2017/18 APP and adds four performance indicators and targets aligned to the two new Strategic Objectives bringing the total number of performance indicators in this programme to 19. The Strategic Objectives and performance indicators of this programme are as follows:

a) **Develop and distribute digital content annually to promote e-learning in schools.** Performance indicators and targets for this sub-objective are as follows:

- The number of off-line digital content packaged and distributed to provinces is 15, up from 12 in 2017/18.
- The number of schools per province monitored for utilisation of ICT resources remains 27 (3 per province).
- The number of off-line digital content resources developed annually increases from six in 2017/18 to eight in 2018/19.

b) Develop, print and distribute workbooks to schools annually for Grades R to 9 in order to support teaching and learning and monitoring of LTSM provisioning in provinces. Performance indicators and targets for this sub-objective are as follows:

- The percentage of public schools with Home Language workbooks for learners in Grades 1-6, Mathematics workbooks for learners in Grades 1-9 and workbooks for Grade R remains at 100 percent.

c) Monitor and support the implementation of the National Curriculum Statements (NCS) on Reading in Grades R to 9 each year in order to improve teaching and learning. Performance indicators and targets for this sub-objective are as follows:

- The number of underperforming schools monitored on the implementation of the Early Grade Reading Assessment (EGRA) is set at 75, up from 50 in 2017/18.
- The number of schools monitored on the implementation of the reading norms remains 20.
- The number of schools monitored on the implementation of the Incremental Introduction to African languages nationally also remains 20.

d) Develop and review the Mathematics, Science and Technology (MST) Framework to support provinces in improving learner performance in MST subjects. Performance indicators and targets for this sub-objective are as follows:

- Mathematics Science and Technology lesson plans developed for the Senior and Further Education and Training (FET) Phases – Technical Mathematics and Science Grades 10-12 lesson plans monitored.
 - Mathematics Science and Technology teacher guides developed for the Senior and FET Phases – Mathematics Grade 4-6, Technology Grade 4-6 and Gr 7-9 teacher guides developed.
 - The target for the number of Mathematics training sessions/workshops monitored remains set at nine (9).
 - The target set for the number of training sessions of the Curriculum Assessment Policy Statements (CAPS) for Technical subjects monitored stands at 14
 - The target for the number of schools visited for monitoring CAPS implementation in technical schools is set at 54.
- e) **Develop, monitor and support the implementation of policies and programmes for improving the quality of education in rural schools.** Performance indicators and targets for this new Strategic Objective are as follows:
- The number of schools with multi-grade classes implementing the Multi-Grade Toolkit monitored is 140.
 - The number of advocacy campaigns conducted on the Rural Education Policy in the provinces stands nine.

f) Provide support to learners who have not achieved all the requirements of the National Senior Certificate (NSC) and extended Senior Certificate (SC) through the Second Chance Matric Programme.

- The target for the number of learners obtaining subject passes towards a national senior certificate through the Second Chance programme per year is increased to 25 000 from 20 000 in 2017/18.

g) Ensure that Learners with Severe to Profound Intellectual Disabilities access quality publicly funded education and support. The Department set a target of 3 327 for each of the following performance indicators:

- The number of Learners with Severe to Profound Intellectual Disability (LSPID) who utilise the Learning Programme for C/LSPID.
- The number of Learners with Severe to Profound Intellectual Disability with access to therapeutic and psycho-social support services that will enable them to improve their participation in learning.

2.3.3 Programme 3 – Teacher, Education Human Resources and Institutional Development

2.3.3.1 Strategic Objectives and Programme Performance

Indicators: The purpose of the programme is to promote accountability, quality teaching and institutional performance through the effective supply, development and utilisation of human resources. The programme retains its five strategic objective and ten performance indicators. These are as follows:

- a) **Monitor the basic functionality of schools and School Governing Bodies (SGBs) on an annual basis to improve school effectiveness and accountability** - The target set for the percentage of SGBs that meet minimum criteria in terms of effectiveness is 80 percent of 2 000 sampled SGBs. The target for the percentage of schools producing the minimum set of management documents at a required standard is set at 80 percent of 2 000 schools sampled.
- b) **Identify and recruit the youth from all provinces for the Funza Lushaka Bursary annually in order to increase the supply of young teachers in the education system** - The target for the number of Funza Lushaka bursaries awarded to students enrolled for initial teacher education remains at 13 500.
- c) **Identify and determine content knowledge of teachers in Mathematics, English First Additional Language (EFAL), Physical Sciences and Accounting through Diagnostic Self-Assessments** - The target for the number of teachers participating in the EFAL diagnostic tests, Physical Science diagnostic tests, Accounting diagnostic tests and Mathematics diagnostic tests is set at 2 000 for each of the four subject diagnostic tests. Notably, the targets relating to the participation in the EFAL and Mathematics diagnostic tests have been adjusted and reduced significantly from 10 000 to 2 000 teachers. The Department reported that in the 2016/17 financial year they experienced challenges in administering the teacher diagnostic self-assessments. These challenges included the contestation by teacher unions in enabling the teachers to undertake the diagnostic self-assessment. The Department in the 2017/18 financial year engaged with the teachers and unions in resolving the matter. The funding for the provision of the tests was also reportedly a challenge. The Department is confident that the

reduction of the targets will not compromise the quality of the data that will inform future interventions of improving the administering of the diagnostic self-assessments.

- d) Monitor the implementation of performance management systems in PEDs annually in order to strengthen accountability of schools and office-based educators** - The target for the number of PEDs monitored on the implementation of the Integrated Quality Management System (IQMS) as well as the implementation of the Performance Management Development System (PMDS) remains set at 6 PEDs monitored annually.
- e) Monitor the implementation of the post provisioning annually per province to ensure that there is an equitable distribution of teachers** - The target for the number of PEDs that had their post provisioning process assessed for compliance with the post provisioning norms and standards also remains set for all nine (9) PEDs.

2.3.4 Programme 4 – Planning, Quality Assessment and Monitoring and Evaluation

The purpose of this programme is to promote quality and effective service delivery in the basic education system through planning, implementation and assessment.

2.3.4.1 Strategic Objectives and Programme Performance Indicators: The number of Strategic Objectives in this programme remains four whilst performance indicators increase from 12 to 13, with the introduction of the new performance indicator relating to the implementation of the Learner Unit Record Information and Tracking System (LURITS). Details of the Strategic Objectives and performance indicators are as follows:

- a) **Provide data on learner performance through the setting of question papers, administering the examinations and data analysis of the National Examinations and assessments conducted periodically** - The target set for the number of National Assessment reports produced is three (3). The target set for a bank of Language and Mathematics test items for grades 3, 6 & 9 developed is set at 200 test items developed.
- b) **Provide data on learner performance through the setting of question papers, administering the examinations and data analysis of the national Examinations and assessments conducted periodically** - The target for the number of National Senior Certificate (NSC) reports produced is set at four (4). The target for the number of question papers set annually for NSC and Senior Certificate (SC) is set at 260 question papers.
- c) **Provide basic infrastructure services (water, sanitation, electricity) and replace schools built using inappropriate materials on an annual basis in order to improve the conditions under which learners are taught** - The target set for the number of new schools built and completed through the Accelerated Schools Infrastructure Delivery Initiative (ASIDI) decreases significantly from 115 in 2017/18 to 50 in 2018/19. Notably, there is no target set on the number of schools provided with electricity through ASIDI in 2018/19, compared to the target of 134 in 2017/18. The target for the number of schools provided with sanitation facilities through ASIDI is 286. The target for the number of schools provided with water through ASIDI is 325.

- d) **Promote the functionality of schools through the institutionalising of a standardised school administration system, designed to assist with school management and reporting to a national information system on an ongoing basis** - The target for the percentage of public schools using the standardised school administration system, SA-SAMS for reporting is set at 98 percent. The target for the number of provinces monitored by DBE officials for implementation of LURITS annually is set at one (1) report covering nine (9) provinces monitored.
- e) **Mentor and assess the performance of districts on an annual basis in order to strengthen the capacity of districts to support schools** - The target for the number of officials from districts that achieved below the national benchmark in the NSC participating in a mentoring programme is set at 30. The target for the percentage of school principals rating the support services of districts as being satisfactory is set at 71 percent. The target percentage of district managers assessed against developed criteria is set at 90 percent.

2.3.5 Programme 5 – Educational Enrichment Services

The purpose of the programme is to develop policies and programmes to improve the quality of learning in schools.

2.3.5.1 Strategic Objectives and Programme Performance

Indicators: The programme retains its three Strategic Objectives and four performance indicators as follows:

- a) **The objective of the programme is to monitor the provision of nutritious meals served in identified public schools annually to enhance learning capacity and well-being of learners** – The target set for the number of schools monitored for the provision of nutritious meals reduces from 130 in 2017/18 to 110 in 2018/19.

- b) Promote the participation of learners in enrichment and co-curricular activities in order to make a positive impact on learning** - The target set for the number of professionals trained in SASCE programmes remains 900. The target for the number of learners, teachers, officials, SGBs and community organisation members participating in social cohesion and gender equity programmes is set at 7 000.
- c) Monitor the implementation of the National School Safety Framework (NSSF) in 185 Hot Spot Schools by 2019/20 in order to attain safe, caring and violence-free school environments** - The target set for the number of Hot Spot Schools monitored towards implementation of the NSSF is 47.

2.4. Overview of the MTEF 2018 Budget

2.4.1 Comparison between Programmes Allocations from 2017 to 2018 MTEF

PROGRAMME	DEPARTMENTAL APPROPRIATION		
	2017/18 R'000	2018/19 R'000	Percentage Increase/ Decrease
Administration	416 283	450 476	8.2%
Curriculum Policy, Support and Monitoring	1 801 953	1 905 011	5.7%
Teachers, Education Human Resource and Institutional Development	1 215 104	1 290 480	6.2%
Planning, Quality Assessment and Monitoring and Evaluation	13 248 303	11 971 342	(9.6%)
Educational Enrichment Services	6 726 977	7 105 128	5.6%
Total	23 408 620	22 722 437	(2.9%)

The budget of the DBE for 2018/19 is R22.7 billion, which represents a decrease of 2.9 percent from the 2017/18 allocation of R23.4 billion. Over the medium term, the Department's budget is expected to increase from R22.7 billion in 2018/19 to R23.6 billion in 2019/20 and R25.2 billion in 2020/21. Included in the Department's allocation is

Compensation of Employees amounting to R505 million, R543 million and R584 million over the MTEF. The bulk of the Department's allocation is made out of Conditional Grants, Transfers and Earmarked Funds.

At the programme level, four of the five programmes (Programmes 1, 2, 3 and 5) show budget increases in nominal terms, while Programme 4 shows a decrease compared to the 2017/18 financial year. The Administration Programme (Programme 1) shows the largest growth of 8.2 percent compared to the increase of 10.2 per cent in 2017/18. Programme 3 (Teachers, Education Human Resources and Institutional Development) shows a nominal increase of 6.2 percent whilst Programmes 2 (Curriculum Policy, Support and Monitoring) and 5 (Educational enrichment Service) show nominal increases of 5.7 percent and 5.6 percent respectively. Programme 4 (Planning, Information and assessment), which continues to receive the largest budget allocation, shows a major reduction of 9.6 percent due to the budget cuts in the school infrastructure programme.

2.4.2 Programmes Allocations over the 2018 MTEF

PROGRAMME	BUDGETS		
	2018/19 R'000	2019/20 R'000	2020/21 R'000
Administration	450 476	483 746	514 132
Curriculum Policy, Support and Monitoring	1 905 011	2 010 053	2 137 917
Teachers, Education Human Resource and Institutional Development	1 290 480	1 366 210	1 442 860
Planning, Quality Assessment and Monitoring and Evaluation	11 971 342	12 246 594	13 071 801
Educational Enrichment Services	7 105 128	7 508 716	8 037 133
Total	22 722 437	23 615 319	25 203 843

2.4.3 Reprioritisation and Budget approved cuts – Over the MTEF period

	2018/19 R'000	2019/20 R'000	2020/21 R'000	TOTAL REDUCTION
Reprioritisation from Conditional Grants:				
Less: Education Infrastructure Grant (EIG)	(2 771 826)	(2 927 048)	(3 088 036)	(8 786 910)
Add: EIG Maintenance of Schools Infrastructure	300 000	350 000	800 000	1 450 000
Add: School Backlog Grant	2 471 826	2 577 048	2 288 036	7 336 910
Cabinet Approved Budget Cuts:				
Education Infrastructure Grant	(1 000 000)	(1 250 000)	(1 334 000)	(3 584 000)
HIV and Aids Conditional Grant	(16 301)	(17 119)	(18 500)	(51 920)
School Backlog Grant	(1 000 000)	(1 250 000)	(1 319 000)	(3 569 000)
Maths, Science and Technology Conditional Grant	(16 000)	(17 000)	(17 500)	(50 500)
Matric Second Chance	(36 295)	(42 039)	(44 592)	(122 926)
Operational Budget	(1 000)	(1 000)	(1 000)	(3 000)
Umalusi	(3 296)	(3 481)	(3 672)	(10 449)
Total Budget cuts	(2 072 892)	(2 580 639)	(2 738 264)	(7 391 795)

Over the MTEF period R8.8 billion has been shifted from the Education Infrastructure Grant, of which R7.3 billion is reallocated to the School Infrastructure Backlogs Indirect Grant for the completion of the current ASIDI projects, and R1.5 billion has been reprioritised from the remaining unallocated portion of the Education Infrastructure Grant for the maintenance of school infrastructure to ensure that all schools are repaired and functioning as intended to meet basic infrastructure Norms and Standards.

Cabinet approved budget reductions over the MTEF amounting to R7.4 billion, as follows:

- The Education Infrastructure Grant (EIG) is reduced by R3.6 billion.
- An amount of R51.9 million is reduced from the HIV and AIDS conditional grant.
- The school Backlogs Grant is reduced by R3.6 million.
- The Maths, Science and Technology conditional grant – An amount of R50.5 million is taken away from this grant.
- An amount of R3 million is taken away from the operational budget of the Department over the MTEF.
- The Matric Second Chance programme experiences a reduction of R122.9 million over the MTEF, with R36.3 million in 2018/19.

2.4.4 Economic Classification Allocation over the 2018 MTEF

PROGRAMME	BUDGETS		
	2018/19 R'000	2019/20 R'000	2020/21 R'000
Compensation of Employees	504 590	543 051	583 779
Goods and Services	1 875 117	1 941 997	2 022 351
Interest and Rent on Land	51 458	54 340	57 329
Transfers and Subsidies	18 953 411	19 886 743	21 690 512
Payments for Capital Assets	1 337 861	1 189 188	849 872
Total	22 722 437	23 615 319	25 203 843

2.4.5 Details of Earmarked Allocations (R'000) over the 2018 MTEF

EARMARKED FUNDS	2018/19 R'000	2019/20 R'000	2020/21 R'000
Workbooks	1 109 075	1 171 183	1 235 598
Examiners and Moderators	30 327	32 086	33 253
National School Nutrition Programme	5 621	5 801	6 600
Oversight-Maths, Science and Technology	1 871	1 946	1 965
Matric Second Chance Programme	65 705	95 261	100 150

Learners with Profound Intellectual Disabilities Conditional Grant	3 418	1 313	1 351
TOTAL: EARMARKED FUNDS	1 216 017	1 307 590	1 378 917

**2.4.6 Details of Conditional Grants Allocations/Transfers
(R'000) over the 2018 MTEF**

CONDITIONAL GRANTS	2018/19 R'000	2019/20 R'000	2020/21 R'000
Education Infrastructure Conditional Grant	9 917 734	10 314 159	11 466 632
HIV and Aids Conditional Grant	243 235	256 951	270 644
Learners with Profound Intellectual Disabilities Conditional Grant	185 471	220 785	242 864
National School Nutrition Programme Conditional Grant	6 802 079	7 185 715	7 695 901
Maths, Science and Technology Conditional Grant	370 483	391 302	413 259
TOTAL CONDITIONAL GRANTS	17 519 002	18 368 912	20 089 300

2.4.7 Details of Transfers (R'000) over the 2018 MTEF

OTHER TRANSFERS	2018/19 R'000	2019/20 R'000	2020/21 R'000
Unesco Membership Fees	15 431	16 295	17 191
ADEA	148	150	158
Guidance Counselling and Youth Development Centre: Malawi	178	186	196
Childine South Africa	65	69	73
National Education Collaboration Trust	110 984	117 210	123 657
Southern and Eastern Africa Consortium for Monitoring Educational Quality	3 295	3 480	3 671

NSFAS: Funza Lushaka Bursaries	1 159 348	1 224 271	1 291 606
Transfers to Public Entities			
Umalusi	128 543	135 741	143 207
ETDP SETA	417	429	453
South African Council for Educators	16 000	20 000	21 100
TOTAL TRANSFERS	1 434 409	1 517 831	1 601 312

2.4.8 Detailed Breakdown of the Budget over the 2018 MTEF

	2018/19 R'000	2019/20 R'000	2020/21 R'000
Compensation of Employees	485 569	522 785	562 756
Operational budget	128 679	141 000	153 985
School Infrastructure Backlog	1 471 826	1 327 048	969 036
Office Accommodation	197 482	209 187	220 713
Departmental Projects	280 759	232 786	240 054
Earmarked funds (including CoE)	1 204 711	1 295 770	1 366 687
Transfers	1 434 409	1 517 831	1 601 312
Conditional grants	17 519 002	18 368 912	20 089 300
Total	22 722 437	23 615 319	25 203 843

General budget support to the Department

The Department receives an amount of R29.2 million for each year over the MTEF for the Rural Education Assistants Project. This project, which is introduced in 2018/19, aims to pilot the use of education assistants in the Foundation, Intermediate and Senior phases to improve the quality of education in rural schools. The project will also research and evaluate the impact of the project. The project components are as follows: mobilising the youth in rural communities to participate in education initiatives; improving the quality of teaching and learning; supporting school-based agricultural projects; and conducting research and evaluation of the project.

2.5 Portfolio Committee Observations

The Portfolio Committee raised the following with the Department of Basic Education in respect of Budget Vote 14: Basic Education:

- The Portfolio Committee commended the DBE for the greater alignment of its plans and programmes (specifically its performance indicators) with those of the National Development Plan (NDP) and the MTSF. During its monitoring and oversight role in 2017/18, including engagement with the Office of the Auditor-General of South Africa (AGSA), the Portfolio Committee observed that some performance indicators contained in the MTSF were not included in the DBE's 2017/18 APP or as part of the sector's customized indicators of the Provincial Education Departments (PEDs). Most of these indicators are now included as part of the sector's customized indicators of the Provincial Education Departments (as Programme Performance Measures – PPMs). Some PEDs have also included these in their provincial APPs. However, the Committee urges the DBE to make the necessary follow-ups to ensure that all the PEDs include all the relevant indicators in their plans as required by the MTSF.
- Members noted with concern that there was a steady increase in learner enrolment while there was a decline in the number of educator posts in schools, which could negatively impact on the teaching and learning.
- The Portfolio Committee once again expressed a concern over the delays in the implementation of performance agreements for principals as required by the MTSF and queried the effectiveness of the instruments currently used to hold principals to account.

- The Portfolio Committee is similarly concerned that the MTSF indicator on the proportion of principals appointed based on competency assessment processes is pending due to deadlocked discussions at the Education Labour Relations Council.
- Members noted with concern that at a sector level there was a steady increase in learner enrolment while there was a decline in the number of educator posts in schools, which resulted in large classes and could negatively impact on teaching and learning. Members were particularly concerned that the budget allocation for Basic Education was not keeping up with the increased enrolment.
- Members raised concerns with teacher/learner ratios as well as class sizes, especially in rural areas. Members noted that in some instances classes were too large while in others there were too few learners. There was agreement that small, non-viable schools be merged into boarding schools to accommodate all learners. However, it was noted that the Department had its challenges with infrastructure delivery and schools build programmes that required decisive action.
- The Portfolio Committee notes with concern that the budget allocation for Vote 14: Basic Education has declined by 2.9 percent from the 2017/18 allocation and that grants over the MTEF have been reduced significantly compared to previous budget allocations. Members were concerned that these cuts would delay the completion of crucial infrastructure projects.
- Members noted that there were complaints of too much learner and educator assessments with too little remedial action with plans to mitigate the challenges identified.
- Members queried the relationship between the LURITS and SA-SAMS systems and whether these were adequately utilised and implemented.

- Members queried whether the Department had considered ensuring a special school for learners with disabilities in every district in the country.
- The Portfolio Committee queried the adequacy of the allocated budget of R300 million for 2018/19 for maintenance of ASIDI schools as well as non-ASIDI schools throughout the country. Members also raised concern with inadequate and shortages of ablution facilities at schools. They queried the plans and budget in place to mitigate these challenges and ensure there were no shortages.
- There was a need for issues relating to school maintenance to be featured in all engagements with the PEDs, MECs and HODs.
- Members queried whether the Department had a listing of all misplaced educators in the system.
- Members noted the importance of ICT for purposes of teaching and learning and further indicated that this should be encapsulated in teacher development initiatives.
- Members urged the Department to prioritise the eradication of unsafe and disused ablution facilities in its quest for ensuring a safer and conducive environment for teaching and learning.
- The Portfolio Committee queried the progress in respect of the introduction of the Basic Education Laws Amendment (BELA) Bill to Parliament for processing, in order to enable the Committee to effectively plan its annual programme.
- Members noted with concern that there were no targets set in 2018/19 on the number of schools provided with electricity through ASIDI, whilst there had been underperformance on this indicator to date.
- The Portfolio Committee welcomed the introduction of the Rural Education Assistants Project designed to improve the quality of education in rural areas. However, Members queried plans in place by the Department to ensure that the programme was realised and the needs adequately met.

- Members noted that provision of learner transport is inadequate and queried whether the Department had made any progress in ensuring that the budget for learner transport is ring-fenced.
- Members queried progress with the piloting of the Systemic Evaluation at identified schools. Members were also interested in the list of the schools being piloted.
- Members also queried the plans in place by the Department to ensure implementation of the Incremental Introduction of African Languages (IIAL) policy in all schools in all provinces.
- Members queried the number of Implementing Agents on the books of the Department and requested that the Department shared information on Implementing Agents' progress reports.
- Members queried the turnaround time for filling of vacant posts.
- Members also queried the number of officials who may have falsified their qualifications.
- Members queried whether the Department kept a database of those Kha Ri Gude volunteers implicated in wrong-doing so as to ensure they were never employed by the Department again.
- Members raised concerns over foreign learners with no documentation and queried whether the Department was able to engage the Department of Home Affairs to assist such learners
- Members queried whether employees were adhering to the directive on the signing of financial disclosures.
- Members noted that many challenges stemmed from Internal Control deficiencies. Members queried whether the Department was working to strengthen and capacitate this area.

- Members were concerned that the new indicator on learners completing the whole curriculum may be problematic as this indicator was in the process of being standardised.

3. Overview of Strategic Imperatives and Budget Allocations of the Department's Statutory Bodies

3.1 The Council for Quality Assurance in General and Further Education and Training (Umalusi)

The Chief Executive Officer (CEO) of Umalusi, Dr Rakometsi, presented the Council's Annual Performance Plan and Budget 2018/19 – 2020/21. This included an updated situational analysis around the performance delivery as well as the organizational environments. Dr Rakometsi touched on some of the following key matters:

- The Three-Stream Model – The model would have implications for the General and Further Education and Training (GFET) Sub-framework. Umalusi foresees the need for alignment with the vocational occupational programmes and technical programmes offered in the Technical Vocational Education and Training (TVET) colleges as well as the National Certificate (Vocational).
- Corporate Governance – Umalusi risk management profile had improved. Audit findings addressed had increased with gradual improvement of performance targets achieved year-on-year.
- Managing the Sub-Framework – More independent schools were accredited and provisionally accredited in 2016 than in the previous years (the numbers have doubled).
- Revision of Legislative and Other Mandates – The Department of Higher Education and Training (DHET) was in the process of reviewing the National Qualifications Framework (NQF).

Programme Plans: Strategic Objectives, Indicators and Targets

Umalusi's activities are spread across three main programmes, namely, Administration;

Qualifications and Research and Quality Assurance and Monitoring.

3.1.1 Programme 1: Administration – Programme 1 covers the following sub-programmes:

- Governance and Office of the Chief Executive Officer (GOCEO);
- Public Relations and Communications (PR and Comms);
- Information Communication Technology (ICT);
- Finance and Supply Chain Management (F&SCM); and
- Human Resource Management and Development (HRM&D)

The purpose of Programme 1 is to provide strategic leadership, management and administrative support services to Umalusi. The strategic objective is to improve the effectiveness of Corporate Governance.

Programme Performance Indicators and Annual Targets for 2018/19

3.1.1.1 Annual Performance Plan (APP) approved by 31 March – The Umalusi 2018/19 APP was approved by March 2019.

3.1.1.2 Quarterly reports submitted to the National Treasury and DBE 30 days after the end of the Quarter – The target is to ensure that four (4) quarterly reports were submitted 30 days after the end of the Quarter.

3.1.1.3 Number of communication platforms used to communicate to stakeholder clusters within the GFET sub-framework to access information –

The target is set at seven (7) platforms.

3.1.1.4 Percentage compliance against the requirements of the ICT Governance Framework –

The target is set at 92 percent compliance.

3.1.1.5 Average percentage of performance agreements and assessment reports submitted on time –

The target is set at 90 percent.

3.1.1.6 Percentage of service providers paid within 30 days –

The target is set at 99 percent of service providers paid.

3.1.2 Programme 2: Qualifications and Research – Programme 2 covers the following sub-programmes:

- Qualifications, Curriculum and Certification (QCC); and
- Statistical Information and Research.

The purpose of Programme 2 is to develop and manage an efficient and effective General and Further Education and Training (GFET) Qualifications Sub-framework within the NQF and to undertake strategic research in support of that goal.

Programme Performance Indicators and Annual Targets for 2018/19

3.1.2.1 Number of reports produced on the management of qualifications in the sub-framework –

The target is to produce three (3) reports.

3.1.2.2 Number of Curricula evaluated annually – The target number is set at two curricula evaluated.

3.1.2.3 Percentage of datasets processed and feedback provided within the turnaround time of 21 working days – The target is set at 100 percent of datasets processed.

3.1.2.4 Percentage of error-free learner records for which a certificate is printed annually - The target is set at 100 percent error-free records.

3.1.2.5 Percentage of verification requests received that are completed within the service level agreements (two working days) – The target is set at 95 percent of verification requests completed.

3.1.2.6 Number of research reports completed in various formats – The target is eight (8) research reports.

3.1.3 Programme 3: Quality Assurance and Monitoring –

Programme 2 covers the following sub-programmes:

- Quality Assurance of Assessment school qualifications;
and
- Quality Assurance of Assessment post school qualifications.

The purpose of Programme 3 is to ensure that the providers of education and training have the capacity to deliver and assess qualifications registered on the GFETQSF and are doing so to the expected standards and quality.

Programme Performance Indicators and Annual Targets for 2018/19

3.1.3.1 Number of quality assurance of assessment reports published for qualifications registered on the GFETQSF – The target is set at ten (10) reports published.

3.1.3.2 Percentage of question papers submitted that are approved per assessment body per qualification per examination cycle – The target is set at 100 percent question papers submitted.

3.1.3.3 Number of assessment bodies audited for their state of readiness to conduct examinations – The target is set at 14 assessment bodies audited.

3.1.3.4 Number of subjects where verification of marking is conducted per qualification – The target is set at 135 subjects.

3.1.3.5 Percentage of institutions monitored every two years after being granted accreditation – The target is set at 90 percent of institutions monitored.

3.1.4 Budget 2018/19 – 2020/21

A budget cut of 2.5 percent has been implemented over the MTEF. This stands at a total of R 10.0 million baseline allocation less from the Department. The reductions were approved by Cabinet.

The expenditure per programme is as follows:

- Programme 1: Administration - 32 percent

- Programme 2: Qualifications, Curriculum and Certification - 9 percent
- Programme 2: Statistical Information and Research - 7 percent
- Programme 3: Quality Assurance of Assessment - 32 percent
- Programme 3: Evaluation and Accreditation - 20 percent

The Three-Year Budget Forecast (Revenue estimates):

	2018/19	2019/20	2020/21
Administrative Fees	R39.25 million	R41.73 million	R44.59 million
Other Non-Tax Revenue	R12.64 million	R13.63 million	R15.03 million
Transfers Received	R128.54 million	R 135.74 million	R143.21 million

The Three-Year Budget Forecast (Revenue projections):

2018/19	2019/20	2020/21
R176 million	R186 million	R197 million

The Three-Year Budget Forecast (Expenditure estimates):

	2018/19	2019/20	2020/21
Goods and Services	R95.13 million	R98.88 million	R102.78 million
Compensation of Employees	R 77.57 million	R 83.77 million	R 90.47 million
Depreciation	-	-	-

National Treasury and the Department approved Umalusi's request to retain surpluses for the following projects in July 2017:

- Renovations of purchased building;
- Contingency expenditure; and

- Enterprise content management system.

A request to retain surpluses would be made to National Treasury.

Matters to Report – Umalusi reported that a tender regarding the renovation of Building 41 was awarded to a Joint Venture (JV) with three separate entities in March 2017 to the value of R36 million. The project started in May 2017 and payments were made to the value of R10.9 million. Umalusi became aware of allegations of fraud regarding the submitted tender documents. One JV member reported the allegation pertaining to forgery of signatures through his lawyers early in November 2017. Umalusi followed due process, with advice from legal counsel in terms of applicable legislation, but the providers did not respond to Umalusi requests for further information on the matter. Consequently, the contract was cancelled on 23 November 2017. The matter has since been reported to the following entities:

- National Treasury (in terms of the PPPFA Regulations);
- The Department of Basic Education (as it is material);
and
- South African Police Services (SAPS) (as a case of corruption in terms of the Prevention and Combating of Corrupt Activities Act)

Umalusi was in the process of instituting a civil claim against the Joint Venture. While pursuing the case Umalusi would initiate a new tender process for the renovation of Building 41.

3.1.5 Portfolio Committee Observations

- Members noted the budget cut of 2.5 percent over the MTEF by National Treasury and queried the rationale for this as well as the line-function areas most affected by these cuts.

- Members queried how the review of legislation by the Department of Higher Education and Training would impact on the work of Umalusi and how Umalusi would manage this process.
- Members also noted the cuts in budget allocation in certain programmes. Members queried the rationale and impact this would have.
- Members were interested in knowing the challenges that caused Umalusi to underperform in the areas of finance and supply chain management.
- Members queried whether there was any work being done in respect of the benchmarking of the NSC against similar international certificates.
- Members queried the role of Umalusi in ensuring that those appointed as examiners and markers were capable and professionally qualified.
- Members queried the involvement of Umalusi in the launch of digital certification by SAQA.
- Members queried whether the staff complement of Umalusi met the two percent requirement of disabled persons.
- Members noted that educators were using various versions of sign language for teaching and learning when learners would be tested on South African Sign Language. Members queried how Umalusi would be able to differentiate the sign language used.
- Members noted that deaf teaching assistants had matric but faced obstacles with acceptance at Universities. Members queried the assistance and support that Umalusi could give in this regard.
- Members queried whether Umalusi had a preservation order in place in respect of the Joint Venture court case. Members queried whether Umalusi had considered the freezing of the affected accounts.

- Members also queried the implications for Umalusi regarding the three-stream model as well as the added South African Sign Language (SASL) examinations.

3.2 The South African Council for Educators (SACE)

The South African Council for Educators (SACE) is a Schedule 3A public entity, established in terms of Act No. 31 of 2000, as amended, to enhance the status of the teaching profession. The Basic Education Laws Amendment Act (2011) has amended the South African Council for Educators Act No. 31 of 2000 to enable the Council to manage the Continuing Professional Teacher Development System, and to allow the Council to request for additional funding from the public fiscus when necessary.

The SACE-led process of professionalising the teaching profession is progressing well, through the multi-stakeholder driven approach. This has inevitably necessitated that the newly appointed Council take stock on its strategy, delivery of the core mandates, and the entire institutional capacity with an ultimate goal of repositioning SACE to play its rightful role in the teaching profession.

3.2.1 Programme 1: Registration – The purpose of the programme is as follows:

- Registration of qualified educators and creation of sub-registers for special categories;
- Maintaining and updating the educator database;
- Enhancing the quality of the registration of teachers by introducing standards; and
- Validating all registrations current and new.

Key functions for Programme 1 include the following:

- Determine minimum criteria and procedures for registration;
- Consider and decide on any application for registration;

- Keep a register of the names of all persons who are registered; and
- Determine period of validity of the registration.

Programme Performance Indicators and Annual Targets for 2018/19

3.2.1.1 To register all qualified educators: The target is to register 38 000 new educators as well as 47 000 educators renewing their registration status.

The Portfolio Committee received a detailed overview of the progress issues in turning the registration processes around with the phasing-in of the implementation of the redefined SACE registration scope. Further to this, the Portfolio Committee was briefed on the following areas:

- Initial Teacher Education (ITE) Programmes;
- Provisional registration with SACE;
- Induction by the employer;
- Assessment of Electronic Portfolio of Evidence (e-POE) and full registration;

and

- Professional certification by SACE.

3.2.2 Programme 2: Ethics – The purpose of the programme is as follows:

- Promote ethical conduct among educators through the development and enforcement of the Code of Ethics.
- Facilitate interventions and support for schools, educators and school communities on ethical matters.

Key functions for Programme 2 include the following:

- To uphold the image of the teaching profession by reviewing the Code of Professional Ethics annually;
- To investigate complaints of improper conduct against educators;
- To institute disciplinary hearings at the behest of the Council where evidence of a breach of the Code of Professional Ethics for educators has been found; and
- Advocate the Code of Professional Ethics.

Programme Performance Indicators and Annual Targets for 2018/19

3.2.2.1 Promote the maintenance of ethical standards in the profession: The target for the number of educators to be trained on the Code of Professional Ethics is 1000 while the target for the number of cases to be concluded annually stands at 550.

Key Issues for Noting:

- In the 2016/17 Annual report SACE declared the 2016/17 backlog of educator misconduct cases as 248.
- As part of remedial action, the new Council allocated additional financial resources, in October/November 2017 to address this backlog, and 147 cases were finalised by the end of February 2018.
- Council is also conducting the Case Management Business Review Process and Developing a strengthened Panellists hybrid model made up of the Peer review and legal professionals to minimise the recurring case backlogs.

- A policy on Panellists, Prosecutors and Presiding Chairpersons is being revised to strengthen the integrity of SACE's case management processes and procedures. Some guidance and support has been received from SACE's engagement with the Commission on Gender Equality.
- The Commission on Gender Equality allowed SACE to use its hotline number for reporting the sexual misconduct cases.
- The current process of addressing the institutional capacity through, amongst others the job evaluation project, is looking at strengthening the Ethics Division quantitatively and qualitatively in order to address the exiting gaps.

The Portfolio Committee received a detailed overview on sexual violence and harassment related cases as well as the protection and defence of teachers.

3.2.3 Programme 3: Continuing Professional Teacher Development (CPTD) System – The purpose of the programme is as follows:

- Ensure that educators engage in life-long learning throughout their career.
- Ensure that educators' classroom practice and professional competence are improved through the provisioning of quality SACE approved providers and endorsed professional development programmes.

Key functions for Programme 3 include the following:

- Monitor and support educators' participation in the three year CPTD system cycle
- Monitor and support educators' professional development uptake
- Endorsement of professional development activities
- Approval of professional development providers
- Development and maintenance of the CPTD Information system

Programme Performance Indicators and Annual Targets for 2018/19

3.2.3.1 To promote career-long quality continuing professional development for all school-based educators:

- The target set for the number of practicing educators signed up to the CPTD System per year is 50 000 (PL1 Educators).
- The target for the number of signed up educators who are engaged in three types of Professional Development (PD) activities are as follows:
 - ✓ Type 1 (Self-initiated PD activities) – 158 763
 - ✓ Type 2 (School-initiated PD activities) – 127 010
 - ✓ Type 3 (Externally initiated – 95 258
- The target for the number of signed up educators who meet the minimum requirement of 150 CPTD points over the three-year cycle is set at 26 320.

- The target set for the number of new professional development providers processed in the year of submission is 130.
- The target for the number of professional development activities processed in the year of submission is 750.
- The target for the number of endorsed development activities subjected to quality assurance by SACE in a financial year is 160.

Key Issues for Noting:

- Remedial action has been taken in terms of the two indicators that led to the matter of emphasis in the 2016/17 annual report by:
 - Reviewing the affected indicators and adjusting them accordingly; and
 - Keeping the CPTD system performance information and evidence of performance in line with the Framework on Performance Information and Technical Indicator Descriptors in the 2017/18 and 2018/19 Annual Performance Plans.
- The sign-up process is progressing very well nationally;
- Revamped CPTD Self-Service Portal;
- Onsite Monitoring and Quality Assurance of the SACE Endorsed PD Activities;
- Additional CPTD System Coordinators for the KwaZulu-Natal (KZN) Province to:
 - Monitor the participation in the CPTD System;
 - Provide ongoing school-based support; and
 - Collaborate Provincial Education Departments and Teacher Unions

- Sending of SMS, once a year, to provide update on progress made in terms of PD activities uptake and Professional Development Points earned;
- Annual CPTD Reports were sent out, through SMS in January / February 2018 to all educators who signed-up; and
- CPTD certificates for Principals and Deputy Principals have been sent out those who earned 150 PD Points in February 2018.

The Portfolio Committee received a detailed overview of the key implementation issues from the Review Conference (gains and challenges). Further to this, the Portfolio Committee was briefed on the conceptualisation of the three-year CPTD cycle management system and the professional re-certification link.

3.2.4 Programme 4: Professional Standards – The purpose of the programme is as follows:

- To develop a set of professional standards for teachers' practice that is theoretically informed, contextually appropriate and widely accepted by stakeholders.
- Develop various strategies and processes of assisting and supporting educators with regard to professional matters and needs;
- Improve and maintain the status and image of the teaching profession;
- Facilitate processes of ensuring that more and better teachers join the teaching profession; and
- Ensure the quality of initial teacher education and ongoing professional development through quality assurance mechanisms and standards.

Key functions for Programme 3 include the following:

- Managing and implementing the teacher professionalisation programme in collaboration with the education stakeholders;
- Develop, implement and maintain professional practice standards across the teacher education continuum; and
- Develop and register the teacher professional designation with The South African Qualifications Authority (SAQA).

Programme Performance Indicators and Annual Targets for 2018/19

3.2.4.1 To enhance teacher preparation and professional practice

- The target for set professional practice standards for teaching is to ensure that professional practice standards are approved and gazetted.
- The target for professional teacher designation piloted, finalised and registered on the SAQA Professional Bodies and Professional Designations database was for professional teacher designation implemented together with the 1st phase of full professional registration.

Key Issues for Noting:

- The draft teaching standards was released in October 2017 for consultation in the nine provinces. A revised version as informed by the consultation processes drafted and published.

3.2.5 Programme 5: Policy and Research – The purpose of the programme is as follows:

- To enhance policy and research coordination within SACE;
- To strengthen the SACE advisory role and service that is informed by policy, research, and consultative processes; and
- To promote research on professional matters and any other educational matter relevant to SACE.

Key functions for Programme 3 included the following:

- Advising the Ministers of Basic and Higher Education, Council and the profession on professional matters;
- Provide ongoing support to all the SACE Divisions and Committees in terms of policy and research matters;
- Conceptualize and undertake research on professional matters for purposes of informing SACE programmes, Council decisions Educational policy, advising the Minister of Education, Council and the profession;
- Produce policy and research publications/ reports and disseminate research findings through various communications channels; and
- Establish and manage the SACE resource center and virtual library.

Programme Performance Indicators and Annual Targets for 2018/19

3.2.5.1 To influence national policy and initiatives through quality evidence-based research and advice

- The target for the number of research reports produced in line with the SACE Research Policy and Agenda is set at three (3).
- The target for the number of Policy advice and briefs produced per annum is set at two (2).
- The target for the number of provincial practitioner-based research conferences/seminars held is set at two (2).
- The target to establish the SACE Resource Centre and Virtual Library is to approve the research and concept.

3.2.6 Budget for 2018/19

3.2.6.1 Overview of 2018/19 Budget and MTEF Estimates

	2014/15 Audited	2015/16 Audited	2016/17 Audited	2017/18 Audited	2018/19 Medium- Term	2019/20 Medium- Term	2020/21 Medium- Term
Financial Performance in R,000	73,235	69,805	70,768	72,703	103,420	110,620	110,620
Registration Fees	6,314	4,800	8,398	6,200	6,000	6,000	5,000
Subscription Fees	49,735	52,080	50,358	52,080	78,120	78,120	78,120
Reprints of certificates	2,059	400	2,075	1,880	2,000	2,000	2,000
Interest receivable	4,337	768	2,280	2,400	1,000	4,200	5,200
CPTD Subsidy	10,531	11,557	7,239	9,743	16,000	20,000	20,000
Sundry income	259	200	418	400	300	300	300

	61,434	68,384	60,037	72,703	98,148	96,582	98,300
Administration	47,745	56,524	49,717	55,460	73,648	64,882	66,400
Research	670	1,132	495	1,000	1,500	3,200	3,400
Professional Development	10,531	8,437	7,239	10,743	18,000	22,000	22,000
Registration	394	659	939	1,500	2,000	2,500	2,500
Code of Ethics	2,094	1,632	1,647	4,000	3,000	4,000	4,000
Net surplus	11,801	1,421	10,731	0	5,272	14,038	12,320

Overview:

- Registration fees remain at R400 for Foreigners, R200 for South Africans and R50 for renewals;
- The Council increased the educator Annual Subscription from R120 to R180 to counter the effect of inflation and to increase its delivery levels at provincial levels. The increase was effective from 01.11.2017;
- This is aimed mainly at improving delivery capacity of mandatory functions;
- Approval has been obtained from treasury to subsidise implementation for CPTD as follows: for 2019 – R 16 million and for 2020 – R 20 million;
- During the last quarter of 2017/2018 the council allocated additional R2 million for processing the high volume of cases;
- Close monitoring of case management processes to ensure speedy finalization.
- The current 2 provincial offices budget is included in the summation budget above;
- The Council is renting provincial office spaces;
- All mandatory functions are delivered at Provincial points;
- The delay in the decision to increase subscription contributed to the postponement of the establishment of offices in the Western Cape; Limpopo and Eastern Cape to take place during this financial year;

- Poor response to the Bids for acquisition of offices were considered in February 2018, the council is considering alternatives to make progress in the matter;
- Council aims to lease the premises for provincial offices until it can afford out right purchases;
- The establishment of the planned provincial offices depends on the increased subscription;
- The surplus in 2019 and 2020 is to build reserves towards acquisition of provincial office buildings; and
- Mobile services would be an option for the remaining three provinces in the circumstances.

3.2.7 Portfolio Committee Observations

- Members queried the number of reported cases resolved and outstanding for SACE. There were concerns that PEDs were not reporting cases to SACE as they should.
- Members were concerned that educators found guilty of offences were not sufficiently tracked by any system. This would ensure that they did not find employment in different regions, districts or provinces.
- Members were concerned that budgets cut for certain programmes would hamper SACE's capacity to process cases. There was also a concern that SACE would not have sufficient budget for key programmes. Members queried whether SACE had other means of revenue streams from funding partners.
- Members noted that educators were not always computer literate and queried whether SACE had considered requesting Universities to make computer studies compulsory for educators.
- Members noted that SACE was in the process of establishing offices in all provinces. Member queried the effectiveness of SACE in delivering its mandate.

- Members queried the relationship between the CPTD system and human resource development plans. Members queried the successes of the CPTD system recorded for the first cohort.
- Members queried the capacity of SACE in registration and recruitment of educators for learners with disabilities and inclusive education.
- Members noted that SACE would have the added responsibility to register TVET and Community Education and Training (CET) lecturers. Members queried how SACE would manage this with the current capacity and resource constraints.
- Members queried the current statistics on educators registered and verified.
- Members queried the number of deaf educators and deaf teacher assistants registered with SACE. They also queried the role of SACE in ensuring that educator assistants became adequately qualified and further queried whether SACE was able to engage with Universities regarding enrollment of a percentage of deaf matriculants for further studies.
- Members also queried the criteria/conditions set for endorsement of professional development providers.
- Members raised concerns regarding SACE's plans to phase out the on-the-spot-registration processes which had been benefitting many rural areas.

4. Conclusion

- The reviews have presented a picture of where government stands in the provisioning of access to education, enabling the Portfolio Committee to ascertain progress and challenges faced;
- These sessions had presented an opportunity to deliberate on issues with the aim of finding practical ways of coordinating efforts in moving forward with an efficient machinery of delivery;

- The Portfolio Committee further committed itself to strengthening its oversight role in accordance with the Constitutional provisions; and
- The Portfolio Committee was thus focusing on the implementation of service delivery, building and strengthening capacity; developing human and financial resources and developing the necessary skills required to ensure quality basic education.

5. Portfolio Committee Recommendations:

The Portfolio Committee on Basic Education, having considered Budget Vote 14: Basic Education, together with the Annual Performance Plan of the Department of Basic Education and its Statutory Bodies, recommends that the Minister of Basic Education ensure the following:

5.1 Department of Basic Education (DBE)

- Ensure that systems are put in place to better monitor teacher attendance at schools.
- Continue to ensure the alignment of budgets, programmes and the NDP, including making the necessary follow ups in respect of the PEDs who have not yet covered all the required indicators in the MTSF.
- Fast-track the implementation of performance contracts for principals and their appointment based on competency tests as required in the MTSF and the NDP.
- Continue to intensify the implementation of interventions designed to improve performance in respect of targets set for school infrastructure.

- Ensure that issues relating to school maintenance are featured in all engagements with provinces, MECs and HODs.
- Supply the Portfolio Committee with a full list of schools where the new system of Systemic Evaluation is being piloted.
- Fast-track the engagement with National Treasury to ensure that the budget allocation for learner transport is ring-fenced.
- In conjunction with National Treasury, take steps to ensure that specialists supporting Learners with Severe to Profound Intellectual Disability (LSPID) are appointed into more permanent contracts to ensure their retention within the system.
- Together with National Treasury, consider reassessing funding allocations pertaining to per-learner public expenditure on basic education to ensure that it keeps up with increased enrolment of learners and inflation.
- Together with National Treasury, consider allocating adequate funding to fast-track the completion of all the necessary infrastructure projects, including ablution facilities and their maintenance. The Department should improve their efficiency of the management of the construction and maintenance of infrastructure.
- Strengthen its monitoring of the EIG conditional grant, including maintenance of school infrastructure and ensure quarterly reports are submitted.
- Intensify the monitoring of the implementation of IIAL in all provinces.
- Take steps to explore ways to manage the impact of assessments on learners and educators.
- Ensure that principals receive the adequate leadership and management training and development.

- Ensure that teachers receive further training, continuous development and appropriate placement to effectively carry out their responsibilities.
- Intensify the roll-out of ICT for purposes of teaching and learning

5.2 The Council for Quality Assurance in General and Further Education and Training (Umalusi)

- Consider the option of a preservation order in respect of the Joint Venture court case – and look to freeze the assets of the affected accounts of service providers.
- Ensure that those appointed as examiners and markers are capable and professionally qualified.
- Engage with the Department of Higher Education and Training regarding obstacles faced by learners with barriers to learning as well as deaf teacher assistants trying to gain access to Universities.

5.3 The South African Council for Educators (SACE)

- Take steps to ensure that the unit dealing with cases is effective and efficient in its work.
- Ensures that proper mechanisms and systems are in place to adequately track all educators found guilty of an offence to ensure they did not find employment in different regions, districts or provinces.
- Consider engaging the NSFAS for possible bursaries to cover tuition fees for teachers studying special needs education.
- Prioritise and speed-up the process of vetting of all educators in the system.

- Ensure that deaf educators and deaf teacher assistants are registered with SACE where applicable.
- Engage with Universities in respect of enrollment of deaf matriculants for further studies.

Report to be considered.

The following report replaces the report of the Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation which was published on page 23 of ATC No 50 dated 26 April 2018.

7. Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation

REPORT ON BUDGET VOTE 10: DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION: DATE 25 APRIL 2018

1. BACKGROUND

The Portfolio Committee on Public Service and Administration as well as Planning, Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plans, Annual Performance Plans and Budget allocations of the Department of Public Service and Administration, National School of Government, Centre for Public Service Innovation and Public Service Commission tabled by the Minister in terms of the Public Finance Management Act (Act No 1 of 1999), reports as follows:

2. INTRODUCTION

The Public Finance Management Act, section 27 stipulates that the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year. Subsequent to that the Money Bills Amendment Procedures and Related Matters Act, No 9 of 2009, section 10(1)(c) clearly stipulate that the relevant members of Cabinet must table

updated strategic plan and annual performance plan for each department, public entity or institution, which must be referred to the relevant Committee for consideration and reporting.

In considering the annual performance plans, the Committee will ensure that a department and its entities budget allocation serve the needs and aspirations of the people. Budget allocation serve as a key instrument for government to promote socio-economic development efficiently. Budget allocation plays a critical role as an economic instrument of the government, as it reflects the country's socio-economic policy priorities by translating priorities and political commitments into expenditures. Budget serves as a vital tool to operationalise government activities towards the achievement of its intended priorities. Furthermore, the budget highlights the constraints and trade-offs in policy choices.

In view of the above, the Committee had on 18 April 2018 considered presentations on the Annual Performance Plans and budget allocations of the Department of Public Service and Administration (DPSA) for Budget Vote 10 which comprises of the following institutions: National School of Government (NSG), Public Service Commission (PSC), and Centre for Public Service Innovation (CPSI). The Department is a conduit of the budget for the National School Government, Centre for Public Service Innovation and Public Service Commission.

3. OVERVIEW OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

The Department of Public Service and Administration is expected to implement and coordinate interventions aimed at achieving an efficient, effective and development-oriented public service which is an essential element of a capable and developmental state as envisioned in the National Development Plan (NDP) 2030. The Constitution of the Republic of South Africa envisages a Public Service that is professional, accountable and development-oriented.

The NDP identifies specific steps that need to be taken to promote the values and principles of public administration as enshrined in the Constitution. Furthermore, the NDP highlights the need for a well-run and effectively coordinated state institutions with skilled public servants who are committed to the public good and capable of delivery consistently high-quality services, while prioritising the nation's development objectives.

Unevenness in capacity that leads to uneven performance in the Public Service is also acknowledged in the NDP. This is caused by a complex set of factors, including tensions in the political-administrative interface, instability of administrative leadership, skills deficits, insufficient attention to the role of the State in reproducing the skills it needs, the erosion of accountability and authority, poor organisational design and low staff morale. Steps are needed to strengthen skills, enhance morale, clarify lines of accountability and build an ethos of public service. These steps are guided by the need for long-term policy stability as well as awareness of potentially adverse effects of over-regulation.

The main objective of the Department is to put in place the mechanisms and structures that can support departments in developing their capacity and professional ethos. The Public Administration Management Act (PAMA) has been signed into law and as a result the objective of establishing a uniform system of public administration to ensure that common norms and standards are achieved at all government levels. This effectively places DPSA at the epicentre of ensuring that all operating platforms and units to drive a compliant ethical public service which are guided by norms and standards.

4. LEGISLATIVE MANDATE

The Department is mandated by Section 195(1) of the Constitution which sets out basic values and principles that the Public Service should adhere to and the Public Service Act (PSA) of 1994, as amended. In terms of the PSA, the Minister for the Public Service and Administration is responsible for establishing norms and standards relating to:

- ✓ The functions of the public service;

- ✓ Organisational structures and establishment of departments and other organisational and governance arrangements in the public service;
- ✓ Labour relations, conditions of service and other employment practices for employees;
- ✓ The Health and wellness of employees;
- ✓ Information management;
- ✓ Electronic government in the public service;
- ✓ Integrity, ethics, conduct and anti-corruption; and
- ✓ Transformation, reform, innovation and any other matter to improve the effectiveness and efficiency of the public service and its service delivery to the public.

5. STRATEGIC GOALS OF THE DEPARTMENT

The key strategic priorities of the Department are explained below:

5.1 Building an efficient and effective Public Service

The Department continued to eliminate areas of duplication, weaknesses and wastage within the public service and administration by identifying appropriate interventions to address these challenges. In so doing so, it ensured the following that the organisational structures of departments are rationalised and aligned to their mandates, improving the effective management of discipline and improving the implementation of resolutions signed with labour through the Public Service Coordinating Bargaining Chamber (PSCBC) collective agreements. Interventions that promote and support the health, wellness and positive morale of public servants are implemented and meaningful platforms are created and institutionalised to enable citizens to partake in and influence government's policies with regard to how public services are delivered to them.

5.2 Building a capable, equitable and professional Public Service

This strategy is in line with the National Development Plan (NDP) in that a capable state, which is well run and effectively coordinated among different government institutions, will operate with the integrity and effectiveness

this strategy envisages. The Department planned to introduce measures to professionalise the public service, which will include, amongst others, compulsory training programmes and the review and enhancement of appointment procedures for senior managers. The issue that the Department needs to revisit is the affirmation of people with disabilities. This is huge a huge challenge for public service since the employment is still around 2% in the public service. The public service has made tremendous strides with regard to the affirmation of women in senior management. However, the public service has not reached 50% gender representivity.

5.3 Introducing appropriate legislative frameworks for the Public Service and Administration

The Department had planned to set up an enabling environment for effective public administration to be strengthened by reviewing existing legislation and introducing new legislative frameworks for public service and administration. To this effect, the Public Administration Management Bill was introduced to Parliament for processing, which had been finally assented to by the President in the form of the Public Administration Management Act 11 of 2014. By the beginning of 2015, already, the legislation was in full force and it, among other things, introduced the transformation of PALAMA into a National School of Government. At present, the Public Service Commission Amendment Bill [B21 – 2015] was tabled to Parliament and is still in process.

5.4 Inculcating an ethical ethos and achieving a clean Public Service and Administration

The Department is committed to promoting a corruption-free public administration through the implementation of practical interventions to prevent, detect and combat corruption. The Department also promotes and reinforces the ethical behaviour of public servants through improving compliance to public administration prescripts and regulations. To this effect, the Public Administration Management Act (Act 11 of 2014) was passed by Parliament and finally assented to by the President. Among other things, the Act has introduced measures to prevent public servants from

doing business with the State, for which any civil servant found to be in breach will face a charge of misconduct with either a fine imposed or termination of service being instituted.

5.5 Improved public administration in Africa and internationally

The Department planned to contribute towards improved public service and administration in Africa and internationally through entering into mutually beneficial partnerships, dialogue and domestication of best practices. To this effect, the Ministry signed and ratified the Africa Public Service Charter on behalf of State and Government early in 2014. Values guiding the Service Charter are transparency and accountability, and good human resources management.

6. STRATEGIC PRIORITIES 2015/2020

The priorities for the Department of Public Service and Administration over the medium term period are informed by the National Development Plan objectives which are therefore translated into the Medium Term Strategic Framework (MTSF) 2015-2020. The Department highlighted the following priorities to the Portfolio Committee:

- **A stable political-administrative interface**

Promoting stability of leadership in the top levels of bureaucracy which is central to building a capable and developmental state by introducing clear delegations, effectively managing the political-administrative interface, improving public confidence in the process and quality of appointments.

- **A public service that is career of choice**

Promoting the public service as a career of choice by adopting a long term approach to developing the skills and professional ethos that underpin a development oriented public service, recruiting young professional into the public service, ensuring that the work environment is conducive for learning to take place on the job and by adhering to the Constitutional principles that guide personnel practices.

- **Efficient and effective management and operations systems**

Improving management and operations systems to challenges frontline staff face in delivering quality services to citizens by clarifying responsibilities, introducing efficient and effective work processes, including IT systems that are tailored to specific areas of service delivery and by delegating greater authority to resolve day to day problems.

- **Increased responsiveness of public servants and accountability to citizens**

Improving accountability as set out in the Batho Pele Principles and the Public Service Charter by strengthening accountability to citizens, particularly at the point of delivery, increasing the responsiveness of public servants to the views and concern raised by citizens and other service user and by developing the capacity to monitor the quality of service provision and effecting the required improvements.

- **Improved mechanisms to promote ethical behaviour in the public**

Improving confidence in the integrity of the public service through strengthening the fight against corruption by effecting amendments to the relevant codes of legislation in order to limit the scope for conflicts of interest, preventing public servants from doing business with the state and by building the capacity of departments to investigate issues relating to ethics, integrity and implement disciplinary actions on cases where there is a possible or actual conflict of interest.

7. RESPONSES TO THE BUDGET REVIEW AND RECOMMENDATION REPORT

On 03 March 2018, the National Treasury responded to the Portfolio Committee's recommendation that "the Department of Public Service and Administration should engage with the National Treasury and the Department of Planning, Monitoring and Evaluation (DPME) on the budget shortfall impacting the effectiveness, efficiency and independence of the Public Service Commission in executing its mandate. A lasting funding solution must be found to enable the PSC to expand its investigation, monitoring and evaluation of the basic values and principles governing the public service. Progress pertaining to this matter should be reported quarterly to the Committee".

The National Treasury promised it will convene a meeting with the Department of Public Service and Administration to discuss the relationship between the budget of the PSC and its effectiveness, efficiency and independence. The National Treasury further said: *“In order to improve the effectiveness and independence of the PSC in executing its mandate, meetings have been held between the National Treasury and Parliament on the proposed migration of Chapter 9 and 10 institutions to the vote of Parliament. A plan for migrating these institutions to the vote of Parliament should be developed and implemented as part of measures for supporting the independence of Chapter 9 and 10 institutions. Accordingly, a report will be submitted to the Committee on a quarterly basis covering the outcome of interactions among the three departments as well as Parliament’s progress in relation to planning for and implementing the migration of the institutions to the vote of Parliament”.*

8. BUDGET ANALYSIS

The overall budget allocation for the Department of Public Service and Administration’s is R956.7 million for 2018/19 as compared to R877.1 million for 2017/18 financial year, which is an increase by 15.03 per cent in nominal terms. However, in real terms the total budget allocation for the Department increased by 8.21 per cent between 2016/17 and 2018/19.

An average of 48.2 per cent of the department’s total budget over the medium term is allocated to transfer and subsidies for the operations of the National School of Government, the Public Service Commission and the Centre for Public Service Innovation. These departments provide public servants access to knowledge and skills, promote the principles of public administration and foster innovation in the public service, respectively. The Department’s second-largest area of spending is on the compensation of employees, which accounts for 31.5 per cent of the total budget over the medium term. The Department has a staff complement of approximately 444 who work with personnel across government to strengthen the public service’s contribution to national development. The budget vote of the Department of Public Service and Administration is divided into six programmes that seek to achieve its mandate.

Table 1: Programmes and budget allocation

Programme R'000	Revised Estimates 2017/18	Medium Term Expenditure Estimates		
		2018/19	2019/20	2020/21
1. Administration	236.7	248.9	265.3	260.3
2. Policy Development, Research and Analysis	33.4	34.1	36.9	39.3
3. Labour Relations and Human Resource Management	67.0	82.4	78.7	85.8
4. Government Chief Information Officer	17.1	21.7	23.1	24.7
5. Service Delivery Support	235.7	257.6	273.9	291.2
6. Governance of Public Administration	287.2	311.9	329.1	352.2
Total	877.1	956.7	1 007.0	1 076.2

Source: Estimates of National Expenditure (2018)

9. PROGRAMME PERFORMANCE

9.1 Programme 1: Administration

The main purpose of the programme is to provide strategic leadership, management and support services to the Department, and coordinate the Department's international relations. The purpose of the programme is to provide policy, coordinated strategic and overall administrative support services to enable the Ministry and the Department to deliver on mandates. The budget for Programme 1 increased from R236.7 million in 2017/18 to R248.9 million in 2018/19. This represents a -0.8 per cent decrease in real terms in the budget allocation between 2017/18 and 2018/19. The programme consumes 26,01 per cent of the overall budget.

Budget allocated in this programme will be spent on monitoring the compliance with internal and external Human Resource and Labour Relations Policy Prescripts and Procedures. In 2018/19 financial year, the department intends to submit report on the implementation of the department's bi-lateral and multi-lateral agreements and programmes to the Ministry of Public Service and Administration.

9.2 Programme 2: Policy Development, Research and Analysis

The main purpose of this programme is to manage and oversee the formulation, development and review of policies, policy reform and transformation programmes. It also manages research on and analysis of public service capacity, performance and reform by conducting productivity, accessibility and continuity studies tracking trends in best practice in public administration discourse in order to enhance access to public services through feasibility and continuity studies.

In 2017/18 the budget allocation to Programme 2 was R33.4 million and in 2018/19 the allocation is R34.1 million. This represents a real decrease of 1.1 per cent. This programme receives one of the three smallest allocations under the Vote, i.e. 3.56 per cent. The bulk of the Programme's budget (R12.5 million) is allocated to the Public Service Performance, Monitoring and Evaluation sub-programme, which measures organisational performance, functionality and productivity through the monitoring and evaluation of public service norms and standards, which are derived from the performance information of public service regulatory instruments.

The President highlighted in his State of the Nation Address the importance of the structure and size of the state to be reviewed in order to function optimally in a more coherent and efficient way to ameliorate service delivery and grow the economy. Government will initiate a process to reconfigure a number of government departments with the main intention of harmonising state machinery to deliver on its mandate. In light of the above, the Department intends to draft a proposed model for the configuration of the centre of government functioning as the national administration in support of the vision of the NDP to ensure efficient and effective coordination of public administration norms and standards.

The President emphasised that government wants public servants to adhere to the principles of Batho Pele by putting people first. Furthermore, government wants to instil a new discipline, to do things correctly, to do them completely and to do them timeously. The Department intends to consult on the Draft White Paper for Transformation and Modernisation of public administration linked to the social vision of the NDP and provisions

of Public Administration Management Act of 2014. Moreover, the Department will submit a final Public Service Productivity Management Tool to the Ministry of the Public Service and Administration. The Public Service Productivity Management Tool has been consulted on in two selected departments and thereafter to be refined for approval by the Minister.

In addition, the department will refine the Organisational Functionality Assessment (OFA) Tool in terms of the Public Service Regulations of 2016. The Department will on a quarterly basis develop data collection tools that support the measure of OFA to assess the current status quo in implementing the selected Public Administration Norms and Standards. Furthermore, the Department will monitor compliance by departments on the Public Service Norms and Standards.

9.3 Programme 3: Labour Relations and Human Resource Management

The purpose of this programme is to develop, implement and monitor human resources policies and functions by managing labour relations negotiations, employee relations, discipline and work environment management. The programme is aimed at designing remuneration and job grading policy frameworks as well as support the implementation of human resource development and planning strategies, systems and practices.

Programme three accounts for 8.61 per cent share (R82.4 million) of the total budget vote in 2018/19. Between 2017/18 and 2018/19, the budget allocation for this programme increased by R11.1 per cent and 16.57% in real terms. The programme is also responsible for monitoring the vacancy rate in the entire public service. The programme's budget is relatively bigger (fourth largest allocation) because it deals also with Negotiations and Discipline Management; Human Resource Development; Remuneration and Job Grading; Employee Benefits; Human Resource Planning and Performance Management for the entire Public Service.

The Department intends to submit a report on the average per cent of funded vacant posts on PERSAL against the targeted 10% or less to the Ministry of

DPSA. Funds allocated to this programme over the medium term will also be spent on establishing a formal graduate recruitment scheme to attract graduates into the public service. The Department will develop and submit an annual report on the appointment of persons into developmental programmes within the public service to the Director-General. The target is in line with the objective of National Development Plan. The NDP clearly stipulates that South Africa needs a strategy for recruiting dedicated young people, developing their skills and building an ethos of public service.

The Department monitors and reports on the average number of days taken to resolve disciplinary cases in national and provincial departments. Over the medium term, the department will introduce the Government Employee Housing Scheme in compliance with the 2015 public sector wage agreement. The scheme will assist employees in the public service to secure appropriate, affordable finance towards purchasing or upgrading their own property. The department will submit quarterly monitoring reports to the Minister in this regard.

9.4 Programme 4: Government's Chief Information Officer

The purpose of the programme is to promote and manage the use of Information Communication Technology (ICT) as a strategic tool in the design and delivery of citizen-centred services within government by coordinating and consolidating Public Service Information Communication Technology policies, strategies, costs, risk assessments, as well as ICT Governance matters. The programme was introduced in order to develop, implement and monitor information communication technology (ICT) policies and norms and standards.

The budget allocation for Programme 4 accounts for 2.26 per cent share or R21.7 million of the total budget vote in 2018/19. The budget allocation to Programme 4 increased by 26.90 per cent in nominal terms, but in real terms, it increased by 20.28 per cent between 2017/18 and 2018/19. Although this programme receives the smallest allocation of the vote, it experiences the most significant increase in nominal and real terms. This is because it has to bring about the transformation of the PERSAL system into the Integrated Financial Management System (IFMS).

The Department will report on improvements made by all national and provincial departments in managing the cost related to IT procurement within the public service. Moreover, the Department will, under this programme, develop the Public Service ICT standard. The Department will revise Corporate Governance of Information Communication Technology Policy Framework using MPAT assessment standard.

9.5 Programme 5: Service Delivery Support

The purpose of the programme is to manage and facilitate the improvement of service delivery in government by supporting and monitoring Operations Management and Service Delivery Planning. The programme has five sub-programme which are Operations Management, Service Delivery Support Programmes and Service Centres (Thusong), Complaints and Change Management (Batho Pele), Public Participation and Social Dialogue; and Community Development and Citizen Relations.

The budget allocation for Programme 5 increased from R235.7 million in 2017/18 to R257.6 million in 2018/19, representing a nominal increase of R21.9 million or 9.29 per cent. In real terms, the budget allocation to Programme 5 increased by 3.59 per cent between 2017/18 and 2018/19. This programme has as one of its objectives to perform the 2nd African Peer Review Mechanism (APRM) country review in 2018/19. It remains to be seen whether the allocation will also cater for this mammoth task.

At 26.92 per cent share, this programme represents the second largest share allocation of the total budget vote in 2018/19. It is commendable for Government to allocate this much to service delivery support in order for the Department to give technical support and advice to national, provincial and local government institutions who had had service delivery challenges. This will serve as both a preventative and remedial measure to service delivery challenges and protests. This is in line with the tone set for public service delivery in the 2018 State of the Nation Address (SONA) when the President of the Republic remarked in the following manner regarding the relationship between the state and the public service concerning service delivery.

The National Development Plan focuses extensively on improving service delivery across government. The Department will report on the quality and progress with the implementation of the Service Delivery Improvement Plans for all national and provincial departments. In addition, the Department will in 2018/19 financial year report on the assessment of national and provincial departments implementing the Batho Pele standards.

The Department will support prioritised departments to map Business Process and develop Standard Operating Procedures for their selected services as part of improving efficiency and effectiveness in the operations in the public service. The Department will submit a report on improvements in the turnaround times of departments with mapped business process to the Ministry of DPSA.

One of the department's intervention over the medium term will be to assess the delivery improvement plans in national and provincial departments and make recommendations on improving them, including face to face meetings. To improve the efficiency and effectiveness of frontline service delivery, the Department will report on the implementation of the Operations Management Framework with the aim of addressing service delivery challenges. The Department will report on the improved access to government services through the Thusong Service Centre Programme. A workshop will be conducted with national departments and provinces on the Public Service Charter.

9.6 Programme 6: Governance of Public Administration

The purpose of this programme is to manage and oversee the implementation of policies, strategies and programmes on Public Service ethics, integrity and leadership. Furthermore, the programme envisages to ensure intergovernmental relations and macro organization of the State which include organizational design, strategic planning framework as well as monitor government intervention programmes and Human Resource Information System. The programme has five sub-programmes which are: Human Resource Management Information Systems, Public Service Leadership Management, Organisational Design and Macro Organisation, Ethics and Integrity Management and International Relations and Government Intervention.

The budget allocation for Programme 6 increased from R291.8 million in 2017/18 to R311.9 million in 2018/19. In real terms the budget allocation increased in 2018/19. Programme 6 accounts for the first largest allocation share, which is 33.5 per cent of the total budget vote in 2018/19. Of the budget allocated, the Department will transfer R264.3 million to the Public Service Commission established in terms of Chapter 10 of the Constitution.

Over the medium term, the department intends to submit a report on the improved adherence by national and provincial departments to the Directive on Public Administration and Management Delegations. Moreover, the department will monitor the improved adherence by national and provincial departments to the Directive on Public Administration and Management Delegations as measured by Management Performance Assessment Tool. The Department will conduct workshops to support selected departments with the implementation of the Guidelines on mentoring and peer support mechanisms.

Over the medium term, the departments will be supported on the implementation of the Guideline on Mentoring and peer support mechanisms for senior managers. The Department will submit a statistical fact sheet on the average time spent by HODs in a post to the Ministry of DPSA. This is in line with the NDP vision of managing the career progression of heads of department. The NDP highlights that many of government's best performing institutions are characterised by their stability of leadership and policy approach.

Strengthening human resource capacity is one of the objectives of the NDP, the department will implement the intervention strategy to support three departments to enhance their internal Human Resource Capacity. The Department has been supporting the national and provincial departments on the implementation of the 2013 public service integrity management framework, which aims to strengthen standards and measures for managing integrity and promoting ethical conduct in the public service.

At the end of 2018/19 financial year, the Department will report on the implementation of the financial disclosure for designated employees. Furthermore, report on the implementation of the financial interest on the

Directive on other Remunerative Work to the Director-General in the public service. Over the medium term, the department will analyse measures aimed at strengthening protection of the whistle blowers. In this financial year, the department will conduct two implementation support workshops on the Framework for the management of Protected Disclosures (whistle blowing) by the Public Service employees.

10. BUDGET TRANSFER TO DEPARTMENTAL ENTITIES AND PUBLIC SERVICE COMMISSION

10.1 NATIONAL SCHOOL OF GOVERNMENT

10.1.1 POLICY PRIORITIES 2018/19

The National School Government (NSG) derives its mandate from the Public Service Act. In terms of the Act the institution is mandated to provide training or effect the provision of training. The NSG's aims to enhance capacity of all public servants at all levels to perform effectively and efficiently, develop and use assessment mechanisms to build confidence in the recruitment processes of the public service. Subsequently, the department develops training programmes that are specific to the needs of the public service with a view to addressing the skills shortages.

The NDP highlights the importance of adopting a more long-term approach to develop the skills and professional ethos that underpin a developmental oriented Public Service. Of critical importance, the State has to be proactive about producing and reproducing, the skills that it needs. This includes ensuring that the work environment is conducive for learning to take place on the job. The core responsibility for recruitment and skills development will remain with individual departments, but they need to be able to draw on effective support mechanisms from the relevant governance and administration departments. Furthermore, the 2015-2020 MTSF requires that identified departments should be supported in the development of targets assessments mechanisms. The work regarding the assessment mechanisms will be undertaken by the National School of Government.

The School is gearing itself to meet the education, training and development needs of the public service as set out in the national development plan and the ministerial service delivery agreement, and contributing to outcome 12 of the 2015-2020 Medium Term Strategic Framework.

10.1.2 BUDGET ANALYSIS

The National School of Government receives a transfer from budget vote 10 of the Department of Public Service and Administration. The National School of Government carries out its core mandate utilising the training trading account, which is funded from transfers the School receives from the DPSA as well as through revenue it generates from training programmes. Accordingly, transfer to the school's training trading account represent a projected 39 per cent (R209.9 million) of its total budget over the medium term.

The school aims to continue revising its funding model to ensure it generates more revenue through its training projects. The revised funding model will propose that a portion of national departments' training budgets be redirected to the school to fund the mandatory training it provides. The school plans to conclude its consultation with key stakeholders on the revised funding model in 2018/19, and implementation is projected to begin in 2019/20. The school's executive management is responsible for revising the funding model.

The NSG received budget of R102.6 in 2018/19 financial year as compared to R153.9 million in 2018/18 financial year. The budget has significantly increased in this financial year. Budget allocation increased in 2018/19 due to allocation of R66.4 million in programme 2.

Table 2: National School of Government budget

Programme R'000	Revised Estimates 2017/19	Medium Term Expenditure Estimates		
		2018/19	2019/20	2020/21
1 Administration	94.8	102.6	109.4	116.6
2. Public Sector Organisational and Staff Development	59.1	66.4	69.8	73.7
Total	153.9	169.0	179.3	190.3

Estimates of National Expenditure (2018)

10.1.3 PROGRAMMES

(a) Programme 1: Administration

The purpose of the Administration Programme (Programme 1) is to facilitate overall management of the School and provides for responsibilities of the Principal, Branch Heads and other members of management. These responsibilities include providing centralised administrative, legal and office support service, human resource and financial management, communication, special projects, international relations, and internal controls and oversight.

Programme 1 receives the biggest allocation of the transfer to the NSG, which is R102.6 million (61 per cent). Of this amount, more than half (R54.9 million) is allocated towards compensation of employees, R44.5 million (43 per cent) towards goods and services and R3.1 million is allocated towards payments for capital assets. The School intends to reduce number of days for debt collection to 60 days in this financial year. All suppliers of the services will be paid within prescribed period of 30 days in receipt of a valid invoice. The School intends to maintain vacancy rate to be below 10% as per the requirement of the Public Service Regulations. In an effort to maintain the 10% vacancy rate, the School will ensure implementation of the infrastructure development and human resource plan.

The School projected to collect cumulative revenue of R117 million generated through Training Trading Account as part of cost recovery by March 2018. All disciplinary cases will be dealt with within 60 days from the date of receiving the case. The School plan to reposition itself by developing three agreements supporting international exchanges and capacity building initiatives. Part of the international exchanges including facilitating the Chinese, the AU AMDIN, French learning and development programme.

(b) Programme 2: Public Sector Organisational and Staff Development

The Public Sector Organisational and Staff Development Programme (Programme 2) is responsible for facilitating transfer payments to the Training Trading Account for management development and training of

public sector employees. Programme 2 has an allocation of R66.4 million, compared to R59.1 million in 2017/18. The allocation of R66.4 million, and every annual allocation to this programme, is always supplemented by training fees which are now pre-paid by departments that solicit training courses from the School.

The National Development Plan emphasises the importance of professionalising the public service. The NDP highlighted that building a skilled and professional public service requires a vision on how public servants experience and expertise will develop during their careers. The NSG plays a fundamental role in ensuring that public service is professionalized by providing compulsory induction to all public servants. The School will undertake six research projects to inform training needs and opportunities completed. Among targets in this programme, the School will undertake nine training needs analyses in the public sector institutions.

The School will convene four leadership platforms and publish four articles papers to promote thought leadership. Moreover, host six research colloquia workshop. In addition to the targets in this programme, the School will undertake 60 evaluations and four application of learning studies annually for identified training programs.

In responding to the goals and objectives of the NDP, the School has over the years developed and designed curriculum programmes/courses aimed at building capacity in the public service. In this financial year, the School will develop or review and quality assure six programmes in line with a curriculum framework and relevant accredited bodies annually. The Department will develop and institutionalise an Executive Coaching Programme throughout the entire public sector. Furthermore, the School will develop programmes annually including two in-service training programmes supporting outcomes 12 by the end of financial year. The School will further maintain the status of the School as an accredited training provider by the relevant accrediting bodies.

The School will rollout compulsory and demand-led training to 48 518 current and potential public servants annually. Further train 45 764 new and current public servants on compulsory and demand-led programmes through face to face and online learning annually. The School will orientate 2 750 unemployed youth graduates and interns through the Breaking Barrier to

Entry (BB2E). The School will award formal certificates of competence after completion of training as a way of encouraging and promoting a culture of learning in the public sector.

10.2 CENTRE FOR PUBLIC SERVICE INNOVATION

10.2.1 POLICY PRIORITIES

The responsibility for the public sector innovation is vested in the Minister of Public Service and Administration, in terms of section 3(1)(i) of the Public Service Act (1994). The CPSI is established in terms of Section 7(a) listed in Schedule 3A of the Public Service Act, 1994, as amended and is an organ of state. The Act mandate the Centre for Public Service Innovation (CPSI) to unlock, entrench and nurture the culture of innovation within the public sector for improved performance and productivity. Therefore, the Act position the CPSI to guide the process of unearthing and exploiting innovative, more efficient and effective solutions needed to ensure successful delivery on government priorities. The CPSI was in its formation established as a Section 21 Company.

The functions of the CPSI are to:

- Provide the Minister with independent, diverse and forward-looking research findings and advice on innovative service delivery with a specific focus of government priorities
- Enhance public service transformation and reform through innovation partnership and projects
- Support the creation of an enabling environment for innovation within the structures and agencies of the South African government (encouraging, learning and rewarding)

10.2.2 BUDGET ALLOCATION

The budget allocation for the CPSI is R36.0 million for 2018/19 financial year as compared to the previous year with R34.0 million. The budget will increase with 2 per cent over medium term period. In 2015, the National Treasury had granted an approval in terms of section 43 of the PFMA and Treasury Regulations section 6.3.1 (b), for the Department of Public Service

and Administration to create a new transfer payment to the CPSI. As a result, the CPSI has become an independent accountable entity receiving a transfer payment through the DPSA budget vote.

10.2.3 PROGRAMMES

(a) Programme 1: Administration

The programme provides strategic leadership, overall management of and support to the organisation. There are three sub-programmes under programme 1 which are Strategic Management, Corporate Resource Management and Office of the Chief Financial Officer. The budget allocated for programme 1 is R19.3 million in 2018/19 as compared to R18.6 million in 2017/18 financial year. The spending focus on the programme is primarily intending to build capacity in promoting innovation in the public service. Over the medium term, the department will focus on promoting and unearthing innovation projects in the public service.

The Centre intends to review and submit the strategic plan and develop Annual Performance Plan for the approval by the Executive Authority. The Centre intends to assess its performance and report to the Executive Authority, DPSA, DPME and the National Treasury. Review two Corporate Resource Management policies, procedures and strategies. Further, the Centre will ensure 100% payment of all invoices paid within 30 days on receipt of valid invoice. The Centre has undertaken to submit the Annual Organisational Procurement Plan to the Chief Procurement Officer.

(b) Programme 2: Public Sector Innovation

The programme drives service delivery innovation in public sector in line with government priorities. There are three sub-programmes under programme 2, which are Research and Development, Solution Support and Incubation, and Enabling Environment. The budget allocated for the programme is R16.3 million in the 2018/19 financial year as compared to R13.4 million of 2017/18 financial year. There was a slight increase in the budget in the current financial year. More funding of R8.8 million has been allocated under sub-programme Enabling Environment.

The focus on this programme is on Research and Development in understanding the root causes of service delivery challenges and develop new solutions in partnership with stakeholders in the National System of Innovation. Service delivery solutions are developed in partnerships with other government departments, non-government organisations, the private sector, academia and international entities. the new solutions are tested and piloted with the service owners.

Over the medium term, the Centre intends to investigate two service delivery challenges to identify possible innovative solutions. In 2018/19 financial year, the Centre undertakes to revise Public Sector Innovation Strategy and submit to the Minister of Public Service and Administration. In addition, the Centre will facilitate and support replications for two CPSI award winning and/or other innovation projects. As part of imparting innovative knowledge, the Centre intends to capacitate 330 public sector officials and other partners.

10.3 PUBLIC SERVICE COMMISSION

10.3.1 POLICY PRIORITIES FOR 2015/2020

The PSC's mandate is to:

- Enhance labour relations in the public service through the timeous investigation of all properly referred grievances as and when cases are reported.
- Promote best practice in public service leadership and human resource management through quality research reports on an ongoing basis.
- Investigate and improve public administration practices by conducting audits and investigations into public administration practices and by making recommendations to departments on how to promote good governance and to issue directions regarding compliance with the Public Service Act (1994) annually.

The key strategic priorities of the PSC are explored below

(i) Building an efficient, economic, effective and development-oriented public service

The PSC's strategy is to build a people-centred, capable and ethical public service to ensure the optimal use of resources in order to deliver a service to the people of South Africa. This is possible only through the adherence to the Batho Pele principles.

(ii) Ensuring an efficient, economic, effective and development-oriented public service

The PSC ensures that the public service employs capable and professional employees that can improve the quality of service given to public service clients.

(iii) Ensuring a strengthened institutional capacity

The PSC envisages to inculcate an independent, impartial and knowledge-based institution that would promote a development-oriented public service.

(iv) Implementing labour relations and public administration practices that cultivate effectiveness and efficiency

The PSC envisages to build an institution that is impartial and responsive to grievances and complaints lodged in respect of the public service.

10.3.2 BUDGET ANALYSIS

The PSC received a budget allocation of R264.4 million in 2018/19 financial year as compared to R242.8 million in 2017/18 financial year. Budget allocated will focus on fighting corruption, strengthening human resource practices and management and monitoring and evaluating service delivery performance in the public service. Monitor service delivery and the implementation of the financial disclosure framework and strengthening the financial disclosure system to combat corruption. The focus areas will contribute immensely towards the attainment of outcome 12 of government's 2015-2020 medium-term strategic framework which emphasise building a capable and developmental state and rooting out corruption in government. Compensation of employees accounts for

77.3 per cent (R653.7 million) of the total budget for its staff of approximately 281 over the medium term. Reason for spending such percentage on compensation of employees was as a result of the PSC being a knowledge based institution, which conducts research internally instead of outsourcing its work.

Table 3: PSC budget

Programme R'000	Revised Estimates	Medium Term Expenditure Estimates		
	2017/18	2018/19	2019/20	2020/21
1 Administration	120.9	125.9	123.0	137.1
2. Leadership and Management Practices	41.2	44.7	47.8	51.4
3. Monitoring and Evaluation	32.6	39.3	42.6	45.8
4. Integrity and Anti-Corruption	48.1	54.5	58.9	63.3
Total	242.8	264.4	278.2	292.6

Source: National Treasury (2018)

10.3.3 Programmes

(a) Programme 1: Administration

The purpose of the Administration Programme (Programme 1) is to provide overall management of the Commission and centralised support services. Programme 1 received budget allocation of R125.9 million in 2018/19 financial year. The biggest portion of the programme's R125.9 million budget, i.e. R55.8 million (44 per cent), is allocated to the Corporate Services sub-programme. The second largest allocation is to Property Management at R34.5 million, 20.4 million is reserved for the Public Service Commission and R15.1 million is for Management.

(b) Programme 2: Leadership and Management Practices

The Leadership and Management Practices Programme (Programme 2) is responsible for promoting sound public service leadership, human resource management, labour relations and labour practices. Programme 2 received

budget allocation of R44.7 million in 2018/19 financial year. In real terms the budget allocation of Programme 2 will increase over the medium term period with R44.7 million in 2018/19 and R51.4 million in 2020/21 financial years. The key cost driver is compensation of employees which accounts for 94.2 per cent of the total medium term budget.

The programme has three sub-programmes, namely: Labour Relations Improvement (R13.2 million), Leadership and Human Resource Reviews (R11.8 million), and Programme Management: Leadership and Management Practices (R19.7 million). The Commission will under this programme promote labour relations and practices through the timeous investigation of all properly referred grievances and provision of best practices. The Commission intends to finalise grievances of the employees on salary 2 -12 within 30 days from date of receipt of all relevant information. Whilst for the SMS members, the grievances will be finalised within 45 working days of receipt of all relevant information. The Commission will produce three reports on the management of grievances in the public service. Furthermore, the Commission intends to produce research reports on labour relations by March 2019.

(c) Programme 3: Monitoring and Evaluation

Programme 3: Monitoring and Evaluation establishes a high standard of service delivery, monitoring and good governance in the public service. Programme 3 received budget allocation of R39.3 million in 2018/19 financial year. In real terms the budget allocation of Programme 2 will increase over the medium term period with R39.3 million in 2018/19 and R45.8 million in 2020/21 financial year. The programme is allocated R39.3 million, divided into 3 sub-programmes as follows: Governance Monitoring (R9.4 million); Service Delivery and Compliance Evaluations (R7.5 million) and Programme Management: Monitoring and Evaluation (R22.4 million).

The Commission has identified the project on evaluation of compliance with Constitutional Values and Principles (CVP's) governing public administration as a key project to report on annual basis. The PSC will develop solutions to systematic public administration problems. The

spending focus under this programme is more on providing institutional assessments and programme evaluations that support policy and management decisions. Furthermore, the Commission is to provide participative evaluations and evaluation on service delivery models. The Commission will produce eleven reports on inspections of service delivery sites.

(d) Programme 4: Integrity and Anti-Corruption

The Integrity and Anti-Corruption Programme (Programme 4) undertakes public administration investigations, promotes high standard of professional ethical conduct among public servants and contributes towards prevention and combating of corruption. The budget allocation for Programme 4 accounts for R54.5 million of the total budget vote in 2018/19 financial year. In 2018/19 financial year, the allocation for Programme 4 increased as compared to R48.1 million in 2017/18. The budget is expected to increase over the medium term with R54.5 million in 2018/19 and R63.3 in 2020/21 financial year.

The programme's budget is R54.5 million, divided into three sub-programmes, namely: Public Administration Investigations (R13.4 million); Professional Ethics (R23.0 million) and Programme Management: Integrity and Anti-Corruption (R18.1 million). In this programme, the Commission intends to prevent conflicts of interest by requiring members of the Senior Management Services to disclose their financial interests. The Commission will investigate and improve public administration practices, make recommendations to departments on the promotion of good governance.

The Commission intends to produce research reports on public administration on matters such as procurement of office accommodation by the Department of Public Works and appointment of CEOs in the Department of Health. Cabinet approved a single National Anti-Corruption Hotline (NACH) and assigned it to the PSC to investigate and manage the cases. The purpose of the NACH is to establish a centralised hotline system that will serve the public service as a whole as opposed to a decentralised system. The NACH caters for government departments, agencies and public bodies. The Commission refers the cases to the relevant departments within seven days of receipt cases reported. Moreover, the Commission proposes to host only one workshop on professional ethics in the public service.

11. OBSERVATIONS AND KEY FINDINGS

The Portfolio Committee identified the following matters in relation to the Budget Vote 10:

11.1 DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

11.1.1 The Committee considered and welcomed the Annual Performance Plans of the Public Service Commission, Department of Public Service and Administration; and its entities for 2018/19 financial year. The APP reaffirms the Department's mandate to implement and coordinate interventions aimed to achieve professional, accountable and developmental oriented public service capable to deliver on the objectives of the National Development Plan (NDP) 2030.

11.1.2 The Committee noted with discontent regression on the employment equity in the public service. The Department is charged with the responsibility of monitoring the performance targets on employment equity to ensure representativeness in the workplace on women in senior positions and people with disabilities. The Department needs to double its efforts in ensuring compliance and monitoring departments in achieving intended targets set out by government. The Committee stressed the importance of employment equity which contributes to a strong and sustainable public service.

11.1.3 The Committee noted that filling of vacancies in the public service takes longer than stipulated time frames enshrined in Section 62 (9) of the Public Service Regulations (PSR) of 2016. The PSR state that a funded vacant position should be filled within six months from the day advertised. Government departments in the public service takes eight months to fill funded vacant posts.

- 11.1.4 The Committee further noted that the National Treasury abolished some of the funded posts if government departments were unable to fill them within stipulated time frames. Abolished funded posts will assist government departments in reducing the Wage Bill. However, the Committee stressed the importance of ensuring service delivery even if departments are experiencing severe budget cuts and demolishing of posts. Departments have to adopt and institutionalise a principle of achieving more with less.
- 11.1.5 The Committee was concerned about government departments which spend more than 35% of the budget allocated on the compensation of employees. The Committee condemns this practice and encouraged government departments to work within Public Finance Management Regulations.
- 11.1.6 The Committee noted with discontent the implementation of the second phase of the Integrated Financial Management System in the public service whilst the matter concerning the first phase is currently with Parliament Committees for investigations. The Committee was of the view that the Department of Public Service and Administration as well as National Treasury need to brief relevant Parliament Committees on the pilot of the first phase of the IFMS which was undertaken in some national departments and Free State Province.
- 11.1.7 The Committee was concerned about the number of unresolved disciplinary cases in the public service without effective monitoring mechanisms. The Committee urged the Department of Public Service and Administration to utilise the pool of public servants who are well experienced in labour relations matters to accelerate backlog of the disciplinary cases in the public service.
- 11.1.8 Taking into consideration that government is currently negotiating public servants' annual salaries, the Committee wished a team of Ministers well with salary negotiations and anticipate a fair multiyear deal with the Public Service Coordinating Bargaining Council.

11.1.9 The Committee had consistently raised discontent with the slow pace of the implementation of the Government Employees Housing Scheme since the Bargaining Council resolution of 2015. The quantum of the housing allowance was R1 200 per month, paid to eligible employees (salary level 1-10) adjusted by inflation annual. For employees who do not own homes, the housing allowance is diverted and accumulated in the Individual Linked Savings Facility (ILSF) to be accessed when employees acquire homeownership.

11.1.10 An efficient, effective and developmental public service is characterised by stable leadership in the public service. The Committee was concerned about high turnover rate or shifting of the Directors-General or Heads of Departments from one department to another which causes administrative instability in the public service. The Committee welcomed reports from the Public Service Commission and the Department of Planning, Monitoring and Evaluation about an increase of average time spent by the Accounting Officers to 3.8 years in some departments both nationally and provincially. However, the high turnover rate is still prevalent and needs to be minimised for ensuring administrative stability and service delivery.

11.1.11 The Committee welcomed the pronouncement on the policy framework of prohibiting public servants from doing business with government. The Committee was cognizant that the Minister gave public servants who are still Directors of Companies till January 2017 to resign from their companies, and that there are still media reports about employees doing business with the State. A total of 28,427 state employees were registered as owners, directors or non-executive directors of business on the database.

11.1.12 The Committee was of the view that Financial Disclosure Framework is not a panacea to manage conflict of interest and corruption by the public servants. More strategies need to be

developed. In order to fight corruption in the public service, the State has to ensure that all mechanisms aimed at curbing corruption have to be integrated and be well-coordinated with the security and justice system. Such strategy is crucial to ensure that government is committed to eliminate corruption and promote good governance.

National School of Government

11.1.13 The Committee applauded the National School of Government for its effective revenue collection strategy, which seems to be yielding intended results. The School has entered into Memorandum of Understanding with government departments for prepayment to avoid defaulting on the training fees. The School was urged to divulge information of the departments defaulting on the payment of the training courses.

11.1.14 The National School of Government was urged to rigorously implement the funding and training model in order to increase its revenue in light of diminishing allocations from the National Treasury.

11.1.15 The Committee requested the National School of Government to develop tracking mechanisms on officials who have received training courses to determine the impact thereof and determine whether training offered adds value to the public service.

11.1.16 The Committee welcomed the announcement of the School to begin converting most of the training and development to cater for special needs of people living with disabilities. Furthermore, the School will offer trainings to Frontline Officers on the South African Sign Language in an effort to improve communication with the people living with disabilities.

11.1.17 In an effort to retrain and reorient public servants about inculcating the Batho Pele principles, the National School of Government together with Department of Home Affairs will offer training on the principles in 2018/19 financial year.

Centre for Public Service Innovation

11.1.18 The Centre for Public Service Innovation was urged to consistently assist the Department of Home Affairs with managing queue management through designing innovative systems that ensure efficient, effective and rapid service delivery. Queue management in various Home Affairs centres are a major concern hindering efficiency and impact on average time spent by clientele before receiving services.

Public Service Commission

11.1.19 The Committee is persistently concerned about the anomaly of the budget shortfall of the Public Service Commission. The National Treasury together with the Department of Public Service and Administration need to speed up the finalisation of funding model for the Public Service Commission as a Chapter 10 institution. The PSC is a knowledge and research driven institution responsible for investigation, monitoring and evaluating in the entire public service, therefore adequate budget allocation is crucial in this regard.

11.1.20 The Committee welcomed response from the National Treasury on the recommendation of the budget shortfall of the PSC. The Committee will engage the National Treasury and the DPSA on the development of funding model for the PSC in line with the processes of Parliament.

11.1.21 The Committee welcomes the development of strengthening the independence of the PSC by proposing migration of Chapter 9 and 10 institutions budget allocations to the vote of Parliament. A plan for migrating these institutions to the vote of Parliament should be developed and implemented as part of measures for supporting the independence of Chapter 9 and 10 institutions.

12. RECOMMENDATIONS

The Portfolio Committee recommends that the Department Public Service and Administration ensures the following:

- 12.1 The National Treasury and the Department of Public Service and Administration should finalise a lasting solution for a funding model for the Public Service Commission. Both departments should look into the relationship between the budget of the PSC and its effectiveness, efficiency and independence. The DPSA and the National Treasury should update the Committee on the developments for migrating Chapter 9 and 10 institutions to the vote of Parliament.
- 12.2 The Department of Public Service and Administration should redouble its efforts to monitor performance targets on employment equity to ensure representivity in the public service of women in senior positions and people with disabilities. The Department should ensure compliance and monitor departments in achieving intended targets set out by government.
- 12.3 The Department of Public Service and Administration and the National Treasury should provide relevant Parliament Committees with a comprehensive report emanating from a pilot phase of the Integrated Financial Management System prior to the implementation of the second phase of the system in the public service.
- 12.4 The Department should ensure that government departments resolve a huge backlog on the disciplinary cases as per Section 16B of the Public Service Act 1994. The Department should utilise a pool of public servants who are well experienced in labour relations matters to accelerate backlog on the disciplinary cases in the public service. Offenders have to be updated on the PERSAL system.

- 12.5 The Department working jointly with Department of Planning, Monitoring and Evaluation should ensure the implementation and monitoring of the newly approved Policy on Performance Management for Heads of Department in the public service. The policy should be used as a mechanism to ensure stability of the Heads of Department and measure them based on performance before government can terminate or renew their contracts.
- 12.6 The Department should intensify developing mechanisms to uproot corruption in the public service. The Department should develop a communication platform to raise awareness of the Public Service Regulations clauses that prohibits public servants doing business with government. A new timeframe for public servants doing business with State should be afforded as a last solution. Failure by public servants to resign as Directors in their respective companies particularly those still doing business with the State should be followed by consequence as enshrined in the Public Administration Management Act of 2014 and Public Service Regulations of 2016.
- 12.7 The Batho Pele principles and the Public Service Charter should be reinvigorated, implemented and entrenched in all government departments especially those providing direct services to the citizen. The Department should monitor the implementation of the Batho Pele principles and the Public Service Charter in the public service to ensure government departments are responsive, accountable and caring to their clientele, so that queues and turning away service clients are eliminated.
- 12.8 The Department should expedite the timely implementation of the Government Employee Housing Scheme (GEHS) in the public service for employee from salary level 1 to 10 and report on a quarterly basis. The Department should account to the Committee on the milestones of the GEHS since its inception and strategy on increasing rollout of the scheme. The Committee also acknowledges that any movement in this regard is dependent on successful wage negotiations with organised labour and agreements at the Public Sector Coordinating Bargaining Council (PSCBC).

National School of Government

- 12.9 The National School of Government should intensify its revenue collection strategy to ensure it remains financially viable and sustainable. The School should divulge information on the defaulting departments to the Committee on a regular basis. The School should stick to a 30-day payment arrangement with all its debtors. The School should speed up the review and resultant implementation of the funding model with the Ministry for Public Service and Administration and the National Treasury.
- 12.10 The School should put necessary training mechanisms in place to position the School as a training institution of choice for all public servants, with a focus on training needs and a tailor-made curriculum. The School should speed up its accreditation process with the South African Qualifications Authority (SAQA) and relevant accreditation authorities.
- 12.11 The School should find a mechanism with the Ministry to institutionalise its training programmes in such a way that most strategic and policy training programmes are made compulsory for the entire public service and at all levels. Also, the School should be able to establish its niche among all training providers, so that all state officials, after enrolling with the School should be able to commit themselves to a public service that is development-oriented.

Centre for Public Service Innovation

- 12.12 The Department of Public Service and Administration and the Centre should have a marketing strategy that would promote solicitation by government departments to help them with innovation projects where they need to improve on their service provision. Also, the Centre should on its own accord devise innovation projects that would make its impact to be felt in the entire public service.

13. CONCLUSION

The Department of Public Service and Administration with its entities play crucial role in building a state that is capable of realising developmental and transformative role. Professionalising the public service remains an integral part of the Department through reskilling and retraining of public servants. The NDP highlighted key areas that the Department must focus on, such as stabilising the political-administrative interface and making the public service career of choice. The DPSA and entities' Strategic Plans and Annual Performance Plans are aligned towards achieving the goals and aspirations of the NDP. The Portfolio Committee noted the progress made in implementing and coordinating interventions aimed at achieving an efficient, effective and development oriented public service. The work of the Public Service Commission assists Parliamentary Committees to conduct effective oversight. The National School of Government is gradually progressing towards transforming the public service in terms of skills and is very innovative in finding new solutions to challenges. The CPSI has assisted a lot in improving the way of doing things in the public service and this is highly appreciated.

The Portfolio Committee recommends as follows:

That the House adopts and approve the Budget Vote 10 of the Department of Public Service and Administration

Report to be considered

The following report replaces the report of the Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation which was published on page 59 of ATC No 50 dated 26 April 2018.

8. Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation

REPORT ON BUDGET VOTE 10: DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION: DATE 25 APRIL 2018

1. BACKGROUND

The Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plans, Annual Performance Plans and Budget allocations of the Department of Planning, Monitoring and Evaluation (DPME) and the National Youth Development Agency (NYDA) tabled by the Minister of Planning Monitoring and Evaluation in terms of the Public Finance Management Act (Act No 32 of 2003), reports as follows:

2. INTRODUCTION

The Public Finance Management Act, section 27 clearly stipulates that the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year. In terms of section 10 (1) (c) of the Money Bills Amendment Procedures and Related Matters Act, No 9 of 2009, the relevant members of Cabinet must table updated strategic plan and annual performance plan for each department, public entity or institution, which must be referred to the relevant Committee for consideration and reporting.

In considering the annual performance plans, the Committee will ensure that a department and its entity budget allocation serve the needs and aspirations of the people. Budget allocation serve as a key instrument for government to promote socio-economic development efficiently. Budget allocation plays a

critical role as an economic instrument of the government, as it reflects the country's socio-economic policy priorities by translating priorities and political commitments into expenditures. Budget serves as a vital tool to operationalise government activities towards the achievement of its intended priorities. Furthermore, the budget highlights the constraints and trade-offs in policy choices.

In view of the above, the Committee had on 18 April 2018 received presentations made by the Director-General of the Department of Planning Monitoring and Evaluation and the Chief Executive Officer of the NYDA on the Annual Performance Plans for 2018/19 financial year. The Department of Planning Monitoring and Evaluation was involved in a process of reconfiguration and revised the mandate which has resulted in the restructuring of the organisational structure, its programmes and budget. This review resulted into significant changes to the organisational structure of the department and a subsequent reconfiguration of the budget programme structure, which has increased the department programmes from five to seven. The new organogram of the DPME was approved by the Minister of the Department of Public Service and Administration in 2018 for implementation.

The main priorities of the Department over the next five years will be to ensure departments align their plans and budget with the MTSF and NDP as well as to coordinate, monitor and evaluate the implementation of government departments in achieving the delivery outcomes. More emphasis will be placed on monitoring performance of local government.

3. OVERVIEW OF THE DEPARTMENT OF PLANNING MONITORING AND EVALUATION

The Department of Planning, Monitoring and Evaluation plays a direct, guiding role in government's long term planning, strategic planning and annual performance planning. This role requires providing evidence-based input on cross-cutting issues that have long term implications for development. The revised Green Paper on the National Planning Commission identifies 13 thematic areas requiring a concerted government effort, including employment, food security, energy security and water

security. The national income dynamics survey, a longitudinal study implemented in 2008 to monitor human development and poverty transitions in South Africa, is another example of how research is used to inform policy.

The Department contributes to the objective of responsiveness of public servants and accountability to citizens through making announced and unannounced visits to service delivery facilities. Furthermore, the Department evaluates service delivery including response to calls logged with the Presidential Hotline.

4. LEGISLATIVE MANDATE

The mandate of the Department is derived from Section 85(2) of the Constitution of the Republic of South Africa which stipulate that “the President exercises the executive authority, together with the other members of the Cabinet, by (b) developing and implementing national policy and (c) coordinating the functions of state departments and administration. Based on the Constitutional mandate embedded in section 85(2), the following are the key mandates of the DPME:

- Facilitating the development of long-term and medium-term plans or delivery agreements for the cross cutting priorities or outcomes of government.
- Monitoring the implementation of the strategic and operational plan as well as delivery agreements.
- Assessing departmental Strategic Plans and Annual Performance Plans to ensure alignment with long term and short term plans of government.
- Monitoring the performance of individual national and provincial departments and municipalities.
- Monitoring frontline service delivery mechanisms.
- Managing the Presidential Hotline, assessing the logs and making referrals to relevant departments.
- Carrying out evaluations of key government programmes.

- Promoting good planning and Monitoring and Evaluation (M&E) practices in government.

4.1 Strategic goals of the Department of Planning, Monitoring and Evaluation

The strategic priorities of the Department as identified for the 2015/2020 financial year are as follows:

- ❖ To ensure an efficient and effective administration that complies with legislation and good corporate governance principles.
- ❖ To strengthen the linkages between the planning and monitoring and evaluation functions.
- ❖ Policies, plans and budgets of government departments and entities are evidence-based integrated and aligned to the NDP
- ❖ Effective Monitoring and Evaluation and Supervision of implementation of government policies and plans
- ❖ Broader society is mobilised and engaged in the development and advancement of NDP/MTSF
- ❖ To ensure stronger focus on outcomes of government programmes and impacts on citizens.
- ❖ To enhance the implementation of the National Development Plan (NDP 2030).
- ❖ To support M&E practices as a means to improve performance of government.
- ❖ To ensure synergy and improved use of resources for effectiveness and efficiency.
- ❖ To ensure effective and efficient approaches to interacting with departments.
- ❖ To improve responsiveness to the needs of the public and enhanced ability of government to deliver its electoral mandate.
- ❖ Youth development mainstreamed across government

5. OVERVIEW OF THE 2018/2019 FINANCIAL YEAR

The Department has the following activities planned for 2018/19:

5.1 Improving and strengthening government planning and coordination

The key focus for the Department over the medium term is to strengthen its planning functions by transforming it into government-wide system that is evidence based. In addition, the Department will continue conducting assessments on the Strategic and Annual Performance Plans of national departments to ensure it alignment with the priorities of the NDP. The Department will also, in consultation with the National Treasury delivery priorities. These activities are budgeted for in the Planning Coordination Sub-programme of the National Planning Coordination Programme. Expenditure in the Sub-programme is expected to increase from R208.8 million in 2017/18 to R50.6 million in 2020/21.

5.2 Enhancing and planning coherence sector monitoring of short-term and medium to long term goals

The Department will continue to review, monitor and support the implementation of 2014-2019 Medium-term Strategic Framework by government departments and other government institutions. It will design and implement strategic interventions to support and unblock implementation. These activities are budgeted for in in the Sector Planning, Monitoring and Intervention Support-programme of the Sector Planning and Monitoring Programme Expenditure in the sub-programme is expected to increase from R45.2 million in 2017/18 to R57.8 million.

5.3 Improving the capacity of State Institutions

Pursuant to the objectives articulated for outcomes 9 and 12 of the Medium-term Strategic Framework, the Department aims to provide support where weak institutional capacity results in service delivery failures. The Department will support government departments and the executive in institutional performance management., payment of suppliers within 30 days and clean audit drive. These activities are budgeted for in the Public

Service and Local Government Monitoring and Support Sub-programme of the Public Sector Monitoring and Capacity Development Programme. Expenditure in the Sub-programme is expected to increase from R27.1 million in 2017/18 to R37 million in 2020/21.

5.4 Developing intervention programmes to support service delivery

The Department will over the Medium Term, monitor the impact of policy priorities at the coalface of service delivery through various frontline monitoring programmes. Frontline monitoring programmes include designing and implementing appropriate intervention strategies when plans, budgets and programmes fail to achieve policy intent. This will drive continuous improvement in government performance as the evidence and the insight is used to inform policy reviews. These activities are budgeted for in the Frontline and Citizen-Based Service Delivery Monitoring and Complaints Resolution Sub-programme in the Frontline and Citizen-Based Service Delivery Monitoring programme. Expenditure in the Sub-programme is expected to increase from R50.6 million in 2017/18 to R64.6 million in 2020/21.

5.5 Evaluations

The Department will continue to focus on maximising the use of evaluation and research to generate rapid and relevant evidence to inform planning and monitoring as well as interventions required to bring change and improvements. In addition, the Department will also work towards improving centralised research and knowledge management support in order to develop and maintain evidence based policy development, planning, implementation, monitoring and review. These activities are budgeted for in the Evaluation, Research, Knowledge, and Data Systems sub-programme in the Evidence and Knowledge Systems Programme. Expenditure in the Sub-programme is expected to increase from R50.6 million to R64.6 million in 2020/21.

6. BUDGET ALLOCATION

The Department of Planning, Monitoring and Evaluation overall budget allocated in 2018/19 financial year is R927.4 million, which increased significantly as compared to the previous financial years. An additional amount of R140 million was allocated to the department as a result of reconfiguration and restructuring its organisational structure in order to adapt and respond effectively to the new mandate.

During the strategic review exercise in 2016/17, the organisational arrangement has been found to be inadequate to respond to the service delivery challenges that the Department has to respond to. The organisational configuration and capacity requirements of the Department were found to be inadequate. Limitation validation done through Frontline Monitoring, Presidential Hotline and Siyahlola programmes is insufficient. In order to address the organisational weakness, the Department has a revised organisational structure, which has been approved to respond to achieve to its strategic outcomes. The operating model and organisational structure of the Department will be implemented in the financial year 2018/19. More emphasis in 2018/19 financial year will be on refining the operating model and creating requisite capacity by recruiting critical skills to implement, monitor and evaluate government programmes.

The overall budget allocation is projected to increase from R927.3 million in 2018/19 to R1 032 billion by 2020/21. The budget allocation in 2018/19 financial year has increased slightly as compared to the allocation of 2017/18 financial year. A significant increase of the budget allocation has been realised in Programme 2: National Planning Coordination for the purpose of the finalisation of the development of the legislation, whilst a decrease was on Programme 6: Evidence and Knowledge Systems as compared to the previous allocation in 2017/18 financial year.

The number of funded posts in the department is set to increase from 350 in 2018/19 to 468 in 2020/21. Budget on compensation of employees is expected to increase from R312.8 million in 2018/19 to R356.5 million in 2020/21 at an average annual rate of 17.7 per cent.

Table 1: Budget per programme

Programme	Revised Estimates	Medium-Term Expenditure Estimate		
		2017/18	2018/19	2019/20
Administration	173.4	186.6	196.9	208.2
National Planning Coordination	44.7	77.3	83.6	89.4
Sector Planning and Monitoring	47.4	55.8	59.9	64.2
Public Sector Monitoring and Capacity Development	32.4	35.1	37.6	40.3
Frontline and Citizen-based Service Delivery Monitoring	53.3	59.2	63.4	67.9
Evidence and Knowledge System	106.9	57.2	56.9	62.2
National Youth Development	440.2	455.9	473.9	499.9
Total	898.4	927.4	972.2	1 032.3

Source: Estimates of National Expenditure 2018

7. PROGRAMME PERFORMANCE

There are seven programmes which are as follows:

7.1. Programme 1: Administration

The main objective of the programme is to provide strategic leadership, management, administrative, financial and human resource services to enable the Department to achieve its strategic and operational goals. The programme's key focus is to implement revised organisational structure and recruitment of key personnel, improve the quality of performance

information, maintain good financial management practices to sustain clean audit outcomes and strengthen communication around the National Development Plan.

The budget allocated for the programme is R186.6 million in 2018/19 financial year as compared to R173.4 million in 2017/18 financial year. The programme received a significant budget increase of R13.2 million in the current financial year. The budget will increase significantly over the MTEF period under this programme.

Budget allocated will be spread into three sub-programmes which are Ministry, Departmental Management, Corporate Services and Financial Management. A large portion of the budget (R133.4 million) in this programme is allocated in sub-programme: Corporate Services and Financial Administration. The Ministry budget continues to be reduced over the past financial years. The spending focus over the medium term is to strengthen capacity in administrative and corporate support services and the acquisition of additional office accommodation to cater for the expanded functions of the department.

The Department had under programme 1, priorities to review first draft of the Strategic Plan and Annual Performance Plan to be submitted to the National Treasury and relevant unit in the Department. The Department intends to produce quarterly implementation reports against the Annual Performance Plan for 2018/19. Implementation reports will be tabled in the National Treasury, relevant section in the DPME and in Parliament. Moreover, the Department aims to keep the average percentage of funded posts in PERSAL within acceptable 10% level over the financial year.

The Department is committed to ensuring compliance of 100% of valid invoices paid within 30 days. Failure to pay invoices within 30 days constitutes a disciplinary action. Absorbing 5% of interns in the department has been highlighted as a priority over the medium term. Youth as well as people with disability with requisite skills should be given preference in the department when absorbing interns. The department aims to achieve 100% compliance with the Financial Disclosure Framework by all designated employees within the prescribed time frames.

7.2. Programme 2: National Planning Commission

The purpose of the programme is to facilitate and coordinate macro and transversal planning across government and coordinate planning functions in the department. The key objective of the programme is to institutionalise planning across government by providing guidance on short, medium and long term planning to support the implementation of the National Development Plan Vision 2030. In addition, the programme support the work of the National Planning Commission (NPC).

The key focus of the department on the programme is to finalise a framework on the institutionalisation of long term planning. Furthermore, finalise the revision of planning frameworks and ensure alignment of strategic plans, annual performance plans and Medium Term Expenditure Framework (MTEF) budget allocations to be aligned with the Medium Term Strategic Framework (MTSF) priorities. In addition, the Department will continue with its effort to work with the Department of Rural Development and Land Reform (DRDLR) to finalise the transfer of the spatial planning. The Department to develop the National Spatial Development Framework (NSDF) with support from the National Planning Commission and guide the development of sub-frameworks. The Department plans to build the capability to develop sector specific plans aligned to the NDP in partnership with relevant sector. Moreover, develop guidelines for the integrated policy formulation, planning and implementation.

The Department undertakes to work in conjunction with National Treasury to ensure that the national budget is directed towards the NDP/MTSF priorities. The department is also tasked to develop and implement planning frameworks to align strategic plans and annual performance plans to the frameworks and ensure the prioritisation of resources. The department also conducts socio-economic impact assessments on new and existing legislation and regulations to ensure alignment with the NDP and mitigation of unintended new policies.

The budget allocated for the programme is R77.3 million in 2018/19 as compared to R44.7 million in 2017/18 financial year. The budget has significantly increased in this programme. Budget increase noted on the sub-programmes; Management: National Planning Coordination from R18.6 million to R27.9 million and Planning Coordination from R20.7 million to R43.1 million in 2018/19 financial year. Significant increases in these two sub-programmes as results of the Department, collaborating with the Department of Rural Development and Land Reform to finalise the transfer of the spatial planning function and development of a National Spatial Development Framework.

An annual mandate paper for 2018/19 is planned to be developed by 30 April 2018. The Department will produce three research projects in support of the National Planning Commission. During this financial year, the Department will convene an Integrated Planning Forums to develop a way forward in ensuring alignment of government departments plans. A total of 40 assessment reports on the second draft Annual Performance Plans to be provided by the national and provincial departments in January 2019. The Department will issue a number of Quarterly Performance Reporting Guideline to all national and Provincial departments.

7.3. Programme 3: Sector Monitoring

The purpose of the programme is to ensure government policy coherence and to develop, facilitate, support and monitor the implementation of sector plans and intervention strategies. The programme consists of the following two sub-programmes, which are Management Sector Planning and Monitoring and Sector Planning, Monitoring and Intervention Support. The purpose of Sub-programme Sector Planning, Monitoring and Intervention Support is to provide support to sector planning functions and ensure government policy alignment in its goals. Also to facilitate, support and monitor the implementation of the MTSF, sector plans and of intervention strategies in priority areas.

The budget allocation in this programme is R55.9 million for 2018/19 financial year. The budget will over the MTEF increase substantially as compared to the previous years. Sub-programme on Sector Planning,

Monitoring and Intervention Support has been allocated 95% of the budget in this programme. The programme has 64 posts in 2017/18 and expected to increase to 68 positions in 2020/21. Spending focus in this programme is expected to increase from R55.9 million in 2018/19 to R64.2 million in 2020/21.

The spending focus of the department in 2018/19 financial year is to accelerate progress towards the national priorities embodied in the NDP 2030, implemented through MTSF 2015-2020, through designing, disseminating and enforcing robust and effective monitoring frameworks. The Department will finalise and implement the Planning, Monitoring and Evaluation (PME) Bill to reconstruct the chain of accountability. In addition, the Department will review and strengthen the functioning of Implementation Forums. Furthermore, the department will review institutional structures spheres of government and propose alignment for 2019-2024.

The budget allocated for this programme will be utilised to develop guidelines for the Programme of Action for monitoring system of the quarterly MTSF progress reports to the Implementation Forums. The Department intends to review and update the guidelines for the Outcomes Coordination to be used to guide the implementation of the Implementation Forums. The Department will submit quarterly performance reports to Cabinet on 12 Outcomes. In addition, the Department will develop framework to monitor performance of the Small Medium and Micro Enterprises, State Owned Enterprises and Development Finance Institutions.

Operation Phakisa was launched in 2014/15 aimed to fast-track implementation of government programmes. Operation Phakisa is a presidential initiative seeking to change the manner in which government pursues a new and faster ways of delivering services to the citizens. The Department will produce on a quarterly basis, Comprehensive Operation Phakisa progress report encompassing performance of all seven delivery labs. Among priorities in this programme is to produce a progress report showing 80% of feedback provided on SEIAS.

The Department will produce three comprehensive progress reports on the Special Presidential Package on Mining towns and labour sending areas. The President established the Special Presidential Package in October 2012 to improve living conditions in and around mining communities. Moreover, the Department will produce comprehensive progress reports on the implementation of outcomes of the Inter-Ministerial Committees.

7.4. Programme 4: Public Sector Monitoring and Capacity

Development

The purpose of the programme is to support the implementation of the NDP/Medium Term Strategic Framework (MTSF) by monitoring and improving the capacity of state institutions to develop and implement plans and provide services. The programme has three sub-programme which are Public Service Monitoring and Support, Local Government Monitoring and Support, and Capacity Development.

The key focus of the Department on this programme is to implement support initiatives to improve across the public service, state owned-companies and public entities. Furthermore, the Department to review, monitor and support the implementation of the Medium Term Strategic Framework in the public sector and implement strategic interventions to build a capable and developmental state through Outcomes 9 and 12. Develop and implement intervention strategies and support packages to address problems in key public sector programmes. The Department will manage the implementation of the new Heads of Department Management and Development system. Furthermore, assess management practices in all departments and weak municipalities. The department will implement capacity development programmes and innovations to enhance skills and competencies in institutional leadership and technical levels.

The budget allocated for the Public Sector Monitoring and Capacity Development programme is R35.1 million for the 2018/19 financial year which has increased slightly as compared to budget (R32.4 million) in 2017/18 financial year. Over the medium term, the budget will increase to provide financial support in fulfilling the objectives of the programme. There is a budget increase of R31.6 million as compared to R28.2 million of

2017/18 financial year on compensation of employees. The spending focus in this programme is as a result of department continuously striving to improve quality of management practices in government through management performance assessments.

The spending focus will be on the Sub-Programme: Local Government Monitoring and Support in monitoring the quality of management practices in the local government. The Sub-Programme has been allocated R29.5 million to fulfil its objectives. The Department will conduct 30 self-assessments of the Local Government Management Information Model in this financial year. The Department intends to produce quarterly, annually and mid-term review of government performance against the MTSE/NDP. The Department will further facilitate assessment and provide support to build technical and work-place capabilities to deliver on government priorities.

In responding to the 2018 State of the Nation Address regarding the monitoring of the State Owned Enterprises (SOE), the Department will develop and implement SOE Performance analysis framework to be implemented in six state owned enterprises. The function of the monitoring of the Performance Agreements and Assessments of the Heads of Department was transferred from Public Service Commission to the Department of Planning, Monitoring and Evaluation. The Department will in this financial year, produce and distribute checklist of the quality assessment of received performance agreements of the Directors General/Heads of Department.

The Treasury Regulations Section 8.1.1 stipulates that the accounting officer of an institution must ensure that internal procedures and internal control measures are in place for payment approval and processing. Moreover, the Treasury Regulation 8.2.3 states that “unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, the date of settlement or court judgement. In this regard, the Department will monitor and produce analytical reports on 30 day payments on a quarterly basis to ensure service providers are paid as per the Treasury Regulation.

7.5. Programme 5: Frontline and Citizen Based Service Delivery Monitoring

The purpose of the programme is to facilitate service delivery improvements through frontline and citizen-based monitoring and effective resolution systems. The programme is made of the following Sub-Programme which are Citizen Based Monitoring, Executive Support Monitoring and Presidential Hotline.

The key focus of the Department in this financial year is to build partnership platforms and strengthen stakeholder engagements. Furthermore, focuses on the performance and effectiveness of State Owned Enterprises and Area-Based Monitoring Approach. The Department priorities are to build a monitoring capacity for sustainability within communities and capitalising on technology innovations in data collection and feedback.

The budget allocated for the programme is R59.3 million in 2018/19 financial year. The bulk of the budget of R54.4 million is allocated in the sub-programme: Frontline and Citizen-based Service Delivery Monitoring and Complaints Resolution. There is a slight increase in the budget for the compensation of employees. A total of R39.1 million is allocated for compensation of employees. The programme has 55 funded posts and is expected to increase to 56 positions over the medium term. Spending focus is expected to increase from R59.3 million in 2018/19 to R67.9 million in 2020/21.

The Department anticipates to conduct monitoring visits in 400 facilities and further ensure quality assurance on the site monitored. The frontline service delivery monitoring programme assesses efficiency and quality of services delivered at the frontline facilities throughout the country. There is a huge increase in terms of number of facilities to be monitored in this current financial year as compared to the previous years. Three government institutions will be selected to be supported through Citizen Based Monitoring.

The Department is responsible for managing the Presidential Hotline on behalf of the Presidency and supporting citizen and community-based monitoring. The Department is committed to achieve 80% of the Annual

Presidential Hotline Enhancement Plan. In addition to the priorities in this financial year, the Department will conduct 20 visits and produce area profiles and briefing notes on Siyahlola and Izimbizo on a quarterly basis.

7.6. Programme 6: Evidence and Knowledge Systems

The purpose of the programme is to coordinate and support the generation, collation, accessibility and timely use of quality evidence to support performance monitoring and evaluation across government coordinate and support the generation, collation, access and timely use of quality evidence to support PM&E across government.

The key focus of the Department is to generate and collate evaluations, research and data from across government; develop a DPME Knowledge Hub and knowledge management system, including systems and protocols within DPME for sharing data and systems for research and analysis. Moreover, the Department will develop an evidence agenda for elements of the NDP, including evaluations, research and data, so as to inform planning and budgeting. The Department will strengthen the capacity development role of the National Evaluation so that departments and SOEs are better able to implement evaluation and evaluative processes.

The budget allocated in programme 6 is R57.2 million in 2018/19 financial year as compared to R106.9 million in 2017/18 financial year. There is a significant decrease on the budget allocated in 2018/19 financial year. The bulk of the budget is allocated to Sub-programme: Evaluation, Research, Knowledge and Data System. The compensation of employees: sub-programme received budget increase from R25.6 million in 2017/18 financial year to R31.5 million in 2018/19 financial year. There are 44 funded posts and further increase is expected to 49 positions in 2019/20. Spending focus is to increase from R57.2 million in 2018/19 to R62.2 million in 2020/21.

The Department is responsible for establishing and supporting the national evaluation system through the use of evidence-based research in monitoring and evaluation. The Department intends submitting the National Evaluation Plan (NEP) for approval by the Cabinet. Evaluation steering committees

will approve eight NEP evaluation reports and improvement plans. A total of eight evaluation reports will be approved by evaluation steering committees. The Department will launch National Income Dynamics Study on the fourth quarter.

7.7. Programme 7: National Youth Development Programme

The purpose of the programme is to oversee youth development policy and its implementation and transfer funds to the National Youth Development Agency. The programme consists of the following sub-programmes, which are National Youth Development, Youth Development Programmes and National Youth Development Agency. The sub-programme: NYDA is a conduit for the budget of the National Youth Development Agency.

The key focus of the programme is to develop supplementary documents to the National Youth Policy 2020. Monitor progress on implementation of the National Youth Policy and supplementary legislation, policies and strategies and frameworks. Furthermore, develop monitoring and evaluation framework of the National Youth Policy and provide support across government. The programme will provide oversight over the NYDA and institutions responsible for the implementation of youth development initiatives.

The National Youth Development Programme budget allocated is R455.9 million. The bulk of the budget of R446.5 million is transferred to the National Youth Development Agency. There is a significant increase in the compensation of employees of R6.4 million as compared to the previous year with R4.1 million. The Department will monitor the implementation of the National Youth Policy. In addition, the department will oversee the performance of the NYDA, quality assured the work and transfer payments on a quarterly basis.

8. NATIONAL YOUTH DEVELOPMENT AGENCY (NYDA)

The National Youth Development Agency (NYDA) is an agency established primarily to tackle challenges that the nation's youth are faced with. The Agency was established by an Act of Parliament, act no 54 of

2008. The NYDA Act (2008) mandates the Agency to develop an Integrated Youth Development Strategy for South Africa, and initiate, design, coordinate, evaluate and monitor all programmes that aim to integrate the youth into the economy and society in general. The Act mandates the Agency to promote a uniform approach to youth development by all organs of state, the private sector and non-government organisations (NGO's).

8.1. Budget allocation overview of 2018/19

The National Youth Development Agency's (NYDA) receives its budget through a transfer vote of the Department of Planning Monitoring and Evaluation, and again through interest and capital repayments from loans issued to its client's prior the introduction of grant funding. The NYDA allocated budget is R446.9 million in 2018/19 financial year. The Board had renewed the Strategic Plan and the Annual Performance Plan of the NYDA. Amendment of the strategy was mainly to reposition the Agency to be accessible and visible in all corners of the country. Amendment to the Strategic Plan aimed to expand the services of the Agency through the establishment of branches in all district municipalities and the deployment of mobile outreach vehicles in all nine provinces.

By 2020, the NYDA Board intends to establish offices in each district municipality and two mobile outreach vehicles. This would be done in collaboration with the municipalities with very limited human resource, approximately five staff members. The new offices will not provide full service level branches. The offices will be provided with products and services of the NYDA such as assisting young people with internet and processing of applications for various programmes. In an effort to expand offices in the local government, the NYDA budgeted R144 million in 2018/19 financial year and R489 million over the MTEF period.

The overall administration budget is R104 million in 2018/19 financial year and R302 million over the MTEF. The employee costs expected to rise from R153 million in 2018/19 to R170 million in 2020/21, in line with inflation expectations and the three-year strategy of funding vacancies. The budget will contribute 37.5% of the total transfer from the DPME and the 35% of the overall budget. The major adjustments include adding 80-100 positions

to the structure to support 18 new offices to be opened in 2018/19 financial year. However, the strategy of funding vacancies takes into cognisance maintaining a stable salary bill and having a staggered approach to the filling of posts. The expected employee costs over the medium term is expected to be R558 million.

Second Chance Matric Rewrite Programme has been handed over to the Department of Basic Education while the Health and Wellbeing programme has been transferred to the Department of Health. The savings of approximately R12.5 million have reprioritised towards the Economic Participation and National Youth Service Programmes. The Agency has restructured its organisation in 2015/2016 financial year, reducing its salary bill by R44 million in real terms and reinvesting those funds into Youth Development programmes. Additional savings of R12 million per annum will be noted on the relocation of its Head Office.

Table 2: National Youth Development Plan.

Programme	Allocated	Medium-Term Expenditure Estimate			
		2017/18	2018/19	2019/20	2020/21
R million					
National Youth Development Agency	432.8	446.9	463.8	489.3	
Total	432.8	446.9	463.8	489.3	

Estimates of National Expenditure 2018

9. PROGRAMME PERFORMANCE

There are four programmes which are as follows:

9.1 Programme 1: Economic Participation

The main goal of the Economic Participation programme is to enhance the participation of young people in the economy through targeted and integrated programmes. The programme aim to facilitate and provide

employment opportunities for young people, to enhance the participation of young people in the economy, aimed at increasing job creation, entrepreneurship and skills development and to provide business support to young people.

Over the medium term, the programme will be allocated more funding to enhance participation of young people in the economy. The budget allocated is R211.3 million in 2018/19 financial year, which has decreased significantly as compared to R228.0 million in 2017/18 financial year.

The Agency intends in 2018/19 financial year to fund 840 entrepreneurs through development finance and creating more than 3 200 jobs in numerous sectors. A total of 18 900 beneficiaries will receive Business Development Support Services such as Vouchers, registration of new companies, Mentorship and Training at different levels to encourage the development and furtherance of the entrepreneurship agenda.

Establishment of the entrepreneurship is one of the Agency's programme to enhance the participation of young people in the economy through targeted and integrated programmes. The programme has attracted huge number of young people aspiring to become entrepreneurship in all facets of the country. Limited financial resources disadvantages many young people aspiring to realise such a dream of entrepreneurship. In order to tackle triple challenges of unemployment, poverty, inequality and other social ills confronted by young people, more funding in this programme is highly needed.

Over 18,900 beneficiaries with key fundamentals will be supported for their success offered by the Agency. Job creation provides young people with better foundation to thrive in life. Young people are confronted with high unemployment rate, however, creating jobs is not the sole responsibility of the Agency as per the NYDA Act. It is therefore critically important for the agency to collaborate with the public, private and non-government organisation to develop integrated youth employment strategy to close the gap of unemployment significantly into an acceptable level.

Part of reviewing the strategic plan was to incorporate, among others, the NYDA Youth Fund and Skills Fund. The Agency had established both funds in 2017/18 financial year. In 2018/19 financial year, both funds will be developed and implemented as per the project plan. Furthermore, the Agency will provide young people with youth development information. Over 25 new Service Delivery channels will be established and operationalised for young people to access information. The Agency is to pursue over 18 public and private key stakeholders lobbied to implement youth development programmes.

9.2. Programme 2: Education and Skills Development

The main purpose of the programme is to promote, facilitate, and provide education and skills development opportunities to young people to enhance their socio-economic well-being, with the objective of facilitating education opportunities. The aim is to improve access to quality education and to facilitate and implement the Youth Build, job-preparedness training, and the provision of scholarships.

The budget allocated for the programme is R61.9 million for the 2018/19 financial year for education opportunities and Skills Development programmes. Over R12 million is budgeted to facilitate and implement skills programmes. In facilitating and implementing the education opportunities, the agency budgeted R46.9 million in order to improve the quality of education attained by the youth.

In 2017/18 financial year, the Agency had provided approximately 500 students with the Solomon Mahlangu Scholarship. The Scholarship was introduced to encourage youth from disadvantaged communities to access higher education and further their studies. The majority of young people are interested in the scholarship to further their studies. Targets for intake on the Solomon Mahlangu Scholarship had increased tremendously since inception. In 2018/19 financial year, the Agency will continuously provide support and monitor students who have acquired the scholarship over the medium term.

A certain portion on the budget will be spent to support young people through individual and group career guidance interventions, Youth Build, National Youth Service volunteer programmes and job preparedness and job placement. In addition, 67, 725 young people will be provided with Skills Development Training to enable them to pursue job opportunities. The planned expenditure over the medium term is R397 million.

9.3. Programme 3: Policy and Research

The main purpose is to create a body of knowledge and best practice in the youth development sector, and to inform and influence policy development, planning and implementation. The fundamental aim of this area is to ensure that policies and frameworks that drive youth development are developed, based on a body of knowledge and facts that are relevant to the developmental needs of the youth of South Africa.

Knowledge Management programme budget allocation is R28 million, which aims at creating a body of knowledge and best practice in the youth development. The spending focus on this programme will be more on conducting programme evaluations, research articles and knowledge publications. The Agency recognises the need for it to monitor its programmes to measure impact and respond to youth development matters on the ground as well conduct Stakeholder Satisfaction Surveys.

Among new indicators introduced as a results of the review of the Strategic Plan, the Agency will design a Corporate Strategy and Planning structure aligned to the Integrated Youth Development Strategy (IYDS). In addition, the Agency will review monitoring and evaluation framework to be aligned with the IYDS.

9.4. Programme 4: Social Cohesion and Nation building

The main goal is to promote and maximise initiatives for the active participation of young people through Social Cohesion, Sports & Recreation and Community participation activism for improved social conditions of young people in South Africa fostering patriotism, social cohesion and nation building.

The budget allocated on the programme is R37.1 million in 2018/19 financial year. Programme 4 on Social Cohesion and Nation Building is one of the new programmes introduced by the current NYDA Board. The programme intends to develop and implement protocol, procedure and coordination tool for the purpose of the national, provincial and local government in mainstreaming activities aimed for youth development. The Agency intends under this programme to facilitate the development of annual plans by government departments for 2019/2020. During this financial year, the Agency will increase registered (60) number of National Youth Service (NYS) Programme projects. A total of 5000 young people will be enrolled in the NYS category 1. Moreover 50.000 young people to be enrolled on category 2 and 3 Expanded Volunteer Programme.

9.5 Programme 5: Governance and Administration

The purpose of the programme is to achieve efficient and effective utilisation of resources through provision of judicious governance, technology and systems, business operations, human capital, financial management systems that adhere to relevant legislative requirements for public funded entities. Governance programme has received R124.9 million for the 2017/18 financial year.

The budget allocated under programme 4 on Governance and Administration is R131.2 million. The budget will increase over the medium term from R131.2 million in 2018/19 to R144.6 million 2020/21 financial year. Over the course of the financial year, the Agency will finalise year 1 and implement 75% year 2 of the Human Resource strategy. The Agency will finalise phase 1 and implement 50% of phase 2 of the integrated and marketing communication strategy. The Agency intends paying 100 percent of the legitimate service provider invoices within the prescribed 30-day period.

10. OBSERVATIONS AND KEY FINDINGS

The Committee observed the following matters in relation to the Budget Vote 8:

- 10.1 The Portfolio Committee takes note of the major strides made since the establishment of the Department of Planning, Monitoring and Evaluation in adding value towards building a capable, responsive

and an accountable public service. The Committee acknowledges that the DPME is making inroads into local government's management improvements and in strengthening its monitoring role, which produces good results.

- 10.2 The Committee takes note of the DPME's role in developing high level planning framework to guide detailed planning in departments, local government and state owned enterprises.
- 10.3 The Committee noted the role of the DPME in assessing performance of the Directors-General and Heads of Department (HoDs)
- 10.4 The Committee welcomed and noted the DPME in working closely with the Statistics South Africa on the new programme on Evidence and Knowledge.
- 10.5 Young people are a major human resource for development, therefore the DPME was urged through its National Youth Development programme to facilitate the public and private sector in mainstreaming and prioritising youth development. The DPME has to play coordinating role and call upon all role players to take youth development seriously.
- 10.6 The Department should continuously monitor government departments in reviewing their Strategic and Annual Performance Plans to advance the strategic agenda of developmental State and to ensure that they are aligned with the delivery outcomes envisaged in the Government's Programme of Action, Medium Term Strategic Framework (MTSF) and the National Development Plan (NDP). The NDP has to begin yielding tangible results for the South African population.
- 10.7 The Committee noted that the Department, as a planning entity, ensures that government priorities and budget decisions on allocations are informed by the findings of the National Planning

Commission (NPC). Therefore, on a yearly basis, it would be appropriate for the Department, as the Secretariat of the NPC, to officially communicate these findings on priorities so that budget allocations by the National Treasury consider and are based on such priorities.

- 10.8 The Portfolio Committee supports the Department on its quest to have the promotional posts filled by internal staff. However, the posts left by promoted staff should not go beyond the required threshold of 10% or less as this practice stifles service delivery at some salary levels, directorates and branches.
- 10.9 The Portfolio Committee noted and welcomed the Department's desire to establish the Knowledge Hub in order to institutionalise an information repository where all useful information and data about society, priorities, service delivery gaps and deliverables could be found in one reliable and official place on behalf of Government and the State.
- 10.10 The Portfolio Committee noted and appreciated the fact that the groundwork and systems are being laid towards reconfiguring the departments in line with the Presidential directive of the State of the Nation Address.
- 10.11 The Committee welcomes the Comprehensive Plan towards the improvement of financial management systems and curbing of corrupt activities at the State-Owned Enterprises (SoEs) and Development Finance Institutions (DFIs).

National Youth Development Agency (NYDA)

- 10.12 The Committee commended the NYDA for a decision to have the training materials done in Braille in order to cater for people with disabilities. The NYDA should work with DEAFSA on the sign language interpreter training.

- 10.13 The Committee is still concerned with the lack of equitable spread of the Agency's offices within and across provinces.
- 10.14 The Committee welcomed and noted the signing of the Memoranda of Understanding between the NYDA and international partners and that the Agency will provide a full report on these memoranda and the achievements thereof.
- 10.15 The Committee appreciates the Agency's initiatives towards skilling, re-skilling and upskilling of the youth and the contribution it makes towards economic empowerment to establish development projects within communities.

11. RECOMMENDATIONS

The Portfolio Committee recommends the following to the Department of Planning, Monitoring and Evaluation:

- 11.1.** The Department should intensify monitoring activities on the Frontline Service Delivery Monitoring Tool and Citizen Based Monitoring as a way of improving efficiency of service delivery in government facilities, especially at Home Affairs.
- 11.2.** The Department should prioritise the filling of funded vacant post, so that vacancies do not go beyond the threshold of 10%, especially at a technical level.
- 11.3.** The Department must continually intervene at local government through the Local Government Management Improved Model and Assessment Tool (LGMIM) to ensure that service delivery takes place at that level of governance.
- 11.4.** The Department should always ensure follow-ups on the LGMIM outcomes and also ensure that remedial actions suggested are implemented. A template on all outcomes and suggested remedial actions and their implementation must be designed and reported on

in order to determine successes and challenges of the intervention, so that the programme self-evaluates as well.

- 11.5.** The Department should collaborate with Statistics South Africa more particularly on activities undertaken in the National Planning Programme to ensure their work complements in advancing planning and policy decision making in the country. The Knowledge Hub envisaged by the Department must be designed and developed with the requisite input from Statistics South Africa as they are the custodians and generators of official information and data regarding Government and the State.
- 11.6.** The Department is complemented for initiating and playing a collaborative role in the coordination of the strategy and policy on Performance Management Development System (PMDS) with the Department of Public Service and Administration, so that this policy is fully implemented; without which there can be no proper monitoring and evaluation of Heads of Department on their service delivery key performance areas.

National Youth Development Agency

- 11.7.** The NYDA partnerships with institutions promoting and funding young people's innovations is encouraged. To this end, the Committee asks the NYDA to engage in more Memoranda of Understanding with the international community, with a view to soliciting sponsorship of youth-initiated projects.
- 11.8.** The NYDA should expand its services in place where young people are concentrated in order to attract and provide services to youth of this country. The NYDA should utilise youth statistics released by the Stats SA on where young people are concentrated and ensure resources are channelled appropriately. It is crucial that the NYDA should now concentrate on areas and communities where their impact has not been felt or have not received any attention at all.

- 11.9.** The NYDA should speed up the amendment to the legislation on the National Youth Development Agency Act of 2008.

12. CONCLUSION

Improving and strengthening government planning and coordination remains an integral part of the Department of Planning, Monitoring and Evaluation. The Committee acknowledged commitment of the Department in continuously conducting assessments on the Strategic and Annual Performance Plans of national departments to ensure alignment with the priorities of the NDP. The progress being made towards the development of the Mandate Paper is acknowledged and appreciated in order to align the allocation of financial resources to government service delivery priorities. Among priorities encapsulated in the Mandate Paper is the advancement of the implementation of the NDP and a positive impact on jobs, youth, women, children and people with disabilities.

The Committee noted the significant role the Department of Planning, Monitoring and Evaluation in institutionalising and strengthening planning in government to enhance delivery outcomes contributing to the National Development Plan. The Department of Planning, Monitoring and Evaluation as a custodian of monitoring the implementation of the service delivery agreements should intensify its efforts to foster coordination and collaboration of plans regarding the finalisation of the Performance Management Development System (PMDS) so that Heads of Department are held accountable on delivering on mandates of their departments.

The Portfolio Committee recommends as follows:

That the House adopts and approves the Budget Vote 8 of the Department of Planning, Monitoring and Evaluation.

Report to be considered

The following report replaces the report of the Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation which was published on page 87 of ATC No 50 dated 26 April 2018.

9. Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation

REPORT ON BUDGET VOTE 10: DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION: DATE 25 APRIL 2018

1. BACKGROUND

The Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plans, Annual Performance Plans and Budget allocations of the Statistics South Africa tabled by the Minister of Planning Monitoring and Evaluation in terms of the Public Finance Management Act (Act No 32 of 2003), reports as follows:

2. INTRODUCTION

The Public Finance Management Act, section 27 clearly stipulates that the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year. In terms of section 10 (1) (c) of the Money Bills Amendment Procedures and Related Matters Act, No 9 of 2009, the relevant members of Cabinet must table updated strategic plan and annual performance plan for each department, public entity or institution, which must be referred to the relevant Committee for consideration and report.

In considering the annual performance plan, the Committee will ensure that a department budget allocation provide the country with accurate, quality and reliable statistics for all stakeholders. The allocation of the budget serve as a key instrument for government to promote socio-economic development efficiently. Budget allocation plays a critical role as an economic instrument of the government, as it reflects the country's socio-

economic policy priorities by translating priorities and political commitments into expenditures. Budget serves as a vital tool to operationalise government activities towards the achievement of its intended priorities. Budget highlights the constraints and trade-offs in policy choices.

In view of the above, on April 18, 2018, the Committee received presentation made by the Statistician-General of the Statistics South Africa on the Annual Performance Plan for 2018/19 financial year.

3. OVERVIEW OF THE STATISTICS SOUTH AFRICA

The main responsibility of Stats SA is to provide relevant and accurate statistics by corresponding with internationally approved practice to inform users of the dynamics of the economy and society. Stats SA is mandated through the Statistics Act [No.6 of 1999] to coordinate statistical production among organs of the state, the private sector and any other institutions to facilitate proper planning, decision making and monitoring and evaluation of policies and projects. Stats SA is guided by the 10 fundamental principles of official statistics of the United Nations, as well as the 6 principles adopted by the African Union in carrying out its duties.

The work programme of Stats SA focuses on the envisaged changes to legislation aimed at improving coordination of official statistics; implementing and strengthening the Community Survey, which will provide official statistical information at the municipal level; and bringing the production of Gross Domestic Product (GDP) under one roof.

4. NATIONAL DEVELOPMENT PLAN VISION 2030

The National Development Plan highlights the need for South Africa to build a state that is capable of playing a developmental and transformative role. This requires the state to formulate and implement policies that support that role. The NDP and the Medium Term Strategic Framework are informed by statistical information provided by Statistics South Africa, which publishes more than 200 statistical releases per year. The publications present statistical research that measures the development and transformation of the economy and society in a range of contexts.

Changing economic and societal realities have expanded the demand for statistical information: more detailed statistics are needed and more frequently if policies are to be responsive and effective. Statistics in the public domain must be of high quality. Responding to the increased demand for high quality statistics will require a national effort, and collaboration and partnerships between the producers and the users of statistics.

5. LEGISLATIVE MANDATE

Statistics South Africa is a national government department accountable to the Minister of Planning, Monitoring and Evaluation. Stats SA has a separate budget vote from the DPME. The activities of the department are regulated by the Statistics Act (Act No.6 of 1999), which ensures independence from political interference in the production and dissemination of official statistics. According to the Statistics Act, the purpose of official statistics is to assist organs of state, businesses, other organisations and the public in planning, decision-making, and monitoring or assessment of policies.

The Act makes provision for the appointment of a Statistician-General (SG) whose role in statistical production in the country is as follows: Firstly, as the National Statistical Authority to inform stakeholders on the economy and society by:

- Collecting, compiling and disseminating a wide range of economic, social and population statistics;
- Developing and maintaining database for national statistics on businesses and enumeration areas; and
- Liaising with other countries and statistical agencies as well as representing Stats SA and South Africa in statistical activities internationally.

Secondly, as the National Statistical Coordinator, to promote coordination among producers of official and other statistics in order to advance quality, comparability and optimum use of official statistics and to avoid duplication by:

- Formulating quality criteria and establishing standards, classifications and procedures
- Providing statistical advice; and
- Promoting a public culture of measurement

5.1. Strategic goals of the Statistics South Africa

The Medium Term Strategic Framework (MTSF) 2015-2020 outlines the following strategic goals:

- Radical economic transformation, rapid economic growth and job creation.
- Rural development, land and agrarian reform and food security.
- Ensuring access to adequate human settlements and quality basic services.
- Improving the quality of and expanding access to education and training.
- Ensuring quality health care and social security for all citizens.
- Fighting corruption and crime.
- Contributing to a better Africa and a better world.
- Social cohesion and nation building.

Key priorities for 2018/19 financial year are outlined below:

- Driving legislative reform
- Maintaining basic statistics
- Integrating, innovation and modernising the statistics value chain
- Re-alignment of the structure and resource
- Coordinating statistical production, creating new partnership and designating statistics as official
- Institutionalising the integrated indicator framework
- Planning for Census 2021

6. BUDGET ALLOCATION

The budget appropriated to the Statistics South Africa in 2018/19 financial year is R2 2146 billion. The budget allocated has been drastically reduced in the current financial year as compared to allocated budget of R2 489.1 in

2016/17 financial year. Stats SA to utilise the budget for the production and coordination of official and other statistics that inform users on changing dynamics in the economy, society and the environment. The spending focus over the medium term will be on the legislative reform to strengthen coordination between organs of state and improve the capabilities of information collection. Moreover, Stats SA spending focus over the medium term will be on the preparation of Census 2021. The services provided by Stats SA contribute towards enhanced planning, policy responsiveness and effectiveness and promote evidence-based decision making.

Cabinet has approved budget reductions of R14.2 million in 2018/19, R15.1 million in 2019/20 and R15,9 million in 2020/21 on the Administration programme in line with government's objectives. These reductions are not expected to have a negative effect on the department's planned outputs over the MTEF period, as the department intends adjusting its operations and delaying the implementation of various new projects and initiatives. Stats SA has approximately a staff complement of 1 352 in 2018/19 as compared to 1 408 employees in the previous years. There is a significant decrease of funded posts in the current financial year.

Table 1: Budget per programme

Programme R'000	Revised Estimates 2017/18	Medium Term Expenditure Estimates		
		2018/19	2019/20	2020/21
1. Administration	687.5	695.3	737.7	783.0
2. Economic Statistics	228.8	236.9	254.4	272.8
3. Population and Social Statistics	128.2	202.3	141.8	151.9
4. Methodology, Standard and Research	66.8	67.4	72.4	77.8
5. Statistical Support and Informatics	258.1	267.1	284.8	303.3
7. Statistical Collection and Outreach	585.1	608.0	651.9	698.3
8. Survey Operations	191.4	194.7	296.5	1 017.1
Total	2 146.3	2 217.7	2 439.4	3 304.1

Estimates of National Expenditure 2018

7. PROGRAMME PERFORMANCE

Statistics South Africa has seven programmes, which are as follows:

7.1 Programme 1: Administration

The purpose of the programme is to manage the department and provide centralised support services and capacity building. It coordinates statistical production among organs of state in line with the purpose of official statistics and statistical principles. The programme contributes to two strategic objectives: leading the development and coordination of statistical in the South African National Statistics System (SANSS) and improving productivity and service delivery.

Administration programme received budget allocation of R695.3 million to provide strategic direction, leadership, management and support services to the department. The spending focus over the medium term continues to be on the revision of the statistics legislation to drive statistical reform, particularly the statistical coordination, statistical geography, the data revolution, a state-wide statistical service and institutional arrangements.

Coordination between organs of state is essential for consistency and efficiency in the statistical system. An amount of R82 million has been set aside over the medium term for legislative reform. Of this R51 million is expected to be used for compensation of employees. The provision for statistical coordination between organs of state in the Act need to be strengthened to support the regulatory framework for a responsive South African National Statistics System (SANSS).

The South African National Statistics System coordinates the statistical production system among organs of the state. The National Statistics System is a tool that transform the current production of statistics, which is characterised by gaps in information, quality and capacity. Through the system, the department will be able to drive statistical planning, establish statistical production system in other organs of state, and establish governance structure.

Stats SA intends to invest in the technology to enhance strategic management processes. Introduction of technology on the data collection aspect will have a negative impact on the number of enumerators. In circumventing any job losses, Stats SA is intending to reskill, upskill and redeploy staff affected by the technology. In preparation of the Census 2021, Stats SA aims to develop fieldworker payment and supply chain management tool sourcing strategy. The Department will invest in ICT by implementing ICT life-cycle management, researching a policy-based management approach for new generation mobile workers. Furthermore, Stats South Africa is responsible for developing an information management strategy in collaboration with SANSS partners.

In order to increase statistical accuracy, reduce costs and bring about faster turnaround times for releasing official statistics to the public, the department intends to focus on modernising and automating its operations through the use of new technology such as digital data collection and digital maps and new statistical methodologies over the MTEF period. By 2020/21, Stats SA plans to migrate from the manual processes, data collection, which involve paper assisted personal interviews, to an automated process that involves conducting computer assisted personal interviews.

The department's focus on digital migration over the medium term will enable it to improve the quality of its services and allow it to respond more effectively to the increased demand for statistical information. The digital migration programme is also expected to drive organisational reform in core functional and operational areas in terms of systems, processes, structures and technology, resulting in the department's revising the manner in which it functions.

The sub-programme Management for Corporate Service spending focus will mainly be on leading strategic initiatives such as the talent management programme, reduced vacancy rate, Human Resource Strategy, monitoring the implementation of the corporate service strategy and work programme and review of recruitment and internship programmes and bursary allocation. The sub-programme contributed enormously in improving efficiency, effectiveness and good governance in the public sector.

7.2 Programme 2: Economic Statistics

The Economics Statistics programme produces economic statistics to inform evidence-based economic development and transformation in line with internationally recognised practices. Programme Management for Economic Statistics provides strategic direction and leadership.

Economic Statistics programme received an allocation of R254.4 million to fulfil its mandate of production of statistics to inform evidence economic development. Over the medium term, the Stats SA will fund initiatives to expand the economic and social statistical information. The spending focus in the programme will be utilised for publishing quarterly Gross Domestic Product (GDP) from the income and production side. Statistics South Africa will further start publishing GDP from the expenditure side. Stats SA will expand and improve economic statistics information by reviewing changes on the national accounts. The department is to publish thematic reports on the dynamics of the economy.

Stats SA intends to publish on monthly, quarterly basis and annual industry and trade statistics. As part of growing and ensuring greater support for the tourism sector, the department will publish biannual and annual domestic and international tourism statistics. In addition to the annual statistical releases, Stats SA to publish five yearly transport statistics. Stats SA will publish on a quarterly and annual basis, government financial statistics through updating time series data for GFS surveys. Stats SA will provide information on the level of inflation by producing the consumer price index and various producer price indices. Key output for 2018/19 include monthly Consumer Price Index (CPI) and Producer Price Index (PPI) and technical reports.

7.3 Programme 3: Population and Social Statistics

The purpose of the programme is to produce population, demographic, labor market and social statistics to meet user requirements in line with internationally recognised practices. Population and social statistics inform evidence-based socio-economic development and transformation in line with internationally recognised practices. Programme 3 contributes to strategic objectives in an effort to expand the statistical information base by increasing its depth, breadth and geographic spread for evidence-based planning, monitoring and decision-making for the use by both the public and private sector.

Population and Social Statistics received budget allocation of R202.3 million will be spent on producing population and social statistics to inform evidence-based on socio-economic development. The programme will provide information on poverty level and income and expenditure trends in South Africa. The spending focus in the programme will mainly be on providing information on population estimates collected through population censuses and surveys. Key outputs in 2018/19 include a thematic report on nuptiality, provincial profiles in Census Survey 2016, and content development methodologies for Census 2021 tested at a cost of R8.4 million.

Stats SA publishes statistics on births, deaths, marriages, divorces, tourism and migration based on administrative. Key outputs for 2018/19 include an annual publication on tourism and migration, annual publications on mortality and causes of death, documented immigrants, perinatal deaths and divorces, mortality and causes of death, a thematic report on non-communicable diseases and research on alternative data sources on health at a cost of R13.6 million. The provision of the poverty levels and income and expenditure trends are crucial information to assist in planning and policy development. Population estimates collected through a means of population censuses and surveys is one of the core mandate of the Stats SA.

With regard to Social Statistics, Stats SA will provide information on living conditions, domestic tourism, education and crime by means of conducting household surveys. Key outputs in 2018/19 include an annual and biannual domestic tourism survey, report on 2 development indicators and technical support to stakeholders to improve service delivery statistics. In terms of labour statistics, Stats SA will provide information on employment levels in the formal, non-agriculture sector as well as labour market trends in South Africa. Key output includes the quarterly release on employment levels, the quarterly publication of labour market trends and an annual report on labour market dynamics in South Africa. Moreover, Stats SA will provide information on poverty levels and income and expenditure trends in South Africa.

7.4 Programme 4: Methodology, Standards and Research

The purpose of the programme is to provide expertise on quality and methodology for official statistics, standards for conducting surveys, and business sampling frames. In addition, it conducts policy research and analysis on emerging policy matters. The programme contributes to enhancing public confidence and trust in official statistics. The main objectives of the programme is to improve comparability and accuracy of statistical information by annually reviewing and evaluating methodological compliance in survey areas.

Programme Methodology, Standards and Research received R67.4 million to provide strategic direction on the quality and methodology of official statistics. The spending focus in this programme will be on business register and improving the sampling frame for economic statistics. Business register is a sampling frame for economic statistics, completing surveys of large business, providing quarterly snapshots and financial sampling frames and a unit of model implemented at a cost of R34.2 million.

Stats SA provides information on integrative statistical advice and support to policy planners and development practitioners and participates in knowledge research and innovation on key development themes. Key output includes three research reports on government socio-economic planning, two research reports on spatial analysis, an experimental Growth Accounting Framework. In addition, the programme will provide integrative statistical advice and support to policy planners and development practitioners, participates in knowledge research and innovation on key development themes.

7.5 Programme 5: Statistical Support and Informatics

This programme aims to enable service delivery programmes by using technology in the production and use of official statistics. It informs policy through the use of statistical geography. The programme promotes and provides better access to official statistics. The programme contributes towards enhancing public confidence and trust in statistics and investing in the learning and growth of the organisation. Moreover, the programme collaborates with partners to build and maintain a reliable sampling frame for household surveys by updating the spatial information frame annually.

Statistical Support and Informatics programme received an allocation of R267.1 million to enable service delivery programmes by using technology in the production and use of official statistics. The spending focus in this programme is on the data management and technology which provides technology infrastructure to the department and supports data management across statistical series. Stats SA intends to provide geospatial information and spatial analysis tools. Among key outputs include the geospatial applications developed, web-based solutions developed and implemented at a cost of R22.9 million.

Under this programme, Stats SA will edit, publish and distribution services to survey areas. Furthermore, Stats SA will provide technology infrastructure to the department and supports data management across statistical series. In addition, Stats SA will improve data and information management across the department by modernising the way business is conducted and supported by technology.

7.6 Programme 6: Statistical Collection and Outreach

The purpose of the programme is to provide data collection and dissemination services to inform policy processes and to support decision-making through statistical information. In addition, engaging stakeholders through platforms and providing effective communication services. Promoting statistical development and cooperation in South Africa, Africa and the world is also one of the crucial functions of the programme.

The main objectives is to increase the use of official statistics by government and the public on an ongoing basis. Furthermore, manage external and internal communications on statistical matters by issuing daily, weekly and monthly information updates through the media on an ongoing basis. The programme provides integrated data collection services and disseminate quality statics to provincial and local stakeholders and the public by ensuring an average annual data collection rate of 85 per cent. Further ensures alignment with international standards, best practice and statistical skills development by increasing participation, sharing and learning in international statistical initiatives on an ongoing basis.

Statistical Collection and Outreach programme received an allocation of R608.0 million to execute its core mandate of data collection and dissemination of statistical services. The spending focus in this programme will be to provide integrated data collection and dissemination services, and promotes the use and coordination of official statistics to provincial and local stakeholders. Key outputs include administering survey instruments for surveys, planning for Census 2021, collaborative mapping to maintain and update the GIF at a cost R550.7 million.

Statistics South Africa intends to improve the relationship with the media through training initiative, new social media platforms for the dissemination of statistics and communication campaigns for the organisational projects, strategic interventions to improve internal and external communication. The programme will manage relations with international statistical with international statistical agencies, promotes agencies, promotes statistical development in Africa and builds partnerships.

7.7 Programme 7: Survey Operations

The purpose of the programme is to coordinate survey operations for household surveys and provide processing services to produce official statistics. The programme conducts independent household survey monitoring and evaluation activities. The programme contributes towards improving productivity and service delivery. The programme will expand statistical information base for use by government, the private sector and the general public by conducting a population census every 10 years as well as large-scale population surveys between censuses is one of the focus areas.

Survey Operation programme received budget allocation of R194.7 million to coordinate survey operations for household surveys and provide processing services to produce official statistics. Data processing and editing will be one of the spending focus in this programme. Stats SA manages the editing and processing of data which include, amongst the processing of reports and editing of questionnaires. In addition, the department is to report on the processing of questionnaire and death notification forms, report on strengthening a common data processing platform and digital data collection for the household survey at a cost of R72.9 million.

Stats SA will conduct periodic population censuses or large-scale population surveys. The department monitors the quality of field operations of household surveys and censuses and conducts independent evaluations. Key outputs include monitoring and evaluation of Census 2021 tests, monitoring of QLFS and evaluation of Continuous Data Collection at a cost of R19.5 million.

8. OBSERVATION AND KEY FINDINGS

The Portfolio Committee observed the following matters in relation to the Budget Vote 12 of Statistics South Africa:

- 8.1 The Committee considered and welcomed the Annual Performance Plan for 2018/19 of Statistics South Africa. The Committee noted that Stats SA had discontinued certain projects due to budget shortfalls experienced across the entire public service. Stats SA was encouraged to devise a strategy to implement more projects within budget constraints rather than discontinuing certain crucial projects, such as poverty estimates, completely.
- 8.2 In terms of the legislative reform, the Committee noted the progress made thus far with regard to the amendment to the Statistical Act that will drive statistical reform in the country, with a particular emphasis on statistical coordination, statistical geography, the data revolution, a state-wide statistical service and institutional arrangements. The amendment will further ensure coordination between organs of state for the purpose of enhancing efficiency in the statistical system. Stats SA was further advised to reconsider reviewing definitions in the Act.
- 8.3 The Committee noted that Stats SA continuously exercises their mandate regarding the Statistical Act of 1999 to coordinate the production of statistics produced by other organs of state. Also, the Committee noted that Stats SA ensures quality assurance of all organs of state planning to conduct a statistical survey before implementation. The Committee is of the view that Stats SA should assist the organs of state with experts/specialists on the methodology when designing various statistical surveys conducted by the institutions of government.

- 8.4 Over 104 staff members had left Stats SA in 2017/18 financial year, which totals 170 vacancies in the department. Stats SA reported that staff members who left the department, are mostly specialist and technically skilled people who could have been retained if there was an adequate budget on compensation of employees. The budget shortfall realised on the compensation of employees had resulted in Stats SA being unable to fill vacancies of 170 staff members who left the department in 2017/18 financial year.
- 8.5 The Committee noted that Stats SA had several senior manager positions in an acting capacity, who in turn experience overload of work due to the inability to fill positions. Senior managers are overworked in some instances, performing dual responsibilities.
- 8.6 The Committee noted the budget shortfall on compensation of employees whilst Stats SA is in a process of planning for Census 2021. The Committee was concerned about the risk of losing competent people to other sectors, impact on the ability to conduct surveys and the resultant compromise the department will derive in a long term to rebuild such a capacity. The quality of statistics might also be affected as a result of the severe budget cuts.
- 8.7 Stats SA was encouraged to utilise social media platforms optimally to ensure that their statistical information reach out as many people as possible. The use of other forms of social media platforms for the dissemination of statistical results was acknowledged. However, Stats SA cautioned the usage of the social media platforms to communicate statistical releases. Social media platforms information can be easily manipulated and compromise the quality, credibility and reliability of the Stats SA statistical releases.
- 8.8 The Committee urged Stats SA to gradually move away from manual data collection to more advanced electronic data collection that is affordable, quicker and faster without compromising the quality aspects on the statistical data. During the transition of manual data

collection to Computer-Assisted Personal Interview, Stats SA was encouraged to reskill and retrain enumerators on the electronic data collection, taking note of lessons learned from the KwaZulu Natal province, Citizen Satisfactory Survey conducted using technology to collect data.

8.9 Tracking of child development throughout to tertiary education is welcomed by the Committee. Stats SA was encouraged to consider tracking students who have completed tertiary education who remained jobless.

8.10 The Committee emphasised the importance of the role of the statistical releases in influencing decision making in government planning. It is therefore the role and responsibility of the Department of Planning, Monitoring and Evaluation to ensure statistics information find expression in policy decision making of government priorities and align such data with long or/ short term planning.

9. RECOMMENDATIONS

The Portfolio Committee recommends that the Statistics South Africa, through the Minister of the Department of Planning, Monitoring and Evaluation, must ensure that:

9.1. Statistics South Africa speed up the amendment of the Statistics Act (1999) to drive statistical reform in order to inform infrastructure planning. The amendments of the Act should firmly respond to the evolving environment, the data revolution, a state-wide statistical service and institutional arrangements. The amended Act will enable the country to respond to the United Nations Sustainable Goals, the Africa Agenda 2063 and the National Development Plan. The amendment of the Act should enhance Stats SA to become more responsive to a growing agenda that requires more statistical information. The Act should further be amended to increase number of years Census get collected in every 10 years.

- 9.2.** Stats SA should gradually migrate from manual data collection to electronic data collection (Computer-Assisted Personal Interview) which will save more cost in future. Stats SA should take into cognisance that in a short term digitalisation might be expensive, however in a long term massive saving will be realised. Stats SA should conduct cost benefit analysis of the digitalisation of data collection in a short and long term. In moving towards the implementation digitalisation, Stats SA should sustain the momentum of producing quality, reliable and credible statistical information for the country. Modernisation of statistical processes is strategic and requires the department to be flexible and agile to provide quality statistics quickly at an acceptable cost.
- 9.3.** Stats SA should intensify efforts to plan for the Census for 2021 through retraining and reskilling all role players to make the survey successful. Skilled workforce would be able to produce quality and reliable statistics, which will also influence policy making and budgeting. Stats SA should present to the Committee the preparations and the strategy regarding Census 2021.
- 9.4.** The National Treasury working with the Department of Planning, Monitoring and Evaluation on the Mandate Paper (Budget Prioritisation Framework) should ensure Stats SA is provided with adequate funds to conduct Census 2021.
- 9.5.** Stats SA should leverage its relationship with African countries in the continent and expand statistical knowledge to their Statistical counterparts on the continent. Stats SA should begin to venture into assisting African countries in collecting credible statistical information with the aim of growing the economy on the continent.

10. CONCLUSION

In conclusion, Statistics South Africa remain a key strategic player in a transformative agenda by producing evidence based, quality and accurate official statistics for the country. It is therefore critically important for the government during the budget allocation decision to take into cognisance the paramount importance the department like Statistics South Africa contributes in shaping socioeconomic development in the country and throughout the continent. As much as the Committee understands and acknowledges that government is confronted with budget shortfalls, collection of statistics should remain a priority to inform future planning and budget allocation, particularly the Mandate Paper and Medium Term Strategic Framework.

The Committee will, through its oversight role, assist Stats SA in strengthening coordination amongst organs of state on the statistical information. Statistical information plays a critical role in the value chain and should enhance planning, policy formulation, monitoring and evaluation in government. Statistics South Africa should not be put at risk of releasing unreliable statistical information as result of budget shortfalls or cuts. Stats SA has to be well-resourced to inform planning and policy agenda of government.

The Portfolio Committee recommends as follows:

That the House adopts and approves the Budget Vote 12 of the Statistics South Africa.

Report to be considered