Friday, 5 June 2020]

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OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

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COMMITTEE REPORTS

National Assembly

[The following report replaces the Report of the Portfolio Committee on Communications, which was published on page 1 of the Announcements, Tablings and Committee Reports dated 13 May 2020]

1. Report of the Portfolio Committee on Communications on the filling of six vacancies in the Independent Communications Authority of South Africa (ICASA) Council, dated 4 June 2020

The Portfolio Committee on Communications (the Committee), having considered requests from the Minster of Communications and the Acting Speaker of the National Assembly (NA) to fill five vacancies in the ICASA Council, reports as follows:

A letter dated 6 August 2019 was received from the Minister of Communications –
(a) informing the National Assembly of the existence of a vacancy on the ICASA Council as a result of the removal of Mr Rubben Mohlaloga as a Councillor and Chairperson of the Council; and
(b) requesting the National Assembly to commence with the process of filling the vacancy in terms of section 5 of the Independent Communications Authority of South Africa Act, 2000 (Act No 13 of 2000) ("ICASA Act").

Another letter dated 7 August 2019 was received from the Acting Speaker of the National Assembly –
(a) informing the Minister of Communications and the Committee that four vacancies would arise in April 2020 as a result of the end of term of the following Councillors: Mr Paris Mashile, Ms Botlenyana Mokhele, Mr Peter Zimri and Mr Keabetswe Modimoeng; and
(b) informing the Minister of Communications that the National Assembly would commence with the process of identifying candidates to fill the four vacancies in terms of section 5 of the ICASA Act.

The Committee considered the letters from the Minister of Communications and the Acting Speaker of the National Assembly and resolved that the committee secretariat should proceed with the process of publishing an advertisement in the media calling for the nomination of persons to fill the five vacancies on the ICASA Council. The advertisement was published in all eleven official languages in two national newspapers, two regional newspapers and seven community media newspapers. Seventy-five nominations were received.

On 11 February 2020, the Committee met to consider the criteria and skills required to fill the five vacancies and unanimously resolved that the following 20 candidates be shortlisted for interviews:

Ms Botlenyana Mokhele; Mr Peter Zimri; Dr Keabetswe Modimoeng; Mr Edmund Baloyi; Ms Yolisa Kedama; Mr Ashraf Patel; Mr Sipho Tsotetsi; Ms Sandisiwe Ncemane; Ms Zamokuhle Khanyile; Mr Junior Khumalo; Dr Charles Lewis; Mr Zolani Matthews; Ms Dikeledi Mushi; Ms Nompucuko Nontombana; Mr Lebogang Bopalamo; Mr Kenilworth Choeu; Ms Amanda Cuba; Adv Luthando Mkumatela; Mr Phosa Mashangoane and Mr Linden Petzer.

As the Committee was preparing for the interviews, a letter was received from Mr Sipho Tsotetsi to inform the Committee of his withdrawal from the process. On 25, 26 and 27 February 2020, the Committee interviewed 18 candidates, with an exception of Ms Mokhele who could not attend the interview due to ill health. She was later interviewed by means of a virtual meeting platform on 4 May 2020.

On 11 May 2020, the Committee deliberated on the interviews taking into consideration the skills of current Councillors, skills required for the incoming Councillors as well as issues of continuity in leadership of ICASA and unanimously recommended that the National Assembly approve the following eight names from which the Minister should appoint five as ICASA Councillors in order of priority: Dr Keabetswe Modimoeng, Ms Yolisa Kedama, Ms Zolani Kgosietsile Matthews, Mr Peter Zimri, Adv. Luthando Mkutumela, Dr Charles Lewis, Ms Amanda Cuba, and Ms Sandisiwe Ncemane.

During the processing of the above-mentioned recommendation of the Committee, another letter, dated 12 May 2020, was received from the Acting Minister of Communications and Digital Technologies, Mr JM Mthembu, MP informing the National Assembly of the resignation of Ms Nomonde Gongxeka-Seopa, a councillor on the ICASA Council, with effect from 11 April 2020 with the notice period ending on 11 July 2020; and requesting the National Assembly to initiate a process of filing the vacancy in terms of the ICASA Act.

On Friday, 29 May 2020, the Committee met to consider the referral of the request by the Acting Minister of Communications and Digital Technologies relating to the vacancy in the ICASA Council and resolved that the vacancy which arose as a result of the resignation of Ms Gongxeka-Seopa be filled together with the other five vacancies, subject to a legal opinion on the matter before proceeding.

On 4 June 2020, the Committee met to consider the referral together with the legal opinion and resolved that:

(1) two additional suitable candidates from the interviewed candidates be added to ensure that the amended report contains ten names, being at least one and a half times the number of the vacancies;
(2) the National Assembly approve the following ten names from which the Minister should appoint six persons as ICASA Councillors in order of priority, for a full four-year term: Dr Keabetswe Modimoeng, Ms Yolisa Kedama, Ms Zolani Kgosietsile Matthews, Mr Peter Zimri, Adv. Luthando Mkutumela, Dr Charles Lewis, Ms Amanda Cuba, Ms Sandisiwe Ncemane, Ms Dikeledi Mushi and Mr Ashraf Patel, taking into consideration that section 9(2)(b) of the ICASA Act provides that a Councillor is appointed to hold office for the rest of the period of the predecessor's term of office, if the Minister, acting on the recommendation of the National Assembly, appoints such Councillor for a longer period which may not exceed four years; and
(3) the previous report of the Committee published in the Announcement, Tablings and Committee Reports (ATC) document on 13 May 2020 (ATC No. 52 – 2020) be rescinded and replaced with this amended report.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS ON THE 2020/21 ANNUAL PERFORMANCE PLANS AND BUDGETS OF THE DEPARTMENTS OF COOPERATIVE GOVERNANCE, THE DEPARTMENT OF TRADITIONAL AFFAIRS, AND ENTITIES REPORTING TO THEM, DATED 21 MAY 2020

Having met with the Departments of Cooperative Governance and Traditional Affairs, and the associated entities, on their 2020/21 Budgets, Strategic and Annual Performance Plans (APPs), the Portfolio Committee on Cooperative Governance and Traditional Affairs, reports as follows:

1. INTRODUCTION

The *Money Bills Amendment Procedures and Related Matters Act (2009)* empowers Parliament to recommend, reject or amend budgets of National Departments and Organs of State. The Act also enjoins Committees of Parliament to compile and adopt Budget Vote Reports, based on interactions with the relevant Departments - and Entities reporting to them - on their Strategic Plans, Annual Performance Plans and Budgets.

The Portfolio Committee on Cooperative Governance and Traditional Affairs has a constitutional mandate to exercise oversight over the following Departments and Entities:

- **Department of Cooperative Governance (DCoG)**, which seeks to ensure that municipalities perform their basic responsibilities and functions without comprise.

- **Department of Traditional Affairs (DTA),** which provides a national traditional affairs governance system in support of cooperative governance for an improved quality of life for South Africans.

- **Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities (CRL Rights Commission),** which fosters the rights of cultural, religious and linguistic communities to freely observe and practice their cultures, religions and languages.

- **South African Local Government Association (SALGA),** which seeks to be consultative, informed, mandated, credible and accountable to its membership and to provide value for money.

- **Municipal Demarcation Board (MDB),** whose objective is to create spatial conditions for sustainable development and transformation of local communities through municipal and ward boundary demarcation.

- **Municipal Infrastructure Support Agent (MISA),** which provides integrated municipal infrastructure support services to municipalities through technical expertise and skills development towards efficient infrastructure delivery systems, processes and procedures.

From 08 – 15 May 2020, the Portfolio Committee met with all the above Departments and Entities to receive briefings on their 2020/21 Annual Performance Plans, 2019-2024 Strategic Plans and 2020/21 Budgets. This Report consolidates the key highlights from these briefings, and summarises Committee observations, and recommendations in line with the requirements of the *Money Bills Amendment Procedures and Related Matters Act (2009).*

2. OVERVIEW OF PERFORMANCE DURING THE 2019/20 FINANCIAL YEAR

2.1. Department of Cooperative Governance

The implementation of the second phase of the 'Back to Basics' Programme was the Department's key policy priority for the 2019/20 financial year. The Department introduced the Programme during the 2014/15 financial year, and implemented its first phase in the course of the 2014-2019 Medium Term Strategic Framework (MTSF) period. In its first iteration, the Programme consisted of five pillars, which aligned to the Department's five 2014-2019 MTSF sub-outcomes, as tabulated below.

BACK TO BASICS PILLARS	COGTA'S 2014-2019 MTSF SUB-OUTCOMES
1. Putting people first: let's listen and communicate	Local public employment programmes expanded through the Community Work Programme.
2. Consistent provision of services to the right quality and standard	Members of society have sustainable and reliable access to basic services
3. Good governance and transparent administration	Democratic, well-governed and effective municipal institutions capable of carrying out their development mandate as per the Constitution
4. Sound financial management and accounting	Sound financial management
5. Robust institutions with skilled and capable staff	Strengthened intergovernmental arrangements for a functional system of cooperative governance for local government

Marking the second phase of Back to Basics was the introduction of three additional pillars: disaster management, spatial transformation and local economic development. Progress in the implementation of the five pillars of the Back to Basics Programme has been less than expected. For example, in respect of pillar four, the 2019 Budget Review notes that 'financial management in local government has deteriorated, as reflected in the widespread adoption of unfunded budgets across all types of municipalities.'[1]

2.2. Municipal Infrastructure Support Agent

Over the 2019/20 financial year, the work of the Municipal Infrastructure Support Agent (MISA) focused on:

- Developing and implementing municipal infrastructure support plans towards improving infrastructure planning, delivery, operations and maintenance.
- Deploying District Support Teams to improve spending on the Municipal Infrastructure Grant (MIG).

[1] National Treasury (2019).

- Deploying the MISA Inspectorate to assess functionality of water and sanitation infrastructure in District municipalities.
- Enrolling learners in MISA's Apprenticeship, Experiential Learnership, and Young Graduate Programmes.
- Conducting feasibility studies to address misalignment of bulk water and reticulation in Water Services Authorities.

The Cabinet Lekgotla of July 2019 also stressed the need to strengthen MISA's role and capacity. This is to enable the entity to respond faster in respect of municipalities struggling to implement municipal infrastructure projects or experiencing severe disruption of services due to dysfunctional infrastructure assets.

2.3. Department of Traditional Affairs

- A key development in 2019/20 was the enactment of the Traditional and Khoi-San Leadership Act (2019), which provides for the recognition of the Khoi and San Leadership, and for the integration of Khoi and San leaders into existing Houses of Traditional Leadership.

- The year also saw the revival of the Customary Initiation Bill, which had lapsed during the Fifth Parliament. The Bill seeks to eliminate the high rate of deaths and injuries from cultural initiation practice.

2.4. CRL Rights Commission

Over the 2019/20 financial year, the work of the CRL Rights Commission involved:

- Making submissions that contributed to the content of the Traditional and Khoi-San Leadership Act (2019), as well as the Customary Initiation Bill currently before the National Council of Provinces.

- Holding the legislatively prescribed National Consultative Conference where all the stakeholders specified in the CRL Rights Commission Act (2002), gathered to consider the recommendations from the Commission's Commercialisation of Religion Report.

- The Commission also reports have achieved all 35 targets set during the year under review. However, these were not yet audited targets in terms of usefulness and reliability.

2.5. South African Local Government Association

Over the 2019/20 financial year, the South African Local Government Association (SALGA) remained a relatively high performing institution, achieving 94.8 percent (37/39) of its annual performance targets. Further activities and performance highlights include:

- Participating actively in the Parliamentary processes around the Municipal Systems and Municipal Structures Amendment Bills;
- Lobbying for Local Government concerns in relation to the review of the Municipal Cost Containment Regulations;
- Providing advisory support to municipalities pertaining to the implications of the Constitutional Court Order declaring the Municipal Systems Amendment Act, 2011, invalid; and
- Hosting the United Cities and Local Government (UCLG) World Congress, which was the single biggest gathering of local government leaders from around the world.

2.6. Municipal Demarcation Board

- In 2019/20, the Municipal Demarcation Board (MDB) geared its performance towards preparations for the 2021 local government elections. This entailed pursuing targets relating to the delimitation of municipal wards, including conducting media campaigns to raise public and stakeholder awareness of the technical municipal boundary alignments awareness; finalising the spatial boundary descriptions of municipalities; and consulting municipalities and the public on first draft wards.

- The conducting of municipal capacity assessments, in accordance with legislative requirements, also continued to inform the work of the MDB in 2019/20. This involved compiling reports on minimum norms and standards for municipal capacity to fulfil constitutional obligations.

- The MDB achieved 18 out of the 19 targets set during the period under review, translating to an achievement rate of 95%. However, these were not yet audited targets in terms of usefulness and reliability.

- A major challenge identified during this period was limited funding, which constrained the Board's ability to implement some of its key projects, including the establishment of a regional footprint across the country. Consequently, the Board does not have presence in localities or regions, and is thus unable to decipher adequately local knowledge and understanding.

3. POLICY PRIORITIES FOR 2020/21

3.1. Department of Cooperative Governance

- The Department's policy priorities for 2020/21 align to Chapter 13 of the National Development Plan (NDP), which envisions building a capable and developmental State through interdepartmental coordination and strengthening local government. It also relates to Priority 4 (spatial integration, human settlements, and local government) of Government's 2019-2024 Medium Term Strategic Framework (MTSF), which gives expression to the NDP vision.

- A key policy development in 2020/21 is the implementation of the District-Metro Development Model (DDM). This Model seeks to foster integration and intergovernmental coordination in the planning, funding and implementation of programmes across sectoral departments. The DDM remains an integral part of the Back to Basics Programme and continues to incorporate its key pillars as outlined in the previous section.

3.2. Municipal Infrastructure Support Agent

Informing the policy mandates of the Municipal Infrastructure Support Agent (MISA) for the 2020/21 financial year are the following policy instruments:

- **The National Development Plan (NDP).** MISA responds to the NDP's call on Government to adopt a long-term approach that focuses on skills development strategies for technical specialist. In this regard, MISA will continue to support distressed municipalities to create sufficient internal capacity for the optimal delivery of basic services infrastructure

- **Sustainable Development Goals (SDGs).** The work of MISA in 2020/21 aligns to five of the 17 SDGs, namely clean water and sanitation; affordable clean energy; industry, innovation and infrastructure; sustainable cities and communities; and climate action.

- **District Development Model (DDM).** MISA will undertake the coordination of municipal infrastructure programmes within the ambit of the DDM. Its work in 2020/21 aligns to some key elements of the DDM, including integrated service provisioning, infrastructure engineering, spatial restructuring and economic positioning for each district and metropolitan municipality.

- **National Spatial Development Framework (NSDF).** The Spatial Planning and Land Use Management Act, Act 16 of 2013 (SPLUMA) guides the NSDF, and in this context, MISA will continue supporting municipalities to develop and implement spatial development plans that are SPLUMA compliant.

- **Medium Term Strategic Framework 2019-2024 (MTSF).** MISA's activities for the 2020/21 period respond, both directly and indirectly, to the MTSF's priority 1 (Economic Transformation and Job Creation), priority 2 (Education, Skills and Health), priority 4 (Spatial Integration, Human Settlements and Local Government) and priority 6 (A Capable Ethical and Developmental State).

3.3. Department of Traditional Affairs

- **National Development Plan (NDP)**. The Department of Traditional Affairs (DTA) will continue supporting the NDP's vision of creating an inclusive rural economy (Chapter 6); building a capable and developmental state (Chapter 13); and transforming society and uniting the country (Chapter 15).

- **Medium Term Strategic Framework 2019-2024 (MTSF).** Through its work on social cohesion and nation building, the DTA contributes directly to Priority 5 of Government's 2019-2024 MTSF. The DTA's work on the involvement of the institution of traditional in economic development initiatives, on the other hand contributes to Priority 1: (Economic Transformation and Job Creation).

- Further legislation and policy implementation initiatives envisaged for 2020/21 include the establishment of a Commission on Khoisan Matters; supporting Parliamentary processes towards the promulgation of the Customary Initiation Bill (CIB) to regulate the cultural initiation practice; as well as the legal constitution of kingship and queenship councils, principal traditional leadership councils, and traditional councils.

3.4. CRL Rights Commission

- **National Development Plan**. The work of the CRL Rights Commission will continue aligning to Chapter 15 of the National Development Plan, which advances the national vision of social cohesion and nation building.

- **Medium Term Strategic Framework 2019 – 2025.** Priority 5 of Government's MTSF (Social Cohesion and Safe Communities) is a policy mandate that is central to the Commission's continued work on social cohesion and nation building. The Priorities relating to a capable, ethical and developmental state, and a better Africa and the world, will also be relevant to the Commission's work during the year under review.

3.5. South African Local Government Association

SALGA has aligned its strategic and policy priorities for 2020/21 with the critical success factors of the National Development Plan (NDP), as well as the seven priorities of Government's 2019-2024 Medium Term Strategic Framework (MTSF). The 2020/21 APP advances four outcomes towards the realisation of a responsive, accountable, effective, efficient and developmental local government:

- Sustainable inclusive economic growth underpinned by spatial transformation;
- Good governance and resilient municipal institutions;
- Financial sustainability of local government and greater fiscal equity;
- Effective and efficient administration.

To realise these outcomes, SALGA envisages delivering 70 outputs, and associated targets, in the course of 2020/21. These will form the basis for assessing the entity's annual performance in 2021/22.

3.6. Municipal Demarcation Board

- **2019-2024 Medium Term Strategic Framework**. The MDB contributes directly to Priority 4 (Spatial Integration, Human Settlements, and Local Government) of the Seven Priorities, which President Cyril Ramaphosa outlined in the June 2019 State of the Nation Address (SONA). It also contributes indirectly to Priority 1 (Economic Transformation), Priority 5 (Social Cohesion and Safe Communities) and Priority 6 (Capable, Ethical and Developmental State).

- Key deliverables for the financial year under review include the development of a capability maturity model for the organisation; finalisation of wards and handing over of final wards to the Independent Electoral Commission (IEC); completing the spatial boundary description of the last 58 municipalities; compiling profiles for all 4 468 wards and conducting a stakeholder perception survey.

4. IMPLEMENTATION OF 2019/20 BUDGETARY REVIEW RECOMMENDATIONS

2019/20 BRR RECOMMENDATION	PROGRESS IN 2020/21
1. The CRL Rights Commission should consider raising the profile of its work and activities around linguistic matters to ensure balance vis-à-vis its work and activities around cultural and religious matters	The Commission has started some work related to language matters. It is now working on the use of official languages in the public sector. There will also be more research on the promotion and protection of community languages, as well as recommendations that will assist in resuscitating diminishing languages of communities
2. The CRL Rights Commission should improve the implementation of its post-audit action plan to prevent stagnation of audit opinion	**Ongoing**
3. The CRL Rights Commission should consider raising supplementary income from other funding sources, as it has a high potential to do so	The Commission still relies on the Government Grant for 99.9 percent of its funding
4. The Portfolio on Cooperative Governance and Traditional Affairs should develop mechanisms to ensure that there are consequences for inadequately explained failures to adhere to the prescribed timeframes for the tabling of Annual Reports	The Department has employed a new Director-General, following the removal of the Accounting Officer responsible for late tabling of Annual Reports
5. The Portfolio Committee should commence with the process of introducing the proposed amendments to the Demarcation Act as a Committee Bill to ensure that the	The Bill is still with the Department of Cooperative Governance. This recommendation therefore still stands.

2019/20 BRR RECOMMENDATION	PROGRESS IN 2020/21
Bill is in time for the post 2021 municipal demarcation cycle.	
6. The Portfolio Committee should make it a standard Committee agenda item for Committee Members to report on the current issues affecting their constituencies instead of waiting for petitions	**Ongoing**
7. The Portfolio Committee should engage more robustly with the work of the National House of Traditional Leaders and assess the House's impact on traditional communities.	**Ongoing**

5. COMMITTEE OBSERVATIONS

5.1. The Committee welcomed the fact that all Departments and Entities tabled their Annual Performance Plans and Strategic Plans within the stipulated timeframes, and that there were no offenders in this regard.

5.2. There was a lack of detailed information on the cost incurred on the Community Work Programme versus the benefit derived. Given the large amounts involved, a cost-benefit analysis of the Programme would assist the Department of Cooperative Governance to exercise fiscal prudence and obtain value for money.

5.3. The explanation regarding the remodelling of the CWP was not consistent with previous ideas shared with the Committee, including the possibility of abolishing the Non-Profit Organisations who, according to the Minister, were actually making handsome profits from the Programme.

5.4. How the Department of Cooperative Governance was dealing with the Auditor-General findings relating to corruption, ghost workers and payments to deceased CWP participants, did not come out clearly in the presentation of the CWP turn-around plan.

5.5. There was no clear integration of the Post-Audit Action Plan, which the Department of Cooperative Governance presented to the Committee in February 2020, into the 2020/21 Annual Performance Plan and the 2019-2024 Strategic Plan.

5.6. It was not acceptable for the Department of Cooperative Governance to aim for an unqualified audit as the best audit opinion it can achieve in the short and medium term. This amounted to setting the bar too low.

5.7. The Department of Cooperative Governance has not articulated clearly the links, and synergies between the new District Development Model and the previous policy initiative of Back to Basics. While Back to Basics supposedly informs the DDM, there is little effort on the part of the Department to explain the continuities.

5.8. The Department of Traditional Affairs had very few planned campaigns around safe cultural initiation practices. The planned activities were not commensurate with the urgency to intensify awareness campaigns against unsafe cultural initiation practices.

5.9. The role of traditional communities in the District-based Development Model (DDM) needed further clarity, as the Plans were not specific on the nature of their involvement. The Plans were even more opaque on the question of the emancipation of women who still endure the worst of patriarchal practices under the jurisdiction of traditional leadership. The presented projects, including the Agrarian Revolution Programme, did not seem to take the plight of oppressed women into sufficient consideration.

5.10. The municipal context where traditional leaders were relatively less capacitated compared to municipal councillors militated against traditional leaders' meaningful participation in the affairs of their localities. Capacity building was also critical in respect of the Cooperatives through which the DTA was planning to pursue its Agrarian Revolution Programme. A key aspect of this capacity building should involve the provision of land, otherwise the Programme and its social cohesion objectives are likely to remain a pipe dream.

5.11. The Auditor-General has consistently highlighted the problem of procurement irregularities in local government, but this does not seem to feature strongly as an important research area in the plan of the South African Local Government Association.

5.12. Over the last several years, the South African Local Government has been advancing well-meaning goals for the revitalisation of municipal governance, but this has not slowed the rapid degeneration of local government witnessed over the same period. The entire system of local government needed a comprehensive review, as municipalities were getting worse notwithstanding the billions of rand invested in supporting them. However, municipal deterioration was not a problem for SALGA alone, but a challenge that called for collective effort.

5.13. The Municipal Demarcation Board's lack of footprint and visibility in provinces posed major problems on the ground. There was still excessive reliance on municipalities to facilitate public participation on the Board's behalf.

5.14. There is high demand for the work of the CRL Rights Commission in rural areas, but the Commission lacks footprint in these areas. The CRL engagement with legislation that negatively affect the rights of cultural, linguistic and religious communities – as well as issues relating to language and patriarchal cultures – was inadequate and needed improvement.

5.15. How the COVID-19 pandemic was affecting the work of the Commission - as well as the activities the CRL Rights was undertaking towards supporting affected linguistic, cultural and religious communities – was not clear in the Commission's plans.

5.16. The budget allocated to the CRL Rights Commission was insufficient and incommensurate with the important mandate vested in the Commission. There was a critical need to equip the Commission with the necessary resources to do its work.

6. COMMITTEE RECOMMENDATIONS

6.1. The Department of Cooperative Governance should furnish the Committee with a Report detailing the circumstances around the arrest of the MISA Chief Executive Officer on allegations of corruption, as well as the potential impact of this development on organisational performance.

6.2. All the Departments and Entities should institutionalise the submission of quarterly financial and service delivery information as a norm, and not wait for the Committee to request these. This is to enable the Committee to detect problems earlier, rather wait until the tabling of Annual Reports later in the year.

6.3. The newly appointed Team Leader for the remodelling of the Community Work Programme should consult those officials familiar with previous Committee deliberations on the future of the Programme, and submit a full report on the remodelling exercise.

6.4. The Municipal Demarcation Board should improve its public participation processes, as there were still many complaints relating to its lack of visibility among local communities. This should involve minimisation of the excessive reliance on municipalities to facilitate public participation on the Board's behalf.

6.5. To address the difficulties around the involvement of youth in its work, the CRL Rights Commission should consider instituting coordinated efforts with the Department of Basic Education – an opportunity, which the Commission was currently not exploiting maximally in its programmes and plans.

6.6. The Portfolio Committee should prioritise the matter of inadequate funding to the CRL Rights Commission by holding into account those responsible for allocating funding to it. Advocating for the right funding model for the Commission should be at the top of the Committee's agenda.

Report to be considered

3. REPORT OF THE PORTFOLIO COMMITTEE ON ENVIRONMENT, FORESTRY AND FISHERIES ON THE STRATEGIC PLAN 2019/20—2023/24, ANNUAL PERFORMANCE PLANS (APPS) 2020/21 AND THE BUDGET VOTE 32 OF THE DEPARTMENT OF ENVIRONMENT, FORESTRY AND FISHERIES (DEFF), DATED 20 MAY 2020

1.BACKGROUND

The Portfolio Committee on Environment, Forestry and Fisheries (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plan, Annual Performance Plans and Budget allocations of the Department of Environment, Forestry and Fisheries (hereinafter the Department) and having been presented the high-level strategic goals of the *five* entities reporting to it, tabled by the Minister of Environment, Forestry and Fisheries and in terms of the Public Finance Management Act (Act No 32 of 2003), reports as follows:

2.INTRODUCTION

On 7 and 15 May 2020, the Portfolio Committee invited the Department and the entities to present the overview of their medium term strategic plans, annual performance plans and the budget allocations for the 2020/21 financial year as well as medium term expenditure framework allocations for 2021/22, 2022/23 and 2023/24, respectively. The Strategic Plan and the Annual Performance Plan were tabled prior to the outbreak of the COVID-19 in South Africa. The report thus reflects that state, although it was considered and deliberated on during a lockdown period when internal reprioritisation of funds had already begun and plans of the Department already affected for the first quarter of the financial year. This might become clearer upon the tabling of the *Adjustment Bill*.

2.1.Overview of the Department of Environment Affairs and its Entities

The mandate of the Department of Environment, Forestry and Fisheries (DEFF) is to ensure the protection of the environment and conservation of natural resources, balanced with sustainable development and the equitable distribution of the benefits derived from natural resources for current and future generations. This is to be achieved while giving effect to the right of the nation to an environment that is not harmful to their health and wellbeing as stated in section 24(b) of the Constitution of the Republic of South Africa, which stipulates specifically that "all South Africans have the right to an environment that is not harmful to their health or wellbeing, and to have the environment protected for the benefit of the present and future generations" through relevant legislation.

Prior to the cabinet reconfiguration, the former Department of Environmental Affairs was a high performing organisation, having served effectively with integrity as the custodian of South Africa's environment. However, the Department started experiencing challenges in meeting audit requirement as it related to Modified Cash Standards (MCS) when the Department failed to table its 2015/16 Annual Report in Parliament at an opportune time for consideration by the then Portfolio Committee on Environmental Affairs (PCEA) in the Fifth Parliament. Nevertheless, DEA resolved the dispute that it had with the Auditor-General and succeeded to obtain an unqualified audit opinion, but the Department retrogressed in its audit outcomes in the subsequent 2016/17, 2017/18 and 2018/19 financial years where the Department attained adverse audit findings. Those findings were due to disputes between the Office of the Auditor-General South Africa (AGSA) and DEA, regarding the different interpretations with regard to the application of Modified Cash Standards, insofar as transfer payments to the Expanded Public Works Programme (EPWP) projects were concerned. In contrast, leadership and management weaknesses affected the performance of the Forestry and Fisheries functions throughout the *Fifth Parliament*. The results were repeat findings on biological assets, overpayments on overtime and non-compliance with supply chain prescripts.

2.2 Legislative mandate

The core business of the Department is underpinned by the Constitution of the Republic of South Africa and all other relevant pieces of legislation that derived from it. The constitutional directive "*to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures*" gave rise to the formulation and adoption of notably the National Environmental Management Act (NEMA) (Act No 107 of 1998). NEMA has undergone several amendments and has provided the bedrock for enacting the following "*specific environmental management acts*" (SEMAs), or issue-specific legislation on biodiversity and heritage resources; oceans and coasts; climate change and air quality management; and waste and chemicals management. Those applicable SEMAs comprise National Environmental Management: Biodiversity Act No 10 of 2004; National Environmental Management: Protected Areas Act No 57 of 2003; National Environmental Management: Air Quality Act No 39 of 2004; and National Environmental Management: Integrated Coastal Management Act No 24 of 2008; National Environmental Management: Waste Act No 59 2008, *inter alia*.

The transfer of the Forestry and Fisheries functions of the former Department of Agriculture, Forestry and Fisheries to the Department, effective 1st April 2020, as part of the national macro organisation of government, has meant the shifting of certain key legislation that deals with the management of these two branches to the recently constituted Department of Environment, Forestry and Fisheries (DEFF). Key acts of Parliament in this regard comprise the Sea Fishery Act No 12 of 1988; Marine Living Resources Act No 18 of 1998, which deals with the long-term sustainable utilisation of marine living resources; National Forests Act No 84 of 1998, which promotes the sustainable management and development of forests for the benefit of all and creates the conditions necessary to restructure forestry in state forests in relation to protection and sustainable use; and also the National Veld and Forest Fire Act No 101 of 1998, which makes provisions for the prevention and management of veld, forest and mountain fires throughout the Republic of South Africa. Furthermore, there are many other government policies and legislation, which affect the South African environmental, forestry and fisheries sectors both directly and indirectly.

The Department fulfils its mandate through formulating, coordinating and monitoring the implementation of national environmental policies, programmes and legislation with the additional support from its entities, such as the iSimangaliso Wetland Park Authority (iSimangaliso), Marine Living Resources Fund (MLRF), the South African National Biodiversity Institute (SANBI), South African National Parks (SANParks), and the South African Weather Service (SAWS). The Department is structured into nine Programmes to ensure the effective achievement of its constitutional mandate. The nine different programmes and their purposes are reflective of the different focus areas and subsectors of environmental management. The objective of the current programme structure is to ensure that specific attention is given to each focus area of the Department's constitutional mandate, while acknowledging the interrelationship and ensuring an integrated approach.

Programme 1: Administration provides strategic leadership, management and support services to the department.

Programme 2: Regulatory Compliance and Sector Monitoring (RCSM) promotes the development of an enabling legal regime and licensing authorisation system that will promote enforcement and compliance and ensure coordination of sector performance.

Programme 3: Oceans and Coasts promotes, manages and provides strategic leadership on oceans and coastal conservation, including relevant research and specialist services, as they pertain to the costal and oceans environment.

Programme 4: Climate Change, Air Quality and Sustainable Development: seeks to improve air and atmospheric quality, lead and support, inform, monitor and report efficient and effective international, national and significant provincial and local responses to climate change, and promote sustainable development.

Programme 5: Biodiversity and Conservation ensures the regulation and management of all biodiversity, natural heritage and conservation matters in a manner that facilitates sustainable economic growth and development.

Programme 6: Environmental Programmes is the largest departmental programme (in terms of budget allocation) and deals with the implementation of expanded public works programme and green economy projects in the environmental sector.

Programme 7: Chemicals and Waste Management manages and ensures that chemicals and waste management policies and legislation are implemented and enforced in compliance with chemicals and waste management authorisations, directives and agreements.

Programme 8: Forestry Management develops and facilitates the implementation of policies and targeted programme to ensure management of forests, sustainable use and protection of land and water as well as managing agricultural risks and disaster.

Programme 9: Fisheries Management ensures the sustainability utilisation and orderly access to the marine living resources through improved management and regulation.

3. LINKAGES BETWEEN THE DEPARTMENTAL PRIORITIES AND THE NATIONAL DEVELOPMENT PLAN VISION 2030

The National Development Plan (NDP) Vision is that by 2030, South Africa's transition to an environmentally sustainable, climate-change resilient, low-carbon economy and just society will be well underway. To achieve this requires, first and foremost, attaining of the NDP outcomes relating to the transformation of society and an economy, which is internationally competitive, equitable, job-creating and sustainable (resilient, green and low-carbon), *inter alia*. Thus, the National Development Plan sets out a vision for promoting environmental sustainability in South Africa by making an equitable transition to a low-carbon economy, and transforming human settlements for improved local governance and spatial integration. The National Development Plan envisions environmental sustainability and transformation within the context of an integrated and inclusive economy that is supported by a capable and developmental state. This vision is given expression by the following priorities of government's 2019-2024 medium-term strategic framework (MTSF), with which the work of the Department of Environment, Forestry and Fisheries is closely aligned:[1]

- Priority 1: Economic transformation and job creation
- Priority 2: Education, skills and health
- Priority 3: Consolidating the social wage through reliable and quality basic services
- Priority 4: Spatial integration, human settlements and local government
- Priority 5: Social cohesion and safe communities
- Priority 6: A capable, ethical and developmental state
- Priority 7: A better Africa and world

The Department's 2019/20–2023/24 Strategic Plan and 2020/21 Annual Performance Plan are aligned with the Priorities outlined in the MTSF. The implementation of Operation Phakisa projects have an immense contribution to the **Priority 1** "*Economic transformation* and *job creation*". In terms of **Priority 2** "*Education, Skills and Health*" and **Priority 6** "*A capable, ethical and developmental state*", the Department undertakes initiatives that improve capacities

[1] National Treasury (2020) Vote 32: Environment, Forestry and Fisheries. National Treasury, Pretoria.

for the environment, forestry and fisheries sectors. There are many contributions in terms of education and upskilling that the Department plans to roll-out in the medium term in all three sectors. The examples include:

- The implementation of the Department's internship and environmental, education programmes;
- The placement of students in the Work Integrated Learning Programme;
- Training of teachers in various provinces in different aspects of environmental management through the "*Fundisa for Change*" programme. The Programme is a partnership with the Department of Basic Education focusing on environmental learning and teacher education; and
- The implementation of key environmental awareness interventions, inform society and change behaviours, inter alia.

Similarly, **Priority 4** (*Spatial integration, human settlements and local government*) and **Priority 5** (*Social Cohesion and Safer Communities*) are at the heart of the Department's work. This considering that the Department carries out the effective implementation of planned Local Government support interventions to support municipalities in carrying out their environmental management mandate by assisting district municipalities to incorporate environmental priorities in their Integrated Development Plans (IDPs); pursues sound environmental management of hazardous waste streams to protect communities from being affected by dumped or badly managed waste; and implements effective air quality management interventions and ensures reduction of atmospheric emissions from major polluters. Some of the vital activities are building and skilling a climate-resilient society. Through the allocation of small-scale fishing rights, the Department is restoring dignity to many coastal communities. Similarly, the plan to transfer forests to communities contributes significantly towards social cohesion and building societies. Finally, **Priority 7** (*A Better Africa and World*) focuses on one of the Department's key functions of leading and influencing an environmental management global agenda, which includes negotiations on Climate Change, Sustainable Development, Chemicals and Waste Management, Oceans and Coastal Management, Biodiversity and Conservation. The Department pursues targeted and strategic global and regional engagements with the aim of enhancing South Africa and Africa's socio-economic development priorities.

3.1. Medium Term Strategic Plans and Annual Performance Plans (APPs) of the Department and its Entities for 2020/21

As the national partner to provinces in a concurrent function, the Department leads the environmental, forestry and fisheries sectors by setting the policy and legislative framework and the norms and standards required for environmental protection and environmentally sustainable development in the country. This role is evident through the large numbers of policy and legislative instruments initiated, processed and administered by the Department.

To account for the Department's strategic role, including the above, the Portfolio Committee was briefed by the Department and entities on 7 and 15 May 2020 via a virtual platform (MS Teams), on the Strategic Plans (2019/20−2023/24), Annual Performance Plans and Budget of the Department and entities for the 2020/21 financial year. The purpose of the Committee's most recent meetings with the Department and entities was to ascertain whether the allocated budget was aligned to achieve the Department and entities' strategic goals and APPs, and also to determine whether the budget was aligned with the government's strategic priorities for the current 2020/21 financial year, which are underpinned by the NDP. However, the other pressing reason for the Committee's meeting with the Department was to assess the impact of the COVID-19 pandemic, which is inflicting havoc around the globe on the *three* key sectors in the departmental purview. The threat to public health, the damage to national economies and the disruption to daily life are frightening, as countries struggle to contain the impact of the virus. To meet these unparalleled challenges, governments must rapidly shift priorities and realign tax and spending policies, as the COVID-19 pandemic requires sufficient public funding to ensure a comprehensive response. The Committee therefore met to determine the effect of all these priority and budget shifting on the environmental, forestry and fisheries sectors. It was also opportune for the Committee to gain a bird's eye of the impact of this ongoing coronavirus pandemic on the human capital of the Department and entities.

This report, therefore, captures the key findings, observations and recommendations of the Portfolio Committee after its engagement with the Department and entities. The discussions contained in this report are based on the strategic plans, APPs and the budget of the Department and entities.

3.2 Department of Environment, Forestry and Fisheries (DEFF)

The Department of Environmental Affairs was renamed the Department of Environment, Forestry and Fisheries (DEFF) in June 2019, incorporating the forestry and fisheries functions from the previous Department of Agriculture, Forestry and Fisheries. DEFF is mandated to give effect to the right of citizens to an environment that is not harmful to their health or well-being, and to have the environment protected for the benefit of present and future generations. To achieve this, the Department provides leadership in environmental management, conservation and protection towards sustainability for the benefit of South Africans and the global community.

3.2.1 Departmental Strategic Objectives

The Department's strategic objectives over the medium term are to:

- Provide leadership, strategic, centralised administration, executive support, corporate services, and facilitate effective cooperative governance, international relations, and environmental education and awareness;
- Promote the development and implementation of an enabling legal regime and licensing/authorisation system to ensure enforcement and compliance with environmental law; promote, manage and provide strategic leadership on oceans and coastal conservation;
- Improve air and atmospheric quality, lead and support, inform, monitor and report efficient and effective international, national and significant provincial and local responses to climate change;
- Ensure the regulation and management of all biodiversity, heritage and conservation matters in a manner that facilitates sustainable economic growth and development;
- Implement expanded public works and green economy projects in the environmental sector; and
- Manage and ensure that chemicals and waste management policies and legislation are implemented and enforced in compliance with chemicals and waste management authorisations, directives and agreements.

4.BUDGET ALLOCATION TO THE DEPARTMENT AND ITS ENTITIES

Public spending on ensuring environmental sustainability, as indicated by the budget allocation to the Department (Vote 32) in the current 2020/21 financial year is about 0.4% of the overall government expenditure of R1.95 trillion. This level of funding for the Department at about 0.4% has been running since 2015/16, from where there has not been a significant deviation upwards despite mounting environmental challenges. Thus, the Department's Budget mostly remained unchanged during the previous parliamentary term, and current allocations and projections show a continuation of the trend (Figure 1). The Figure shows the Department's actual (nominal) allocations for past years, and budgeted expenditure for the current year and the upcoming three years of the MTEF, which is the three-year spending plans of national and provincial governments, published at the time of the budget. The growing trend in the budgeted expenditure of DEFF is merely based on the allocations, without due consideration of the true 'worth' of these allocations. The assumption in these nominal increases is that the value of, for example, R100 in 2019/20 is the same in 2020/21, which is incorrect and hence the need to correct this by adjusting for inflation (increase in the overall price level of goods and services in an economy over a specific period of time), which may vary from year to year.

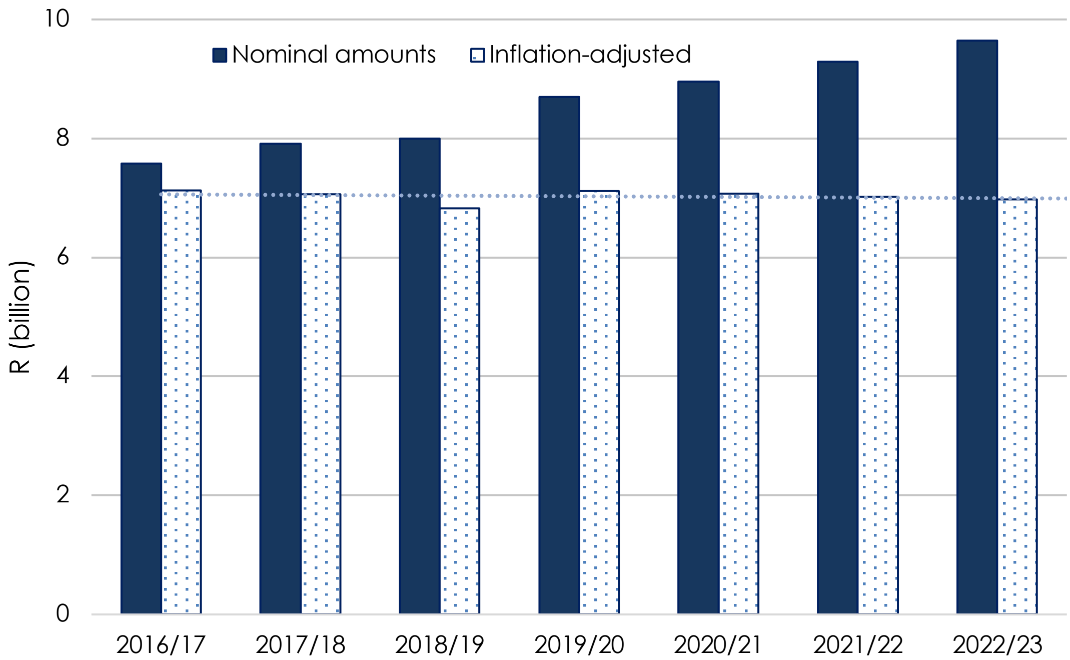


Figure 1. Trend in departmental budget allocations in nominal and inflation-adjusted terms for the periods 2016/17−2022/23. (Adapted from National Treasury, 2020).

The total budget allocation of the Department is R 8.954 billion for the 2020/21 financial year, which is a nominal increase of 3.0 % (R258.9 million) from the 2019/20 financial year. After factoring inflation, the real change in the allocation is a 0.6% decrease, which in Rand value amounts to R52.2 million decrease when compared to the 2019/20 financial year[2].[14] The budget allocations are depicted in Figure 1 below. The real change in percentage terms is a small decrease of 0.60%. There is an imbalance between the Department's budget allocation and its critical role in ensuring South Africa's environmental sustainability that has important implications for human health and wellbeing. The subsections below provide a breakdown at a branch level. The medium-term expenditure estimate shows a possibility for an increase in the National Treasury allocation to the Department, subject to other political, social and economic factors.

The overall budget of the Department has not changed, despite the ever-increasing challenges in South Africa's environmental, forestry and fisheries sectors. The challenges include high incidents of poaching, biodiversity loss, land degradation and air pollution in Air Quality Priority Areas (air pollution hotspots). *Five* of the Department's programmes (*Administration; Biodiversity and Conservation; Chemicals and Waste Management; Forestry Management; and Fisheries Management*) achieved positive budget increases in real rand terms, whereas *four* of the Department's programmes (*Regulatory Compliance and Sector Monitoring*; *Oceans and Coasts; Climate Change, Air Quality and Sustainable Development*; and *Environmental Programmes*).

[2] The inflation adjusted calculations are based on the 14 April 2020 Statement of the South African Reserve Bank's Monetary Policy Committee.

Table 1: The Overall budget allocation to the Department and its programmes for the 2020/21 financial year

Programme	**Budget**			**Nominal ⬆ or ⬇ in 2020/21**	**Real ⬆ or ⬇ in 2020/21**	**Nominal % change in 2020/21**	**Real % change in 2020/21**
R million	2019/20	2020/21	2021/22	**2019/20-2020/21**		**2019/20-2020/21**	
Administration	941.4	1,011.6	1,072.6	70.2	35.0	7.46%	3.72%
Regulatory Compliance and Sector Monitoring	207.5	208.1	221.8	0.6	-6.6	0.29%	-3.20%
Oceans and Coasts	507.2	495.1	522.0	-12.1	-29.3	-2.38%	-5.78%
Climate Change, Air Quality and Sustainable Development	445.9	435.4	461.1	-10.5	-25.6	-2.35%	-5.75%
Biodiversity and Conservation	801.3	900.1	928.0	98.8	67.5	12.32%	8.42%
Environmental Programmes	4 037.4	3,931.7	4,002.8	-105.6	-242.3	-2.62%	-6.00%
Chemicals and Waste Management	594.3	646.8	669.6	52.4	30.0	8.82%	5.04%
Forestry Management	664.5	805.2	857.5	140.7	112.7	21.17%	16.96 %
Fisheries Management	496.1	520.6	552.4	24.5	6.4	4.94%	1.29%
TOTAL	8 695.7	8 954.7	9 287.8	**258.9**	**-52.2**	**2.98%**	**-0.60%**

Source: Adapted from National Treasury (2020).

5.DISCUSSIONS ON DEPARTMENTAL STRATEGIC PLAN, APP & BUDGET

The departmental presentation on the strategic plan (2019/20−2023/24), annual performance plan and the budget for 2020/21 was led by the Director-General of the Department, Ms Nosipho Ngcaba and supported by the respective Deputy Directors-General or Acting Deputy Directors-General. The large number of acting positions in the Department (e.g., Acting Deputy Director-General (DDG): Climate Change, Air Quality and Sustain able Development; Acting DDG: Chemicals and Waste Management; Acting DDG: Forestry; and Acting DDG: Fisheries), immediately drew the attention of the Joint Committee (Portfolio Committee on Environment**,** Forestry and Fisheries, and the Select Committee on Land Reform, Environment, Mineral Resources and Energy) meeting. This led the Minister to respond that she had interacted with the Department of Public Service and Administration concerning these acting positions and had been given the permission to fill these vacant positions for which advertisements went out this past week.

Programme 1: Administration

There was concern that the APP of the *Administration Programme* that aims to provide strategic leadership, centralised administration, executive support, corporate services and effective cooperative governance, international relations and environmental education and awareness for the whole Department, appears to be narrowly focused on the environmental sector at the expense of the fisheries sector, which means much to a vast number of South Africans. The fisheries sector supports a huge industry that has experienced protracted poor management or inadequate attention, and hence requires a focused attention in its new home, in the Department of Environment, Forestry and Fisheries. A clarificatory question on the provincial distribution of bursaries was responded to as follows: Eastern Cape 2, Gauteng 9, KwaZulu-Natal 4, Limpopo 3, Mpumalanga 1 and Western Cape 11.

On whether a staff of the Department tested positive for COVID-19, the Minister conceded that a staff tested positive today (15th May 2020) in the *Foretrust Building* and the offices have been evacuated. The Department was working with the Department of Health to implement the required protocol, including contact tracing to ensure that other members of the staff are safe. The concerned person did not come into contact with departmental stakeholders.

Programme 2: Regulatory Compliance and Sector Monitoring (RCSM)

The same concern about the lack of attention to the fisheries sector in the *Administration Programme* was raised about the missing target[s] for law enforcement specifically targeting fisheries in the *Regulatory Compliance and Sector Monitoring (RCSM) Programme* that seeks to promote the development and implementation of an enabling legal regime and licensing/authorisation system to ensure enforcement and compliance with environmental law. There is no reference to the fisheries sector in the law enforcement function of this Programme despite the addition of this vital branch to the Department. A question was asked about how the Department deals with the issue of non-compliance in the public sector with relevant legislation in terms of *Chemicals and Waste Management.* There was a concern that the public sector breaches chemicals and waste management legislation more than the private sector does. In terms of compliance with waste management legislation, the Minister responded that municipalities are failing to live up to their responsibilities because the Waste Bureau, which is supposed to progressively build its capacity to support municipalities in the development and implementation of integrated waste management plans and capacity building programmes, as required by the National Waste Act (Act No 59 of 2008), is not presently performing this function. There are many other functions that the Waste Bureau should undertake under the law, but it is not involved in those other important responsibilities, and hence the Department's emphasis on the need for the Waste Bureau to exit the waste tyre disposal function, including reuse and recycling of waste tyres.

There was a follow up question on how Minister Creecy dismissed the appeals against last year's approval of vastly expanded beach mining operations on the West Coast, north of the Olifants River, which in essence gave go-ahead to a highly controversial proposed expansion by an Australian-owned mining company. The Minister responded that, under the *One Environmental System*, the EIA issuing authority is the Department of Mineral Resources and Energy (DMRE), not DEFF. However, the Minister of the Environment, Forestry and Fisheries is the appeals authority, which means that the Minister has to consider whether the legal argument against the environmental authorisation is sound enough to overturn the EIA. There is no legislation in the country that disallows mining on beaches unless those beaches fall within a protected area. She made some adjustments, but could not find in terms of law or regulated environment why mining could not go ahead in the proposed area.

Programme 3: Oceans and Coasts

The purpose of the Oceans and Coasts Programme is to promote, manage and provide strategic leadership on oceans and coastal conservation. Despite the significant role of this branch, for example, South Africa has jurisdiction over an extensive exclusive economic zone (EEZ), with an extent of about 1.5 million square kilometres, more than the total landscape of the country, there was no discussion on this branch. Notwithstanding, there discussions earlier on marine protected areas when the Committee met with the entities. There is actually a lot that is taking place in South Africa's ocean space, as the Department aims to finalise a renewed "Oceans Economy Master Plan" in order to unleash the potential of the sector to create work in new industries. The Programme has also witnessed steady budget cuts both in the current and past financial year in the face of the Department's mandate to conserve and ensure the coordinated sustainability of these expansive oceans and coastal resources.[6]

Programme 4: Climate Change and Air Quality Management

The purpose of this *Programme* is to improve air and atmospheric quality, lead and support, inform, monitor and report efficient and effective international, national and significant provincial and local responses to climate change. The South African Weather Service's mandate contributes to this *Programme*. Important discussions took place when SAWS appeared before the Committee on 7 May 2020. Nevertheless, there was a question about why the implementation of the Carbon Tax Act No 15 of 2019, did not feature as a target in the Department's APP. The Minister indicated that the Carbon Tax is being implemented by the National Treasury and the role of the Department is to work with the National Treasury on the synergies between the *carbon tax* and the *carbon budget* prior to the tabling of the *National Climate Change Bill* in Parliament in order to avoid double taxation. In response to the question on the role of the Department in enforcing air quality standards, the Director-General affirmed that the Department supports local municipalities to enforce air quality standards, considering the technical issues with the standards that municipalities are not always able to grasp. The Department does this within its financial capacity. Overall, compliance enforcement is coordinated between the three spheres of government: national, provincial and local.

Programme 5: Biodiversity and Conservation

The purpose of this *Programme* is to ensure the regulation and management of all biodiversity, heritage and conservation matters in a manner that facilitates sustainable economic growth and development. The South African National Parks, South African National Biodiversity Institute and the iSimangaliso Wetland Park Authority also contribute to this *Programme*. In the *Biodiversity and Conservation Programme*, the Department was asked to clarify the "*New Deal*" it mentioned under "*Better Africa, better world*". The Director-General explained that the *New Deal* seeks to protect and restore nature for the benefit of people and planet, proposing no more loss of natural spaces or extinctions as well as halving the negative ecological impacts of production and consumption. However, for now countries are in the process of negotiating this new global biodiversity framework through the Convention on Biological Diversity (CBD), which has been called a "New Deal for Nature." This pact, expected to be agreed at the 15th meeting of the Conference of the Parties (COP15) to the Convention on Biological Diversity. The "New Deal" will lay out the global strategy for protecting nature through 2030. On the SANBI matter that the entity is opposed to having black CEOs, especially women, the Minister indicated that she was not aware of this, but she would look into this matter if evidence was provided.

Further questions were connected with whether the High Level Panel would take into account the report of the colloquium convened by the previous Portfolio Committee on Environmental Affairs; the rational for the High Level Panel to get involved in elephant matters when there is already "*National Norms and Standards for the Management of Elephants in South Africa*"; and South Africa's position on lion bone trade, and whether the Department is satisfied by the calibre of individuals on the High Level Panel to produce a credible report. The Minister indicated that she had met with the High Level Panel that was constituted to review policies, legislation and practices related to the management, breeding, hunting, trade and handling of elephant, lion, leopard and rhinoceros. Minister Creecy said that she had stressed the important role of the Panel and the expectation of the Committee and other stakeholders on the Panel to do a proper work and deliver a credible report. She pointed out to the panelists the need for objective, evidence-based decisions, and encouraged the Committee to give the High Level Panel chance.

A further question related to why the Department would not allow local communities to undertake extractive uses of national parks. The Minister responded that the Department would like to work on new programmes that would cater for the needs of surrounding communities with SANParks and present it to the Committee as part of the entity's *adjusted* APP after the tabling of the *Adjustment Bill* by the Minister of Finance.

Programme 6: Environmental Programmes

The purpose of this *Programme* is to ensure the implementation of the Expanded Public Works Programme (EPWP) that has important implications for the environment and to conceptualise and implement green economy projects in the environmental sector. Thus, the aim of the EPWP (via the *Environmental Programmes*) is to provide unemployed mainly disadvantaged people with income support through work opportunities, while building and protecting South Africa's natural resources using labour-intensive methods. It is this recognition that the *Environmental Programmes* has received favourable budget allocations over the years, constituting the largest portion of the Department's budget. Ironically, it is the same *Programm*e with which the Department has been struggling to properly account for transfer costs, thereby earning unfavourable audit outcomes from the Auditor-General of South Africa for some time now. Despite the significant role that this programme plays in job creation and poverty relief, the unprecedented, significant 'real rand' reduction in the budget of the *Environmental Programmes* by over R270 million in the current financial year is worrying. This is truly worrying, considering the huge job creation and skills and enterprise development potential of especially true in light of growing levels of poverty and unemployment among the youth and underprivileged individuals. There were no discussions under this Programme.

Programme 7: Chemicals and Waste Management

The purpose of the *Chemicals and Waste Management Programme* is to manage and ensure that chemicals and waste management policies and legislation are implemented and enforced in compliance with the chemicals and waste management authorisations, directives and agreements. There were many questions under this Programme in line with its strategic goal, comprising the amounts and use of the plastic bag levy as well as tyre recycling levy and whether tyre recycling is on track; clarity on specific *Chemicals and Waste Economy Phakisa* activities that would be rolled out in the current year in terms of waste pickers; the number of waste pickers out of the 500 jobs that would be created in the *Chemicals and Waste Economy Phakisa*; and whether the Department would be working with the other spheres of government, especially municipalities in getting the waste pickers' cooperatives off the ground. There was a request to the Department to explain waste management during Levels 5 and 4 Lockdown beyond the provision of gloves and masks, especially in managing waste that emanates from homes, which could pose a huge risk; how to ensure that plastic bags do not end up in landfill sites; clarity on the allegations that people who were involved tender irregularity in the City of Johannesburg are the same people who got a tender in the Department; and how come that the people who were in REDISA are now in the Waste Bureau, holding senior positions.

The Minister gave responses related to the issue of waste management, including tyre recycling, *inter alia*. She stated that the *Waste Phakisa* identified 27 waste streams that would be managed by different organisations or companies. It is in this regard that the Department had identified waste tyres as an important waste stream and the responsibility for managing waste tyres to the Recycling and Economic Development Initiative of SA (REDISA) on contract. That contract came to an end in 2017, after which the responsibility for tyre recycling temporarily shifted to the Waste Bureau. Consequently, the Department is working with the Council for Scientific and Industrial Research (CSIR) on a *section 29* intervention – a state initiated intervention that would cover the disposal, recycling and reuse of waste tyres. There had been initial discussions with the industry and there would be further discussions with them again in June 2020, after which a proposal would be put out for public comment. This would present the Department with a new environment for managing waste tyres, and provide an opportunity for managing waste tyres, which is a serious problem in the country, especially in terms of surplus waste tyres.

Concerning the Waste Bureau, the Minister drew attention to the irregular finding against the Waste Bureau in the 2018/19 financial year, which led the Department to initiate an independent forensic investigation into that finding. A report was submitted to the Department that recommended to the Department to apply to the National Treasury for condonation of R45 million, as there was no intentional financial malpractice. However, the forensic audit was still ongoing concerning the remaining amount, and hence the Department expected a report before the end of the year. The Department aims to rid itself of the responsibility for managing waste tyres, hopefully before the end of the year. The current involvement of the Waste Bureau is an interim arrangement and it must come to an end.

With reference to the other waste streams (Paper, Packaging, Glass, Electrical Bulb & e-Waste), the Department is in the process of concluding *section 18* process where the Department was calling for voluntary industry plans that would be advertised in June 2020. This is an effort to recognise good initiatives going on out there, as government and to encourage others by setting criteria for those good practices. The issue of formalisation of waste pickers is an integral part of *sections 18* and *29* processes, as one of the criteria for industry partners (or companies) to work in these plans would be to formalise the role of waste pickers in the waste management industry/sector to help them have decent work and decent conditions to comply with minimum health and safety regulations of the country. Concerning the COVID-19 pandemic, the Department works with waste pickers to provide them with personal protective equipment (PPE) and companies, including those doing recycling also provide their employees with PPE. The Department works with recycling companies and municipalities to ensure that relevant regulations are enforced, including social distancing.

Programme 8: Forestry Management

The Forestry Management Branch exists to develop and facilitate the implementation of policies and targeted programmes to ensure proper management of forests and the sustainable use and protection of land and water, manage agricultural risks and disasters. The Branch has a substantial increase in budget allocation in nominal and real terms. The performance indicators have been restructured, although they are mainly similar to those of the 2019/20 financial year. A significant portion of the budget would be directed towards replanting temporary unplanted areas, rehabilitation of nurseries and forests, revitalisation of infrastructure relating to land and water use.

Programme 9: Fisheries Management

The Fisheries Management Branch serves to ensure sustainable utilisation and orderly access to marine living resources through improved management and regulation. In real terms, the budget allocation to the Fisheries Branch has not changed (⬆ 0.51%). The operational budget will be supplemented by revenue generated from the fisheries sector under its entity, the Marine Living Resources Fund. It seems the only priority of the Programme will be law enforcement, while other functions will take a back seat. The development of aquaculture was claimed to be a priority under the Aquaculture Phakisa. Targets in the Fisheries Branch could not be achieved in the preceding financial years due to human and financial capacity constraints. This financial year, the budget reduction on key sub-programmes could mean more targets will be missed when considering that fisheries research and fisheries resource management will not receive an increase. Fishing rights and quota allocations require sound research. The budget reduction is against the ideals pronounced in the NDP of increasing fisheries research to diversify economic opportunities and rebuild fish stocks.[3] A significant portion (R274.3 million or 52.7%) of the financial allocation to the Fisheries Management Branch will be transferred to the Entity, the MLRF, during the current financial year. The MLRF was already struggling to raise funds from the sector mainly due to closure of fishing operations. For example, during the 2018/19 financial year, the Fund generated R311.7 million from the sector. This value was expected to decline to R215.96 million during the 2019/20 financial year.

The complexity of issues and/or significance of the Fisheries Branch drew many questions from members of the Committee who sought clarity on the Department's position on subsistence fishers who seemed not to be recognised during the lockdown like small-scale fishers who were allowed to return back to their trade; whether the Department could issue temporary permits to recreational fishers to allow them to fish for their own consumption; and also charter clubs that used to depend on tourists prior to the COVID-19 outbreak, but are currently struggling to make a living. They would indeed like to go out (to the sea) to fish for self-sustenance; and why it took 14 days to issue the regulations dealing with fishing? The lockdown was declared on 25th March and the regulations only became available on 9th April 2020. There was another question on the rational for withdrawing the *Aquaculture Bill* from Parliament, specifically the NCOP.

All the environment that allows for fishing in the sea is governed by the Marine Living Resources Act (Act No 18 of 1998), which identifies *three* categories of fishers: commercial fishers, small-scale fishers and recreational fishers. There is no category called subsistence fishers under the Marine Living Resources Act, and hence there cannot be any dispensation for them in law. However, the Department is aware of a category of people who fish for their own consumption who used to buy a recreational fishing permit from the Post Office to fish, but recreational fishing and chartering to go out to the sea are not permitted now under Regulation 4 Lockdown. The Department is in discussion with the State Law Advisors to permit

[3] National Treasury (2020).

recreational fishing under Level 3 Lockdown, and they would not like to say nothing further than this, but to state that the Department is aware of people who were fishing for food security on recreational fishing permits procured from the Post Office. On the resourcing of the Fisheries Branch, the Marine Living Resources Fund is supposed to generate its own financial resources just like SANParks that generates the bulk of its revenue. However, this function is currently far from optimal. It was in this regard that she underscored the importance of filling the positions of DDG: Forestry and DDG: Fisheries.

The Minister stated that the *Aquaculture Bill* was withdrawn, owing to the views that the sector is highly regulated by the Agriculture Sector. Consequently, the Department is currently involved in discussions with the Department of Agriculture, Land Reform and Rural Development as well as industry on this matter. The Department would come back to Parliament when these consultations are concluded.

6. ENTITIES REPORTING TO THE DEPARTMENT

6.1. South African National Parks (SANParks)

SANParks was established in terms of the National Environmental Management: Protected Areas Act (Act No 57 of 2003), with the mandate to develop, expand, manage and promote a system of sustainable national parks that represents the country's biodiversity and heritage assets through innovation and best practice for the just and equitable benefit of current and future generations. It was in this regard that SANParks appeared before the Committee via MS Teams on 7 May 2020, along other entities to present its strategic plan, annual performance plan and budget in light of the ongoing coronavirus pandemic. Having received the entity's presentation, members of the Committee raised several issues, as captured below in the discussions.

6.1.1 SANParks Discussions

SANParks was asked about the kind of support that the entity provided to neighbouring communities who, under normal circumstances, benefitted from the economic activities of national parks, taking into account the lockdown restrictions; current interventions to help these communities now; the kind of measures that would be put in place to prevent the spread of

COVID-19; and whether the public would be screened prior to entering parks. In response, the CEO of SANParks stated that there had been widespread relief provided to communities within close proximity of national parks, including the provision of water tanks. SANParks would continue to work with its partners to raise funds towards this cause. SANParks further stated that it has a Standard Operating Procedure and guidelines in place to address screening of employees and the general public once lockdown restrictions on national parks are lifted, stressing that staff members were trained by the Department of Health (DoH) to ensure they were able to perform screening of visitors at the entrances. The entity had already established a programme with the DoH to refer any suspected cases of COVID-19 for further testing and isolation.

The second batch of questions first sought clarity on whether the Black Rhino Biodiversity Management Plan had been revised; if the budget for anti-poaching had been reduced in the previous year, and the reasons for doing so; whether anti-poaching measures would be prioritised following the budget adjustments which would be tabled; and the list of competent authorities responsible for managing marine protected areas (MPAs). Replying to the Committee, Mr Mketeni (CEO), noted that the white rhino population was being targeted at a higher rate than black rhinos. Black rhinos were currently being moved to smaller national parks as a mitigation strategy. The smaller the area they were located in, the easier it was to perform surveillance. The movement of animals away from poaching hotspots was a strategy SANParks had been implementing for the previous *four* years. He indicated that SANParks manages the Addo National Park MPA, Namaqua National Park MPA, Robben Island MPA, Tsitsikamma National Park MPA, West Coast National Park MPA (including Langebaan, Jutten, Malgas, Markus and 16-mile beach MPAs) and Table Mountain National Park MPA. Thus, SANParks manages a total of 10 MPAs. In responding to the question on the anti-poaching budget, the Chief Financial Officer, Mr Dlamini confirmed that the budget for anti-poaching had been increased. The current budget was R270 million, which included conservation, rangers and protection services, noting that there had been an increase in the costs associated with anti-poaching programmes, especially in the Kruger National Park. SANParks also received additional funds from NGOs.

Additional questions related to the SARS Commissioner's projection of 11-12 per cent decrease in government revenue, which would likely lead to budget cuts, and the implications for SANParks' APP, as presented. Specific questions sought to find out those planned targets that the entity had identified to be affected by budget cuts; whether the plan to outsource procurement to BBBEEs and SMMEs would increase costs and by how much; if the EPWP was already active or it would be used, following level four restrictions; what the details of the new priorities would be and how spending would be amended to reflect this; and how SANParks would manage, given that income/revenue would be lower than expected. The Chief Financial Officer, Mr Dlamini responded that SANParks had already identified areas for potential cost cutting. The organisation would focus on its top 20 spending areas, including overtime, travel, training, benefits and consulting. The CEO of SANParks, Mr Mketeni responded that procurement by BBBEEs and SMMEs would not increase any costs, with the CFO, elaborating that the increase in outsourcing by BBEEs and SMMEs would not lead to increased overall costs. This was because only the component of bid specification and evaluation would be outsourced and not the transactional procurement. This would only lead to minimal changes. Mr Mketeni further stated that new priorities would be established in time with the unfolding of events.

The final points of discussion comprised whether there would be any possible job losses as a result of the COVID-19 pandemic; how SANParks' strategy addressed the need to attract more tourists beyond lockdown restrictions; and the readiness of SANParks to deliver on improving diverse responsible tourism as per its outcome goal two. In response, the CEO noted that it was difficult to respond on the issue of job losses. However, he was hopeful that many jobs would be saved. He further pointed out that tourism was indeed a revenue engine. SANParks planned on doing extensive promotion and packages to encourage tourists once lockdown restrictions are lifted. Meanwhile the Chairperson of SANParks Board, Ms Yawitch acknowledged the questions raised by the Committee that they were mainly clarity-seeking questions during uncertain times. She echoed the Minister in stating that SANParks was still awaiting guidance from the National Treasury in relation to any possible amendments to the APP or the budget. Until then, the board and management could not proceed to identify any possible changes. This was why the Minister had suggested the need to return and report to the Committee once directives had been received from the National Treasury. The same applied to job losses. SANParks did not expect any job losses, but this could only be guaranteed once guidance had been received.

6.2.iSimangaliso Wetland Park Authority (IWPA)

The iSimangaliso Wetland Park Authority in KwaZulu-Natal was established in 2002 in terms of the World Heritage Convention Act (Act No 49 of 1999), with the mandate to ensure that effective and active measures are implemented in the Park for the protection and conservation of World Heritage Convention values; promote empowerment of historically disadvantaged communities living adjacent to the Park; promote, manage, oversee, market and facilitate optimal tourism and related development in the Park; and encourage, sustain, invest and contribute to job creation. Similarly, having received the iSimangaliso Wetland Park Authority's presentation fashioned around its mandate, members of the Committee raised several issues on the entity's strategic plan, annual performance plan and budget as well as the impact of the COVID-19 pandemic on its work. These are captured below in the discussions.

6.2.1 iSimangaliso Discussions

Members of the Committee directed a number of questions at the iSimangaliso Wetland Park Authority, specifically relating to whether there had been cases of rhino poaching in the Park in the past six months; how the Park was managing marine protected areas (MPAs) and the availability of budget for this function; whether iSimangaliso received any application for mining in the World Heritage Site; current status of the phasing out of Ezemvelo KZN Wildlife regarding conservation aspects; relationship between the Park and local communities as well as the Ezemvelo KZN Wildlife; current type of relationship with Ezemvelo given previous tensions between the two authorities; whether this relationship improved and what iSimangaliso envisaged the relationship would look like in order to improve the functioning of the Park; the amount of money that had been set aside for the food parcel distribution project and how iSimangaliso had determined who would benefit; if the comprehensive plan for business development by iSimangaliso had been revised following COVID-19 and how resources that had been allocated for this purpose were managed during the lockdown period; what iSimangaliso was doing towards occupational health and safety during the pandemic; and what had been done to address issues surrounding compliance to regulations, issuing of personal protective equipment (PPE) and awareness on COVID-19.

Mr Bukhosini, the CEO of the iSiMangaliso Wetland Park responded that they had seen a sharp decline in the incidence of rhino poaching over the last six months. Figures from previous years were notably higher than they currently stood. He acknowledged that there was a fiscal challenge posed by the transition from implementation to management of MPAs. However, iSimangaliso collaborated with an NGO called Wild Oceans to execute some of the activities related to MPAs. Additional funding of R1.5 million was received from the Department to complement the previous budget of R2.2 million. He indicated that iSimangaliso was currently working on the phasing out of Ezemvelo, but a report on how the transition would be finalised was still being drafted. The boards of both entities had met to discuss a way forward, although it was too premature to indicate how things would eventually turn out. He also responded that there were currently no new sand dune mining applications since the last engagement with the Portfolio Committee, he could not speak at length about the relationship between iSimangaliso and traditional authorities and communities prior to having completed the stakeholder survey. However, there had been significant improvement; community members and other stakeholders had become more proactive in communicating with the Park.

Similarly, the CEO indicated that the relationship between Ezemvelo and iSimangaliso had undoubtedly improved. The two entities had been engaging in joint meetings and were addressing pertinent issues without any problems. However, on the issue of distribution of food parcels, he responded that the focus had mainly been on destitute families located within the Park, noting that iSimangaliso enlisted the assistance of traditional authorities and ward councillors to identify families that were at most need. No money had been set aside from the budget for this purpose as funds had been donated to iSimangaliso to do this. The distribution was well executed and received by the community. Furthermore, Mr Bukhosini indicated that iSimangaliso had developed a comprehensive plan which detailed the identification of vulnerable employees, screening before returning to work and deep cleaning of all facilities. Thermometers, hand sanitisers and masks were all procured. Returning employees would undergo mandatory screening and would be required to fill in declaration forms detailing their symptoms if they had any and if they had travelled outside of the province. The entity was working closely with the DoH to refer any cases that raised suspicion. Finally, the Chairperson of the Board of iSimangaliso Prof Nzama concluded that notable strides had been made towards ensuring the entity was ready and fully capable to tackle any issues following the return of employees.

6.3. South African National Biodiversity Institute (SANBI)

SANBI was established in September 2004, in terms of the National Environmental Management: Biodiversity Act (Act No 10 of 2004). The mandate of the Institute is to monitor and report regularly on the status of South Africa's biodiversity, all listed threatened or protected species, ecosystems and invasive species; and the impact of any genetically modified organism that has been released into the environment. The Institute is also mandated to act as an advisory and consultative body on matters relating to organs of State and other biodiversity stakeholders; coordinate and promote the taxonomy of South Africa's biodiversity; manage, control and maintain all national botanical gardens, herbaria and collections of dead animals that may exist; and advise the Minister of Environment, Forestry and Fisheries on any matter regulated in terms of the Act, and any international agreements affecting biodiversity that are binding on South Africa. To this end, SANBI presented its strategic plan, annual performance plan and budget for scrutiny by members of the Committee. The discussions which ensued are featured below.

6.3.1 SANBI Discussions

The first set of questions to be asked under SANBI's presentation was directed at the Department whether it was aware of the amendment to the Meat Safety Act gazetted by the Department of Agriculture, Land Reform and Rural Development (DALRRD), which allowed for the inclusion of threatened species under *Schedule I*, meaning these species could be slaughtered in abattoirs for export; how the two departments would address the tensions between them, as DALRRD tended to act unilaterally when it came to the amendment of regulations and acts, which had an indelible impact on the conservation of wildlife species under DEFF; whether there would be any changes to be made to the Convention on International Trade in Endangered Species (CITES) in light of the COVID-19 pandemic and hence the export of live wildlife, considering that South Africa was the number one exporter to Asia and the ensuing risks associated with this trade; whether South Africa should not act progressively by banning this kind of trade; and other alternative solutions that the Department might be contemplating if it did not consider banning the trade.

The Minister of Environment, Forestry and Fisheries, Hon Barbara Creecy responded to these questions regarding DALRRD and CITES, which she considered important, but they did not fall under the purview of SANBI. There were broader issues related to the amendment of the Meat Safety Act, which she had raised with Ms Thoko Didiza, the Minister of Agriculture, Land Reform and Rural Development. She had taken personal independent legal advice, and had been assured that the environmental legislation that protected these relevant wildlife species took precedence over the regulations relating to the trade of these threatened species. Prior to the lockdown, the two departments had been scheduled to meet to discuss the matter, but other issues had come to the forefront. However, this matter remained very important and had to be resolved. Minister Creecy further stated that her Department could indeed make recommendations to the CITES and in due course, the CITES would be convening a meeting to facilitate consultation. This is pertinent as there had been statements by the United Nations concerning the transfer of the virus from animal species to humans.

Another question related to whether SANBI would consider doing something similar to what the Kruger National Park was doing by providing online access to the Park, which allowed customers a virtual tour of the property to view animals in their habitats during the lockdown restrictions, as this could feed into the recovery plan and a new marketing strategy, and whether funds could be redirected towards this purpose. The SANBI Board Chairperson, Ms Ferguson responded by underscoring that SANBI was encouraging virtual tours of the gardens through online footage. In addition, the entity was revisiting its marketing plans, given the current lockdown restrictions. The Committee commended SANBI's forward thinking, which was demonstrated by its economic recovery plan and initiative in finding alternative donors.

Additional questions to SANBI included the number of the regular staff who were not at work during the initial lockdown restrictions; the number of claims that been made to the Unemployment Insurance Fund (UIF), given that SANBI was a state entity; the extent of the impact that COVID-19 had on the entity; whether SANBI had been involved in any activities related to social responsibility, such as the distribution of food parcels to vulnerable communities, as other entities had reportedly done; and finally, SANBI was asked to elaborate if the post-pandemic recovery plan promoted greater inclusivity of women and youth to ensure a degree of economic participation. Accordingly, SANBI responded that it contributed to the UIF, but this benefit had not yet been utilised under COVID-19, but the entity would apply if the need arose. However, the entity had not been involved in the distribution of food parcels, but it had contributed to the Solidarity Fund, where its senior managers had given up a portion of their salaries. SANBI was looking broadly at its corporate strategic plan to ensure that the inclusion of women and youth was prioritised, apart from the economic recovery plan. This would be done through efforts directed at education, human capital development and in training programmes where SANBI had the opportunity to reach out to a wider range of stakeholders. SANBI had not seen a notable involvement of youth in citizens' science programmes, which was an area the entity aimed to strengthen, as demonstrated in its performance plan. Human development interventions were another area in which SANBI intended to promote greater inclusivity.

Conversely, responding to a question whether any directives had been given by the Department after *level four* restrictions were introduced, especially in terms of fishing, as there was notable confusion in this area, the Minister of Environment, Forestry and Fisheries indicated that the Department had issued directives which had retained the ban on the export of live animals during the *level 4 lockdown*, and was producing directives on waste permits and fisheries. However, the delay in the publishing of these directives was because the Department had to consult with provincial departments, as these functions were shared. The Department had signed off on the final draft of directives. These had been transferred to the legal work stream of the National Command Council to make sure they were consistent with the regulatory environment. The directives were expected to be available in the following week.

6.4 South African Weather Service (SAWS)

The South African Weather Service (SAWS) is a *section 3a* entity established in terms of the South African Weather Service Act (Act No 8 of 2001) as amended, Public Finance Management Act (PFMA) and associated treasury regulations. SAWS mandate is to provide *two* distinct services, i.e., the public good service, which is funded by the Government of South Africa and commercial services where the user-pays principle applies. SAWS' strategic plan, annual performance plan and budget, which were presented to the Committee were reflective of this two-fold function. The details of the interactions between the Committee and SAWS, in the presence of the Minister are captured in the following discussions section.

6.4.1 SAWS Discussions

Members of the Committee directed several questions at the South African Weather Service (SAWS), with the first set of questions comprising whether an early warning grant that had been introduced was a new grant; how SAWS planned to maintain its commercial revenue, given that it may not be able to provide some of its services during the current situation; the exact plan for managing the R65 million grant targeting the education of communities; and the kind of maintenance plans SAWS had in moving forward. A further question related to the relationship between weather patterns and the incidence and viability of viruses, and whether SAWS had been approached to play a more active role in planning where the focus areas should be as winter approached. In return, SAWS confirmed that there had been an early warning grant of R40 million in the previous financial year, while this year the grant stood at R100 million. SAWS was currently engaging with the National Treasury to address the inevitable financial impact of the COVID-19 pandemic, indicating that the entity had internally developed an economic recovery plan and cost cutting measures. SAWS pointed out that it had maintenance plans and schedules in place, and hence the entity's executive management reported to the board on the availability of infrastructure on a quarterly basis. SAWS confirmed that it was working closely with government with a focus on seasonal viruses. In addition, SAWS scientists had introduced a new programme, where they were working with medical and economic experts and Statistics South Africa.

The second set of questions at SAWS related to SAWS's awareness programmes, especially the projected timeline presented in SAWS APP, which would take about 12 years to reach the 44 district municipalities. Specific questions in this regard concerned the criteria that SAWS would be using to select the 44 district municipalities; reasons for the missing link between the generation of data on emissions and consequences, in terms of air pollution; what SAWS was doing with collected data if data were not being used to hold emitters accountable; why many air quality monitoring stations reporting data on the South African Air Quality Information System (SAAQIS) often offline on the SAAQIS website; whether there was collaboration between SAWS, municipalities and air quality monitoring officials; if the collaboration involved data collection and integration went; the frequency of this collaboration; and the responsible authority (or person) that oversaw this relationship.

SAWS responded that the approach to reach the 44 district municipalities would be twofold: SAWS would be working at a national department level, as well as collaboratively with disaster management authorities at the provincial and district levels to deploy additional awareness activities which would be done more frequently. Currently, the role of SAWS was to monitor air pollution and to report its findings, however, SAWS was working on enforcement policies, which would be implemented by the Department. SAWS was aware that some of the stations were offline in certain areas, and attributed these to maintenance and power losses, *inter alia*. However, the entity was unable to elaborate more on the air quality monitoring stations in the South Durban Basin, and aimed to respond in writing.

Finally, members of the expressed concern about SAWS having been marred by many allegations of irregular appointments and suspensions of members of its executive management. Specific concerns were raised about whether Dr Jonas Mphepya was appointed as an executive at SAWS, despite his dismissal and the organisational policy stating that dismissed individuals were not eligible for re-appointment. The second matter related to the appointment of Ms Miriam Machoele at SAWS, despite allegations of corruption at her former position with SA Express. At SA Express she was Merriam Mochoele, General Manager: Legal Risk and Compliance, whereas at SAWS she is Merriam Chueu; Senior Manager: Compliance. The specific question was whether the Chairperson of the SAWS Board was aware of these alleged irregularities in the appointment of the two executives.

In response, the Chairperson of the SAWS Board, Ms Magomola stated that she and the Board were unaware of the allegations surrounding Dr Jonas Mphepya, and that they would look into the matter. However, she confirmed that the recently appointed senior manager of compliance at SAWS was the same Ms Miriam Machoele who had left SA Express following allegations of corruption. An investigation had been completed under the current Chief Executive Officer (CEO) of SAWS, and the matter had been closed following this inquiry. Mr Ndabambi (for SAWS) confirmed that there had been an investigation into the appointment of Ms Machoele, which found that Ms Machoele had not disclosed the conditions under which she had left SA Express. A disciplinary process was completed, and a warning was issued. He undertook to supply the Committee with formal written response, detailing the circumstances surrounding the appointment. Furthermore, Ms Magomola assured the Committee that SAWS would do a further investigation on both issues and return with a report on the findings.

7. COMMITTEE OBSERVATIONS

Having considered the inputs by the Department and entities, the Committee noted the manner in which the Department and entities functioned to execute their mandate and take on new responsibilities for managing the fallout of the COVID-19 pandemic on our people at such an uncertain time in the history of humanity. It is in this respect that the Committee values what the Department and the entities are doing in providing leadership in environmental management, conservation and protection towards sustainability for the benefit of South

Africans and the global community. Notwithstanding, the Committee has made the following observations:

- The Committee appreciated the information presented by the Department and its respective entities on their strategic plans, annual performance plans and allocated budget, further noting that the APPs and the budget are bound to change upon the tabling of the *Adjustment Budget/Bill* that properly reflects our government's response to the ongoing threat of the COVID-19 pandemic with serious implications for the tabled budget;
- The Committee noted the linkages between the strategic objectives of the Department (and hence entities) and strategic priorities of the *Sixth Administration*, which in turn, are anchored in our development blue-print, the National Development Plan Vision 2030;
- The Committee was pleased with the full transfer of the two branches (Forestry and Fisheries) to their new home (DEFF) and appreciated the Minister's efforts to fill the large number of acting positions in the Department (e.g., Acting Deputy Director-General (DDG): Climate Change, Air Quality and Sustainable Development; Acting DDG: Chemicals and Waste Management; Acting DDG: Forestry; and Acting DDG: Fisheries), prioritising those in the Forestry and Fisheries branches that had been bedevilled by capacity constraints;
- The Committee is concerned that the Small-scale Fisheries Directorate is not adequately capacitated to deliver on its functions. The scope of the directorate does not match the allocated human and financial resources for the implementation of small-scale fisheries objectives and the management of the small-scale fisheries sector;
- The Committee noted the progress that the Department has made thus far to manage the establishment of a sustainable environmentally-sound e-waste management system for the country;
- The Committee observed the current annual growth targets for rhino population: *four* per cent for SANParks and per cent for the Kruger National Park, but the Committee did not believe those targets were sufficient enough to offset the level of poaching as per the Black Rhino Biodiversity Management Plan;
- The Committee noted the APP of the *Administration Programme*, which aims to provide strategic leadership, centralised administration, executive support, corporate services and effective cooperative governance, international relations and environmental education and awareness for the whole Department, but appears to be narrowly focused on the environmental sector at the expense of the fisheries sector, which means much to a vast number of South Africans. The same seems to be the case for the *Regulatory Compliance*

and Sector Monitoring (RCSM) Programme that seeks to promote the development and implementation of an enabling legal regime and licensing/authorisation system to ensure enforcement and compliance with environmental law. There is no reference to fisheries in the law enforcement function of this Programme;

- The budget allocation for the Fisheries Branch of about R500 million does not reflect the true value of this sector, whose significant contribution to the South African economy is indisputable, especially when the livelihoods of poor coastal communities are taken into account;
- There were concerns around iSimangaliso's transition from implementation to the management of MPAs due to a need for increased revenue to fund this function;
- It would have been better to present the adjusted budget and the Apps at a later stage, given the current situation and the impact of COVID-19 on the Department and entities;
- The Committee noted that there was a comprehensive plan for business development in the iSimangaliso;
- The Committee noted the premature departure of the Chief Executive Officer of SANBI, Dr Moshibudi Rampedi on allegations of hostility against her as an African female;
- The Committee expressed concern about SAWS having been marred by many allegations of irregular appointments and suspensions of members of its executive management. Specific concerns were raised about the alleged improper appointment of Dr Jonas Mphepya as an executive at SAWS, despite his dismissal and the organisational policy stating that dismissed individuals were not eligible for re-appointment. The second matter related to the appointment of Ms Miriam Machoele at SAWS, despite allegations of corruption at her former position with SA Express;
- The Committee was pleased with the plans underway to phase out the use of mercury under the Minamata Convention on Mercury, which is a global treaty to protect human health and the environment from the adverse effects of mercury. The South African Government deposited its instrument of ratification on 29 April 2019;
- The Committee was concerned about the status of waste tyre recycling in the country due to the lack of a dedicated entity, following the fallout of the court case between REDISA and the Department;
- The Committee supports the ongoing work of the High Level Panel appointed to review policies, legislation and practices related to the management, breeding, hunting, trade and handling of elephant, lion, leopard and rhinoceros; and

- The Committee saw the need to accept the Department's Budget, Strategic Plan and Annual Performance Plan (and targets), which were presented before the Committee as tabled, given the current situation faced by the entire country. It was important to take into account the current realities.

8. COMMITTEE RECOMMENDATIONS

Having considered the strategic plans, annual performance plans and budget allocations of the Department and entities, the Committee was acutely aware of the capability of the Department and entities to prudently use the allocations made to them to fully implement their strategic plans, annual performance plans, indicators and targets that they had set for themselves *ceteris paribus*. However, a lot has happened since the tabling of the budget and associated plans of the Department and entities as a result of COVID-19, which is almost without precedent. The unprecedented nature of this health crisis and the uncertainty around its precise economic toll are real, and the Committee bore this in mind, as it made the following recommendations.

- The waste diversion target of 10 per cent is rather very small, considering the capacity of existing landfill sites let alone those operating illegally. The 7-per cent target for diversion of manufacturing waste is also scanty, considering the volume of waste originating from this sector. Similarly, the number of industry waste plans need to be upscaled, as a matter of urgency;
- The Department should ask hard questions about what it would mean to seriously tackle the wildlife trade, both *legal* and *illegal* trade. There is a need to review the link between the two, as animal products procured from illegal sources are often laundered through legal channels and sold as more valuable "wild-caught". For instance, wildlife products that derive from licensed breeding centres for endangered species (e.g., rhinos, lions, tigers, etc.) could be used as avenues for laundering endangered wildlife products, which are illegally sourced;
- South Africa should ensure that its trade in wildlife and wildlife products is closely linked to proper pathogen surveillance focused on wildlife trade and to protect global human health, although the human health risks associated with live animal trade can never be eliminated entirely. There were concerns about lion bone trade and tuberculosis. This becomes important in terms of product liability, given the fact that these concerns were articulated in the country of origin;

- The scope of departmental programmes that cater for the ecology of the entire Department, such as the *Administration Programme* and the *Regulatory Compliance and Sector Monitoring (RCSM) Programme*, should be enhanced to account for new additions such as Forestry and Fisheries branches that must be reflected in their APP targets;
- There is a need for the Department to recognise the fishing rights of categories of fishers who are not presently recognised, notably subsistence fishers, as we move to levels 4 and 3 lockdown. There is a need to relook at the regulations that stemmed from the *Marine Living Resources Act* (Act No 18 of 1998) to institutionalise their resource use rights;
- The Department should allocate interim fishing permit to allow fishers who had traditionally used the recreational fishing permit to continue fishing for livelihoods;
- The Department should streamline its communication of regulations among the national, provincial, and municipalities to avoid impeding fishing activities;
- The Department should establish a transparent and accountable mechanism to guide the fishing rights allocation process and associated recourse;
- The Department should inform the Committee on its planned strategy to improve consultations with industry stakeholders, in particular disadvantaged stakeholders to minimise exclusions;
- The Department should not allow the environmental gains due to the COVID-19 pandemic in terms of biodiversity, air quality and climate change to slip away from sight, but rather find creative ways to sustain it;
- The allegations of improper appointments at SAWS must be addressed expeditiously, and those responsible for those alleged appointments must be held to account, as this is not the first time where SAWS had appointed a senior staff member while being subjected to a disciplinary process elsewhere. A similar appointment of another employee who was allegedly facing a disciplinary action at SAFCOL was brought to the attention of the Portfolio Committee on Environmental Affairs in the *Fifth Parliament*. SAWS has been facing serious instability since the 'forced' departure of the former CEO, Dr Linda Makuleni. SAWS should conduct full investigation and review on all senior appointees and return with a report on the findings; and
- The Department should table an updated budget and annual performance plan that might arise as a result of the tabling of a revised budget (Adjustment Bill) in Parliament by the Minister of Finance to account for the government's R800 billion response to the COVID-19 pandemic, as announced by the President of the Republic, Mr Cyril Ramaphosa.

The Minister should submit a detailed response to the Committee on all the recommendations made in this report within 90 days after the adoption of this report by the National Assembly.

Having due regard to the changes that might become necessary in the budget and annual performance plan targets of the Department upon the tabling of the Adjustment Budget (Bill) in response to government's response to the COVID-19 pandemic, the Portfolio Committee on Environment, Forestry and Fisheries recommends to the House to adopt the Department of Environment, Forestry and Fisheries' Budget Vote 32 allocation for the 2020/21 financial year, with the allocation of ***R8.954 billion***, as tabled on 26 February 2020.

Report to be considered.

4. REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION ON THE STRATEGIC PLAN 2019/20—2023/24, ANNUAL PERFORMANCE PLANS (APPS) 2020/21 AND THE BUDGET VOTE 07 OF THE NATIONAL SCHOOL OF GOVERNMENT, DATED 27 MAY 2020

1. BACKGROUND

The Portfolio Committee on Public Service and Administration (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plan, Annual Performance Plan and Budget allocations of the National School of Government tabled by the Minister in terms of the Public Finance Management Act (Act No 1 of 1999), reports as follows:

2. INTRODUCTION

Parliament plays an important role in overseeing planning and performance of government departments and public entities as well as Chapter 9 and 10 institutions. 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 stipulates 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 strategic and annual performance plan, the Committee ensured that the National School Government's plan and budget allocation serve the needs and aspirations of the public servants. Budget allocation serves as a key instrument for government to promote socio-economic development. Budget allocation plays a critical role as an economic instrument of the government to reflect on 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.

On 06th May 2020, the Committee considered presentation on the Strategic and Annual Performance Plans and budget allocation of the National School of Government (NSG). This report summarises the presentation received from the NSG, focusing on the 2019/24 Strategic Plan and 2020/21 Annual Performance Plans and Budget as well as allocations over the MTEF.

3. OVERVIEW OF THE NSG

The National School of Government (NSG) draws its mandate from the Constitution, and with particular reference to 195(1) (h), which stipulates that: “good human resource management and career-development practices, to maximise human potential, must be cultivated”. The applicability of this, and the other values and principles to the three spheres of government, organs of state and public enterprises indicates the requisite depth and the reach of the NSG in order to fulfil this constitutional mandate.

The NSG has to ensure that all of the basic values and principles are inculcated into the value system and performance of all public servants and representatives through education, training and development (ETD) initiatives. It does so through its curriculum design, development and delivery approach with the practical application of participatory, people-centred methodologies and the application of indigenous facilitation and learning techniques during the ETD initiatives, in building a caring ethos and citizen-centred service delivery focus amongst public servants. This approach consciously focuses on the application of the principles and values of the Constitution and the realisation of the public administrative justice to all whom we serve.

4. LEGISLATIVE MANDATE

Section 197 of the Constitution provides for a public service within public administration, which must function, and be structured, in terms of *national legislation*, and which must loyally execute the lawful policies of the government of the day. The NSG, as a national public service department, thus draws its mandate from national legislation – the Public Service Act, 1994 (Proclamation 103 of 1994), as amended. This is the core mandate which establishes the NSG for it to fulfil a function of providing training or causing the provision of training to occur within the public service. Accordingly, section 4 of the Act provides the following mandate:

(1) There shall be a training institution listed as a national department (in Schedule 1 of the Act).

(2) The management and administration of such institution shall be under the control of the Minister (Public Service and Administration).

(3) Such institution, shall provide such training or cause such training to be provided or conduct such examinations or tests or cause such examinations or tests to be conducted as the Head of the institute may with the approval of the Minister decide or as may be prescribed as a qualification for the appointment or transfer of persons in or to the public service. The School may issue diplomas or certificates or cause diplomas or certificates to be issued to persons who have passed such examinations.

Whilst this piece of legislation empowers the NSG to fulfil its mandate, the limitation of the Public Service Act is that it is applicable to the national and provincial spheres of government. Another piece of enabling legislation - Public Administration Management Act, 2014 (Act No. 11 of 2014) - gives effect, *inter alia*, to the progressive realisation of the values and principles governing public administration across the three spheres of government.

5. STRATEGIC GOALS OF THE NSG

The NSG strategy is aligned to the MTSF as well as the performance agreement of the MPSA and is able to contribute to all of the aforementioned outcomes through ETD interventions, for example the reduction of wasteful, fruitless and irregular expenditure in public sector institutions; the reduction in incidents of corruption in the public sector; socio-economic rights; and gender mainstreaming in public sector institutions. The NSG has, with a focus on social compact and engagement with citizens, developed and implemented ETD interventions in supporting the progressive realisation of socio-economic rights of communities. This programme aims to capacitate Community Development Workers (CDWs), facilitate participatory community engagement for Ward Councillors, and Traditional Leaders for socioeconomic development.

The NSG responds to outcome 3 (professional, meritocratic and ethical public administration), and its contribution will be measured by the following outputs:

- A compulsory in-service training framework that is approved by 2020 and 8 compulsory programmes rolled out by 2022.
- The recognition of professionals in the public sector by a professional body by 2023 (working in partnership with the Department of Public Service and Administration).

6. BUDGET ANALYSIS

The School's overall budget allocation for 2020/21 is R206.6, compared to R187.9 million in 2019/20. This represents an increase of 10.0 per cent in nominal terms. However, in real terms the total budget for the Department increased by only 5.32 per cent between the 2019/20 and 2020/21 financial years. The budget of the School is divided into two programmes. Both programmes are cost drivers, namely; Programme 1: Administration (R112.9m); Programme 2: Public Sector Organisational and Staff Development (R93.7m).

The School aims to continue to revise 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 planned to conclude its consultation with key stakeholders on the revised funding model in 2019/20 financial year. The School plans to implement revisions to the trading account's tariff structure to ensure that the School generates more revenue.

Table 1: National School of Government budget

Programme R'000	Revised Estimates 2019/20	Medium Term Expenditure Estimates		
		2020/21	2021/22	2022/23
1 Administration	108.1	112.9	119.5	124.5
2. Public Sector Organisational and Staff Development	79.8	93.7	107.8	111.8
Total	**187.9**	**206.6**	**227.3**	**236.3**

Estimates of National Expenditure (2020)

7. PROGRAMME PERFORMANCE

The NSG has two programmes whose budget and activities are as follows:

7.1 Programme 1: Administration

The purpose of this Programme is to provide strategic leadership, management and support services to the School. The budget for Programme 1 increased from R108.1 million in 2019/20 to R112.9 million in 2020/21. This represents 0.04 per cent increase in real terms in the budget allocation between 2019/20 and 2020/21. The programme is one of the two major cost drivers under this Vote, consuming 54.64 per cent of the overall allocation. It is also one programme that experiences minimal real percentage increase. The main cost drivers are Corporate Services at R95.2 million and Management at R17.0 million. The School reduced the average number of days for debt collection to 60 days. All disciplinary cases were resolved within 60 days from the date of receiving the case. The School facilitated three agreements supporting international exchanges and capacity building initiatives.

The School projected to collect cumulative revenue of R132 million generated through Training Trading Account and other funding sources. The School will develop 12 communication interventions aimed at promoting its services across the public sector including the State Owned Enterprises. Moreover, the School targets 50% of business development interventions resulting in uptake of the NSG services in the public sector including State Owned Enterprises. The School will develop a repository for information and knowledge management in this financial year. It will further undertake two research reports informing Education Training Development (ETD) discourse.

7.2 Programme 2: Public Sector Organisational and Staff Development

The Public Sector Organisational and Staff Development (Programme 2) is responsible for facilitating transfer payments to the Training Trading Account, which provides education, development and training to public sector employees.

The budget allocation for Programme 2 increased from R79.8 million in 2019/20 to R93.7 million in 2020/21. In real terms the budget allocation of Programme 2 increased by 12.47 per cent between 2019/20 and 2020/21. This programme consumes 45.36 per cent of the overall budget. The Programme's budget (R93.7 million) is allocated to the National School of Government Training Trading Account sub-programme, which provides education, development and training to public sector employees. The School introduced the use of the e-Learning modality that enables it to offer 22 e-Learning courses and to establish communities of practice, as well as open online courses. The School undertook ten training needs analyses with public sector institutions. The School completed six research projects to inform training needs and opportunities.

The National Development Plan emphasises the importance of professionalising the public service. The NDP highlights that building a skilled and professional public service requires a vision on how public servants experience and expertise develops during their careers. Therefore, the NSG plays a fundamental role in ensuring that public service is professionalised by providing compulsory induction to all public servants. The School intends to complete ten skills assessment reports to inform ETD needs and analyse report of Workplace and Sector Skills Plans to inform ETD interventions. Among the targets to be achieved in this financial year is to develop or review eight courses/programmes/ interventions responsive to identify skills gaps and government priorities.

The School will report on the progress of six evaluation studies and further scope two areas of professionalising functional areas of public servants. This financial year, the School will scope the full post graduate qualification to be offered by the NSG. The School will further enter into 50% of the partnership facilitating the uptake of the NSG ETD interventions. Moreover, it will establish thought leadership platforms and two thought leadership platforms hosted. The School intends to implement Performance Management Systems for Training and Development Practitioners.

The School will train 7 900 on compulsory category 2 programmes. Over 15 000 public servants to attend public service induction programme. A total of 20 700 public servants to attend demand-led ETD interventions in three spheres of government and SOEs. The School will develop an online course/programme on how to deal with all forms of discrimination. Furthermore, it will develop and pilot the online curriculum and case studies in partnership with the Department of Basic Education (DBE) and 34 active online learning ETD intervention available.

8. OBSERVATIONS AND FINDINGS

The Portfolio Committee identified the following matters in relation to the Budget Vote 7:

8.1 The Committee noted and considered the Strategic Plan (2019-2024) and Annual Performance Plan 2020/21 financial year of the National School of Government. The NSG's strategic plan fully reflects the mandate from the Constitution, and with particular reference to section 195(1) (h), which stipulates that "good human resource management and career-development practices, to maximise human potential, must be cultivated". The Committee was satisfied with the tabled strategic plan and annual performance plan of the School.

8.2 The Committee noted the impact of the pandemic caused on the attainment of annual targets and funding of the National School of Government. The NSG revenue on the Training Trading Account has been severely affected and might impact programme 2 of the School, which fully funds its activities including Compensation of Employees. Therefore, the NSG would have no options but to approach the National Treasury to assist with funding to address possible budget shortfall if the pandemic does not end soon.

8.3 The Committee noted that an estimated R10.5 million monthly on training fees has been lost since April 2020 due to the Coronavirus. This was caused by the fact that the NSG was no longer able to offer face to face learning due to the lockdown and social distancing as a result of COVID-19.

8.4 The Committee welcomed the initiative of introducing compulsory training programmes in the public service. Among the programmes is the compulsory online Nyukela Pre-Entry into the Senior Management Service (SMS) ranks launched by the Minister together with the School.

8.5 The Committee further noted that the NSG will be partnering with Legislatures to offer training courses to legislature staff particularly researchers, content advisors and committee staff in general. The NSG will be launching partnership with five universities, which are Tshwane University of Technology, the Free State, the Western

Cape and the North West with the aim of offering quality-assured courses by these universities. The School's training programmes have to be on par with university training standards, if the School has to remain competent, relevant and be considered as a School of choice by the public servants.

8.6 The Committee welcomed announcement by the School that it will in future provide National Diplomas for officials enrolling for accredited courses. However, the NSG emphasised that its ultimate goal is to impart knowledge to students rather than awarding more certificates without prerequisite knowledge gained.

8.7 The Committee noted that the School will be partnering with professional bodies such as engineering fraternity to train and accredit government engineers to practice and be able to undertake certified government projects rather than outsourcing most of the work of government to private professional bodies.

8.8 The NSG reviewed its organisational structure in order to respond effectively to the public administration's demand of education, training and development since its mandate includes the local government level. Review of the organogram has resulted into a decision to recruit more women to senior management and youth in the School.

8.9 The Committee noted that the world is moving towards the implementation of the Fourth Industrial Revolution (4IR). The NSG finds itself being pushed into implementing e-Learning training as a result of 4IR and outbreak of the COVID-19, therefore the School has to change its business operations, modernise business process and be able to adapt to this technological development.

8.10 The Committee welcomed the newly appointed Principal of the National School of Government, Professor Busani Ngcaweni, and wished him the best of luck in steering the School to highest levels.

8.11 The Committee urged the School to play its role of training and development during the piloting of the District Development Model so that relevant training needs are identified and tailored for a curriculum that fits well in addressing administrative service delivery bottlenecks in all spheres of government.

9. RECOMMENDATIONS

The Portfolio Committee recommends that the National School of Government undertake the following:

9.1 The School should devise a long-term plan to recover self-generated income loss caused by suspension of activities due to the pandemic, within twelve months after the lockdown.

9.2 The School should develop a fully-fledged Funding Model to maintain the self-generated income through the Training Trading Account.

9.3 The School should offer only accredited courses so that full recognition is afforded to employees being trained, so that they have opportunities for development and promotion.

9.4 The School should ensure that it carries through with partnership projects with accrediting bodies, among which is the Institute of Directors, to empower boards serving in the State-owned Entities and other related bodies.

9.5 The School should design a generic curriculum on Crisis Management to deal with unexpected pandemics to empower public service employees during national crises.

9.6 The School should consider, where possible, to offer most of its training courses through e-Learning platforms, as part of modernising its business and saving cost on the logistics such as venues.

9.7 The School, in consultation with the Minister, should encourage employees already appointed to Senior Management Service to also enrol through compulsory online Nyukela Pre-Entry SMS programme for the public Service as part of reskilling and retraining. The Nyukela online Pre-Entry programme should be designed in way that it complements Competency Assessment managed by the Department of Public Service and Administration towards promotions.

9.8 The School should ensure that experienced and highly educated senior public servants with knowledge on subject matters are considered as facilitators and volunteers for training public servants. Quality training should be the main priority of the School.

10. CONCLUSION

The School is encouraged to identify core deliverables and ensure that they are delivered. Where it cannot deliver on such deliverables due to the pandemic, the School should approach the bodies and authorities established by Government to identify activities declarable as essential services. The Funding Model should be prioritised by the School in order to keep it afloat.

Report to be considered.

5. REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION ON THE STRATEGIC PLAN 2019/20—2023/24, ANNUAL PERFORMANCE PLANS (APPS) 2020/21 AND THE BUDGET VOTE 9 OF THE DEPARTMENT OF PLANNING, MONITORING AND EVALUATION, DATED 27 MAY 2020

1. BACKGROUND

The Portfolio Committee on Public Service and Administration (hereinafter referred to as the Portfolio Committee) having considered 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 Brand South Africa tabled by the Minister in the Presidency for Planning Monitoring and Evaluation in terms of the Public Finance Management Act (Act No 32 of 2003), reports as follows:

2. INTRODUCTION

Parliament plays an important role in overseeing planning and performance of government departments and public entities as well as Chapter 9 and 10 institutions. 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 stipulates 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 strategic and annual performance plans, the Committee ensured that the Department of Planning, Monitoring and Evaluation and Brand South Africa plans and budget allocations are in line with Medium Term Strategic Plan 2019/24. Budget allocation serves as a key instrument for government to promote socio-economic development. Budget allocation plays a critical role as an economic instrument of the government to reflect on 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.

On 08th May 2020, the Committee considered presentation on the Strategic and Annual Performance Plans and budget allocation of the Department of Planning, Monitoring and Evaluation and Brand South Africa. This report summarises the presentations received from the Department of Planning, Monitoring and Evaluation and Brand South Africa, focusing on the 2019/24 Strategic Plans and 2020/21 Annual Performance Plans and Budget as well as allocations over the MTEF.

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 Department's role is to lead the development of the NDP 5-year Implementation Plan to provide a medium term roadmap which will inform the basis for developing 5-Year departmental plans that will guide the realisation of the NDP priorities. Development of NDP-5 Year Implementation Plan will serve as a monitoring framework linked to the Programme of Action reporting system

The purpose of the NDP 5-Year Implementation Plan is to advance and guide medium and short-term planning that is responsive to the attainment of the NDP priorities leading to 2030. The NDP 5-Year Implementation Plan will allow for the coordination and alignment of priorities across the spheres of government and non-government stakeholders and assist in integrating all components of national development into mainstream planning processes.

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:

- Supporting the National Planning Commission.
- Facilitating the implementation of the National Development Plan (NDP) through the development of sector specific and outcome-specific medium-term plans and delivery agreements, and monitoring and evaluating the implementation of these plans.
- Ensuring the alignment of departmental strategic and annual plans and budget allocations with government's medium-term strategic framework.
- Monitoring the performance of individual national and provincial government departments and municipalities, and facilitating targeted intervention programmes.
- Monitoring frontline service delivery and managing the Presidential Hotline.
- Developing and implementing the annual national evaluations plan and supporting the national evaluations system; and
- Promoting good planning, monitoring and evaluation practices in government.

5. OVERVIEW OF THE 2020/2021 FINANCIAL YEAR

The Department has the following activities planned for 2020/21:

5.1 Reviewing the NDP

The NDP was adopted as a guide to achieving South Africa's goals, broadly in terms of socioeconomic development, and specifically in terms of eliminating poverty, creating jobs and reducing inequality by 2030. The National Planning Commission was tasked with reviewing some aspects of the NDP in 2019/20 to address certain implementation challenges. Over the medium term, this review is expected to assess the capacity and capability of the State in measuring the implementation of the NDP. Related activities are set to be carried out in the *Management: National Planning Coordination* subprogramme in the *National Planning Coordination* programme.

5.2 Improving and strengthening government planning and coordination

The Department is mandated to improve and strengthen government's planning and coordination. This involves: ensuring the implementation of government's medium-term strategic framework, which is implemented in five year cycles to allow for revisions, and serves as a roadmap for achieving goals linked to NDP outcomes; and conducting assessments of national departments' draft strategic and annual performance plans to ensure alignment with the medium-term strategic framework and the NDP. In this regard, in each year over the medium term, the Department expects to produce 47 assessment reports. Based on the outcomes of these assessments, the Department will, in consultation with the National Treasury, identify delivery priorities for the funding of national departments. Related activities are carried out in the *Planning Coordination* subprogramme in the *National Planning Coordination* programme.

5.3 Supporting implementation of short-term and medium-term goals

Tracking the performance of the short-term and medium-term goals of Government's 2019-2024 medium-term strategic framework is a core function of the Department. Accordingly, over the MTEF period, the Department will engage national and provincial departments, government agencies and key state-owned entities to assess their implementation of the priorities and indicators of the medium-term strategic framework, and identify performance gaps and interventions to address underperformance. In this regard, the Department plans to produce two reports per year over the medium term for submission to Cabinet.

5.4 Monitoring and supporting implementation

Over the medium term, Government's 2020-2024 medium-term strategic framework will form the basis of using the Programme of Action monitoring system, which will identify critical actions to be taken by government towards achieving the NDP's vision while enabling direct links between the NDP, and departmental strategic and annual performance plans. Through the programme of action monitoring system, the Department will report to Cabinet bi-annually regarding the implementation of Government's 2020-2024 Medium-Term Strategic Framework.

These activities are carried out in the Outcomes Monitoring and Support subprogramme in the Sector Monitoring Services programme. Due to a growing demand from parliamentary committees and Cabinet, over the medium term, the Department plans to intervene and support the implementation of government policies and programmes at various levels of the service delivery value chain, particularly in provinces placed under administration and in areas of social unrest; and fast-track the implementation of government policies and programmes in critical development issues through Operation Phakisa Monitoring Services programme.

5.5 Developing intervention programmes to support service delivery

The Department plans to produce two reports per year over the MTEF period to monitor the impact of policy priorities in relation to actual service delivery through various frontline monitoring programmes, including targeted site visits, citizen-based monitoring and the Presidential Hotline. To enhance capacity over the medium term, the Department plans to assess the performance of government departments, agencies, state-owned enterprises and local government. This will include the development of a new monitoring model to replace the management performance assessment tool, and support the annual development and assessment of performance agreements of Heads of Department. These activities will be carried out in the *Public Service Monitoring and Capacity Development* subprogramme in the *Public Sector Monitoring and Capacity Development* programme.

5.6 Conducting research and evaluations

The Department's ongoing focus is on maximising the use of its evaluations and research to generate rapid and relevant evidence to inform planning and monitoring, and appropriate interventions. As such, over the medium term, the Department plans to work towards improving research and knowledge, and maintain evidence-based policy development, planning, implementation and monitoring by providing support for data management. This will be achieved by developing and monitoring the implementation of a national evaluation plan, and conducting evaluations and research to support the planning and monitoring activities of the *National Planning Coordination* and *Sector Monitoring Services* programmes. Accordingly, in each year over the medium term, the Department plans to produce 10 evidence reports on indicators related to evaluations, and research and development.

6. STATE OF THE NATION ADDRESS

The Department's APP took into account the February and June SONAs aligned with its Planning, Monitoring and Evaluation of Government programmes and functions. The DPME developed the following seven priorities emanating from SONAs, amongst others:

- To finalise and enable approval of the Medium Term Strategic Framework-NDP 5 Year Implementation Plan and Integrated Monitoring Framework.
- Develop a monitoring framework for SONA commitments.
- Establishment of the Performance Agreements with Ministers, Deputy Minister and Directors-General.
- Spearhead and monitor the implementation of the Public Private Growth Initiative (PPGI) in partnership with the private sector to grow the economy and create jobs.
- Monitor the whole of Government on partnership in their implementation of the seven priorities with the Private Sector, the Labour Movement and Civil Society.
- Monitor the partnership and plans of Development Finance Institutions, State Owned Enterprises and Public Entities and their commitments to the MTSF.
- Evaluation and Knowledge Management.

7. BUDGET ALLOCATION

The Department of Planning, Monitoring and Evaluation overall budget allocation in 2020/21 financial year is R500.0 million, which is an increase as compared to R479.5 million in 2019/20 financial year. As part of the national macro organisation of government in 2019/20, the Department's organisational structure was revised to accommodate the transfer of the youth function of the Department of Women, Youth and Persons with Disabilities, and the socioeconomic impact assessment system function to the Presidency. Despite the revised organisational structure, the Department's number of personnel is expected to be at an average of 458 over the MTEF period. Spending on Compensation of Employees accounts for an estimated 67.8 per cent (R1.1 billion) of the Department's total expenditure over the medium term.

Programme	**Revised Estimates**	**Medium-Term Expenditure Estimate**		
R million	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Administration	184.2	194.3	194.8	202.8
National Planning Coordination	85.9	81.7	86.3	91.5
Sector Monitoring Services	74.6	81.6	86.3	91.1

Public Sector Monitoring and Capacity Development	86.9	90.3	95.5	94.0
Evidence and Knowledge System	47.9	52.1	55.2	58.3
Total	**479.5**	**500.0**	**524.3**	**547.9**

Table 1: Budget per programme

Source: Estimates of National Expenditure 2020

8. PROGRAMME PERFORMANCE

The Department has five programmes, which are as follows:

8.1. 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 to the Programme is R194.3 million in 2020/21 financial year as compared to R184.2 million in 2019/20 financial year. The budget will increase significantly over the MTEF period. 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 of R144.0 million of the total amount in this Programme is allocated to sub-programme: Corporate Services and Financial Administration. The Ministry Support budget has increased slightly as compared to the previous 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.

Under programme 1, the Department has priorities to table Strategic Plan and Annual Performance Plan as prescribed by the relevant planning frameworks in Parliament. The Department intends to produce quarterly implementation reports against the Annual Performance Plan for 2020/21. Moreover, the Department aims to maintain the average percentage of funded posts in PERSAL within acceptable 10% rate over the financial year.

The Department is committed to ensuring 100% compliance regarding valid invoices paid within 30 days. Actually payments to service providers are done in less than seven days as compared to 30 days. Failure to pay invoices within 30 days constitutes a disciplinary action in the Department. The Department aims to achieve 100% compliance with the Financial Disclosure Framework by all designated employees within the prescribed time frames.

8.2. Programme 2: National Planning Coordination

The purpose of the Programme is to develop, implement planning frameworks, and facilitate the alignment of the planning and budgeting functions across government and in the Department. The key objective of this Programme is to ensure the achievement of the NDP's objectives by 2030, through developing an annual budget prioritisation framework, embedding the national spatial development framework in the strategic and annual performance plans of national and provincial departments over the medium term.

The Programme further intends to coordinate planning functions across government by assessing the alignment of the strategic and annual performance plans of national and provincial departments and public entities with Government's 2019-2024 Medium-Term Strategic Framework annually. In addition, the Programme has to assess alignment of provincial growth and development plans with local government's Integrated Development Plans and, in turn, with Government's 2019-2024 Medium-Term Strategic Framework annually.

The budget allocated for the Programme is R81.7 million in 2020/21 as compared to R85.9 million in the 2019/20 financial year. The budget has slightly decreased in this Programme. The spending focus is under subprogramme National Planning Coordination to ensure alignment of the provincial growth with the MTSF 2019-2024 and performance plans of the national and provincial departments. The Department developed guidelines for the institutionalisation of the MTSF and development of guidelines for the sector plans. Guidelines for the quarterly performance reporting will be published in May 2020 to all national and provincial departments.

The Department further intends to issue guidelines on geo-spatial reference projects alongside guidelines for APPs. The Programme will further develop National Spatial Development Framework implementation charter to guide the developmental agenda. The Department will under Programme 2 analyse report on the Integrated Planning Framework Bill. Budget

Prioritisation is another responsibility executed under this Programme, the Department will issue guidelines on the Mandate Paper (Budget Prioritisation Framework).

8.3. Programme 3: Sector Monitoring Services

The purpose of the Programme is to ensure government policy coherence. The Programme develops, facilitates, supports and monitors the implementation of sector plans and intervention strategies. The main objectives of the programme are to ensure the effective implementation of government's 2019-2024 Medium-Term Strategic Framework by monitoring the achievement of targets in priorities 1 to 5 and priority 7 and reporting on progress to Cabinet twice in a year. Furthermore, it monitors and reports on the achievement of targets in the performance agreements between the President and Ministers annually, and support, where and when required for the development and implementation of special intervention programmes.

The budget allocated for the Programme is R81.6 million for the 2020/21 financial year. Over the MTEF the budget will increase substantially to accelerate progress towards the national priorities embodied in the NDP 2030. The spending focus in this financial year will be realised on subprogramme Outcomes Monitoring and Support, which has been allocated a total amount of R68.1 million. The Department plans to intervene and support the implementation of government policies and programmes at various levels of service delivery value chain, particularly in the provinces placed under administration and in areas of social unrest.

The Programme will further monitor and report on the outcomes of Cabinet and performance agreement of the Ministers and Deputy Ministers. Operation Phakisa is a Presidential initiative seeking to change the manner in which government pursues new and faster ways of delivering services to the citizens. As part of ongoing monitoring on Operation Phakisa, the Programme will develop three integrated assessment reports on the implementation of the Operation Phakisa Delivery Labs. The Programme will further spend budget on monitoring the quality of management through the Local Government Management Improvement Model (LGMIM) and produce eight improvements plans.

8.4. Programme 4: Public Sector Monitoring and Capacity Development

The purpose of the Programme is to support the implementation of the Medium-Term Strategic Framework by monitoring and improving the capacity of state institutions to develop and implement plans, and provide services. The main objective of the Programme is to strengthen state governance, efficiency, effectiveness and equity through: monitoring the achievement of targets related to Priority 6 of Government's 2019-2024 Medium-Term Strategic Framework, and reporting on progress to Cabinet twice in a year. Furthermore, it will develop and implement the new performance and capabilities analytical framework by March 2021 by ensuring the alignment of the performance agreements of Heads of Department with Government's 2019-2024 Medium-Term Strategic Framework and supporting assessments conducted on Heads of Department annually. Additionally, the Programme monitors service delivery through regular frontline monitoring visits, citizen-based monitoring and the Presidential Hotline, and reporting thereon.

The budget allocated for the Public Sector Monitoring and Capacity Development Programme is R90.3 million for the 20/21 financial year. The budget will increase over the medium term to provide financial support for the attainment of the objectives of the Programme. The spending focus in this programme is on subprogramme Public Service Monitoring and Capacity Building, which has been allocated a budget of R86.0 million. The Programme will spend the budget on developing two Public Service Capability and Monitoring reports, State Owned Enterprises Governance and Performance Report, SOEs Oversight and Monitoring Framework, one high risk SOE support and an establish interdepartmental structure to oversee the Audit and rationalisation of SOEs.

The District Development Model is a method that seeks to improve the coherence and impact of government service delivery. It is a proactive response to the issues that have hampered society. The Department will produce oversight, monitoring reports on the implementation of the District Development Model, which is piloted in three district municipalities in Limpopo, KwaZulu Natal and Eastern Cape provinces.

8.5. Programme 5: 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. The main objective of the programme is to support the planning and monitoring roles of the Department by developing and implementing the national evaluation plan annually, conducting research and evaluations in key policy areas as identified annually, and producing relevant evidence reports. It also improves knowledge management in the Department through the development and implementation of a departmental knowledge and evidence hub.

The budget allocation for the Programme is R52.1 million in the 2020/21 financial year. There is a marginal increase on the budget allocated in 2020/21 financial year for the Programme. The spending focus under this Programme 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. The Programme will produce technical system design of the Centralised Management and Analytical System (CDMAS) and Evidence-Based Technical to be provided to government Institutions.

9. Brand South Africa

9.1 Legislative Mandate and Policy

The mandate informing Brand South Africa (BSA) is derived from the organisation's Trust Deed. BSA was established as a trust in 2002 and gazetted as a schedule 3A public entity in accordance with the PFMA No.1 of 1999. Brand South Africa is an entity tasked with delivering integrated Marketing, Communication, Reputation management solutions and interventions as it markets the South African Brand locally and abroad. Its purpose is to develop and implement a proactive and coordinated international marketing and communications strategy for South Africa; to contribute to job creation and poverty reduction; and to attract inward investment, trade and tourism.

BSA aims to make an indirect contribution to economic growth, job creation, poverty alleviation and social cohesion by encouraging local and foreign investment, tourism and trade through the promotion of Brand South Africa. In the next five years, BSA will continue to be the authority on the Nation Brand through development and implementation of proactive and coordinated marketing, communications and reputation management strategies. The entity will achieve this by developing and articulating a South Africa Nation Brand identity that will advance South Africa's long-term positive reputation and global competitiveness. Brand SA Strategic Plan responds to changing domestic and international realities.

9.1.1 Brand SA objectives for 2020/21

1) Developing and articulating a South Africa Brand identity that will advance South Africa's long-term positive reputation and global competitiveness.
2) Building individual and institutional alignment to and supporting the brand in South Africa, and pride and patriotism amongst South Africans.

3) Seeking to build awareness and the image of the brand in other countries.
4) Seeking the involvement and cooperation of various government departments, public entities, the private sector, the non-governmental sector and civil society in achieving this objective.

9.1.2 Brand South Africa's main source of revenue is the Government Grant. Brand South Africa received a budget of R168 million for 2020/21.

9.2 Programme Performance

The BSA has three main programmes, namely:

(a) Programme 1: Administration

The Programme seeks to provide strategic leadership, management and support services to the core business functions of Brand South Africa and is overall responsible for ensuring sound governance, high performance and optimal utilization of available capital and resources.

The budget allocated for Programme 1 is R108.0 million for 2020/21 financial year. The budget will be spent on a number of activities including implementation of organisational corporate identity; reporting to Board of Trustees on status of policy governance; policy and procedures awareness workshop; payment of valid invoices to suppliers within 30 days from date of receipt of invoice; and drafting and tabling of the Annual Performance Plan to the Executing Authority in Parliament. Brand SA intends to submit four reports to the Board of Trustees on the applicable legislative framework.

(b) Programme 2: Brand, Marketing & Reputation Management

The Programme seeks to develop and articulate a Nation Brand identity that will advance South Africa's long-term reputation and global competitiveness. This includes a focus to research and monitoring sentiment and performance of the National Brand to analyse trends and providing insights to inform decision making and communication; and then to both proactively and reactively communicate the country's value proposition, values and highlight progress being made.

Programme 2 has been allocated a budget of R92.6 million in the 2020/21 financial year. Programme 2 is the core function of BSA. The budget will be spent on various activities, which include among others, marketing campaigns that reach four different geographic regions; integrated reputation and communication activities implemented at strategic platforms domestically and internationally; domestic research; developing and implementing Reputation Management strategy. Furthermore, it will develop positive communication pieces, positive thought leadership and webinars. Brand SA will review and respond to relevant issues impacting on the Nation Brand in line with the reputation management strategy. The entity plans to have 60 Play Your Part ambassador engagements and four constitutional awareness campaigns.

(c) Programme 3: Stakeholder relationships

The Programme seeks to build and leverage collaborative partnerships, integrate and coordinate efforts and approaches to market the Nation Brand identity and promote the Nation's value proposition and to interface meaningfully with stakeholders who drive or influence the Nation Brand and its reputation.

The Programme has a budget allocation of R18.6 million for 2020/21 financial year. The budget will be spent on the following activities: to review and implement annual stakeholder relations strategy, implement collaborative activities in partnership with the public sector, civil society and business stakeholders domestically.

10. OBSERVATIONS AND KEY FINDINGS

The Committee observed the following matters in relation to Budget Vote 8, to which the Department must give attention:

10.1 The Committee noted and considered the Strategic Plans 2019/24 and Annual Performance Plans 2020/21 for the Department of Planning, Monitoring and Evaluation and Brand South Africa. The Committee was made aware of the possibility of reviewing the Strategic and Annual Performance Plans due to the pandemic outbreak, as some slice of budget across departments will be directed towards curbing the coronavirus in the country.

10.2 The Committee noted the departure of the Director-General of the Department of Planning, Monitoring and Evaluation to serve in other structures within the state. The Minister in the Presidency for Planning, Monitoring and Evaluation pronounced that the Director-General's post will not be advertised due to some directors-general floating within the composite organogram of Government, as a result of macro organisation.

10.3 The Committee further noted the effectiveness of the Presidential Hotline operating during COVID-19 to resolve service delivery challenges confronting citizens on a daily basis. The Committee appealed to the Department to compile a report on all calls logged, unresolved and resolved during the lockdown.

10.4 The Department has a vacancy rate above an acceptable norm per the Public Service Regulations of 2016. The Committee is of the view that the Department has to fill all critical funded positions to ensure stability at senior management level and for the purpose of carrying out its mandate effectively.

10.5 The Committee encouraged the Department to fast-track the finalisation of an Integrated Development Framework Bill immediately after the pilot report on the results of the District Development Model has been finalised. The Committee stressed the importance of the Bill as it will enforce coordination, collaboration and coherence of planning and budgets across the three spheres of government.

10.6 The Committee welcomed and noted the decision of the Department to assess annual performance agreements of the Directors-General/Heads of Department aligned to the Medium Term Strategic Framework as well as the National Development Plan.

10.7 The Committee urged the Department to finalise the process of transferring the spatial planning function from the Department of Agriculture, Rural Development and Land Reforms. Transferring this key component to the DARDLR will strengthen effective planning through assessing the desired patterns of land use and direction for socioeconomic growth in order to attract investors.

10.8 The Committee urged the Department to develop a Risk Management Strategy as identified by the Auditor-General during audits.

Brand South Africa

10.9 The Committee welcomed and noted the appointment of Brand South Africa Board of Trustees. The Committee was of the view that appointment of the Board will positively steer the entity's performance and give it a right direction in branding and marketing the country.

10.10 Brand South Africa was encouraged to organise a training workshop to orientate the Board of Trustees in order to assist it to acquaint itself with all relevant governance legislation.

10.11 The Minister was requested to urgently conclude his studying of the special investigation report on tender irregularities at Brand SA regarding the Chief Executive Officer and to act on the findings. Implementation of the findings will allow the entity to fill all senior management positions and to ensure good governance practices.

10.12 The Committee advised the Board of Trustees together with the administrative leadership of Brand South Africa to attend to all administrative issues that caused the entity to receive unfavourable audit outcomes. There is a need to ensure that Brand SA has sound internal controls.

10.13 The Committee took note of Brand South Africa's role in developing a targeted approach to promote the country brand internationally. However, the Committee urged Brand South Africa to also develop a targeted approach towards promoting local brand in order to attract investment in provinces for local growth and development.

10.14 The Committee established with Brand South Africa whether international offices were fully operational and whether Brand South Africa was still paying rent in spite of offices being closed, particularly the China office.

10.15 The Committee requested for the design of a strategy on how Brand South Africa will respond to the United Nations Human Rights for branding the country's lockdown as toxic regarding the accommodation of foreign nationals. The Committee advised Brand

SA to engage with the media houses in responding holistically to the perceived challenge.

10.16 The Committee noted the role played by Brand South Africa in managing the National Brand reputation in order to improve the country's global attractiveness and competitiveness.

11. RECOMMENDATIONS

The Portfolio Committee recommended the following to the Department of Planning, Monitoring and Evaluation and Brand South Africa for actioning:

11.1 The Department should swiftly finalise the Integrated Development Planning Framework Bill, having incorporated District Development Model pilot results into the Bill.

11.2 The Minister should ensure due diligence in processing the secondment of floating directors-general within the composite organogram of the public service to fill the position of the Department's Director-General. This will help to ensure that a candidate with credible track record gets appointed within the Department.

11.3 The Department should fill all critical funded positions at the Senior Management levels to ensure stability, service delivery and good governance.

11.4 The Department should compile a comprehensive report on the logged cases for the Presidential Hotline during the course of the pandemic and lockdown, and table it in Parliament by September 2020.

11.5 The Department should strengthen its capacity in monitoring adherence to the Policy on Performance Management and Development System (PMDS) for Senior Managers, particularly performance assessments of the Directors-General/Heads of Department across the public service. The Department should ensure that payment of performance bonuses correlates with departmental performance when assessing these incumbents, in correlation with the applicable DPSA, PSC and audit reports.

Brand South Africa

11.6 Brand South Africa should continue to discharge its mandate to positively influence and enhance the perception of the Nation Brand in balancing its local and international branding.

11.7 Brand South Africa should develop more local activities aimed at instilling patriotism, social cohesion and nation building in the country.

11.8 The Minister should urgently attend to and implement the findings of the special investigation report for the tender irregularities at Brand South Africa and accordingly report within 90 days to Parliament on the outcome.

11.9 Brand South Africa should continue to market the National Brand to the international and domestic investors for the promotion of domestic trade in order to attract investments in the country. BSA should be proactive in protecting the country's reputation through marketing the Nation Brand by promoting positive publicity about South African brands.

12. CONCLUSION

The Department's mandate of improving and strengthening government-wide planning as well as monitoring and evaluating government performance is carried out satisfactorily. The Committee will continue to support the Department and to exercise oversight to ensure that planning is informed by Government's Programme of Action and the Medium Term Strategic Framework. These said tools must be aligned to the objectives of the NDP. The achievement of the NDP requires collaboration, integration and cooperation across all levels of government, including the private sector. The Committee was satisfied with the Department developing the NDP 5-Year Implementation Plan (MTSF) to advance and guide medium and short-term planning of the Sixth Government. The Department has a critical role to play in enhancing government's performance. There is a growing demand for the DPME to intervene and support in the implementation of the service delivery initiatives. The Committee wished well the former Director-General of the Department of Planning, Monitoring and Evaluation, Ms Mpumi Mpofu, in her future after serving the Department with distinction during her tenure.

The Portfolio Committee recommends as follows:

That the House adopts and approves the Budget Vote 9 of the Department of Planning, Monitoring and Evaluation.

Report to be considered

6. REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION ON THE STRATEGIC PLAN 2019/20—2023/24, ANNUAL PERFORMANCE PLANS (APPS) 2020/21 AND THE BUDGET VOTE 11 OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION, DATE 27 May 2020

1. BACKGROUND

The Portfolio Committee on Public Service and Administration (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, and Centre for Public Service Innovation tabled by the Minister of Public Service and Administration in terms of the Public Finance Management Act (Act No 1 of 1999), reports as follows:

2. INTRODUCTION

Parliament plays an important role in overseeing planning and performance of government departments and public entities as well as Chapter 9 and 10 institutions. 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 stipulates 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 strategic and annual performance plans, the Committee ensured that the Department of Public Service and Administration and Centre for Public Service Innovation plans and budget allocations are in line with Medium Term Strategic Plan 2019/24. Budget allocation serves as a key instrument for government to promote socio-economic development. Budget allocation plays a critical role as an economic instrument of the government to reflect on 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.

On 13th May 2020, the Committee considered presentation on the Strategic and Annual Performance Plans and budget allocation of the Department of Public Service and Administration and Centre for Public Service Innovation. This report summarises the presentations received from the Department of Public Service and Administration and Centre for Public Service Innovation, focusing on the 2019/24 Strategic Plans and 2020/21 Annual Performance Plans and Budget as well as allocations over the MTEF.

2. 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) 11 of 2014 was signed into law with an 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 centre of ensuring that all operating platforms and units to drive a compliant ethical public service are guided by norms and standards.

3. 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.

4. STRATEGIC GOALS OF THE DEPARTMENT

The key strategic priorities of the Department are explained below:

4.1 Implementing the Public Administration Management Act (PAMA) 11 of 2014

The Public Administration Management Act provides a uniform legal framework across the three spheres of government to bring some degree of commonality of purpose in key public administration areas. It was signed into law by the President of the Republic of South Africa in December 2014. The Act:

- Promotes and gives effect to the values and principles in Section 195 (1) of the Constitution.
- Provides for the transfer and secondment of employees.
- Promotes a high standard of professional ethics in the public administration.

- Promotes the use of information and communication technologies in the public administration.
- Promotes efficient service delivery in the public administration.
- Facilitates the eradication and prevention of unethical practices in the public administration; and
- Provides for the setting of minimum norms and standards to give effect to the values and principles of section 195 (1) of the Constitution.

4.2 Institutionalising a Single Public Administration

The three spheres of government are obliged to cooperate with one another within 'one democratic state' in mutual trust and good faith by adhering to Chapter Three principles as set out in the Constitution. Section 195 (1) of the Constitution further stipulates the basic values and principles governing public administration, which apply in every sphere of government, organs of state and public enterprises. The Public Service is, according to Section 197 (1) and (2) of the Constitution found within the public administration and must function, and be structured in terms of national legislation, as well as the terms and conditions of employment in the public service as directed by national legislation.

The three spheres of government are required to provide effective, transparent, accountable and coherent government for the country. This requires that the spheres respect each other's powers and functions, while striving to work together in a meaningful way to maximise service delivery impact for the citizens.

4.3 Implementing the White Paper on the Rights of Persons with Disabilities

Pillar 1 of the White Paper on the Rights of Persons with Disabilities refers to removing barriers to access and participation. The Department has to ensure accessibility to the building by persons with disabilities, such as the provision of ablution facilities and lifts for such persons. The Department also provides reasonable accommodation and assistive devices to persons with disabilities such as the provision of back support chairs to employees with back problems.

4.4 Implementing the Framework on Gender Responsiveness

The Framework requires institutions to reserve specific budget for gender matters, in particular for women empowerment. The Department, through the Gender Equality Strategic Framework Implementation Plan, annually sets aside budget for the implementation of the gender programme within the department.

4.5 Implementing National Youth Policy

The National Youth Policy discourages systematic racism within societies, however, it encourages institutions to embark on campaigns on raising awareness and changing attitudes and behaviour in relation to racist and xenophobic attitudes. The Department had established the Youth Forum which is responsible for the development of the annual plans for youth development. Conversations on racism and xenophobia had been the subject of debates in the workshops held in the Department.

4.6 Institutionalising the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW)

South Africa is party to CEDAW and ratified the Convention on 15 December 1995. Part I (Article 1-6) of the Convention focuses on non-discrimination, sex stereotypes, and sex trafficking. The Department is abiding itself to this Framework as no employee is being discriminated against on the basis of gender. Part II (Articles 7-9) outlines women's rights in the public sphere with an emphasis on political life, representation, and rights to nationality. The Department always ensures the protection of the rights of women at the workplace.

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 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.

4.3 STRATEGIC PRIORITIES 2019/2024

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) 2019-2024. The Department highlighted the following priorities to the Portfolio Committee:

4.3.1 Formulating and implementing the Public Administration Policy

The Minister for the Public Service and Administration makes regulations within and for the entire public service. In 2016, the Department developed the Public Administration Management Regulations on Conducting Business with the State, the Disclosure of Financial Interests and setting up the Ethics, Integrity and Discipline Technical Assistance Unit as well as the Office of Standards and Compliance Regulations, in terms of Section 18 of the PAMA.

The Department reported that there is insufficient data and information on the implementation of most administrative policy areas of the Public Service Act norms and standards, as historically standards were not structurally developed based on any critical success factors of capacity and capability across the public service, and which are therefore mainly not measurable. There is a need for an e-Enabled system for self-diagnostics and compliance audits through the measurement instruments of the Office of Standards and Compliance. The Organisational Functionality Assessment Tool is being consolidated to measure institutional governance, as well as organizational administration

4.3.2 Regulating and improving Public Service Employment and Conditions of Service

The State, as the employer, is going through difficult financial times and as a caring Government, departments have to function within the available resources. Failure to exercise financial prudence will result in government borrowing money from the external institutions to finance government work. The State is cautious of borrowing to pay salaries at the expense of delivery. In 2019 already, outlining the fiscal outlook during his Budget Speech, Finance Minister Tito Mboweni indicated that in 2018/19 the tax revenue would be R1.3 trillion and that spending would be about R1.5 trillion, leaving government with a budget deficit of R215 billion, or 4.3% of the gross domestic product.

Improving on Public Service Employment and Conditions of Service requires some restraint on the part of Government, but this restraint should not affect the multi-year agreement between Government and organised labour, which ended in March 2020. To be seen as *"good faith* *negotiator",* Government should honour the agreement and then negotiate for any other deal linked to the country's economic outlook going forward. To manoeuvre circumspectly in this area, Government needs to keep its word regarding the agreement already in place so that organised labour would be flexible in their approach concerning future collective bargaining.

Early Retirement in the Public Service should be decentralised as depicted in the Public Service Act. This will ensure pertinent challenges arising from the applications are addressed by individual departments with understanding of the situations of staff. This will enhance compliance and performance at the local level.

With respect to discipline management, the Department has noticed a high usage of legal representatives which is contrary to the Disciplinary Code and Procedure. Even though there has been an improvement on the average number of days taken to resolve disciplinary cases, departments are still delaying with the finalisation of disciplinary cases within 90 days and have suspensions that are longer than 60 days without holding disciplinary hearings. Such delays are in contradiction of the disciplinary code, which is costly to the government coffers.

4.3.3 Improving Public Service Information, Communication and Technology (ICT)

The Public Service continues to rely on brick and mortar as the main channel or mechanism (service delivery points) through which the citizens can access public services. Furthermore, these service delivery centres operate within specified times of the day, referred to as office hours. The two issues introduce a huge limitation or hindrance on how the citizens' access and experience public services as they often have to travel long distances to where these service delivery points are located. Importantly, they must do so within certain time limits or operating hours. It is important to further highlight that public services are requested and delivered through dis-integrated manual processes that are largely paper based, which does not allow government to have an integrated view of which citizens accessed which public services at which service delivery point.

With global trends clearly indicating that the public administration is mostly affected by 4IR trends owing to the old and often outdated ways of thinking, work and policies, the Department will be leading digital transformation of the public service. Some of the key interventions in this regard will include developing the required prescripts to enable and support the digital transformation of the public administration. This will ensure that government is a key economic enabler and player positively benefits from the digital economy.

4.3.4 Ensuring Service Delivery Improvement

A number of evaluation reports and studies on government service delivery indicate that, despite the existence of an enabling environment through regulatory frameworks and support mechanisms, some government services such as sanitation, water, electricity and housing are still not equally accessible to all South Africans (especially in rural areas) and delivery is not offered at the desired level. The persistent challenges that affect the service delivery value chain include, amongst others, poor and uncoordinated planning, spending of budgets allocated for delivery of services, lack of service standards, lack of technical skills, insufficient resources as well as lack of efficient and effective management of operations and frontline staff's adherence to the provision of services in line with the Batho Pele principles. Compliance on the submission and implementation of Service Delivery Improvement Plans (SDIPs) still remains a challenge.

Improvement in service delivery also requires adherence to the Batho Pele policy and the Public Service Charter, and strict monitoring thereof. In addressing the gaps and weaknesses, the Department will over the MTEF period, institutionalise a number of integrated interventions which include, amongst others, the strengthening of the implementation of the Operations Management Framework and Service Delivery Improvement Plans as well as a revised Programme to strengthen the implementation of the Batho Pele Programme.

In line with Cabinet decisions, the DPSA will also during this MTSF, transfer the Community Development Workers and Thusong Service Centres Programme coordination and implementation functions to the Department of Co-operative Governance and Traditional Affairs (COGTA). The DPSA will retain the policy development function as delegated to the Minister for Public Service and Administration.

5. BUDGET ANALYSIS

The Department of Public Service and Administration's overall budget allocation for 2020/21 is R565.7, compared to R527.2 million in 2019/20. This represents an increase of 6.91 per cent in nominal terms. However, in real terms the total budget for the Department increased by only 2.41 per cent between the 2019/20 and 2020/21 financial years.

The Department's total allocation over the MTEF period is R1.8 billion. This reflects a decrease by R1.4 billion from the 2019 Budget as a result of the reorganisation of vote structures, through which the Public Service Commission and National School of Government became standalone votes instead of departments within the Department of Public Service and Administration. Accordingly, transfers to departmental agencies and accounts decrease to R129.7 million (7.2 per cent of the Department's total budget) over the medium term. As the Department's work is labour intensive, spending on compensation of employees accounts for an estimated 59.1 per cent (R1.1 billion) of its total expenditure over the period.

The budget of the Department of Public Service and Administration is divided into six programmes. The main cost drivers are Programme 1: Administration (R258.3m); Programme 5: Service Delivery Support (R101.4m) and Programme 3: Public Service Employment and Conditions of Service (R77.7m). Programme 5 is a transversal programme assisting the entire public service with Service Delivery Improvement Plans (SDIPs).

Table 1: Programmes and budget allocation

Programme R'000	**Revised Estimates 2019/2020**	**Medium Term Expenditure Estimates**		
		2020/21	**2021/22**	**2022/23**
1. Administration	241.6	258.3	275.7	286.6
2. Policy Development, Research and Analysis	36.3	39.5	41.9	42.4
3. Public Service Employment and Conditions of Service	75.6	77.4	81.9	84.1

4. Government Chief Information Officer	23.3	28.6	30.3	31.7
5. Service Delivery Support	99.2	101.4	107.7	110.6
6. Governance of Public Administration	51.2	60.2	69.2	72.1
Total	**527.2**	**565.7**	**606.6**	**627.5**

Source: Estimates of National Expenditure (2020)

6. PROGRAMME PERFORMANCE

8.1 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 R241.6 million in 2019/20 to R258.3 million in 2020/21. This represents a 2.41 per cent increase in real terms in the budget allocation between 2019/20 and 2020/21. The Programme is one of the three major cost drivers under this Vote, consuming 45.66 per cent of the overall allocation. It is also one programme that experiences real percentage increase. The main cost drivers are Corporate Services at R93.2 million, Office Accommodation at R59.3 million and Finance Administration at R30.5 million.

Budget allocated in this Programme will be spent among other things on monitoring fruitless, wasteful and irregular expenditure and strive to achieve clean audit. The Department will draft Public Service Amendment Bill to be submitted to the Chief State Law Advisor for pre-certification. Furthermore, the Department will engage in consultations with the Department of Cooperative Governance on the draft Public Administration Management Amendment Bill. Moreover, it will develop regulations on selected areas of the PAM Act. The Department will review identified in house policies. An annual report will be produced on the compliance by the national and provincial departments with the DPSA policy.

The Department will support the implementation of Section 100 and 139 Monitoring and Intervention Bill by providing input towards the finalising of the Bill.

8.2 Programme 2: Policy Development, Research and Analysis

The main purpose of this Programme is to manage and oversee the setting and translation of public administration norms and standards into administrative policy instruments using research and policy analysis techniques. It is also responsible for managing organisational functionality assessments of Public Service efficiency and effectiveness for public administration reform.

The budget allocation for Programme 2 increased from R36.3 million in 2019/20 to R39.5 million in 2020/21. In real terms the budget allocation of Programme 2 increased by 4.23 per cent between 2019/20 and 2020/21. This programme consumes the first smallest portion (6.98 per cent) of the overall budget. The bulk of the Programme's budget (R16.6 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. This is in line with spending priorities as this Programme develops policy and instruments to measure productivity and performance by the Department itself and the entire public service. The main cost driver is Public Service Performance Monitoring and Evaluation, which is a transversal project.

In order to improve the public sector productivity and functionality, the Organisational Functionality Assessment Tool was designed as a self-assessment process to enable departments to assess and diagnose, based on evidence, whether all the necessary service delivery enablers are in place to support delivery processes in an optimum and accountable manner. The Department intends to issue Organisational Functionality Assessment Tool to national and provincial departments for implementation in the public service. It will further draft quarterly reports on the compliance by national and provincial departments with DPSA policies produced.

8.3 Programme 3: Public Service Employment and Conditions of Service

The purpose of this Programme is to develop, implement and monitor, labour relations, human resources management and remuneration policies and guidelines. It also ensures coordinated collective bargaining.

Programme 3 accounts for 13.73 per cent (R77.7 million) of the total budget vote in 2020/21. Between 2019/20 and 2020/21, the budget allocation for Programme 3 decreased by -1.56 per cent in real terms. The programme is also responsible for monitoring the vacancy rate. The programme's budget is relatively bigger 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. This Programme is in line with policy priority on developing and supporting the implementation of health and wellness frameworks and policies. The main cost drivers of the Programme are Employee Benefits at R28.5 million and Employment Practices and Performance Management at R13.4 million, which disburses performance bonuses and notch increases for those who performed beyond the normal rate. Also, another cost driver is the Remuneration and Job Grading sub-programme, which is at R13.2 million.

The Department will under this Programme develop wage setting mechanism for the public service, transition plan for the implementation of the uniform job grading system and issue guideline for the implementation of proposals on the reduction of costs in public administration. As part of intensifying efforts to fight corruption, the Department developed programme to improve the management of discipline within public service. Furthermore, the Department intends to implement Performance Management and Development System of Heads of Department as well as senior management service and level 1-12.

8.4 Programme 4: Government's Chief Information Officer

The Government Chief Information Officer Programme creates an environment for the deployment of information technology (IT) as a strategic tool of public administration. It minimises, controls and maintains IT related risks and costs in the public service. The budget allocation for Programme 4 accounts for 5.05 per cent share or R28.6 million of the total budget vote in 2020/21. In 2020/21, the allocation for Programme 4 increased by 22.75 per cent in nominal terms, but in real terms, it increased by 17.57 per cent. The main cost drivers are Public Service ICT E-enablement at R11.3 million and Public Service ICT Stakeholder at R7.5 million, respectively.

The Department intends to issue an audit report on the implementation of the National e-Government Strategy to national and provincial departments. The budget will be spent on submitting Public Service Data Governance Framework and develop status and recommendations for improvements on the public service Information and Communication Technology infrastructure. The Department will further issue to the national and provincial departments Public Service Information Security Standard and ensure compliance on a quarterly basis with regard to the policies.

8.5 Programme 5: Service Delivery Support

The purpose of the Programme is to manage and facilitate the improvement of service delivery in government. The Programme has seven sub-programmes, which are Management, Service Delivery Support Programmes, Service Delivery Planning, Service Delivery Improvement initiatives, Public Participation and Social Dialogue, Batho Pele Initiatives, and Community Development and Citizen Relations.

The Service Delivery Support Programme (Programme 5) manages and facilitates the improvement of service delivery in government. As indicated in Table 1, the budget allocation for Programme 5 increased from R99.2 million in 2019/20 to R101.4 million in 2020/21, representing a nominal increase of R2.2 million or 2.22 per cent. In real terms, the budget allocation of Programme 5 increased by -2.09 per cent between 2019/20 and 2020/21. Programme 5, at 17.92 per cent share, represents the second largest share allocation of the total budget vote in 2020/21. 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 experience service delivery challenges. This will serve as both a preventative and remedial measure to service delivery challenges and protests. The main cost drivers are the Centre for Public Service Innovation (CPSI), which takes R40.8 million, Service Delivery Improvement Initiatives at R16.8 million and Public Participation and Social Dialogue at R11.8 million of the Programme's budget respectively.

The budget will be spent on the following activities under Programme 5, which are the implementation plan and roadmap for the Revised Batho Pele Programme, Public Service Month and Batho Pele awards. The Department will further evaluate the African Peer Review Mechanism 2nd Generation review for the country. The Department will under this Programme develop business processes modernisation programme. The planned interventions are in line with the National Development Plan, which underscores quality service delivery as one of the enablers for economic development, improvement of the quality of life for citizens as well as improving public confidence in government.

8.6 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 integrity, intergovernmental relations, the macro organization of the State, organisational design and senior leadership management. It also manages government intervention programmes. The Programme has seven sub-programmes which are: Human Resource Management Information Systems, Leadership Management, Organisational Design and Macro Organisation, Ethics and Integrity Management and International Relations and Government Intervention, Transformation Policies and Programmes, and Governance of Public Administration.

The budget allocation for Programme 6 increased from R51.2 million in 2019/20 to R60.2 million in 2020/21, representing a nominal increase of R9.0 million or 17.58 per cent. In real terms, the budget allocation to Programme 6 increased by 12.62 per cent between 2019/20 and 2020/21. Programme 6, at 10.64 per cent share, represents the fourth largest share allocation of the total budget vote in 2020/21. The main cost drivers are the Ethics and Integrity Management sub-programme at R22.5 million and the Organisational Design and Macro Organisation of the Public Service sub-programme at R9.9 million respectively.

As part of fighting corruption in the public service, the Department will be issuing guidelines on conducting life style audits to national and provincial departments. It will further develop database on public service employees appointed as board members to entities compiled. The Department will categorise employees in the public service designated their financial interest and analyse adherence by designated employees in relation to the Financial Disclosure Framework.

Over the medium term, the Department intends to submit a report on the improved adherence by national and provincial departments to the Directive on the performance of other remunerative work. Moreover, the Department will monitor the improved adherence by Public Service employees in national and provincial departments to the legislative framework prohibiting them from conducting business with an organ of state.

In line with the outcomes of a stable political-administrative interface and a stale public administration, the Department has an analysis of the average time spent by Heads of Department in their contracts. The reports were compiled and recommendations will be implemented with intention to improve the political-administrative interface.

9 ENTITY OF DPSA

9.1 CENTRE FOR PUBLIC SERVICE INNOVATION

9.1.1 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 mandates 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 positions 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)

9.1.2 Budget Allocation

The budget allocation for the CPSI is R40.8 million for 2020/21 financial year as compared to the previous year with R38.4 million. The budget will increase by 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.

9.1.3 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 R22.2 million in 2020/21 as compared to R20.9 million in 2019/20 financial year. The spending focus on the programme intends 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.

(b) Programme 2: Public Sector Innovation

The Programme drives service delivery innovation in the 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 R18.7 million in 2020/21 financial year as compared to R17.5 million of 2019/20 financial year. There was a nominal increase in the budget in 2020/21 financial year.

The focus in this Programme is on the Research and Development of potential models and new innovative solutions, working 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. New solutions are tested and piloted with the service owners. The Centre will identify nine knowledge platforms hosted to unearth, demonstrate, share, encourage and award innovation in the public sector.

10 OBSERVATIONS AND KEY FINDINGS

The Portfolio Committee identified the following matters in relation to the Budget Vote 11, to which the Department must respond accordingly:

Department of Public Service and Administration

10.1 The Committee noted and considered the Strategic Plans (2019/24) and Annual Performance Plans (2020/21) of the Department of Public Service and Administration and Centre for Public Service Innovation. The APP reaffirms the Department's mandate to implement and coordinate interventions aimed at achieving professional, accountable and developmental oriented public service, capable to deliver on the objectives of the National Development Plan (NDP) 2030.

10.2 The Committee took note of the possibility of reviewing Strategic Plan and Annual Performance Plan as well as budget allocated due to government measures introduced to curb the spread of coronavirus pandemic.

10.3 The Committee was not satisfied with the sluggish implementation of the Public Administration Management Act of 2014, which aims to ensure, among other things, the integration and coordination between public service and local government. The Act seeks to provide a legal framework across the three spheres of government by bringing some degree of uniformity. The Department has to play a meaningful role in the implementation of the PAM Act by developing regulations to operationalise it.

10.4 The Committee noted developments towards amending the Public Service Act of 1994, which will transfer powers of the human resource management from the Executive Authority to the Accounting Officers. The Committee was of the view that such amendments have to include powers and responsibilities of the Head of Administration as proposed in Chapter 13 of the National Development Plan 2030.

10.5 The Committee was of the view that there is a need to align the Public Service Act of 1994 with all other human resource and labour legislation in order to proficiently manage the delegations, disciplinary procedures and career incidents, especially at the senior management service (SMS) level.

10.6 The Committee noted the finalisation of Organisational Functionality Assessment Tool to measure institutional governance as well as organisational administration. The Committee appealed to the Department to ensure that government departments are adequately trained and capacitated on using the tool if it has to be successful.

10.7 The Committee welcomed Department initiatives of embarking on developing guidelines for lifestyle audits in the public service before March 2021. The Committee was pleased with the development. However, the Department was encouraged to speed up the process as these lifestyle audits will assist immensely in curbing the scourge of corruption in the public service.

10.8 The Committee noted the high usage of legal representatives during discipline management, which is contrary to the Discipline Code and Procedure, even though there was an improvement in resolving disciplinary cases in the public service. The Committee was not satisfied with the delays in finalising disciplinary cases within a timeline of 90 days and some suspension taking longer than 60 days without holding disciplinary hearings.

10.9 The Committee noted the Department's involvement in leading digital transformation in the public service and the World Bank report towards assisting South Africa to rollout the Fourth Industrial Revolution.

10.10 The Committee urged the Department to strengthen its efforts to modernise the public service through digitisation of government systems. Digital transformation serves as a strategic driver to create open, participatory and trustworthy public sector. Through digitisation transformation, Government would be able to improve its efficiency, effectiveness and governance in the public sector. The DPSA has to take a lead in developing strategies in digitising the public service.

10.11 The Committee was concerned about overlaps in terms of the role of Information Communication Technology in the public service. For this task, the Department should collaborate with relevant agencies, like the State Information and Technology Agency (SITA).

10.12 The Committee noted the delays encountered by the public service at senior management level in submitting Financial Disclosure forms due to COVID-19 challenges. The Committee urged the Department to encourage officials to utilise the e-Disclosure platform to avoid further delays.

10.13 Regarding the finalisation of disciplinary cases within a timeline of 90 days and some suspension taking longer than 60 days without holding disciplinary hearings, the Committee requested that the accounting officer present a progress report on this matter immediately upon lower grades of lockdown.

10.14 The Committee noted government feedback on the wage dispute. However, the Committee noted the Department's commitment to the implementation of the multi-year salary agreement. The Department further mentioned that there were a few outstanding matters to be resolved with organised labour within the Bargaining Council. The Committee further notes that the 2020/2021 budget outlines the need to reduce the public service wage bill by R160.2 billion over the MTEF period, including a reduction of R37.8 billion in the current financial year.

10.15 The Committee further noted the Minister's approval of the organisational structure for the Public Administration, Ethics, Integrity and Disciplinary Technical Assistance Unit. The Committee welcomed such development and urged the Minister to ensure that the Technical Assistance Unit is fully operational within a period of 90 days.

10.16 The Committee was not satisfied with a lack of compliance with submission of Service Delivery Improvement Plans by some government departments. A mechanism needs to be developed to inculcate a culture of compliance with regard to drafting and submission of SDIPs to the Department.

10.17 The Committee was satisfied with the development of transferring Community Development Workers and Thusong Service Centres to the Department of Cooperative Governance and Traditional Affairs. The Committee welcomed the decision.

10.18 The Committee is of the view that the Department should ensure that public servants who are entitled to benefit from the Government Employees Housing Scheme utilise the service in order to discourage renting.

Centre for Public Service Innovation

10.19 The Committee took note of the Ministry's intention to conduct research/review towards repositioning the Centre for Public Service Innovation, with an aim to establish facts on its mandate and whether it is well-located as an entity of the Department or if it should be placed under another department.

10.20 The Committee further noted the moratorium on all funded vacant post at the CPSI, including CEO, and that these positions should be filled, where necessary, after a study on repositioning the Centre has been conducted. The Committee was of the view that CPSI has an opportunity during COVID-19 lockdown to devise innovative mechanisms in assisting government to accelerate service delivery under these tough conditions.

11 RECOMMENDATIONS

The Portfolio Committee recommends that the Department of Public Service and Administration undertake the following activities:

11.1 Fast-tracking the amendments to all due legislation earlier than 2023 to ensure that all administrative, management and governance systems are streamlined. This will give Parliament ample time to finalise its legislation within its term.

11.2 Amending the Public Service Act of 1994 should include the establishment of the roles and responsibilities of the Head of Administration as one of the interventions encapsulated in the National Development Plan to manage career incidences of Heads of Department and other seniority positions.

11.3 The Department should also finalise regulations of the Public Administration Management Act of 2014 in order to give effect to comprehensive implementation of the Act. The Department should conduct consultations regarding the second phase of the Public Administration Management Regulations. The Department should, therefore, report on these activities at the latest by August 2021.

11.4 Taking a lead as mandated by the Public Service Act, 1994 to promote the use of Information Technology and Information Management towards improving service delivery in the public service.

11.5 Moving speedily to develop guidelines for conducting lifestyle audits in the public service. The Department should present the progress report on these guidelines to Parliament in November 2020.

11.6 Speeding up the process towards the establishment of the Technical Assistance Unit so that all technical operations are in place regarding the Public Administration Management Act and the implementation of Public Service Regulations, especially regarding ethical conduct and preventing officials from doing business with the State.

11.7 Adhering to the 2020/2021 budget, which outlines the need to reduce the public service wage bill by R160.2 billion over the MTEF period, including a reduction of R37.8 billion in the current financial year. The Department, working with National Treasury, should play a leading role during salary negotiations by sensitising organised labour about the impact of the wage bill and jointly devise workable strategies to mitigate the situation, without causing any job losses in the public service. The Department together with the National Treasury should present a report on the strategy and progress made to reducing the wage bill in Parliament by February 2021.

Centre for Public Service Innovation

11.8 The Centre should develop innovative solutions to assist government accelerate service delivery during COVID-19 lockdown.

11.9 The Minister should share with Parliament the findings on the research/or review on repositioning the Centre for Public Service Innovation once concluded.

12 CONCLUSION

The Department of Public Service and Administration and its entities play a crucial role in building a state that is capable of realising developmental and transformative agenda. Professionalising the public service remains an integral part of the Department through reskilling and retraining of the public servants. The NDP highlights the key areas that the Department must focus on, such as stabilising the political-administrative interface and making the public service as a career of choice. The DPSA Strategic Plan and Annual Performance Plan 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 CPSI also plays a crucial role as a catalyst for radical transformation through developing innovation solutions to the public sector challenges.

The Portfolio Committee recommends as follows:

That the House adopts and approve the Budget Vote 11 of the Department of Public Service and Administration.

Report to be considered

7. REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION ON THE STRATEGIC PLAN 2019/20—2023/24, ANNUAL PERFORMANCE PLANS (APPS) 2020/21 AND THE BUDGET VOTE 12 OF THE PUBLIC SERVICE COMMISSION DATE, 27 MAY 2020

1. BACKGROUND

The Portfolio Committee on Public Service and Administration (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plan, Annual Performance Plan and Budget allocations of the Public Service Commission tabled by the Minister of Public Service and Administration in terms of the Public Finance Management Act (Act No 1 of 1999), reports as follows:

2. INTRODUCTION

Parliament plays an important role in overseeing planning and performance of government departments and public entities as well as Chapter 9 and10 institutions. 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 stipulates 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 strategic and annual performance plan, the Committee ensured that the Public Service Commission's plan and budget allocation serve the needs and aspirations of the citizens. Budget allocation serves as a key instrument for government to promote socio-economic development. Budget allocation plays a critical role as an economic instrument of the government to reflect on 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.

On 06th May 2020, the Committee considered presentation on the Strategic and Annual Performance Plans and budget allocation of the Public Service Commission (PSC). This report summarises presentation received from the PSC, focusing on the 2019/24 Strategic Plan and 2020/21 Annual Performance Plans and Budget as well as allocations over the MTEF.

3. OVERVIEW OF THE PUBLIC SERVICE COMMISSION

The PSC is an independent institution established in terms of Chapter 10 of the Constitution. It derives its mandate from Section 195 and 196 of the Constitution, 1996, which set out the values and principles governing public administration, which should be promoted by the PSC, as well as the powers and functions of the PSC. The PSC is required by the Constitution to exercise its powers and to perform its functions without fear, favour or prejudice. The Constitution links the PSC's independence firmly with its impartiality and no organ of state may interfere with the functioning of the PSC.

The PSC is vested with custodial oversight responsibilities for the Public Service and monitors, evaluates and investigates public administration practices. It also has the power to issue directions regarding compliance with personnel procedures relating to recruitment, transfers, promotions and dismissals. The PSC is accountable to the National Assembly and to Provincial Legislatures and must annually report on its activities and performance to these two institutions.

4. LEGISLATIVE MANDATE

The PSC is a constitutional oversight body, established in 1996, primarily to promote "a high standard of professional ethics in the public service". The PSC operates in terms of the PSC Act 1997. The Act provides for the regulation of the PSC with regard to:

a) The constitution of the PSC.
b) Appointment of Commissioners.
c) Designation of the Chairperson and Deputy Chairperson.
d) Conditions of appointment of Commissioners.
e) Removal from office of Commissioners.
f) Functions of the PSC (inspections, inquiries, etc.)
g) Rules according to which the PSC should operate.
h) The Office of the PSC (OPSC); and
i) Transitional arrangements with regard to service commissions (created under the Interim Constitution).

5. STRATEGIC GOALS OF THE PSC

The strategic goals of the PSC for 2019-2024 are as follows:

5.1 Promoting the implementation values and principles

The PSC has a constitutional mandate to promote and monitor compliance with constitutional values and principles in the course of rendering of services to the public. The promotion of the constitutional values and principles is aimed at fostering a positive behavioural change in the public servants and the Public Service in order to ensure that services are delivered in a responsive, caring and ethical manner, among other things.

In order to ensure the continuity over the MTEF period, the commission plans to conduct 50 quantitative evaluation reports in 2020/21 and 12 qualitative evaluations in each of the remaining years of the MTEF period. The purpose of these reports and evaluations is to assess departments' compliance with constitutional values and principles with a view to promoting a culture of excellence in the public service. Quantitative indicators are used to establish whether systems are in place, while qualitative indicators aim to establish whether those systems assist in effecting change.

5.2 Promoting professional ethics in the public service

In terms of Section 195 of the Constitution, the PSC is required to promote professional ethics in the Public Service. Given this Constitutional mandate, the PSC would raise ethics awareness through the promotion of Code of Conduct in the public service ethical leadership dialogues and commemoration of international events such as the International Anti-Corruption Day.

5.3 Public Administration Investigations

The PSC will, over the MTEF, continue to conduct investigations as a way of holding public service accountable in exercising their functions. A variety of access mechanisms have been established by the PSC to promote accountability and encourage a culture of reporting ethics-related issues, accountability-related issues such as appointment, procurement and financial irregularities, non-compliance with Public Service legislation and policy, service delivery and professionalism-related issues such as bias/impartiality, unfairness, discrimination and prejudice, and performance-related issues such as incapacity, incompetence, lack of training/capacitating and lack of representivity.

5.4 Management of the Public Sector National Anti-Corruption Hotline

Public Sector National Anti-Corruption Hotline (NACH) is another mechanism established by government to prevent and combat corruption. Government has introduced the NACH for departments, public entities and local government in 2004 through a Cabinet Decision of 14 August 2003. The investigation or resolution of the NACH cases has been a challenge since its inception and has been an MTSF commitment for a number of years and departments are expected to resolve 80% of cases lodged with the NACH per quarter. The PSC would over the MTSF monitor the resolution of these cases.

5.5 Management of the Financial Disclosure Framework

In terms of Regulation 21(1)(a) of the Public Service Regulations, 2016, the PSC is required to scrutinise the financial disclosure forms of Members of the SMS. The purpose of the scrutiny is to assess compliance with the requirement to disclose all financial interests and also establish whether the involvement of officials in any activities of the companies could lead to conflicts of interest.

The scrutiny of the financial disclosure forms involves the verification of information provided in the financial disclosure forms against the information contained in the Companies and Intellectual Property Commission Deeds Registry and the National Traffic Information System databases. The PSC also assesses the extent to which SMS members are engaged in work outside their normal employment in the relevant Departments.

5.6 Disciplinary Proceedings on Financial Management

In terms of the Public Finance Management Act, 1999 (PFMA) read in conjunction with Treasury Regulations, 2002, accounting officers of departments are required to report on the outcome of completed disciplinary proceedings on financial misconduct, to amongst others, the PSC. The PSC will over the MTEF monitor and evaluate, amongst others, how departments are managing financial misconduct, which is part of ensuring that the Public Service maintains a high standard of professional ethics. The PSC will continue to produce on annual basis an overview of completed disciplinary proceedings in respect of financial misconducts. The overview is aimed at reflecting on action taken by departments institutionalising consequence management on cases of financial misconduct.

6. BUDGET ANALYSIS

The Public Service Commission's overall budget allocation for 2020/21 is R297.6, compared to R278.3 million in 2019/20. This represents an increase of 6.9 per cent in nominal terms.

However, in real terms the total budget for the Department increased by only 2.43 per cent between the 2020/21 and 2021/22 financial years. Expenditure increases at an average annual rate of 5.7 per cent, from R278.2 million in 2019/20 to R328.2 million in 2022/23. Compensation of employees accounts for approximately 76.9 per cent (R725.5 million) of the department's total expenditure over the medium term.

Budget allocated will focus on fighting corruption, strengthening human resource practices and management and monitoring and evaluating service delivery performance in the public service. It will also monitor service delivery and the implementation of the financial disclosure framework and strengthening the financial disclosure system to combat corruption. The budget of the Public Service Commission is divided into four programmes. The main cost drivers are Programme 1: Administration (R143.3m) and Programme 4: Integrity and Anti-Corruption (R61.1m).

Table 1: Budget allocation

Programme R'000	Revised Estimates 2019/20	Medium Term Expenditure Estimates		
		2020/21	2021/22	2022/23
1. Administration	131.2	143.3	152.1	160.6
2. Leadership and Management Practices	46.0	47.2	50.2	51.2
3. Monitoring and Evaluation	43.7	46.1	49.0	50.0
4. Integrity and Anti-Corruption	57.4	61.1	65.0	66.4
Total	**278.2**	**297.6**	**316.3**	**328.2**

Source: National Treasury (2020)

7. PROGRAMME PERFORMANCE

The PSC has four programmes whose budget and activities are as follows:

7.1 Programme 1: Administration

The purpose of this Programme is to provide overall management of the PSC and centralised support services. The budget for Programme 1 increased from R131.2 million in 2019/20 to R143.3 million in 2020/21. This represents a 4.62 per cent increase in real terms in the budget allocation between 2019/20 and 2020/21. The programme is one of the three major cost drivers under this Vote, consuming 48.15 per cent of the overall allocation. It is also one programme that experiences real percentage increase. The main cost drivers are Chief Financial Officer (R55.9m); Public Service Commission (R26.0m); Property Management (R23.3m) and Corporate Services, which has changed to People Management Services with effect from 1 April 2020 (R23.1m). The compensation per employee budget has increased at about 7.3% a year, while the Compensation of Employees (CoE) budget increased at about 5.2% over the medium term. The budget allocated for Programme 1 will be spent on developing the strategic and annual performance plan for the PSC. The PSC intends to receive unqualified audit opinion in 2020/21 financial year.

7.2 Programme 2: Leadership and Management Practices

The Leadership and Management Practices (Programme 2) is responsible for promoting sound Public Service leadership, human resource management, labour relations and labour practices. The programme has two sub-programmes, namely: Labour Relations Improvement, and Leadership and Human Resource Reviews.

The budget allocation for Programme 2 increased from R46.0 million in 2019/20 to R47.2 million in 2020/21. In real terms the budget allocation of Programme 2 decreased by -1.79 per cent between 2020/21 and 2021/22. This programme consumes the third largest portion (15.86 per cent) of the overall budget. The bulk of the Programme's budget (R22.6 million) is allocated to the Leadership and Management Practices sub-programme, which provides overall management of the programme. The other main cost driver is Labour Relations Improvement (R14,7m), which is responsible for promoting labour relations and practices through the timeous investigation of properly referred grievances and the provision of best practices in the public service. The Commission plans to address grievances and complaints arising from the reorganisation process, and induct new Heads of Department and Executive Authorities with the aim of strengthening compliance with the principles of reorganisation and effective public administration.

In line with government initiatives in Priority 6 of the NDP, the PSC will focus on professionalisation of the public service through promoting meritocracy and ethical conduct in areas of Human Resources Management and Leadership practices. The PSC's contribution will be facilitated through research, monitoring and capacity development on key topical issues relating to, among others, ethical practice in the recruitment process, effective discipline management, the strategic repositioning of Human Resources in departments as well as effective management of continuous employee development. The Commission will under this programme promote sound labour relations and practices through 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.

7.3 Programme 3: Monitoring and Evaluation

The main purpose of the programme is to improve the functionality of the Public Service through institutional and service delivery evaluation. Programme 3 accounts for 15.49 per cent (R46.1 million) of the total budget vote in 2020/21. Between 2019/20 and 2020/21, the budget allocation for Programme 3 increased by 0.95 per cent in real terms. The main cost drivers of the Programme are Programme Management: Monitoring and Evaluation at R24.6 million and Service Delivery and Compliance Evaluations at R11.1 million. The PSC conducts service delivery inspections at various service points in order to influence positive behavioural change in the manner in which services are rendered in the Public Service by the public servants. Service delivery inspections are regarded as a fact-finding exercise to observe and get first-hand information on service delivery.

The main contribution of the PSC through the discharge of its monitoring and evaluation function will be on improved leadership, governance and accountability, functional, efficient and integrated government and professional, meritocratic and ethical public administration. This contribution will be realised through monitoring of departmental compliance with Constitutional Values and Principles (CVPs) in order to ensure that the Public Service is responsive to the needs of the citizens. One of the mechanisms the PSC intends to use to measure the responsiveness of the Public Service is monitoring departmental performance against their respective service standards. The PSC's work on building stronger institutions will be complemented by service delivery inspections, so that the institutions can also be evaluated from the perspective of the citizen so that solutions to real world service delivery problems can be developed.

The PSC aims to continue with sector specific service delivery inspections for the next five financial years. The PSC intends to conduct service delivery inspections in ten health facilities. The PSC will enhance its knowledge base through lessons in the rollout of District Service Delivery Model (DSDM) by the Presidency as articulated by the President in the 2018 State of the Nation Address. Furthermore, the PSC produces evaluations and advice addressed to decision-makers with a view to changing public administration practices and behaviours. In line with its Constitutional mandate, the PSC's contribution towards strengthening state capability has prioritised the ambition to build a value-driven public service through ethical, credible and accountable leadership, and embedding constitutional values and principles across the public sector.

7.4 Programme 4: Integrity and Anti-Corruption

The Integrity and Anti-Corruption programme is responsible for undertaking public administration investigations, promoting a high standard of professional ethical conduct amongst public servants and contributing to the prevention and combating of corruption. The budget allocation for Programme 4 accounts for 20.53 per cent share or R61.1 million of the total budget vote in 2020/21. In 2020/21, the allocation for Programme 4 increased by 6.45 per cent in nominal terms, but in real terms, it increased by 1.97 per cent. The main cost drivers are Programme Management: Integrity and Anti-Corruption at R24.6 million and Professional Ethics at R23.1 million, respectively. There has been a decrease in the number of complaints lodged and closed by the PSC over a four-year period. This may be attributed to the departments putting in place own complaints mechanisms including reporting lines and investigative capacities as required by the Minimum Anti-Corruption Capacities (MACC) established by Cabinet. This shows the effectiveness of the Programme, although the issue of public service employees conducting business with the State is slower than anticipated.

A responsive and values driven public service depends on, among other things, the investigative function of the PSC on public administration malpractices, particularly in the areas of irregular appointments and curbing of corruption in government departments. The PSC will continue to investigate public administration malpractices, scrutinise compliance with financial disclosure framework management of the National Anti-Corruption Hotlines and conduct investigative research on professional ethics.

8. OBSERVATIONS AND FINDINGS

The Portfolio Committee identified the following matters in relation to the Budget Vote 12,

8.1 The Committee noted and considered the Strategic Plan (2019-2024) and Annual Performance Plan 2020/21 financial year of the Public Service Commission. The strategic plan covers most of the functions of the Commission as encapsulated in section 196 of the Constitution. The Committee further noted that PSC's strategic focus is mainly contribution towards building a responsive, ethical and value-driven public service that responds timeously, efficiently and effectively to the needs of the citizens.

8.2 Over the past years, the PSC used to receive its budget through transfer from the Department of Public Service and Administration budget vote. The Committee welcomed government's decision to grant the full budget vote status as part of reinstating its independence from the Executive. The Committee was dissatisfied with the fact that the PSC would still be unable to argue on its budgetary requirements before Cabinet and or Parliament and is dependent on the Minister of Public Service and Administration to do so.

8.3 The Committee noted the PSC's initiative on the legislative reform project intending to introduce to Parliament a Bill that will allow the Commission to be supported by a Secretariat that is independent of government in order to strengthen its independence. Currently the Director-General of the PSC is appointed through section 12 of the Public Service Act, 1994, thus making him/her part of employees under the Public Service.

8.4 The Committee further notes existing vacancies of the Commissioners at the National Office and in Mpumalanga, the Northern Cape and KwaZulu Natal provinces. The Committee was wary of Section 3(2)(a) of the Public Service Commission Amendment Act, 1997 which stipulates that such posts be filled within a 60-day period. The Committee conceded that it will speed up the process of filling a vacancy of the National Commissioner and further encouraged legislatures to fast-track their recruitment process to be in line with Section 3(2) of the Act.

8.5 Due to COVID-19, government has listed certain departments as essential services. However, the Committee was of the view that the National Anti-Corruption Hotline administered by the PSC could have been listed as an essential service. Corruption is rife during the disaster period, as most departments are allowed under certain circumstances to procure services without following PFMA prescripts. The National Anti-Corruption Hotline is useful during this period to provide citizens with a platform to report any allegations of corruption in the public sector.

8.6 The Committee took note of the PSC's caution on mushrooming of other hotlines within the public and private sector, which has the potential to render the Public Sector National Anti-Corruption Hotline ineffective. The function to report and investigate on corruption resides with the PSC, therefore the Committee felt that a central hotline should be under the auspices of the PSC. Too many hotlines are a duplication of services and multiplied cost to Government, when there is a need to save to grow the economy.

8.7 The Committee in its analysis of the annual performance plan identified an anomaly in terms of percentage of budget allocated mainly to spend on Compensation of Employees. The PSC is a knowledge-based institution that attracts highly specialised individuals with relatively scarce skills to be able to assist the institution to pursue its mandate of investigation, monitoring and evaluation as well as research. Therefore, most of the officials are appointed with high expectations such as master's degrees and intense experience, which comes with cost and an expectation to provide quality services to the Commission.

8.8 As a result of audit outcomes of the 2018/19 financial year, the Committee cautioned the PSC to address matters of emphasis the Auditor-General identified resulting to qualified audit, among which was the deviation on the procurement of the Information Technology related matters, resulting in most unfavourable audit outcomes. For the PSC to fail in these matters undermines good governance, which it must uphold and of which it is a custodian.

9. RECOMMENDATIONS

The Portfolio Committee recommends that the Public Service Commission undertakes the following activities:

9.1 In light of COVID-19, the Commission should approach government to reconsider its position and list the Public Sector National Anti-Corruption Hotline as an essential service. During this period, citizens have to be encouraged to report allegations of corruption through the NACH. The Committee noted that Government had subsequently declared the NACH as an essential service.

9.2 The PSC should ensure, as it is already doing, that the Public Sector National Anti-Corruption Hotline operates for 24 hours on a weekly basis.

9.3 The PSC should conduct a study on all existing government corruption hotlines dealing with corruption cases in order to establish their efficacy and overlaps in rooting out corruption in the public service, with a view to streamlining and centralising all hotlines with a common purpose under one hotline.

9.4 The PSC should speed up the finalisation of the legislative reform project, which seeks to allow the institution to be supported by the Secretariat independent of government in order to strengthen the Commission, especially when the Commission has acquired back the status of a fully-fledged budget vote.

9.5 The PSC should review its organisational structure with the intention to reduce budget on compensation of employees, where necessary, and commit more funds to expanding its capacity of investigation, monitoring and evaluation across the public service.

9.6 The PSC should through its monitoring and evaluation programme expand its reach of monitoring government facilities rather than conducting inspections only in the health facilities as stipulated in the Annual Performance Plan 2020/21. There are various government department's facilities that require extensive monitoring in order to deliver effective and quality services to the citizens.

9.7 The PSC should ensure that it addresses all concerns raised in the 2019/20 Auditor-General's Report so that solutions are found to making the organisation efficient. The PSC should not fail in these matters because it undermines good governance, which it must uphold and of which it is a custodian.

9.8 Since the PSC reported that key services are continuing in spite of the pandemic, it must ensure that employee grievances are resolved on time, especially where suspensions are involved.

9.9 The Public Service Commission should conduct an evaluation to determine factors leading to and the cost to government departments sourcing external legal services towards resolution of disciplinary cases in the public service, which is contrary to Disciplinary Code and Procedure. The PSC should report within 90 days on this matter.

10. CONCLUSION

The Portfolio Committee is satisfied with the fact that the PSC continues to deal with key services even as the pandemic has disturbed the course of service delivery in the public service. The Committee understands that service delivery will definitely be affected and will not be at hundred per cent, but the efforts towards minimising the impact of the pandemic are appreciated. The PSC should conduct a study on all existing government corruption hotlines dealing with corruption cases in order to establish their efficacy and overlaps in rooting out corruption in the public service, with a view to streamlining and centralising all hotlines with a common purpose under one hotline. The Committee will continue to support the PSC towards achieving what it can achieve under the circumstances.

Report to be considered.

8. REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION ON THE STRATEGIC PLAN 2019/20—2023/24, ANNUAL PERFORMANCE PLANS (APPS) 2020/21 AND THE BUDGET VOTE 14 OF THE STATISTICS SOUTH AFRICA, DATED 27 MAY

1. BACKGROUND

The Portfolio Committee on Public Service and Administration (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 in the Presidency for Planning Monitoring and Evaluation in terms of the Public Finance Management Act (Act No 32 of 2003), reports as follows:

2. INTRODUCTION

Parliament plays an important role in overseeing planning and performance of government departments and public entities as well as Chapter 9 and 10 institutions. 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 stipulates 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 strategic and annual performance plan, the Committee ensured that Statistics South Africa plans and budget allocation serve the needs and aspirations of the statistics users. Budget allocation serves as a key instrument for government to promote socio-economic development. Budget allocation plays a critical role as an economic instrument of the government to reflect on 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.

On 08th May 2020, the Committee considered presentation on the Strategic and Annual Performance Plans and budget allocation of Statistics South Africa (Stats SA). This report summarises the presentation received from the Stats SA, focusing on the 2019/24 Strategic Plan and 2020/21 Annual Performance Plan and Budget, as well as allocations over the MTEF.

3. OVERVIEW OF THE STATISTICS SOUTH AFRICA

The main responsibility of Stats SA is to provide relevant and accurate statistics by using 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 from organs of state, the private sector and 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 function.

Statistics South Africa releases over 250 surveys on a yearly basis on employment, labour, poverty and other socio-economic statistics. Statistics aimed at providing evidence-based information to policymakers, private sector, academics and non-governmental organisations as well as planners across all spheres of government. Stats SA is committed to using scarce resources to deliver quality basic statistics as it invests and strengthens partnership with various stakeholders within the data ecosystem. In the sixth administration of Government, Stats SA will be fully engaged with the following crucial statistical work:

- Finalisation of legislative reforms.
- Release of the results of the National Household Travel Survey.
- Release of the Census of Commercial Agriculture.
- Preparations for Census 2021 (conducting the pilot census) – as baseline information the country needs and the master sample that Stats SA needs to advise other research entities in South Africa; and
- The Income and Expenditure Household Survey to be conducted in 2020/21. This is a critical survey to measure and understand poverty and inequality in South Africa.

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 250 statistical releases per annum. 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 in the Presidency for Planning, Monitoring and Evaluation. Stats SA has a separate budget vote from the Department of Planning, Monitoring and Evaluation (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

In order to be responsive to the attainment of the NDP priorities over the period 2020/21-2024/25, an NDP 5-year Implementation Plan and a more focused Medium Term Strategic Framework (MTSF) 2019/24 have been developed by the Presidency as announced by the President in the State of Nation Address, outlines the following strategic goals:

- Economic transformation and job creation.
- Education, skills and health.
- Consolidating social wage through reliable and quality basic services.
- Spatial integration, human settlements and local government.
- Social cohesion and safe communities.
- A capable, ethical and developmental state.
- A better Africa and a better world.

Key priorities for 2020/21 financial year are outlined below:

- Driving legislative reform.
- Sustaining the quality of national indicators.
- Modernising the statistical value chain.
- Leading a transformation and change agenda.
- Rolling out the integrated indicator framework.
- Conducting Census 2021 pilot project.

6. BUDGET ALLOCATION

The budget allocated for the Statistics South Africa in 2020/21 financial year was R3 452.2 billion as compared to the allocated budget of R2 514.4 billion in 2019/20 financial year. The expenditure is projected to increase from R1.5 billion in 2019/20 to R1.8 billion in 2022/23 at an average annual rate of 7.2 per cent, as a result of an additional allocation of R105 million and a reprioritisation of R49.4 million to address the historic shortfall in the budget for compensation of employees. Stats SA is expected to account for approximately 27.5 per cent (R3.1 billion) of the department's total budget over the MTEF period. The production of statistics depends solely on skilled and well capacitated personnel, therefore expenditure on the compensation of an average of 2 812 employees is expected to account for 48.3 per cent (R5.1 billion) over the medium term period.

Over the MTEF period, the department has a total budget of R10.7 billion, of which R7.5 billion is earmarked for operational expenditure and R3.2 billion for spending related to Census 2021. Census is expected to drive an increase in spending at an average annual rate of 29.3 per cent, from R2.3 billion in 2018/19 to R4.9 billion in 2021/22. Spending on compensation of employees is expected to increase at an average annual rate of 5.6 per cent, from R1.4 billion in 2018/19 to R1.7 billion in 2021/22.

Over the medium term, the department will focus on modernising its operating model, strengthening statistical reform, and preparing for and conducting the national population census in 2021. During 2020/21 financial year, Stats SA intends to improve data collection and analysis and turnaround times for processing and release of data by migrating from paper-based to digital data collection over the medium term.

Table 1: Budget per programme

Programme R'000	**Revised Estimates 2019/20**	**Medium Term Expenditure Estimates**		
		2020/21	**2021/22**	**2022/23**
1. Administration	682.1	675.6	693.8	753.7
2. Economic Statistics	277.8	282.1	326.1	344.4
3. Population and Social Statistics	176.3	276.0	176.9	235.1
4. Methodology, Standard and Research	83.5	162.0	198.2	209.0
5. Statistical Support and Informatics	283.9	283.5	301.3	324.1
6. Statistical Operations and Provincial Coordination	700.2	1 729.5	3 102.0	948.5
7. South African National Statistics System	310.0	43.4	45.7	47.6
Total	**2 514.4**	**3 452.2**	**4 843.9**	**2 862.6**

Estimates of National Expenditure 2020

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 provide strategic leadership, management and services to the department. The Administration programme has four sub-programmes, which are as follows namely, Department Management, Corporate Services, Financial Management Services, Internal Audit and Office Accommodation. The strategic intention of the programme is focused on driving the outcome of transformed capability. The programme will align itself to the strategy of digitisation through automation of processes. The provision of support to projects, including the Census 2021 project, will utilise all facets of automated processes. A cost-effective strategy to reduce the major cost driver in surveys which, apart from the compensation of employees is the utilisation of vehicles, will be explored.

Stats SA will transform and change agenda to facilitate and drive the culture and organisational change required to implement the new strategic direction. The implementation of the revised structure and relocation of staff to critical areas will be rolled out in 2020/21. An alternative funding model will be explored through research.

The programme received budget allocation of R675.6 million as compared to R682.1 million in 2019/20 financial year which intends to provide strategic direction, leadership, management and support services to the department. The spending focus over the medium term continues to focus on the number of priority projects supported in accordance with Stats SA’s project management framework, research to enhance management information repository, support Census 2021 pilot with human resource, develop logistic and fleet management plan for Census 2021 and develop an internal audit plan for Census 2021.

7.2 Programme 2: Economic Statistics

Economics Statistics programme aims to produce 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. There are six sub-programmes, which are as follows: Business Cycle Indicators, Structural Industry Statistics, Price Statistics, Private Sector Financial Statistics, Government Financial Statistics and National Accounts.

The objectives of the programme is to produce economic indicators to inform evidence-based planning, monitoring, evaluation and decision making for use by the public and private sectors by publishing monthly, quarterly, annual and periodic statistical releases on various industries in the private and public sectors.

Programme 2 has been allocated budget of R282.1 million for 2020/21 financial year. The main cost driver is Compensation of Employees and collection of questionnaires. The strategic intention of the programme is focused mainly on driving the outcome of providing insightful data and providing a range of statistics that describe the dynamics of the economy as well as its links to job creation, economic growth, the environment and society.

Stats SA will over the medium term publish 150 monthly, quarterly and annual industry and trade statistics. Under Programme 2, the following reports will be published over the medium term, five reports on 2018 trade industry, 2018 personal services survey, one annual commercial agriculture, fisheries and forestry statistics. Furthermore, Stats SA will publish 12 monthly Consumer Price Index (CPI) releases, 36 monthly Producer Price Index (PPI) releases, one PPI updated weights and product list.

Stats SA will further publish five quarterly and annual Private Sector Financial Statistics, one Capital Expenditure Survey discussion document, seven quarterly and annual Government Financial Statistics, four quarterly releases on Financial Statistics of Municipalities and one annual release on the Non-financial Census of Municipalities. In addition to the strategic outcome of insightful data, Stats SA intends to publish four Gross Domestic Product releases, one research report on reviewing and improving data sources, one report on Tourism Satellite Accounts and Environment Economic Accounts (EEA) statistics.

7.3 Programme 3: Population and Social Statistics

The purpose of the Programme is to produce population, demographic, labour market and social statistics to inform socio-economic development. Population and social statistics inform evidence based socio-economic development and transformation in line with internationally recognised practices. Programme 3 contributes to strategic objective to sustain national population and social indicators to inform evidence-based planning, monitoring and decision-making for use by the public and private sector through publishing numerous series such as labour market and employment surveys.

The outputs produced under this Programme contribute immensely towards the monitoring of the MTSF 2020-2024, the National Development Plan goals and indicators, Agenda 2063 as well as the Sustainable Development Goals.

Programme 3 has been allocated budget of R276.0 million in the 2020/21 financial year. The expenditure on the budget will be incurred by continuing to sustain the quality of key national indicators and to increase responsiveness to users' basic statistical needs and demands by collecting and analysing data across a range of themes. Stats SA will be embarking on the process of reviewing the content of the questionnaires of these surveys as well as the survey methodology. One of the outcomes of this process is the introduction of a modular approach, where a rotational system of in-depth service delivery modules will be developed and implemented at regular intervals as part of a continuous population survey.

Continuous collection is expected to better capture seasonality in the data and to provide more opportunities for quality assurance. The Continuous Population Survey (CPS) will integrate three current survey instruments - the General Household Survey (GHS) and Income and Expenditure Survey (IES) and will provide an integrated tool for the collection of living conditions, life circumstances and poverty data. This survey will create a more agile and cost effective operating model for survey data collection, as it would provide a broad platform to cover a range of thematic areas on a regular basis.

Stats SA intends to embark on extensive skilling and reskilling in data analytics and related capabilities in order to meet the requirement of the new data ecosystem. This target is aimed at investing in building a diverse skilled and versatile workforce to embrace innovative solutions such as data collection through digitisation. This will create a cadre of analytical capability to drive value in the data ecosystem.

7.4 Programme 4: Methodology and Statistical Infrastructure

The purpose of the Programme is to set standards, statistical frames, methodologies and conduct statistical research. The main objective of the Programme is to improve the quality and methodological soundness of statistical information by researching, developing, reviewing and applying statistical methods, standards, classification and procedures in the statistical value chain annually. The Programme further monitors and evaluates the methodological compliance of statistical operations by conducting independent evaluations on statistical practices annually. In addition, it ensures complete and accurate sampling frames to enhance the quality of economic and social statistics by maintaining and updating frames for business and geographic information annually.

Programme 4 was allocated budget of R162.0 million in 2020/21 financial year. The cost driver under this Programme is Compensation of Employees, Data Costs and Training Costs. The Programme contributes towards achieving the organisational strategic outcomes of an agile operating model and interconnected statistical systems. Statistical data are enablers of achieving uniformity, consistency, comparability, integration and ultimately data sharing and thus increased use of statistical products. Standards are a precondition for production of good quality statistics. The Programme has to ensure availability and use of relevant statistical standards and classifications for Stats SA and SANSS programme.

The Programme provides technical expertise on methodologies for producing official and other statistics and review surveys as to their methodological compliance and alignment with international frameworks and practices to render quality statistics able to inform debate, research and decision-making. The transition of statistical production processes from manual systems to digital platforms requires the programme to upskill and re-skill its personnel to ensure that they provide the relevant and necessary support to production systems.

7.5 Programme 5: Statistical Support and Informatics

This Programme enables service delivery programmes by using technology in the production and use of official statistics. The main objective is to modernise business processes by building enterprise architecture and applying emerging technologies for data collection, processing and the dissemination of statistical information over the medium term. The Programme further aims to enable the department's production of official statistics by providing a technology infrastructure that is reliable, sustainable and cost effective over the medium term to inform policy through the use of statistical geography.

The Programme promotes and provides better access to official statistics. The Programme contributes to 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. In addition, it increases awareness of and the use of official statistics by government and the public on an ongoing basis by reaching out to stakeholders and responding to user queries, educating users and improving accessibility to and the ease of use of statistical information.

The Statistical Support and Informatics Programme received an allocation of R283.5 million to enable service delivery programmes by using technology in the production and use of official statistics. Key outputs to achieve in this financial year include the implementation of the branding strategy, which aims to place stakeholders at the centre of operations by delivering products and services that are in line with user requirements. The Programme provides the technology backbone in the form of an enterprise architecture that is able to anticipate growing demand and will have the foresight to increase capacity when required and to scale down to save costs based on system requirements.

7.6 Programme 6: Statistical Operations and Provincial Coordination

The purpose of the Programme is to collect and process data and interact with stakeholders and users at provincial and local levels to inform policy implementation and support decision-making through statistical information. It engages stakeholders through platforms and provides effective communication services.

The main objective is to provide integrated data collection services, and disseminate quality statistics to provincial and local stakeholders and the public by ensuring an average response rate of 85 per cent annually. Another objective is to expand the statistical information base for use by government, the private sector and the public by conducting a population census every 10 years, and large-scale population surveys every five years between censuses. It further ensures the efficiency and effectiveness of survey operations by coordinating household surveys to attain an average response rate of 85 per cent annually. The Programme improves the quality and timeliness of the editing and processing of statistical data by administering a common data processing platform for censuses, household surveys, administrative records and ad hoc survey data over the medium term.

The Statistical Operations and Provincial Coordination programme received an allocation of R1 729.5 billion to execute its core mandate of collecting and processing data, and interacting with stakeholders and users at provincial and local levels. Key strategic priority and output in this Programme is to pilot the census in October 2020 and conduct population census in October 2021. The statistical outputs of the census form the baseline of the statistical information system in the country and provides the most comprehensive statistics at the lowest geographic level to provide insights on various socio-economic phenomena. This Programme's contribution is to drive agile statistical household operations at national, provincial and local levels by employing multimode data collection methodologies that are technology driven.

7.7 Programme 7: South African National Statistics System

The purpose of the Programme is to develop and coordinate the national system in South Africa. The objective of the Programme is to ensure that national statistics are produced based on common statistical standards and principles by providing statistical support and advice on an ongoing basis, and certifying statistics as official annually. It manages the distribution of statistical information by establishing and providing mechanisms, platforms and criteria for sharing data annually. It drives statistical reporting by coordinating the compilation of statistical reports in line with the integrated indicator framework annually.

The South African National Statistics System programme received a budget allocation of R43.4 million to develop and coordinate the national system in South Africa. The statistics system is composed of entities of the National Statistics System (NSS), which must subscribe to governance and ethical principles for all producers of statistics. Additionally, insofar as production activities are concerned, all entities of the NSS subscribe to standards and frameworks as directed by the Statistician-General under the mandate of the Statistics Act.

The Programme will fully develop an Integrated Indicator Framework (IIF). The IIF is a tool to promote coordination among producers of official and other statistics in order to advance quality, comparability and optimum use of official statistics. It is also a key contributor to the achievement of the interconnected statistics system. Once fully developed, the IIF will be able to ascertain what the information gap is in the statistics system.

The development and implementation of the National Strategy for Development of Statistics (NSDS) will build capacity and strengthen coordination amongst entities of the NSS. Through the NSDS, NSS entities will be able to set up statistical units and compile annual statistical plans informed by the IIF. All data that will be used to report on the IIF will be taken through a quality assessment process using the South African Statistical Quality Assessment Framework (SASQAF).

8. OBSERVATION AND KEY FINDINGS

The Portfolio Committee observed the following matters in relation to the Budget Vote 14 of Statistics South Africa:

8.1 The Committee noted and considered Statistics South Africa Strategic Plan (2019-2024) and Annual Performance Plan for 2020/21 financial year. The Committee welcomed the tabled strategic and annual performance plans as it encompasses and fulfil the mandate of Stats SA. However, the Committee was concerned about attainments of targets in 2020/21 financial year due to disruption by COVID-19 and the lockdown.

8.2 The Committee urged Stats SA to be innovative and optimise on scarce resources to align its business process towards digitisation.

8.3 The Committee noted that due to the outbreak of COVID-19 in South Africa, Stats SA immediately withdrew its enumerators (fieldworkers) from collecting data as a way to protect officials from the virus. Fieldworkers are working from home to administer online surveys due to coronavirus.

8.4 The Committee take note that Stats SA is in a process to implement revised organisational structure and reposition staff to critical areas based on their skills and capabilities. This process will include skilling and reskilling to ensure staff are well capacitated with new business processes of producing statistics through digitisation.

8.5 The Committee noted that part of the priorities in the implementation of organisational structure is to fill funded vacant positions and ensure attainment of employment equity targets by employing 50% of women in senior management and 2% of People with Disabilities.

8.6 The Committee was of the view that the review and implementation of revised organisational structure will reduce vacancy rate and high staff turnover experienced in the past years in the department. An allocation of R49.4 million provided in 2020/21 financial year will be able to address historic shortfall in the budget for compensation of employees.

8.7 The Committee further welcomed pronouncement that Census 2021 will go ahead as planned, Stats SA is ready to roll-out the survey. Moreover, Stats SA will no longer collect data manually as it used to in the past Census. A Computer Assisted Personal Interview will be used by enumerators as a more advanced electronic data collection that is affordable, quicker and faster, without compromising the quality aspects of statistics. Stats SA will further send a link to households' members who are able to use technology to participate in the census by sending filled questionnaires back to the department. A call centre will be established to assist members of the public on any matter relating to census 2021.

8.8 The Committee urged Stats SA to save cost as data collection during census 2021 will be collected through Computer Assisted Personal Interview, which might reduce cost of data capture, as it used to happen through manual data collection. The Committee requested Statistics SA to be inclusive with the CAPI project so that all communities, including in rural areas, get access to being sourced for information.

8.9 The Committee was pleased that the budget earmarked for census 2021 has been ring-fenced.

8.10 The Committee took note of the new approach, namely "the Continuous Population Surveys (CPS)" aimed at integrating current survey instruments, which are the General Household Survey (GHS), Income and Expenditure Survey (IES) and Living Conditions, Life Circumstances and Poverty Data.

8.11 The Committee was of the view that Stats SA has to continue championing the provision of guidance and advice on methodologies to all government departments intending to conduct administrative statistics (records) in order to produce quality statistics for the benefit of using such data for official statistics.

8.12 In terms of the legislative reforms, the Committee noted the progress made thus far with regard to the amendment to the Statistics Act of 1999 that intends to 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 amendments will ensure coordination between organs of state for the purpose of enhancing efficiency in the statistical system. Stats SA has finalised the amendments to the Act, however, delays were encountered due to COVID-19 to meet with the Minister in the Presidency for Planning, Monitoring and Evaluation.

8.13 The Committee noted the involvement of Stats SA in the District Development Model for capacitating municipalities to be able to interpret and use statistics as an instrument for planning, evidence-based policy making and allocation of resources. Stats SA will make available statistics per district and assist municipalities in interpreting data.

8.14 The Committee was satisfied that most of the government institutions use statistics as an evidence-based tool in policy making and planning. Evidence-based policy making is promoted across government, particularly in the planning. The DPME and other departments have to ensure statistical data is utilised in policy decision making when developing the Medium Term Strategic Framework for 2020-2024 and other government programmes.

9. RECOMMENDATIONS

The Portfolio Committee recommends that Statistics South Africa, through the Minister in the Presidency for Planning, Monitoring and Evaluation, gives attention to the following activities:

9.1. Statistics South Africa expeditiously finalises and tables amendment of the Statistics Act (1999) to drive statistical reform in the country timeously to Parliament. The amendments of the Act should firmly respond to the evolving environment, with particular emphasis on statistical coordination, the data revolution, a state-wide statistical service and institutional arrangements.

9.2. Stats SA should continue to capacitate, enhance and enrich municipalities with statistical knowledge through its participation in the District Development Model for the purpose of enabling local government to fulfil its constitutional mandate as per Section 152 of the Constitution.

9.3. Stats SA should move with speed in its processes of skilling and reskilling of employees on numerous aspects such as digitisation for the purpose of readying itself for effective collection of data for the census. Stats SA should provide the Committee with a comprehensive report on its readiness to conduct Census 2021 by November 2020.

9.4. Stats SA should during census ensure the process of data collection is as inclusive as possible particularly with regard to the connectivity in the remote rural areas. ICT should not be a hindrance for collecting data since while Computer Assisted Personal Interview will be used throughout the census.

9.5. Stats SA should prioritise filling key critical positions through an allocation of R49.4 million aimed at addressing the historical budget shortfall on the compensation of employees.

9.6. With the looming possible budget cuts in government as a result of funding the Relief Fund to address socio-economic challenges exacerbated by coronavirus pandemic, the National Treasury should be cautious when cutting departmental budgets, especially at Stats SA since it has had historical budget shortfalls over the past four years.

9.7. Stats SA together with the National Treasury should ensure, as promised, that budget for Census 2021 remains ring-fenced during this difficult period of budgetary constraints caused by coronavirus pandemic.

9.8. Stats SA should continue to provide statistical advice on the methodology for the administrative stats/or records intended to be commissioned by various departments, if such data will be considered or used when compiling official statistics.

9.9. Stats SA should, in collaboration with other stakeholders, devise a long-term connectivity strategy to link up with deep rural areas through technology in order to harvest information vital to planning.

10. CONCLUSION

Statistics South Africa continues to play a significant role in producing credible statistics to inform evidence-based planning, monitoring, evaluation and decision-making and helping academics and private and public sector towards accessing reliable statistics. Moreover, Stats SA remains a key strategic player in the transformative agenda by producing evidence-based, quality and accurate official statistics for the country. Collection of statistics remains a top priority for the purpose of ensuring informed current and future planning for the country.

Statistical information plays a critical role in the value chain and should enhance planning and evidence-based policy making across a wide range of sectors. Statistics South Africa should not be put at risk due to budget constraints. A well-resourced Statistics South Africa will serve well the needs of the country.

The Portfolio Committee recommends as follows:

That the House adopts and approves the Budget Vote 14 of Statistics South Africa.

Report to be considered

9. REPORT OF THE PORTFOLIO COMMITTEE ON AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT ON THE 2020/21 ANNUAL PERFORMANCE PLAN AND THE BUDGET OF THE DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT AND ITS ENTITIES, VOTE 29, DATED 29 MAY 2020.

The Portfolio Committee on Agriculture, Land Reform and Rural Development (hereinafter referred to as the Portfolio Committee) examined the 2020/21 Vote 29: Agriculture, Land Reform and Rural Development and budget projections for the Medium Term Expenditure Framework (MTEF) period ending in 2022/23 financial year. The process entailed scrutiny of the 2020/21 Annual Performance Plans (APPs) and Budgets of the Department of Agriculture, Land Reform and Rural Development (hereinafter referred to as the Department), and the relevant National Public Entities listed in Table 1 of this report during briefings held on 05, 11 and 19 May 2020.

Having considered Budget Vote 29, together with Strategic Plans and APPs of the Department and the relevant National Public Entities, the Portfolio Committee reports as follows:

1. Introduction

This report accounts for the process embarked upon by the Portfolio Committee on Agriculture, Land Reform and Rural Development to consider Vote 29: Agriculture, Land Reform and Rural Development as tabled by the Minister of Finance, and the Five-Year Strategic Plans and Annual Performance Plans of the Department of Agriculture, Land Reform and Rural Development (hereinafter referred to as the Department), and relevant public entities as listed in Table 1. Vote 29 is a reconfigured allocation that combines the Agriculture component of the former Vote 24: Agriculture, Forestry and Fisheries and Vote 39: Rural Development and Land Reform. The Committee process followed the tabling of Strategic Plans, APPs and budget allocations by the Department and its national public entities in Parliament as required in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999). The APPs outline the annual plans in line with Strategic Plans and the allocated budget as per the Estimates of National Expenditure(ENE) tabled by the Minister of Finance. These planning documents were tabled on 13 March, 26 March and 02 April 2020; and presented at briefing sessions as shown in Table 1.

Table 1: Briefing Sessions by the Department and its Public Entities

Department and Public Entities under Vote 29	Date of briefing
Department of Agriculture, Land Reform and Rural Development	05 May 2020
Commission on Restitution of Land Rights	05 May 2020
KwaZulu-Natal Ingonyama Trust Board	05 May 2020
Office of the Valuer-General	11 May 2020
Agricultural Research Council	11 May 2020
Onderstepoort Biological Product	11 May 2020
National Agricultural Marketing Council	11 May 2020
Perishable Products Export Control Board	11 May 2020
Department of Agriculture Land Reform and Rural Development	19 May 2020

During the scrutiny of the Strategic Plans and the APPs, the Portfolio Committee assessed whether the plans of the Department and Entities were aligned to the State-of-the-Nation Address (SONA) of February 2020, the National Development Plan (NDP) policy priorities and targets, the 2020-2024 Medium Term Strategic Framework (MTSF) and other key government policy priorities. It further examined resource allocation to determine if the available resources would enable the Department and Entities to deliver the targets they set for themselves and realisation of the expected outcomes of the interventions. The fact that Vote 29 was reconfigured to merge some of the functions of the former Department of Agriculture, Forestry and Fisheries (DAFF) and those of the Department of Rural Development and Land Reform (DRDLR), the Portfolio Committee further examined whether there was adequate capacity in the Department to implement the macro-structure of the merged Department and how the reconfiguration would contribute in addressing the weaknesses of the former DRDLR and DAFF, including weaknesses associated with the concurrent competency of agriculture and rural development. The Committee also took into account that Department was being expected to prioritise the implementation of recommendations of the Presidential Advisory Panel on Land Reform and Agriculture, therefore, was curious to see how the recommendations were factored into the plans of the Department. The outbreak of Covid-

19 towards the end of the 2019/20 financial year and the subsequent interventions by the Department, dictated that the Portfolio Committee should assess how the Covid-19 outbreak, declared a national disaster, impacted the 2019/20 and 2020/21 budget allocations and plans in the APPs.

Following this introduction, the report proceeds as follows: Section 2 presents an overview of the national policy mandates, particularly the relevant NDP policy priorities, MTSF priorities and the SONA by the State President; Sections 3 and 4 discusses the responses of the Portfolio Committee to the Strategic Plans and Annual Performances of the Department and Entities; Section 5 introduces responses of the Department to the Covid-19 national disaster and how budget allocations have been affected; Section 6 summarises the key conclusions of this report on the basis of the observations of the Committee in Sections 3, 4 and 5; and finally Section 7 proposes recommendations to the National Assembly.

2. The National Policy Mandates

2.1 The National Development Plan: Vision 2030

The NDP's overarching aim is to eliminate poverty and reduce inequality by 2030. The Plan recognises that South Africa needs an inclusive economy that is more dynamic and in which the fruits of growth are shared equitably amongst its citizens. Chapter 6 of the NDP titled, *"inclusive rural economy",* outlines the NDP's vision for the development of rural areas. Its focus is sustainable land reform and agrarian transformation, which encompasses the mandate of the Department. The NDP is implemented in 5-year phases, which are outlined in Government's MTSFs.

Agriculture is identified in the NDP as one of the key sectors through which increased employment and poverty alleviation can be achieved. In this regard, approximately 1 million new jobs and a trade surplus are expected to be created from agriculture, agro processing and related sectors by 2030. The NDP further expects that a third (33%) of the food trade surplus should be produced by smallholder producers by 2030. With regard to land reform, it sets a target to redistribute 16.5 million hectares or 20 per cent of commercial agricultural land by 2030. By 2018, Government had redistributed close to 10 per cent of commercial agricultural land. It thus suggests that in the next 10 years, over 10 per cent of commercial agricultural land must be redistributed.

2.2 Medium Term Strategic Framework 2019-2024

The MTSF is the Government's strategic plan for the 2019-2024 period. It is a five-year implementation phase of the NDP that is outcomes-based. It takes into account the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) and other Government policy foci. The MTSF 2019-2024 is the second implementation plan of the NDP, following the MTSF 2014-2019. The MTSF's aim is to ensure policy coherence, alignment and coordination across Government Plans, as well as alignment with budgeting processes. The MTSF 2019-2024 aims to address challenges of poverty, inequality and unemployment through the following pillars:

- Achieving a more capable state;
- Driving a strong and inclusive economy; and
- Building and strengthening the capabilities of South Africans.

The above three pillars underpin Government's seven Key Priorities that have been adopted to implement the current MTSF. The 7 Key Priorities are expected to be achieved through the joint efforts of government, the private sector and civil society. For each MTSF Priority, a number of Outcomes and associated interventions are outlined in an Implementation Plan and a Monitoring Framework by which each relevant Department's performance is going to be assessed by the Presidency in the five-year period. The Department directly contributes to five of the 7 Key Priorities, namely:

- **Priority 1:** A capable, ethical and developmental state
- **Priority 2:** Economic transformation and job creation
- **Priority 3:** Education, skills and health
- **Priority 5:** Spatial integration, human settlements and local government
- **Priority 7:** A better Africa and world

Most of the Department's planned activities in the current MTSF period were informed by Priorities 2 and 5, which can be linked to approximately five outcomes and a number of specific interventions to which the Department will contribute. However, in its Strategic Plan and consequently, the 2020/21 APP, the Department has highlighted four MTSF Priorities, viz. Priorities 1, 2, 3 and 5. The Committee noted that, for each of the Priorities, the Department has not outlined in its Plans, all the interventions to which it is expected to contribute by the MTSF.

2.3 The 2020 State of the Nation Address

The key priorities of the Sixth Administration as highlighted in the President's State of the Nation Address (SONA) with regards to the Department are as follows:

- Restitution: focusing on the land restitution cases that have not been resolved since 1998;
- Labour Tenants' claims: the resolution of labour tenants' claims to ensure that their land rights are restored not only in law, but also their land based livelihoods;
- Agricultural activities: increasing the market share of black producers in the various sectors of the agricultural economy, in both primary production level and the agribusiness industry;
- Rural development: building infrastructure that will support farmer production units located in the 44 districts of the country and social infrastructure such as rural roads;
- Social development: speedy release of state land for human settlement as well as agricultural development;
- Deeds registrations: transforming the deeds registry to record the land rights in South Africa. To this end, a policy for the transformation of deeds registries and supporting tenure legislation that encompass recording of land rights in the communal areas of South Africa would be developed.

3. Overview of the Strategic Focus of the Department of Agriculture, Land Reform and Rural Development, 2020/21 Annual Performance Plan and Budget Allocation

3.1 The Department of Agriculture, Land Reform and Rural Development and its Core Functions

The main aim of the Department of Agriculture, Land Reform and Rural Development is to provide equitable access to land, integrated rural development, sustainable agriculture and food security for all. The Department's legislative mandate is derived from the following Sections of the Constitution of the Republic of South Africa, 1996:

- **Section 24(b)(iii)** (environment and natural resources clause) and **27(1)(b)** (food and water clause) that cover the agricultural value chain and resources.
- **Section 25** (property) that establishes the framework for the implementation of land reform.
- **Section 27(1)** (health care, food, water and social security clause) that establishes the framework for the implementation of the comprehensive rural development programme.

The Department executes its legislative mandate by implementing, managing and overseeing no less than 35 key pieces of legislation that cover inter alia land acquisition, restitution and use; agricultural production and its value chain regulation; conservation of resources and the establishment of the Department's public entities. The strategic focus of the Department in the current five-year strategic framework period is to accelerate land reform, catalyse rural development and improve agricultural production to stimulate economic development and food security. Based on this strategic focus, the Department has developed seven Strategic Outcomes for the current MTSF period aligned to MTSF priorities as shown in Table 2 below.

Table 2: Alignment of Department Outcomes and the 2020-2024 MTSF Priorities

Department Outcome (OC)	MTSF Priority (P)
OC1. Improved governance and service excellence	P1: A capable, ethical and developmental state
OC2. Spatial transformation and effective land administration	P5: Spatial integration, human settlements & local government
OC3. Redress and equitable access to land and producer support	P2: Economic transformation & job creation and P5
OC4. Increased production in the agricultural sector	P2 and P3: Education, skills and health
OC5. Increased market access and maintenance of existing markets	P2 and P7. A better Africa & world
OC6. Integrated and inclusive rural economy	P2 and P5
OC7. Enhanced biosecurity and effective disaster risk reduction	P5

The Department has six programmes through which it will measure its Strategic Outcomes, namely:

- Programme 1: Administration;
- Programme 2: Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management;
- Programme 3: Food Security, Land Reform and Restitution;
- Programme 4: Rural Development;
- Programme 5: Economic Development, Trade and Marketing; and
- Programme 6: Land Administration.

3.2 Overview of the 2020/21 Budget Allocation and the Medium Term Expenditure Framework Estimates of the Department

The total budget appropriated to the Department has decreased from R17.2 billion in 2019/20 to R16.8 billion in 2020/21, representing a nominal decrease of 2.4 per cent. The reduction in the budget of more than R1 billion from 2019/20 to 2020/21 was attributed to a reduction in the budget of the Agricultural Land Holding Account and an amount of R282 million for the Marine Living Resources Fund, which is no longer part of the new Department but has been transferred to the Department of Environment, Forestry and Fisheries. Despite its important mandate for transformation and contribution to employment, the allocation to the Department constitutes one per cent of total Government expenditure for 2020/21. Over the medium term, the budget allocation to the Department increases by an average annual rate of 2.4 per cent in nominal terms but in real terms it decreases by an average annual rate of 2 per cent.

Approximately two-thirds of the total budget allocation will be shared between Programmes 2 and 3. Programme 2 (Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management) accounts for 19 per cent of the total budget whilst Programme 3 (Food Security, Land Reform and Restitution) accounts for just under 50 per cent. The allocation is a reflection of the Department’s key priorities for the medium term.

Table 3: Medium-Term Expenditure Framework

Programme/Branch	2020/21 R'000	2021/22 R'000	2022/23 R'000
1. Administration	**2,732,229**	**2,889,744**	**3,001,962**
Ministry	*78,882*	*83,304*	*86,269*
Departmental Management	*163,761*	*173,001*	*179,163*
Internal Audit	*63,340*	*67,005*	*69,500*
Financial Management	*283,953*	*301,375*	*312,111*
Corporate Services	*932,947*	*987,465*	*1,024,117*
Provincial Operations	*455,348*	*480,109*	*498,000*
Office Accommodation	*753,998*	*797,485*	*832,802*
2. Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management	**3,220,722**	**3,463,387**	**3,522,940**
Inspection and Quarantine Services	*629,160*	*679,316*	*701,753*
Plant Production and Health	*688,330*	*776,895*	*840,975*
Animal Production and Health	*342,876*	*378,245*	*422,610*
Natural Resources and Disaster Management	*288,979*	*305,041*	*316,730*
Agricultural Research Council	*1,271,377*	*1,323,890*	*1,240,872*
3.Food Security, Land Redistribution & Restitution	**8,117,180**	**8,677,787**	**9,147,417**
Food Security	*2,034,392*	*2,172,137*	*2,235,416*
Land Tenure Reform	*529,488*	*602,180*	*405,783*
Land Acquisition and Redistribution	*1,214,557*	*1,307,179*	*1,360,274*
National Ext. Services and Sector Capacity Development	*603,634*	*630,684*	*640,882*
Farmer Support and Development	*13,351*	*15,610*	*16,192*
Property Management and Advisory Support	*289,972*	*302,806*	*504,315*
Restitution	*3,431,786*	*3,647,191*	*3,984,555*
4. Rural Development	**1,097,774**	**1,160,401**	**1,010,103**
National Rural Youth Service Corps (NARYSEC)	*290,303*	*202,534*	*202,785*
Rural Social Infrastructure Coordination	*779,282*	*928,013*	*776,227*
Technology Research and Coordination	*28,189*	*29,854*	*31,091*
5. Economic Development Trade and Marketing	**885,580**	**944,451**	**989,418**
International Relations and Trade	*211,824*	*224,976*	*233,419*
Cooperatives Development	*76,656*	*81,170*	*91,823*
Agro-Processing, Marketing and Rural Industrial Development	*597,100*	*638,305*	*664,176*
6. Land Administration	**756,571**	**811,110**	**849,097**
National Geomatics Management Services	*547,183*	*588,857*	*609,972*
Spatial Planning and Land Use Management	*209,388*	*222,253*	*239,125*
Total	**16,810,056**	**17,946,880**	**18,520,937**

Source: DALRRD – PowerPoint Presentation to the Portfolio Committee, dated 05 May 2020

3.3 Overview of the 2020/21 Budget Allocations and Programme Performance Plans

3.3.1 Programme 1: Administration

The Programme's purpose is to provide strategic leadership, management and support services to the Department. It comprises of the following sub-programmes: *Ministry, Department Management, Financial Management, Internal Audit, Corporate Services, Provincial Operations* and *Office Accommodation*. The total budget allocation to Administration in the 2020/21 financial year is R2.8 billion, a nominal increase of 1.9 per cent when compared to 2019/20 allocation. As Table 3 illustrates, Corporate Services and Office Accommodation sub-programmes account for the largest chunk of the budget (approximately 62 per cent). The Committee noted that there was a significant increase of 23.3 per cent to the budget allocation of the Office Accommodation sub-programme when compared to the 2019/20 allocation.

The Committee has raised issues in respect of the following sub-programmes:

- **Corporate Services:** The significance of the sub-programme as a support mechanism to service delivery, was emphasised. However, of great concern was the Department's track record with regard to implementation of its legislative programme and policy development. Both the former DAFF and DRDLR had difficulties in concluding policy and legislation development processes (e.g. Communal Land Tenure; Preservation and Development of Agricultural Land (PDAL) Bill, White Paper on Land Policy; Comprehensive Producer Development Support Policy and others). In the 2020/21 financial year Plan, the Committee was still concerned about lack of a clear legislative programme with time-frames with which the Department can be held accountable.

  Additionally, weak monitoring and evaluation especially project assessments and determining the impact of interventions remains a challenge; for example, the impact of the

Recapitalisation and Development Programme (RECAP), Comprehensive Agricultural Support Programme (CASP) and others. The Committee overemphasised the importance of monitoring and evaluation plans for the Department's interventions and support programmes; and fast-tracking the finalisation of the Department's structure and filling of critical vacancies particularly the placement of the 95 supernumerary positions at senior management service (SMS) level.

- **Provincial Operations:** The importance of the sub-programme was acknowledged particularly for addressing challenges associated with concurrent functions and to strengthen monitoring of activities that are implemented by provinces including timeous reporting. In this regard, placement and/or appointment of personnel in provinces should be fast-tracked.

- **Office Accommodation:** The Committee noted with concern the budgetary increase in this sub-programme compared to the previous financial year despite the merger of the two Departments and the decrease in the total Vote. The Department attributed the increase to virements that have been requested from National Treasury due shortfalls that the Department carried in previous years in respect of rentals and municipal services as well as recurring debt of R197 million from former DAFF due to Fisheries properties that were devolved without funds.

3.3.2 Programme 2: Agricultural Production, Health and Food Safety, Natural Resources and Disaster Management

The purpose of the Programme is to oversee livestock production, game farming, animal and plant health, natural resources, and disaster management. The Programme comprises of the following sub programmes:

- *Inspection and Quarantine Services* to ensure compliance with regulatory frameworks for food safety;
- *Plant Production and Health* to develop policy, and norms and standards to support plant production and plant health;

- *Animal Production and Health* to promote livestock production, game farming and animal health;
- *Natural Resources and Disaster Management* to facilitate the development of infrastructure and the sustainable use of natural resources; and integrates, coordinates and implements disaster management policies and frameworks with special emphasis on mitigating disasters in rural and agricultural areas; and
- *Agricultural Research Council* to manage transfers to the Agricultural Research Council.

Whilst this Programme previously dealt with agricultural production, health and food safety, its mandate has now been extended to include Natural Resources and Disaster Management sub-programme, which has been allocated R289 million for the 2020/21 financial year. In terms of economic classification, approximately 59 per cent of the Programme's total budget goes to transfers and subsidies, 40 per cent to current payments and 1 per cent to capital assets. Transfers and subsidies mainly constitute the R1.27 billion Parliamentary Grant to the Agricultural Research Council (ARC), which accounts for 40 per cent of the total budget of Programme 2 in terms of sub-programmes; and R631.2 million to provinces for the Ilima/Letsema (R548.8 million) and LandCare (R82.4) conditional grants. In terms of sub-programmes, the following was noted:

- **Inspection and Quarantine Services:** The sub-programme's budget has increased from R582 million in 2019/20 to R629 million (20 per cent of Programme total) in 2020/21 to strengthen inspection capacity particularly at ports of entry.

- **Plant Production and Health:** This sub-programme received the second largest budget allocation of the Programme after the ARC, which is R688 million (21 per cent) due to the Ilima/letsema grant (R548.8 million). The sub-programme will oversee inter alia the ex situ conservation of *Amaranthus* and cucurbits taxa, the surveillance of 3 plant pests, development of the Cannabis Master Plan and the conversion of 10 000 hectares of cultivated fields from conventional to conservation agriculture practices. As Ilima/Letsema plays a very central role in household food production to address increasing household food insecurity, there was a concern that the only production target was 10 000 hectares for the entire country to convert fields from conventional to conservation agriculture practices. In addition, the indicator also does not mention expected yields from conservation agriculture practices and the Committee was also concerned about the competency of provinces in assisting farmers with application of conservation agriculture practices.

- For the **Animal Production and Health** sub-programme, the focus is the disease risk surveillance for food-and-mouth disease (FMD), *Peste des Petits Ruminants* (PPR – contagious viral disease of sheep and goats also called ovine rinderpest) and contagious bovine pleuropneumonia (CBPP – bacterial disease of cattle also called ling plague), 100 per cent placement of veterinarians under the Compulsory Community Service (CCS) programme and implementation of Kaonafatso ya Dikgomo (KyD) and poultry improvement schemes among others.

  The Committee raised a concern with the Department putting KyD scheme as a target in its APP although the same target, which is implemented by the ARC, was not met in the 2018/19 financial year including during the first two quarters of the 2019/20 financial year due to the failure of the Department to pay the ARC. A commitment was made to pay all outstanding debt to the ARC during this financial year. The Committee was further concerned with the capacity of the Department to achieve 100 per cent risk surveillance for the three animal diseases considering that for FMD, only 42 per cent risk surveillance was achieved by the end of the 2019/20 second quarter despite the constant FMD outbreaks that negatively impacted the country's ability to export cloven-hoofed animals and their products, and consequently, employment in the livestock sector.

- **Natural Resources and Disaster Management:** Despite the many challenges that are facing the sector in terms of disasters and resource degradation, the sub-programme receives only 9 per cent (R289 million) of the Programme's total budget for 2020/21, which is a decrease from the previous year's R346 million. The LandCare grant, whose budget allocation remains stagnant, is implemented through this sub-programme. A concern was raised about timeous and sufficient availability of drought relief assistance for farmers as the Department of Cooperative Governance and Traditional Affairs (COGTA) declared a national drought disaster on the 4th March 2020. The Department reiterated that it does not plan ahead for disasters but apply for funding after declaration and to date, COGTA has availed R139 million for drought relief while the need amounts to R1 billion.

3.3.3 Programme 3: Food Security, Land Reform and Restitution

Programme 3 is responsible for acquisition and redistribution of land, and promotion of food security and agrarian reform, thus playing an important role in contributing to economic transformation and job creation (Priority 2 of the MTSF). Its focus can be broken down into the following sub-programmes:

- *Food Security* to provide national frameworks to promote sustainable household food security;
- *Land Tenure Reform* to develop land tenure reform policies, programmes and procedures;
- *Land Acquisition and Redistribution* to provide land acquisition and strategic institutional partnerships;
- *National Extension Services and Sector Capacity Development* to provide national extension support services, and sustainable growth and equitable participation in the sector;
- *Farmer Support and Development* to develop and provides strategic support to farmers, agro-processors and cooperatives;
- *Property Management and Advisory Support* to provide property management and advisory support services;
- *Restitution* to settle land restitution claims under the Restitution of Land Rights Act (1994).

The budget allocation for the Food Security, Land Reform and Restitution Programme in 2020/21 is R8.1 billion, accounting for 48.2 per cent of the Department's total budget in 2020/21. Scrutiny of the allocation revealed that, there has been a nominal increase of 7.5 per cent. The real decrease of the allocation has been influenced by significant decreases in the allocation for Land Acquisition and Redistribution; and Property Management and Advisory Support sub-programmes in 2020/21. This according to the Committee, does not go in line with Government's call for accelerated redistribution of land. Given the heightened expectations for delivery of land due to the Parliamentary process of expropriation of land without compensation, any decline in allocations for land influencing the amount of hectares to be acquired is of great concern to the Portfolio

Committee. However, the Committee commended the Department for the plan to prioritise making land already acquired productive. However, its position is that it should not be at the expense of acquisition of land to meet the public's heightened expectations.

Of the R8.1 billion that is allocated to the Programme for the 2020/21 financial year, approximately 82 per cent is shared among three sub-programmes, namely, Restitution (R3.4 billion, which is approximately 42 per cent of the total budget of the Programme), Food Security (R2 billion, which is approximately 25 per cent of the total budget) and Land Acquisition and Redistribution (R1.2 billion, which is approximately 15 per cent of the total budget). Approximately 77 per cent of the Programme's total budget is transferred to provinces, entities and households. In this regard, a concern was raised about the absence of a monitoring and evaluation framework. Further, there is a concern about the stagnant budgetary growth in two sub-programmes that are mandated to ensure sustainable food security, equitable agricultural sector participation and capacity development.
The following sections summarises the Committee's observations regarding the sub-programmes:

- **Food Security:** The budget allocation increased by a few million from R1.94 billion in 2019/20 to R2 billion in 2020/21. This is a serious concern in light of the food insecurity challenge in the country, where Statistics South Africa (Stats SA) in a General Household Survey Report released last year found that in 2017, approximately 20 per cent of South African households (13.4 million people) had inadequate or severely inadequate access to hunger. The same Household Survey also revealed that of the 16.2 million households in South Africa, only 2.5 million (15.6 per cent) were involved in agricultural activity in 2017. In a recent report released on 20 May 2020, Stats SA highlighted that the hunger situation will be compounded by the Covid-19 pandemic as more people lose sources of income and some have already experienced hunger during lockdown. Another area of concern is that despite its mandated contribution to the implementation of the National Food and Nutrition Security Plan, the Department did not have a framework or a clearly defined indicator to measure food security but relies on quantitative targets that are implemented by provinces through implementation of producer support programmes without measuring impact.

- **National Extension Services and Sector Capacity Development:** The budget for this sub-programme decreased from R640 million in 2019/20 to R603 million in 2020/21. Although there is a budget of R315 million (decrease from previous year's R368.6 million) from the CASP grant for Extension Recovery Planning (ERP), there is no specific target that is linked to Extension Services for the year under review, notwithstanding that in previous years, the Department placed extension practitioners with commodity groups for skills development to address the challenges associated with provision of quality technical support to producers and lack of it thereof. For 2020/21, the Department plans to develop a status report on graduates that have been placed within its technical units and with commodity groups for a 24-months period, but there is no reporting about Extension Practitioners that have been placed. The Committee questioned the impact of such placements and whether acquired agribusiness skills are assessed to ensure guaranteed employment or entrepreneurship in light of the high graduate unemployment; and further raised a concern with the development of reports as annual delivery targets.

- With respect to **Farmer Support and Development** sub-programme, there has been a R2 million increase from R11.2 million in 2019/20 to R13.4 million in 2020/21. There are a number of support interventions that are planned for 2020/21 with the following targets, 150 smallholder and medium-term producers commercialised through Blended Finance Scheme (BFS), 200 farms through the Land Development Support (LDS) programme and 9 000 red meat producers. The Committee raised a concern with the imminent duplication in the three indicators, where the BFS will provide finance to smallholder producers and LDS will provide production inputs, infrastructure and operational costs to land reform farms, notwithstanding that the CASP grant also provides similar support as LDS and some BFS beneficiaries may also be land reform farmers. There is no technical indicator description for the support that will be provided to red meat producers and the Committee questioned the basis for choosing the commodity. There was also a concern that despite the merger, the former Departments seem to be operating independently as there was no rationale for continuing with different support programmes in the medium term when there is a Comprehensive Producer Development Support Policy that is being finalised to integrate all producer support.

The Blended Finance Scheme (BFS) is going to be funded through the Land and Agricultural Development Bank (Land Bank), which received R367.8 million through Programme 3 from the Department for commercialisation of producers in the 2020/21 financial year. In light of the Land Bank's financial liquidity status and lack of accountability on the Scheme and other programmes, the Committee questioned the Department's decision to continue using the Land Bank to implement the Commercialisation Programme and administer the BFS. The Committee was concerned with the absence of an accountability framework to ensure that the funds that are transferred to the Land Bank do not fall through the cracks particularly as the Land Bank has been downgraded to junk status.

The Committee further raised the following concerns:

- Alignment of the Strategic Plan and APP, for example, the reason to have an annual target for 2020/21 to implement the National Policy on Comprehensive Producer Development Support that has not yet been approved but listed under Planned Policies in the Department's Strategic Plan and APP introduction. The Department's response was that because the Policy is at an advanced stage at Cabinet level, the 2020/21 indicator relates mainly to putting systems in place through creating awareness at district level in all provinces including establishing online platforms for producer support.

- The significant decline in the budget allocation for CASP allocation, which has a potential to assist the country in job creation and economic growth; and the resultant impact of the decline on service delivery. The Department reported that the decline in conditional grants particularly CASP, was effected by the National Treasury and acknowledged that it will reduce the extent to which it can support farmers in need of infrastructure, training, mentorship, extension, and advisory services. The Department also mentioned expected delays in the revitalisation of infrastructure in Colleges of Agriculture despite the CASP allocation for infrastructure and upgrading of Agricultural Colleges has not been affected by the decline but rather increased in the MTEF period. In this regard, heightened oversight on the upgrading of Agricultural Colleges and accountability on resource use is emphasised.

- The rationale for increasing the target including the Department’s capability, to commercialise 2 500 farmers in the MTSF period, meaning approximately 500 farmers per year, when the Department failed to commercialise 450 farmers that were pronounced in 2017, notwithstanding the continued transfer of funds and utilisation of the Land Bank that is in financial crisis as an administrator of the BFS. The Department acknowledged the challenges with the implementation of the Commercialisation Programme for 450 farmers, which it admitted, were due to lack of control over the provincial plans. Henceforth, the Department has decided to implement the Producer Commercialisation Programme as a National Programme to ensure full control over its implementation but could not justify the utilisation of the cash-strapped Land Bank for administration of the funds.

- **Land Tenure Reform** allocation has significantly increased from R370.8 million in 2019/20 to R529.5 million in 2020/21, representing a nominal increase of 42.5 per cent. The Committee welcomed commitment to ensure tenure security, particularly in the former homeland areas. However, it expressed concerns over lack of legislation and poor capacity to develop and table legislation in Parliament within the set timeframes. Whilst the set targets for processing labour tenants’ applications were welcome, the Committee also noted with concern that other tenure programmes, especially implementation of the Extension of Security of Tenure Act (Act No. 62 of 1997) commonly referred to as ESTA and related farm dweller programmes were not clearly spelt out. The fact that the Land Rights Management Facility was being moved to Legal Aid South Africa, and there was no clear budget allocation was worrisome. The spate of farm evictions in some parts of the country require the Department to enhance its capacity not only litigation but also alternative dispute resolution mechanism. The renewed focus on Transformation of Certain Rural Areas Act (Act No.94 of 1998) with allocated budget was a welcome development.

- **Land acquisition and redistribution** is one of the top priorities of Government and Parliament is reviewing Section 25 of the Constitution to ensure accelerated land reform. The Committee applauded the commitment to redistribute land in line with Section 25(5) of the Constitution. However, it was concerned that the process to develop an overarching policy and legislation for redistribution, i.e. development of the White Paper on Land Policy and the Redistribution Bill appears to be extremely slow. The Committee noted that the process, as the Department explained, would be informed by the outcomes of the Parliamentary process to amend Section 25 of the Constitution. It thus means that until Parliament concludes amendment of Section 25 of the Constitution, the policy gap will remain.

Given the NDP target to redistribute 16.5 million hectares by 2030 (20 per cent of commercial agricultural land), the current pace of redistribution and budget allocation remains worrying. Redistribution alone is projected to contribute 157 625 million hectares over the MTEF period. As a driver for equitable land access, this sub-programme is unlikely to reach the NDP target by 2030 if it continues to perform at this rate. Even if the contribution of restitution (discussed below) was included, that target is unlikely to be met. The Committee therefore suggested that the Department ought to put in place mechanisms, policy and otherwise, for proactive and accelerated land acquisition and redistributed to the landless poor, especially women and other vulnerable groups. For that reason, the area-based approach in line with the District Development Model presented an opportunity for scaling up delivery and maximising impact in particular areas of focus. The Committee envisaged that over the MTSF period, the Department would scale up settlement of labour tenant claims, acquisition and allocation of land, release and allocation of well-located land for multiple use, including urban and peri-urban housing and urban agricultural initiatives.

- With regard to **Restitution/Commission on Restitution of Land Rights (CRLR)**, the Committee noted that Restitution, which used to be a Programme in the DRDLR has been reduced to be a sub-programme of a broader programme of land distribution and promotion of food security. The Committee noted, with concern, that the budget for restitution decreases from R3.6 billion in 2019/20 to R3.4 billion in 2020/21, a nominal decrease of 4.5 per cent. The CRLR is expected to finalise 1 411 land claims over the medium term at a cost of R8.7 billion, which accounts for 16.3 per cent of the total budget. The decrease in budget allocation occurs at a time when the CRLR was meant to transition into an autonomous public entity as envisioned in the Restitution of Land Rights Act, and recently recommended by the Fifth Parliament's Portfolio Committee on Rural Development and Land Reform and the Auditor-General of South Africa.

Some of the concerns of the Portfolio Committee can be summarised as follows:

- During the previous MTSF period (2014-2019), the CRLR tabled its Strategic Plan and APPs independently from the Department but for this MTSF, it did not citing a reason that it was not yet auntonomous.
- The sub-programme focuses on two key performance indicators, i.e. settlement and finalisation of land claims. Critical areas of the work of the Commission such as research and verification are not shown in the plans of the Department.
- Key parts of Project Kuyasa, including key milestones for transition to an autonomous entity, could have been included in the plans. Whilst the Commission reported that the concerns of the Committee were in the operational plans, the Committee emphasised that some of the issues were high-level strategic focus areas that should be elevated into APP for transparency and accountability.

- The decrease in the targets for **settlement of labour tenants' applications** from 3 666 applications in 2019/20 to 500 in 2021 was a great concern to the Committee. It noted that, as at 1 January 2020, about 10 992 applications had been settled and 9 333 were outstanding. The appointment of the Special Master for labour tenants at the Land Claims Court (Special Master) is believed to be the right intervention to enhance oversight over the implementation of Labour Tenants Land Reform Labour Tenants Act (Act No 3 of 1996). The Committee also expressed a concern about lack of a comprehensive database of labour tenants' applications, a matter that it requested the Department to attend to immediately. However, it welcomed that the Special Master was developing the validated application information into a proper database.

- The appointment of the Special Master and the Court order regarding labour tenants applications highlighted the significance of Parliamentary oversight and a need for the Portfolio Committee to oversee the process. Therefore, the Special Master together with the Department must provide an operational plan, which include creating a reliable and accurate database for labour tenants' applications. The Committee anticipated accelerated processing of labour tenants' applications and it also reaffirmed its oversight responsibility over implementation of the Labour Tenants Land Reform Act.

3.3.4 Programme 4: Rural Development

The Programme of Rural Development, as was conceptualised in the former DRLDR, has been reconfigured and spread across other programmes of the Department. For example, rural enterprise development and Agri-Parks and other initiatives have been excluded from Programme 4, which solely focuses on the following three sub-programmes:

- *National Rural Youth Services Corps* to provide social organisation, youth development and economic upliftment;
- *Rural Social Infrastructure Coordination* to coordinate infrastructure development in rural areas; and
- *Technology Research and Coordination* to coordinate the provision of innovative and appropriate technologies in rural areas.

The interventions under the three sub-programes outlined above, in line with the NDP, are expected to create integrated and inclusive rural economies with quality basic services, particularly education, health care and public transport.

Over the medium-term, the Rural Development Programme has been allocated R3.3 billion, of which R1.1 billion is for 2020/21, a nominal decrease of 4.6 per cent from R1.15 billion allocated in 2019/20. The National Rural Youth Service Corps (NARYSEC) budget was substantially cut by 31.5 per cent from the previous financial year, i.e. decreasing from R423.9 million in 2019/20 to R290.3 million. Further observations of the Portfolio Committee can be summarised as follows:

- Reduction of budget for NARYSEC could affect government efforts for skills development in the rural areas, thus undermining objectives to create inclusive economy. Nonetheless, the Committee welcomed the refocusing of the programme which is envisaged to address not only youth skills shortage but contribute to increase in employment of youth.
- Plans under this Programme do not explicitly indicate how it would, in the beneficiary selection, target vulnerable groups.

- Whilst Agri-Parks were not explicitly mentioned under this Programme, the budget for Rural Social Infrastructure Coordination (RSIC) would target Famer Production Support Units (FPSUs – a component of Agri-Parks). The Committee, however, was concerned that over the last five years, there was little or no progress with regard to FPSUs as demonstrated by the observations of the 2019 Portfolio Committee oversight visit in KwaZulu-Natal. Infrastructure development in some of the FPSU did not match the needs of farmers. It thus raises important questions about planning and whether the Department conducted needs assessment prior to interventions.
- The Committee applauded the Department for a review of the Agri-Parks model and establishment of a strategic partnership with the African Development Bank to leverage private sector investment.

3.3.5 Programme 5: Economic Development, Trade and Marketing

The purpose of this Programme is to promote economic development, trade and market access for agricultural products; and foster international relations for the sector. It comprises of the following sub-programmes:

- *International Relations and Trade* to promote, coordinate and support international relations and trade through the development and implementation of appropriate policies and programmes;
- *Cooperatives Development* to facilitate and support the implementation of programmes and initiatives to promote cooperatives to participate in economic development; and
- *Agroprocessing, Marketing and Rural Industrial Development* to ensure the transformation of primary product commodities into value-added products, and ensure domestic and international market access.

Of the Programme's total budget of R885.6 million for the 2020/21 financial year, R808.9 million (91 per cent) will be shared between two sub-programmes as indicated below. Through this Programme, the Department also makes the Parliamentary Grant (R47.4 million in 2020/21) transfer to the National Agricultural Marketing Council.

- **Agroprocessing, Marketing and Rural Industrial Development** sub-programme will receive 67 per cent (R597.1 million) of the total budget of Programme 5. This is in line with the Department's focus on developing the agroprocessing value chain through value addition, increased market access and assuming responsibility for some rural development functions in respect of Farmer Production Support Units (FPSUs) and rural enterprise support. The Committee raised a concern with the Department's targets that constitute mainly of capacity building and training activities without specific details and measurable impact of such activities. As an example, how will training of agroprocessing entrepreneurs (185 for 2020/21) ensure that they have access to markets and contribute to the creation of 1 million jobs by 2030 that are expected from the sector through agroprocessing by the NDP.
  - Clarity was sought on the difference between the 265 rural enterprises that will be supported through the Programme versus other producers that will be supported through for example, Programmes 3; including the specific role that the sub-programme will play in ensuring that the FPSUs are functional.
  - Notwithstanding that, CASP in Programme 3 also provides infrastructure support, the FPSUs, which will be coordinated under Programme 4, have been identified as a crucial infrastructure element in support of the implementation of the Agriculture and Agroprocessing Master Plan (AAMP) that is being developed. Under this Programme, the Department plans to support FPSUs with basic infrastructure, mechanisation support, input support, ownership support, human resources support and producer support.

- The **International Relations and Trade** sub-programme received R211.8 million (24 per cent of the Programme total) for the 2020/21 financial year. Through this sub-programme, the Department facilitates and coordinates trade negotiations and also makes transfers to foreign governments (diplomatic missions) and international organisations, the most significant being a R26.2 million to the Food and Agriculture Organisation of the United Nations (FAO) for 202/21. It also plans to review the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), whose review has been outstanding for the past 4 years and is the only legislation scheduled for processing in the 2020/21 APP. The Committee questioned the setting of targets for the sub-programme, which primarily constitute reports on engagements without specific details even in technical indicator descriptions, for example, "*report on participation in AU and SADC engagements"*.

- The **Cooperatives Development** sub-programme received R76.7 million, which is a reduction from the previous financial year's R81.5 million. The Committee remains concerned with the Department's quantitative indicators, where the target is the number of cooperatives that are going to be trained without measuring the impact of the training and ensuring that the trained cooperatives (148 for 2020/21) actually gain access to markets and participate in economic development.

The Department has a new indicator in Programme 5 to ensure that 100 per cent of AgriBEE Fund applications are finalised. However, the concern was how the Department is going to ensure the implementation as the AgriBEE Fund is administered by the Land Bank, whose challenges have already been highlighted and the Department had previously been unable to ensure that the Land Bank fully accounts on the utilisation of the AgriBEE Fund for transformation activities. For the year under review (2020/21), through Programme 5, the Department makes another transfer to the Land Bank (R39.5 million) for smallholder producer support. Oversight over funds transferred to the Land Bank was emphasised to ensure accountability and sector transformation.

3.3.6 Programme 6: Land Administration

The purpose of the Programme is to provide geospatial information, cadastral surveys, deeds registration and spatial planning; and technical services in support of sustainable land development. The Programme comprises of the following sub-programmes:

- *National Geomatics Management Services (NGMS)* responsible for examining and approving all surveys of land and real rights intended to be registered in the deeds office; maintaining records; compiling, maintaining and revising maps of property boundaries; providing cadastral advisory services to other government institutions; promoting and controlling all matters related to geodetic and topographical surveying; establishing and maintaining a network of national geo-referencing stations; facilitating state surveys related to land reform; and providing cadastral and geospatial information services, including South African spatial data infrastructure;

- *Spatial Planning and Land Use (SPLU)* provides for national land use management and spatial planning systems; develops the national spatial development framework and rural development plans, guidelines, norms and standards; and ensures compliance with the Spatial Land Use Management Act (2013). The sub-programme also provides support to the South African Council for Planners and technical assistance to other spheres of government by providing spatial development frameworks and land use schemes; and establishing functional municipal land use tribunals; *Registration of Deeds Trading Account* to provide a deeds registration system in which secure titles are registered and accurate information is provided;
- *South African Council of Planners* to transfer funds annually to the South African Council for Planners, a non-profit organisation dealing with the registration and other activities of the planning profession; and
- *South African Geomatics Council* to regulate and promote the transformation of the geomatics profession.

The budget allocation to this Programme has increased from an adjusted appropriation of R713.9 million in 2019/20 to R756.5 million in 2020/21. Over the MTEF period, the budget is expected to increase at an average annual rate of 6 per cent in nominal terms. NGMS and SPLU are priority sub-programmes and account for 99 per cent of the total budget of the Programme. The Committee welcomed plans to develop the five National Spatial Development Framework (NSDF) Action Areas Implementation plans by the end of 2020/21. The Committee was concerned about the capacity of the Department to ensure that the NSDFs implementation plans are finalised since they were only published for public comment in January 2020. The Committee noted that in the reconfiguration of the Department, work around Communal Property Associations (CPAs) has been moved to this Programme. The Committee commended efforts to increase the number of compliant CPAs that is from 209 to 477. However, many other CPAs required urgent attention. Parliament has already processed the CPA Amendment Bill that introduces new measures to provide support to CPAs. Given the planned increase in capacity for supporting CPAs, the

Committee was concerned with regard to decreasing number of CPAs to be made compliant in the following year.

4. Overview of the Strategic Focus of the Public Entities of the Department, their 2020/21 Annual Performance Plans and Budget Allocation

The Department, as discussed above, oversee the operations of a number of national public entities of different status. For example, the status of the Commission on Restitution of Land Rights is currently under review with intension to ensure that it is fully autonomous as envisioned in the founding legislation. Table 4 below illustrates budget allocation for each entity.

Table 4. Budget Allocation to Entities for the MTEF Period 2020/21 – 2022/23

Entity **R Million**	**2019/20 Adjusted Appropriation**	**MTEF Period Estimates**		
		2020/21	**2021/22**	**2022/23**
1. Commission on Restitution of Land Rights	-	-	-	-
2. Ingonyama Trust Board	R21.5	R22.3	R 23.5	R 24.4
3. Office of the Valuer-General	R142.1	R144.5	R152.5	R158.1
4. Agricultural Research Council	R1 223.7	R1 271.4	R1 323.9	R1 240.9
5. Onderstepoort Biological Products	-	-	-	-
6. National Agricultural Marketing Council	R45.2	R47.4	R50.0	R51.9
7. Perishable Products Export Control Board	-	-	-	-
Total	**R1 432.5**	**R1 485.6**	**R1 549.9**	**R1 475.3**

Adapted from National Treasury (Estimates of National Expenditure, 2020)

4.1 The Commission on Restitution of Land Rights

The CRLR is an autonomous institution established by the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994) to solicit land claims, investigate them and attempt to resolve them through negotiation and mediation. In terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999), Commissions are part of national public entities. The mandate for restitution of land rights is derived from Section 25 (7) of the Constitution of the Republic of South Africa, 1996 which states that a "*person or community dispossessed of property after 19 June 1913 as a result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to restitution of that property or to equitable redress*". In 2021, unlike the period, 2014-2019, the Commission on Restitution of Land Rights did not table its own Strategic Plan and APP because its work is placed as a sub-programme of Programme 3.

4.2 KwaZulu-Natal Ingonyama Trust Board

The KwaZulu-Natal Ingonyama Trust Board is a land management agency that ensures that commercial activity on communal land is developmental and beneficial to local communities. The KwaZulu-Natal Ingonyama Trust Act (1994) makes provision for the 2.8 million hectares of land spread across KwaZulu-Natal (KZN) to be held in trust and managed on behalf of communities. The Ingonyama Trust Board administers the affairs of the trust. The ITB's activities are guided by four strategic outcomes, namely: improved corporate governance and service excellence; improved stakeholder relations; improved security of land tenure and improved coordination of human settlement on communal land.

For 2020/21, the ITB operations are organised into two Programmes; namely, Administration (including corporate services and financial administration sub-programmes) and the Land and Tenure Management. Whilst the ITB has presented its budget during the meeting of the Portfolio Committee, such budget was not included in the tabled Strategic Plan and the Annual Performance Plan (APP). The APP does not clearly articulate how the ENE's 2020/21 allocation for the ITB, of which R22.3 million is transfers from the Department, would be spent. The Committee also noted that the Department, at the time of the briefing, had not transferred money to the ITB because of its failure to submit expenditure budget.

Administration Programme provides administrative support to the ITB so that the Board effectively executes and discharges its mandate. The Committee noted that this Programme has been expanded to include what used to be Traditional Council Support Programme. The Committee made the following observations:

- Whilst there are clear targets for support to Traditional Councils, there was concern that there is no indication of support to communities in line with the Act that says the ITB manages the land for material benefits of communities living on Ingonyama Trust land. Further, it is difficult to see how the ITB's targets for women, youth and people with disabilities.
- Policy development work of the ITB has long been in the plans but without much progress. Over the MTEF period, it plans to approve five policies. This still reflects targets that were reported to this Committee in 2018/19. It was therefore, clear that there was little or no progress with regard to policy formulation by the ITB.
- The ITB lacks adequate human resources capacity. It also did not indicate plans and targets for filling vacant positions in 2020/21.
- The capacity of the ITB has further been compromised by either suspension and/or granting of special leave to all of its Executive Management. This has resulted in multiple labour disputes in courts.

Land and Tenure Management Programme provides property management, land tenure administration and valuation services to the ITB. It is intended to assist in the development of functional and effective Traditional Councils to manage utilisation for the benefit of communities living on the Ingonyama Trust land. The most crucial aspect of this Programme is to issue a land tenure rights approved by the Board. Over the MTEF period, about 3 200-tenure rights would be approved. The Committee noted the continued court challenge to issuing of residential leases to households or individuals who have long been residing on the land.

4.3 Office of the Valuer-General

The Office of the Valuer-General (OVG) was set up in terms of the Property Valuation Act (PVA), No.17 of 2014. Since its establishment in 2015, it functioned as part of the former DRDLR until March 2018 when it was listed as Schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999). Its function is to conduct valuation of properties identified for land reform purposes, and to assist other departments that have requested valuation services for purposes of acquiring or disposing of property. The budget allocation for the OVG increases from R142.1 million in 2019/20 to R144.5 million in 2020/21 (Table 4), which is a nominal increase of 1.7 per cent. However, if inflationary adjustments are factored, the allocation represented a real terms decrease of 2.6 per cent at the time of reporting.

For the 2020/21 financial year allocation of R57.8 million (40 per cent) has been allocated for valuations and R86.7 million (60 per cent) has been allocated for operations. A closer look at the economic classification shows that of the R57.8 million for Valuations, R30.6 million (52.9 per cent) is for compensation of employees (CoE) whilst R27.2 million (47.1 per cent) is for goods and services. With regard to Operations, R45.9 million (52.9 per cent) is for CoE and R40.8 million (47.1 per cent) is for goods and services.

The Office of the Valuer-General runs a single Programme, i.e. Administration, whose focus is creating a high performing organisation that prioritises high ethical standards to deliver just and equitable valuations. It is divided into Valuations and Operations sub-programmes.

- **Valuations sub-programme** determines credible values in line with the Property Valuations Act. The Committee applauded OVG for planning to ensure that all valuations referred to the office were 100 per cent completed within specified times. However, lack of capacity within OVG to deal to ensure 100 per cent performance was of great concern to the Committee. The concerns of the Committee were informed by its current record of accomplishment of 49 per cent completion of requested valuations that affected the Restitution Programme significantly. It therefore meant that there were backlog valuations that needed to be concluded. The Committee agreed to monitor the planned performance of an average of 50 days to issue a valuation certificate.

- **Operations sub-programme** seeks to create a high performing organisation that promotes high ethical standards to deliver just and equitable valuations. The Committee noted that the Minister together with approval of 21 critical posts approved the organogram. Recruitment process was reportedly underway at the time of the briefing. Whilst 20 positions were filled in 2019/20, it is planned that 41 vacant posts of the interim approved structure would be filled in 2020/21, and over the next two years, it plans to fill 45 vacancies. The Committee welcomed these initiatives and hoped that there would be improvement in the valuation of land for land reform purposes.

Given the capacity constraints reported in 2019/20, the Committee welcomed the initiative of the Ministerial Advisory Panel (MAP) which reviewed the Property Valuation Act (Act No 17 of 2014), thus attempting to clarify the mandate and role of the OVG as well as the methods, criteria and formula the OVG uses to determine property values.

4.4 Agricultural Research Council (ARC)

The ARC was established in terms of Section 2 of the Agricultural Research Act, 1990 (Act No. 86 of 1990) and is listed under Schedule 3A (national public entity) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999). The ARC is the principal agricultural research institution in the county. Its primary mandate is to conduct research, and develop and effect the transfer of technology to promote agriculture and industry, contribute to a better quality of life, and facilitate and ensure the conservation of natural resources.

For the next five years, similarly to the Department, the work of the ARC is informed by five of the Government's Priority Outcomes of the MTSF 2019-2024, viz. Priorities 1, 2, 3, 5 and 7 including the cross-cutting focus areas in respect of women, youth and people with disabilities.

For the medium strategic period, 2020 to 2024, the ARC has since developed six Strategic Outcomes that are aligned to the MTSF 2019-2024 Priorities as outlined below:

- **Outcome 1:** Increased agricultural production and productivity;
- **Outcome 2:** Sustainable ecosystems and natural resources;
- **Outcome 3:** Improved nutritional value, quality and safety of agricultural products;
- **Outcome 4:** A skilled, capable agriculture sector with innovation, knowledge and technologies;
- **Outcome 5:** Enhanced resilience of agriculture; and
- **Outcome 6:** To be a high performing and sustainable organisation.

The entity's activities for the five-year period will be guided by, and measured against, the first five MTSF-aligned Strategic Outcomes. For the 2020/21 financial year, the ARC has been appropriated an amount of R1.27 billion through the Department's Programme 2. The transfer constitutes baseline allocation for operational (R987 million) and capital (R284 million) expenditure. The ARC also receives additional funding for provision of national services and the maintenance of national assets from the Department and the Department of Science and Innovation (e.g. gene banks, inventories, national collections, climate monitoring, crop forecasting, diagnostic services, foot-and-mouth disease (FMD) Facility and information systems). One of the information systems is INTERGIS, which is a national electronic data handling system for beef and dairy cattle. For the construction and establishment of the FMD Vaccine Production Facility, the ARC was allocated R400 million for the medium term period. The ARC generates additional revenue through the provision of analytical and research services, the sale of farm products and rental income.

Due to the nature of its work, personnel costs are the highest cost driver, constituting 59 per cent of total expenditure for 2020/21 and consuming approximately 94 per cent of the Parliamentary Grant on average per year. As part of its Turnaround Strategy in working towards financial sustainability, for the next five years, the entity will be focusing on optimisation of personnel costs targeting a baseline reduction of R320 million; consolidation of the Pretoria campuses from eight to three; rationalisation of unutilised and underutilised land and properties; procurement savings and implementation of cost-saving initiatives in all its facilities and operations (energy, equipment, transport, animal feed, etc.).

The Committee's concern on the optimisation of personnel costs was loss of skills and expertise (brain drain) to which the ARC responded that it is involved internally, with mentoring and coaching programmes; collaborates on knowledge sharing activities with academic institutions, other Science Councils and other sector stakeholders; and prioritises scarce and critical skills for capacity development. The Committee was also concerned with the slow pace of the establishment of the FMD Facility as funding allocation for the Facility was first made in 2018/19 and in light of frequent FMD outbreaks; the country needs an FMD vaccine manufacturing facility instead of relying on imports. Given the entity's financial status, previous findings of the Auditor-General of

South Africa (AGSA) on the entity's revenue management and debt collection was emphasised by the Committee as a matter that needs attention. Most AGSA's findings from previous years have reportedly been resolved and the ARC further reported engagements with architectural design experts and preparations to appoint a project manager to drive the FMD Facility project.

4.5 The Onderstepoort Biological Products (OBP)

The OBP was established in terms of the Onderstepoort Biological Products Incorporation Act, 1999 (Act No.19 of 1999). It is listed under Schedule 3B of the PFMA, i.e. National Government Business Enterprise. It is governed by Act No. 19 of 1999, which should be read together with the Onderstepoort Biological Products Memorandum of Incorporation (MOI). The OBP is a state-owned bio-technical company that manufactures livestock vaccines and related products for the global animal health care industry. Its mandate is to manufacture veterinary vaccines and related products to prevent and control animal diseases that affect food security, human health and livelihoods. The OBP was declared as a National Key Point in 2007. The OBP does not get a financial transfer from the Department but funds all its operations from its self-generated revenue, mostly from sale of vaccines.

For the medium term expenditure framework (MTEF) period, the OBP has adopted the following five Outcomes that are aligned to three MTSF Priorities (Priorities 1, 2 and 7) and will guide the implementation of its Corporate Plan:

- **Outcome 1:** Improve income and profitability
- **Outcome 2:** Expand product portfolio and access new markets
- **Outcome 3:** Supplier of choice optimised business processes
- **Outcome 4:** Improved product availability
- **Outcome 5:** Inspired staff striving for excellence – preferred employer

The entity's total budget for 2020/21 is R184.5 million. The largest proportion of the entity's budget for the year (44 per cent) will go to its Operations and Production Programme to ensure a steady supply of vaccines and continued work on the modernisation of the vaccine manufacturing plant. The OBP developed a new Turnaround Strategy as entailed in its Corporate Plan to address some of its key identified challenges, which include among others, loss of revenue due to loss of important markets, lack of good manufacturing practice (GMP) accreditation and unavailability of vaccines. The Committee was concerned with the OBP's loss of revenue due to loss of markets and lack of GMP accreditation. However, its plans to turn around the situation including the measures that have already been implemented and the continuing work on the modernisation of the vaccine manufacturing facility to meet GMP compliance were appreciated. The Committee also raised a concern with the OBP's previous struggle to be a vaccine supplier of choice to Government particularly provinces, and welcomed its engagements with the Department and the Minister, as well as the development of the Strategy to address the matter. The OBP further reported that it has mobilised internal resources to focus on Government and provincial business opportunities; and will start to engage provinces to formalise collaborations. In respect of the impact of the Covid-19 pandemic on its activities, the OBP reported that it suffered a revenue loss of R36 million from both local and international markets. As it is an essential service, during lockdown the entity has a third of its employees at work and has also decided to use the opportunity created by the pandemic to expand its product range by manufacturing sanitisers; and has since donated some to the value of R1 million.

4.6 The National Agricultural Marketing Council (NAMC)

The NAMC is a national public entity that is listed under Schedule 3A of the PFMA. It was established in terms of Section 3 and 4 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996) as amended by Act No. 59 of 1997 and No. 52 of 2001. Its mandate is enshrined in the MAP Act, which amongst others, authorises the establishment and enforcement of regulatory measures to intervene in the marketing of agricultural products e.g. the introduction of statutory measures. The NAMC also undertakes research, on its own accord or as directed by the Minister of Agriculture, Land Reform and Rural Development, to advise the Minister and the directly affected groups on agricultural marketing policies and their application; and coordinates work relating to the statutory measures as mentioned in the Act and the work of Agricultural Industry Trusts.

The NAMC has adopted three Outcomes against which its mandate will be measured in the MTSF 2019-2024 period. The Outcomes are also aligned to Priority 2 and 7 of the MTSF and are directly linked to the NAMC's three Programmes for the year under review. The three Outcomes/Programme are:

- **Outcome 1:** The NAMC delivers on its mandate and core functions;
- **Outcome 2:** An enabling agricultural marketing policy and statutory environment; and
- **Outcome 3:** The agricultural sector is viable, inclusive and competitive as a key economic sector.

The NAMC receives a Parliamentary Grant through the Department's Programme 5; and for the 2020/21 financial year, an amount of R47.4 million has been appropriated to the NAMC. For the 2020/21 financial year, approximately 73 per cent of the entity's total allocation goes to compensation of employees. The NAMC's activities and interventions are centred on realising its three Outcomes. The NAMC has also been appointed by the Minister to coordinate the process of compiling the Agriculture and Agro processing Master Plan (AAMP). It reported that it was currently consulting widely at national, provincial and district level in an effort to design implementation plans for the AAMP with costed deliverables. The AAMP was expected to be finalised on 30 June 2020, however, due to the lockdown because of Covid-19, the deadline may not be met.

The NAMC is also the coordinator of the Strategic Integrated Project for agro-logistics (SIP11), although in a limited capacity due to unavailability of funding and delays in formal contracting. The NAMC's role in SIP11 is to monitor infrastructure projects for reporting to the Presidency; and is part of an initiative by the Presidency on infrastructure investment where 12 of the SIP11 anchor projects were presented for funding consideration. While the Committee appreciated the NAMC's initiatives and interventions to assist smallholder farmers with market access, it raised a concern with lack of some crucial information in the NAMC's Strategic Plan and APP that were introduced in Parliament versus the presentation that was done to the Committee specifically in respect of its Divisions, Programme activities and presentation of financial information.

4.7 Perishable Products Export Control Board (PPECB)

The PPECB is a national public entity that is listed under Schedule 3A of the PFMA. It was established in terms of Section 2 of the Perishable Products Export Control (PPEC) Act, 1983 (Act No. 9 of 1983). In addition to the PPEC Act, it is also governed by the Agricultural Product Standards (APS) Act, 1990 (Act No. 119 of 1990). The PPECB's mandate it to control the export shipment of perishable produce from South Africa and the order of shipment at all ports; makes recommendations on the handling of perishable produce when moved to and from railway trucks and other vehicles or cold stores; and promotes uniform freight rates for the export of perishable products. The PPECB is also mandated to conduct Food Safety Audits in terms of the APS Act on all Food Business Operators exporting perishable products of plant origin. The entity is also responsible for issuance of export certificates for perishable products. The Department since 2017, to manage the phytosanitary programme for citrus exports to the European Union (EU) until the end of the 2020 citrus season, also mandates the PPECB.

For the medium term strategic period, the PPECB has adopted the following four key Outcomes for its five-year Strategic Plan and 2020/21 APP, which are linked to the MTSF 2019-2024 Priority 2 and Priority 7:

- **Outcome 1:** Strengthen the PPECB's capacity to provide a professional suite of services to its clients.
- **Outcome 2:** Contribute to the socio-economic transformation of the agricultural sector.
- **Outcome 3:** Enhance the credibility of the South African Export Certificate.
- **Outcome 4:** Support the export competitiveness of South African perishable products industries.

In light of the current economic climate and the changing business environment, the PPECB plans to pay specific attention to managing and controlling expenditure without compromising service delivery; and further recognises that it has to change from being merely a regulator to being an enabler. In this regard, the PPECB will concentrate on the following Strategic Focus Areas/Priorities for the medium term:

- Improved client experience through seamless integration with PPECB systems.

- The provision of relevant and timeous export information and market trends to enhance the competitiveness of the industry.
- Continuous improvement through a process of transformation, innovation and automation.
- Revised business models through the introduction of digitisation and change in methodologies to increase efficiencies and contain costs.
- Improved business sustainability for black smallholder farmers and suppliers.

The PPECB does not receive a Parliamentary Grant but generates its own revenue through fees and levies charged for inspections done on perishable products that are due for export and issuance of export certificates. For the 2020/21 financial year, the total budget of the PPECB is R494.3 million, which is expected to increase at an average growth rate of 9.6 per cent in the medium term expenditure period from 2020/21 to 2024/25. Approximately 65 per cent of its budget for 2020/21 will be spent on Operational Services.

The Committee acknowledged the role that is played by the PPECB in the export of perishable products from South Africa and enquired about its activities in ensuring participation of smallholder farmers in such markets; the impact of Covid-19 in its revenue generation capacity and how it uses its reserves. In response the PPECB reported that it is involved in the training of smallholder farmers on food safety, responsible use of pesticides and Good Agricultural Practices (e.g. SAGAP), which exposes farmers to the criteria that is necessary for Food Safety Certification that provides them access to more profitable markets including export markets. The Covid-19 pandemic has not yet affected the PPECB revenue but some of its stakeholders have been impacted by the lockdowns in terms of closure of borders, reduced operations at seaports and non-payment of orders. In response to the Committee's query on the utilisation of its reserves, the PPECB reported that the utilisation of its reserves is regulated by the PFMA and is submitted annually to the National Treasury for approval. The reserves are generally used to cover risks that are associated with the agricultural sector that the entity is exposed to, e.g. reduction in volumes due to drought, which result in budgetary shortfalls; uninsured risks and replacement of assets such as laboratory equipment.

5. The response of the Department of Agriculture, Land Reform and Rural Development to the Covid-19 Pandemic through the Covid-19 Agricultural Disaster Support Fund

Approximately R1.3 billion was reprioritised for Covid-19 Agricultural Disaster Support Fund for Smallholder and Communal Farmers. The funding is a 2019/20 savings from the former DRDLR's Land Reform Programme for which the Department had requested permission from the National Treasury to use the funds for the Covid-19 disaster. The Covid-19 Agricultural Disaster Support Fund will be utilised as follows:

- R100 million to be transferred to Land Bank to assist distressed farmers with interest on their loans during the payment holiday.
- R400 million towards production support on Proactive Land Acquisition Strategy (PLAS) farms in line with the Stimulus Package.
- R775 million towards production support on all other Smallholder and Communal farmers.
- R20 million for hygiene products and personal protective equipments (PPEs) in villages. Distribution will be through traditional authorities and commodity organisations.
- R4.1 million for optical character recognition/reader (OCR) software for scanning of applications.
- R1 million for communication.

Farmers on PLAS farms will be supported in line with the Stimulus Package business plans that have already been approved. Other smallholder and communal farmers will receive support in the form of specific agricultural inputs to enable them to complete the current production cycle, the focus being on winter production. Their support will be capped at R50 000 per farmer. Commodities to be supported are as follows: poultry (day old chicks, point of lay chickens, feed, medication and sawdust), vegetables (seedlings, fertiliser, pesticides, herbicides and soil correction), fruits (fertiliser, pesticides and herbicides), other livestock (feed and medication) and winter field crops (soil correction, fertiliser, seeds, herbicides and pesticides).

Out of 55 000 applications that were received, 15 036, which represents 28 per cent of the applications. In this regard, the Committee raised a serious concern with the criteria that was used by the Department to approve applications including its obvious failure to assist communal farmers in particular, to ensure that they meet the criteria and were able to benefit from the Fund. It further highlighted that communication was poor and information did not reach most farmers while the Department also did not take into account lockdown restrictions, literacy levels of farmers and lack of access to technology.

Due to the urgency of the matter, the Committee requested the Department to urgently review the criteria that is used for the Covid-19 Agricultural Disaster Support Fund and strengthen communication and assistance to disadvantaged rural farmers, women and youth to ensure that they benefit from the Fund; and submit to the Portfolio Committee the approved National Farmer Register as well as the database of applicants for the Covid-19 Agricultural Disaster Support Fund (both successful and rejected applicants) including expenditure details of successful applicants and its plans for the close to 40 000 (72 per cent) farmers whose applications were not successful or rejected. The Committee requested the submission of the reviewed criteria, the Farmer Register, the database of applicants and plans to assist unsuccessful applicants before the end of June 2020.

6. Committee Observations

The Committee, having deliberated on the 2020/21 APPs and budget allocations of the Department and Entities, made the following observations:

6.1 The Department of Agriculture, Land Reform and Rural Development

6.1.1 Whilst being cognisant of the fiscal constraints of the country, the overall decline in the Department's budget over the MTEF period and budget reduction in key departmental Programmes such as Food Security, Land Reform and Restitution, as well as Rural Development are contrary to the Department's aim and strategic focus for the medium term; and could potentially undermine service delivery in respect of the Department's NDP mandate, which is further articulated in the MTSF 2019-2024.

6.1.2 The reduction in the Department's budget also impact transfers to entities such as the ARC, which is not adequately funded given its essential role in ensuring up to date agricultural research and innovation to address imminent sectoral challenges that include climate change related high temperatures, water shortages, disease outbreaks and new pests; as well as impact of global trade competition. The Committee further highlighted the continued failure of the Department to pay its debt that is owed to the ARC, which negatively impacts the entity's ability to meet some of its planned targets.

6.1.3 The MTSF 2019-2024 sets clear targets for participation of all vulnerable groups in the country's economic activities. The Committee acknowledged that for the first time, the Department has included promotion of access to opportunities for women, youth and other vulnerable groups in its Mission; and together with its some of entities have consequently set targets in its Plans to ensure participation of vulnerable groups.

6.1.4 There is uncertainty regarding the Department's capacity to develop essential legislation and policies to address sectoral challenges in light of the prolonged period it takes to finalise and/or implement policies and legislation, e.g. Communal Land Tenure Bill; Preservation and Development of Agricultural Land (PDAL) Bill; White Paper on Land Policy and the National Policy on Comprehensive Producer Development Support among others. The PDAL Bill was the target of the last MTSF (2014-2019), which the Department failed to achieve in five years and is still not included in the current APP for processing.

6.1.5 The merger of the two Departments and the reconfiguration of the new structure does not seem to have taken into account the complexities of some of the Programmes that have now been combined into one, for example, the clustering of Food Security, Land Reform and Restitution into one Programme (Programme 3) could not be justified as there is no clear alignment in its interventions. For example, existence of different Farmer Support interventions within the Programme (e.g. CASP and Blended Finance from former DAFF and Land Development Support (LDS) from former DRDLR) could not be explained. Additionally, Land Reform, which has become a sub-programme, is not only about availing land for agricultural production but also for human settlement, tenure reform and security as well as economic development, which may not necessarily be agriculture-based.

6.1.6 The Department does not seem to have effectively used the opportunity presented by the structural reconfiguration to review its support programmes and their purposes. Conditional grants, specifically CASP and Ilima/Letsema, remain focused on certain primary agricultural activities while more employment opportunities may be generated in complementary sectors that are outside the grant requirements such as agroprocessing, which is identified as a key job driver and is central to the Farmer Production Support Units and the planned Agriculture and Agroprocessing Master Plan. This is notwithstanding training for agroprocessing entrepreneurs that will be provided through Programme 5, an indicator that is not clearly linked to the conditional grant recipients supported through Programme 2 and Programme 3.

6.1.7 Absence of a Monitoring and Evaluation Framework as part of the Department's Annual Plans may affect accountability on performance and service delivery considering that half of the total Vote allocation goes to transfers and subsidies. Transfers and subsidies mainly constitute transfers to Departmental entities and others such as the Land Bank, as well as conditional grants, which are transferred to provinces for implementation of Departmental interventions and service delivery programmes. Whilst the Committee commends the strengthening of the Provincial Operations sub-programme, it emphasised that in the absence of an effective Monitoring and Evaluation Framework, transferred funds may be redirected to other activities.

6.1.8 There is a need for further engagements on the Commercialisation of Black Producers Programme and the Blended Finance Scheme including other funding and sector transformation instruments such as the AgriBEE Fund and Mafisa, which are administered by the Land Bank. During the current financial year, the Land Bank will be allocated approximately R408 million through Programmes 3 and 5 for the Commercialisation of Black Producers and smallholder farmer support. Lack of oversight by the Department on the utilisation of transferred funds to the Land Bank to ensure sector transformation remains a challenge.

6.1.9 Poor oversight and support by the Department of its public entities to ensure that their Plans are well aligned to their legislative mandates and where there are challenges, such are speedily addressed. The financial challenges in the OBP and ARC as well as governance challenges in the OVG, which were also compounded by the OVG not having an appointed Accounting Officer since its inception, were attributed to poor oversight and support from the Department.

6.1.10 Alignment of activities between the Department's Programme 5 and the NAMC with respect to producer training and support for market access and market efficiencies need to be clearly defined in their Strategic or Annual Performance Plans to ensure better coordination and to avoid duplication of activities. The country is party to the Trade Agreement on African Continental Free Trade Area, which was supposed to commence on the 01 July 2020 had the Covid-19 pandemic not happened, yet there are no clear performance indicators on how the Department will ensure that local producers benefit from the Agreement.

6.1.11 Notwithstanding that the responsibility for declaration of disasters including droughts, lies with the Department of Cooperative Governance and Traditional Affairs (COGTA), the Department did not present a drought management and response strategy for the agricultural sector in light of the frequency of droughts and the negative impact they have on the growth and sustainability of the agricultural sector, particularly the smallholder producers.

6.1.12 Programme plans and budgets to redistribute and allocate land do not match with NDP targets and people's expectations for accelerated delivery of land to meet a range of needs from productive and residential land in both rural and urban areas to well-located land in the cities, towns and peri-urban areas in order to dismantle the apartheid spatial planning.

6.1.13 Inadequate support to CPAs and Trusts (land reform) contributes to the collapse of land reform farms and/or drop in agricultural productivity. Conflicts within CPAs is an indication of lack of, or inadequate, support to CPAs. If South Africa is to see an improved management of land reform farms, there is a need to improve support provided to CPAs.

6.2 Commission on Restitution of Land Rights (CRLR)

6.2.1 Restitution is a mandate of the CRLR established in terms of the Restitution of Land Rights Act, 22 of 1994. According to the PFMA, Commissions are included in the definition of national public entities. Incorporating Restitution as a sub-programme of a broad Programme is to downgrade the mandate of a national public entity into a sub-programme of the Department that could curtail the autonomy of a Commission envisioned in the Restitution of Land Rights Act. Further, the role of the Chief Land Claims Commissioner, the head of the CRLR or its accounting officer, becomes less visible under the Strategic Plan of the Department.

6.2.2 Some crucial key performance areas of the CRLR, which emanate from the Restitution of Land Rights Act, do not appear anywhere. Failure of the plans to outline plans regarding research, verification, and property valuation, which have been identified as key areas of weaknesses, raises critical questionss about accountability and transparency because the Annual Report of the Commission might not highlight performance in these areas. Whilst all these are included in Project Kuyasa, which envisage the Commission transitioning into an autonomous entity in two years, none of the plans presented articulate key milestones for Project Kuyasa.

6.2.3 Whilst data shows that majority of outstanding land claims are in Limpopo, Mpumalanga and Kwazulu-Natal provinces, there were no adequate plans to demonstrate strategies to deal with bottlenecks in those provinces. As stated above, research and verification being key areas of concerns.

6.2.4 Absence of an outcome indicator for customer satisfaction on land claims and failure to present progress report on the status of land claims lodged to claimants who have been patiently waiting for the finalisation of their land claim does not help the CRLR to enhance its communication to claimants.

6.3 KwaZulu-Natal Ingonyama Trust Board (ITB)

6.3.1 Outstanding progress report with regard to the work done by the Inter-Ministerial Task Team that was set to deal with the challenges confronting the ITB impacts on accountability and oversight of the Portfolio Committee.

6.3.2 Absence of clear programmes to deal with empowerment of youth, women and people with disabilities in the rural communities living on the Ingonyama Trust land, in line with the purpose of the Board, i.e. management of the Trust for the material wellbeing of traditional communities on the Ingonyama Trust land, impacts on accountability of the ITB.

6.3.3 Numbers of vacancies at the ITB and the special leave of the Chief Executive Officer and the Chief Financial Officer has resulted in a collapse of management when the entire team of Executive Management was either in precautionary suspension or special leave. It collapsed management to the extent that it failed to table its budget, resulting in the Minister withholding transfer of the budget allocation for the ITB. Failure to table the budget meant the Committee could not establish if the funds generated by the ITB were being used for the material benefit of deserving communities or not.

6.3.4 Tabled Strategic Plan and APP of the ITB did not contain budget information therefore, the status of the budget presented during the briefing session was uncertain.

6.4 Office of the Valuer-General (OVG)

6.4.1 Building capacity of the OVG without clarifying its mandate is unlikely to bring any fundamental change especially in relation to disputes to the valuations, thus delaying acquisition of land. Clarification of the mandate might require legislative amendments to ensure that its functions are in accord with the legislation.

6.4.2 There is a need to fast-track the filling of vacancies at OVG particularly the position of the CEO and other 21 additional critical posts that have been approved to enable the entity to reduce the turnaround time to complete valuations from 125 days to 50 days as planned for the 2020/21 financial year.

6.4.3 Improving the capacity of the OVG means that the office should also have its own Enterprise Resource Planning (ERP) software/system and should be able to function on its own.

6.5 Agricultural Research Council (ARC)

6.5.1 The slow progress in the construction of the foot-and-mouth disease (FMD) Vaccine Facility for which funding was transferred since the 2018/19 financial year. Fast tracking the establishment and finalisation of the facility is very crucial in light of frequent FMD outbreaks and the country's dependence on vaccine imports, mostly from Botswana.

6.5.2 Uncertainty regarding the implementation of the ARC's Strategy to optimise personnel costs, which could possibly lead to retrenchments or resignations of critical personnel due to uncertainty; including the efficacy of the mentorship and coaching programmes to retain key personnel as the ARC has been losing research expertise despite the existence of the Professional Development Programme (PDP) for more than 10 years.

6.5.3 The ARC did not clearly articulate how the implementation of the Sustainable Turnaround Plan will ensure that the entity focuses on its core mandate, i.e. research and innovation (technology development) to address sectoral challenges instead of becoming an implementing agent for some of the Department's programmes.

6.6 Onderstepoort Biological Products (OBP)

6.6.1 Whilst the OBP's challenges that are mainly associated with the aging infrastructure are understandable, there is a need to fast track the finalisation of the modernisation of the vaccine manufacturing facility to ensure that it is GMP-compliant and the OBP is able to recapture some of the lost markets.

6.6.2 The engagements with the Department, the Ministry, and the development of the Strategy to facilitate the supply of vaccines to Government and provinces by the OBP is commended. However, there should be milestones attached to it to ensure that by a certain period a number of provinces will be sourcing vaccines from the OBP.

6.7 National Agricultural Marketing Council (NAMC)

6.7.1 Lack of alignment between the NAMC's APP and the briefing Presentation in respect of key performance and financial information was noted e.g. its 5 Operational Divisions, which were referred to in the briefing Presentation were not included in both the Strategic Plan and the APP.

6.7.2 The National Red Meat Development Programme (NRMDP) that was facilitated by the NAMC and largely funded by the former DRDLR has not been sufficiently marketed in provinces despite the crucial role it plays where it has been implemented, in securing market access for smallholder livestock owners. The funding contract that the NAMC had with DRDLR for the NRMDP expires in September 2020, which may negatively affect the Development Programme's sustainability and expansion.

6.7.3 The need for strengthened collaborations between the NAMC, the PPECB and the Department in the identification and securing of new export markets in light of the challenges that are faced by exporters of agricultural products and the negative impact that reduction in exports has on sector employment.

7. Committee Recommendations

After discussions and deliberations on the Department and the Entities' 2020/21 Annual Performance Plans (APPs) and Budget Vote 29, the Portfolio Committee on Agriculture, Land Reform and Rural Development makes the following recommendations to the National Assembly (NA) for the attention of the Minister of Agriculture, Land Reform and Rural Development regarding Budget Vote 29.

The Minister should -

7.1 Engage with the Minister of Finance to discuss the Department's funding needs for key Departmental Programmes such as Food Security, Land Reform and Restitution and Rural Development that are central to the Department's NDP mandate; as well as Entities such as the ARC to ensure it focuses on its reserach and innovation mandate and the OBP to ensure that it fast-tracks the finalisation of the vaccine manufacturing plant and gets assistance for the procurement of its vaccines by provinces. Additional funding should also be sought for unfunded mandates such as the Strategic Integrated Projects for Agro-logistics (SIP 11) as infrastructure development is essential for the implementation of the AAMP; and the grant funding that is currently used for infrastructure development is not sufficient to address the demand.

7.2 Submit to Parliament updated Legislation and Policy Review Programmes with clear time lines and available resources for processing and finalisation of such legislation and policies during the current financial year and the medium term period. In the case of legislation, indicate planned introduction to Parliament.

7.3 Finalise placements at SMS level in the reconfigured Departmental structure and ensure that critical and funded vacant positions at SMS level within the Department and its Entities (particularly OVG, ITB and NAMC) are filled as soon as possible to prevent instability and poor performance; and further ensure that employment equity targets are prioritised and adhered to.

7.4 Ensure the development of an Action Plan to review and streamline the Department's existing support programmes and conditional grants into an integrated Producer Support Programme/Scheme that was envisaged when the National Policy on Comprehensive Producer Development Support was developed to avoid duplication and resource wastage. The Action Plan should show the alignment to the Department's new mandate and the Farmer Production Support Units that are expected to be central to the implementation of the Agriculture and Agroprocessing Master Plan.

7.5 Strengthen Reporting Guidelines and ensure the development of Monitoring and Evaluation (M&E) Frameworks for conditional grants and all funds that have been transferred to third parties including those transferred to Entities and the Land Bank for programme implementation while also ensuring that provinces and the Land Bank report on the utilisation of such funds on a regular basis. The Department should report to Parliament on its M&E activities during each quarterly briefing.

7.6 Additionally to the M&E Frameworks, ensure that the Department signs Service Level Agreements with the Land Bank and other relevant commodity or partner organisations particularly for the implementation of the Blended Finance Scheme, the AgriBEE Fund and the Land Development Support Programme before such funds are transferred. In the absence of the necessary accountability frameworks, transfer of funds should be withheld.

7.7 Submit to Parliament comprehensive progress reports on the implementation of the Commercialisation of Black Producers through the Blended Finance Scheme, transformation activities through the AgriBEE Fund and the support of land reform farms through the Land Development Support Programme. Further ensure that all farms acquired and allocated through the land reform programme are matched with the relevant farmer or settlement support including relevant extension services, access to finance, production inputs and market access.

7.8 Strengthen oversight and support to the Department's Entities and report on interventions to ensure that the Entities implement their legislated mandates and also address challenges that prevent effective implementation of their mandates. For example, underfunding of the ARC and the protracted construction of the FMD Facility; the OBP's inability to secure additional funding for some of its activities despite being a National Key Point and challenges with procurement of its vaccines by Provinces; the OVG's governance and human resource challenges that have compounded its ability to fulfil its mandate as well as fast-tracking the autonomy of the CRLR.

7.9 Ensure that the Department collaborates with the NAMC to develop a Strategy for sourcing support for the continuation of the National Red Meat Development Programme (NRMDP), which has played a crucial role in improving communal livestock farmers' profits by linking them to markets.

7.10 Enforce the alignment of the Department and Entities' activities through its Plans to ensure they work towards a common goal and impactful outcomes. For example, outlining the specific role of the Department, NAMC and PPECB (perishable products only) on capacity building of smallholder farmers for market access, implementation of interventions to ensure that they access markets including export markets, identification of new markets and measuring the impact of interventions. For the development of communal livestock farmers through the NRMDP, the specific and future role of the Department, Provinces, NAMC and ARC in the programme; and for Kaonafatso ya Dikgomo (KyD), the specific role of the Department and ARC.

7.11 Review the mandates of the Department's Entities and where there are complementaries and possible duplication of functions, consider the amalgamation of such Entities.

7.12 Strengthen the Department's contribution to the implementation of the National Policy on Food and Nutrition Security by streamlining food security initiatives within the Department to maximise food availability and stability; and measuring impact of interventions. Submit progress reports in Parliament that quantify primary production activities for both crop (yields) and livestock (reproductive capacity as represented by improvements in calving or lambing rates) production systems, funding instruments and resource allocation for each activity.

7.13 Ensure that the Chief Land Claims Commission submit a comprehensive Plan that outlines its strategic focus for the next three years, outlining key performance indicators in addition to the two that were included in the APP of the Department. The plan must also factor in Project Kuyasa Milestones.

7.14 Fast-track the process to ensure that the Commission on Restitution of Land Rights is restored to its status of a full commission not a sub-programme of the Department. Further, ensure that it is fully resourced with capable regional Land Claims Commissioners located in each province with delegated authority to settle land claims within the available financial resources.

7.15 Develop clear protocols and standard operating procedures to guide referral of matters to the Legal Aid South Africa, taking into consideration a need to build and/or strengthen internal capacity of alternative conflict resolution mechanisms in land tenure to avoid costly and lengthy court battles.

7.16 Present progress reports on a quarterly basis, detailing the work done with the Special Master, to settle labour tenants' claims. Further indicate post-settlement support interventions for each settled claim and security of tenure for members of labour tenant communities in settled claims.

7.17 Ensure that the Ingonyama Trust Board officially tables its 2020/21 budget in Parliament by submitting an addendum to the APP it tabled earlier this year. The budget should reflect the purpose for which the ITB was established, that is to ensure that administration of the Ingonyama Trust land is for the material benefit to the traditional communities residing on the land in question.

7.18 In the light of failure to submit a report on funds used for material benefits of communities living on Ingonyama Trust land; further taking into consideration of the failure of the Ingonyama Trust Board to table the Strategic Plan and APP with budget for the 2020/21 financial year and special leave of the Executive Management of the ITB; put on hold the transfer of funds to the Ingonyama Trust Board until there is evidence of stability and accountability of ITB and that its programmes are benefitting the deserving communities on Ingonyama Trust land.

7.19 Investigate the underlying causes of the multiple labour disputes between the ITB and many of its senior management, resulting in paralysis of the Executive Management of the ITB, which is undesirable and affects the efficiency of the ITB. The investigation and report, which must include proposed interventions, should be completed within three months and submitted to the Committee within a month of completion of the report.

7.20 Fast-track the clarification of the mandate of the OVG, where necessary, legislative amendments must be initiated without delay. As stated above, further ensure that in this financial year, the vacant position of the Chief Executive Officer is filled.

7.21 Enhance capacity to support Communal Property Associations (CPAs) in line with the CPA Amendment Bill passed by both Houses of Parliament in order to be ready for implementation once signed into law by the President. Further ensure that support to CPA transcend the narrow focus on compliance to the CPA Act; it must focus on creating compliant and functional legal entities that administer communally-owned properties for the benefit of the members.

7.22 Create capacity to speed up development of policy, especially review of existing land policy and development of a rural development policy, including legislation envisaged in Section 25(5) and 25(6) of the Constitution.

7.23 Ensure the development of a Drought Management and Relief Strategy for the agricultural sector that will spearhead the sourcing of additional funding for drought relief including its timeous and efficient implementation.

7.24 Prioritise the settlement of the debt that the Department owes the ARC before the end of the current financial year; and report on payment arrangements every quarter.

7.25 Fast-track the participation of the agricultural sector in the Trade Agreement on African Continental Free Trade Area (AfCFTA) while ensuring protection of local producers from unfair imports; and capacity building of smallholder producers to enable their full participation in the Agreement on AfCFTA.

7.26 Investigate and report to the Committee about all Government financial support services to the agricultural and agroprocessing sector for the 2020/21 financial year including the programmes or funding instruments that are implemented through, for example, the Department of Trade, Industry and Competition, the Industrial Development Corporation, the Jobs Fund, the National Youth Development Agency and the Department of Small Business Development inter alia. The report should also highlight the purpose of each programme, the targeted beneficiaries and how these different programmes are coordinated to avoid duplication and maximise impact of interventions; and to prevent double-dipping by some of the beneficiaries.

The Committee further recommends that, unless otherwise indicated, within three months after the adoption of this report by the National Assembly, the Minister should submit to Parliament, responses to the above recommendations.

Report to be considered.

10. REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON BUDGET VOTE 26 DEPARTMENT OF MILITARY VETERANS DATED 27 MAY 2020

The Portfolio Committee on Defence and Military Veterans (PCODMV), having considered Budget Vote 26 Military Veterans, its Strategic Plan 2020 – 2025 and their 2020/21 Annual Performance Plan, on 15 and 22 May 2020 reports as follows:

1. INTRODUCTION

1.1 Mandate of the Committee

Section 55 (2) of the Constitution of the Republic of South Africa (1996) states that "The National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it and (b) to maintain oversight of (i) the exercise of national executive authority, including the implementation of legislation; and (ii) any organ of state."

1.2 Process

The Portfolio Committee considered the Department of Military Veterans' Strategic Plan 2020 – 2025, the 2020/21 Annual Performance Plans as well as their 2020/21 budgetary allocation 2020/21, 15 May 2020. The Committee made several observations that led to recommendations to the DMV, to enhance their performance for the remained of 2020/21.

2. THE COVID-19 PANDEMIC AND DEPARTMENT OF MILITARY VETERANS

The South African Government is currently seized with fighting the COVID-19 pandemic through various initiatives including a compulsory lockdown for 21 days from midnight 26 March till 16 April 2020, which was further extended for two weeks on 9 April 2020. The impact of the pandemic is enormous on all aspects of life and especially severe on the more marginalised sections of our population, and in particular the majority of our military veterans. Its severity can be noted in this quote: *"(t)he rate and global spread of infections by Covid-19 – and the related sense of panic across a globalised financial, political and social architecture – sets this particular pandemic apart from any other in modern times."* Furthermore, "*(i)n this time of unparalleled challenges, governments must rapidly shift priorities and realign tax and spending policies*"

In the USA, for example, both the Department of Defence and Department of Veterans Administration are keeping track of the number of confirmed and presumptive cases of the virus in the military community. Its call centers and health facilities are also available to assist military veterans with questions and also provide helpful online information on the virus. Provision is also made in certain cases for military veterans who might "*be feeling the financial pinch from the novel coronavirus pandemic as businesses close, cancellations clear schedules and second incomes dwindle.*" In this case, military aid societies and nonprofits, which offer grants and financial support for military members and veterans in times of crises, said they are standing by to help. In addition to these initiatives and assistance, the US Senate has also passed a Coronavirus Relief Bill of $60 million for military veterans.

During such crises, it is understandable that government will prioritise those departments that are dealing directly with combating the pandemic. These include national and provincial health departments, the police, the military, etc. As the national fiscus is called upon to avail funding for these departments and initiatives to specifically fight the pandemic, it is possible that the annual budgetary allocations to especially national departments will have to be revised. In such a case the possibility exists that the DMV might be requested to prepare for lesser funding than allocated in the 2020/21 Estimates of National Expenditure (ENE) under Vote 26.

Many military veterans and their dependents are reliant on the defined benefits from the DMV, especially if consideration is given to the increasing number of applicants for the Social Relief of Distress (SRD) benefit. It must be cautioned that this should be avoided as a strong case can be made against such a move. Covid-19 is severe on certain categories of the population and these include the following:

- The elderly population.
- People at risk due to underlying medical conditions (e.g. heart disease, hypertension, diabetes, chronic respiratory diseases, cancer).
- People at risk due to a compromised immune system from a medical condition or treatment (e.g. chemotherapy).

It must be noted that the majority of the military veterans' population fall within the mentioned categories. The DMV could use its database and health benefits to see to these vulnerable groups.

3. MANDATE, OBJECTIVE AND CONTRIBUTIONS OF THE DMV

3.1 Mandate of the Department of Military Veterans

The Department of Military Veterans (DMV) derives its legislative mandate from the Military Veterans Act (18 of 2011), which requires it to provide national policy and standards on socio-economic support to military veterans and their dependants, including benefits and entitlements to help realise a dignified, unified, empowered and self-sufficient community of military veterans.

3.2 Main Objective of the Department of Military Veterans

The main objective of the Department of Military Veterans is to provide national policy and standards on socio-economic support to Military veterans and their dependants, as well as policies and standards on heritage and empowerment programmes including those that contribute to nation-building and reconciliation.

3.3 Contribution to National Development Plan, Medium Term Strategic Framework and the Executive Authority Priorities

The DMV's Strategic Plan 2020 – 2025 as well as its Annual Performance Plan 2020/21 list the contributions that the DMV will make to the National Development Plan (NDP), the Medium Term Strategic Framework Outcomes and the Executive Authority Priorities in a tabular format, as follows:

Executive Authority (EAs) Priorities	National Development Plan (NDP), Vision 2030	MTSF Priorities
Priority 1: Strengthening governance and oversight protocols to give effect to the provisions of the Act.	Chapter 13: Building a capable and developmental state • Strengthen delegation, accountability and oversight	Priority 1: Capable, Ethical and Developmental State
Priority 2: To provide comprehensive support services to Military Veterans and where applicable, to their dependants:	Chapter 9: Improving education, training and innovation	Priority 2: Economic transformation and job creation Priority 3: Education, skills and health Priority 4: Consolidating social wage through reliable and basic services Priority 5: Spatial development, human settlements and local government
• Education		
• Training and Skills Development		
• Access to health support	Chapter 10: Promoting health	
• Acquiring a Healthcare and Wellness Centre		
• Facilitation of employment placement	Chapter 3: Economy and Employment	
• Facilitation of or advice on business opportunities		
Subsidisation or provision of: • Public Transport	Chapter 8: Transforming human settlement and national space economy Chapter 6: Integrated and inclusive rural economy Chapter 15: Transforming society and uniting the country	
• Housing		
• Compensation		
• Pension		
• Burial support		

Table 1: DMV contributions to the NDP, MTSF and Executive Authority's Priorities

4. COMMITTEE BUDGET REPORT 2019/20

In order to include a holistic review by the Committee, past recommendations are included. The Committee made the following recommendations in terms of the 2019/20 Annual Performance Plan of the Department of Military Veterans:

a) The Committee recommended that the DMV submit the Amendment Bill as soon as possible in order to, *inter alia,* address the definition of a military veteran and who should be given preference in the allocation of benefits.

b) The Regulations need to be changed in order to adjust the values to allow it to keep track of inflation and the Committee recommended that the Department should finalise the changes to the Regulations as soon as possible.

c) The Committee recommended that the Department should strengthened its partnerships with the respective implementation agencies at national, provincial and local government levels to fast track the delivery of houses to deserving military veterans and to address the skewed urban/rural split. It also noted the renovation of dilapidated houses belonging to military veterans and requested the department to keep it abreast of the number of houses renovated as well as the cost implications.

d) The Department was encouraged to enhance its efforts with the Department of Public Works to establish provincial offices, as this will not only facilitate easier access for military veterans but also increase awareness of the department and its function around the country. However, the Committee recommends that the DMV keep financial constraints in mind and that the DMV should seek affordable offices and cooperate with other departments for office space where available.

e) The Committee recommended that the Department should align its processes to fast track the payment of burial support claims through, *inter alia,* improving awareness, educating military veterans and their dependents as well as establishing provincial offices to enhance access to the Department.

f) The accessibility of health services for military veterans is a very important benefit given that the majority of military veterans are ageing and the Department was encouraged to further investigate this issue to address the challenges around it.

g) Given that not all municipalities prioritise military veterans, the Committee recommended that the Department should further enhance its cooperation with the South African Local Government Agency (SALGA) and related structures to ensure the required cooperation with municipalities across the country.

h) The Department was encouraged to reduce its reliance on consultants and contractors and to ensure that one of the requirements to appoint them, should be that they impart some of the related skills to employees of the Department. The Committee further urges the DMV to ensure that contractors and consultants are not utilised unnecessarily where a service could be provided from within the DMV and if possible, by the DOD.

i) The DMV should submit a report to the Committee, no later than 15 September 2019, of all consultants and contractors utilised by the Department in 2018/19 and thus far in 2019/20, the value of such contracts and a brief description of the service rendered.

j) The Department admitted that the Database is one of their serious challenges and the Committee recommended that it should further enhance the integration of the database with institutions other than the Department of Home Affairs, such as the South African Revenue Services and the South African Police Service.

k) The Committee recommended that the Department should investigate how dependents can be assisted once the military veteran has passed on and should consider including this as part of the amendments to the primary Act.

l) The Committee recommended that the Department should improve its relationship with society in general and not only focus narrowly on military veterans and their dependents. This will assist the overall transformation and integration agenda of the government.

m) The Committee agreed that the Department of Health and the SA Medical Health Services should enter into discussions to see how they can better assist military veterans and their dependents with regard to medical services.

n) The DMV should supply the Committee with a copy of the means test utilised to determine whether a military veteran qualifies for a specific benefit, at the next quarterly report briefing.

o) The Committee noted the Department's prioritising of social benefits and emphasised that given the reliance on other government departments, the Committee should play a stronger oversight role in this regard.

5. DMVs STRATEGIC PLAN 2020 – 2025

The Department of Military Veterans' Strategic Plan 2020 – 2025 consists of four main parts namely: Part A: DMV Mandate; Part B: DMV Strategic Focus; Part C: Measuring DMV Performance and Part D: Technical Indicator Descriptions.

5.1 Part B: DMV Strategic Focus

This Part deals with the DMV's vision, mission, organisational values, situational analysis, external environment analysis, and internal environment analysis. *The DMV's 2020 – 2021 APP similarly covers these aspects in a shorter form in Part B.*

Vision: A dignified, unified, empowered and self-sufficient military veterans` community.

Mission: To facilitate delivery of benefits and co-ordinate all activities that recognise and entrench the restoration of dignity and appreciation of the contribution of Military Veterans to our freedom and nation building.

Organisational Values: They state that their service delivery ethos is rooted in the Batho Pele (People First) principles characterised by the Integrity, Compassion, Honesty, Professionalism, Commitment and accountability.

5.1.1. Situational analysis

The DMV's Strategic Plan states that it operates within a context that requires an analysis of both the internal and external environments, not only to identify internal challenges, but also to leverage opportunities presented by these environments that can help them to achieve their mandate.

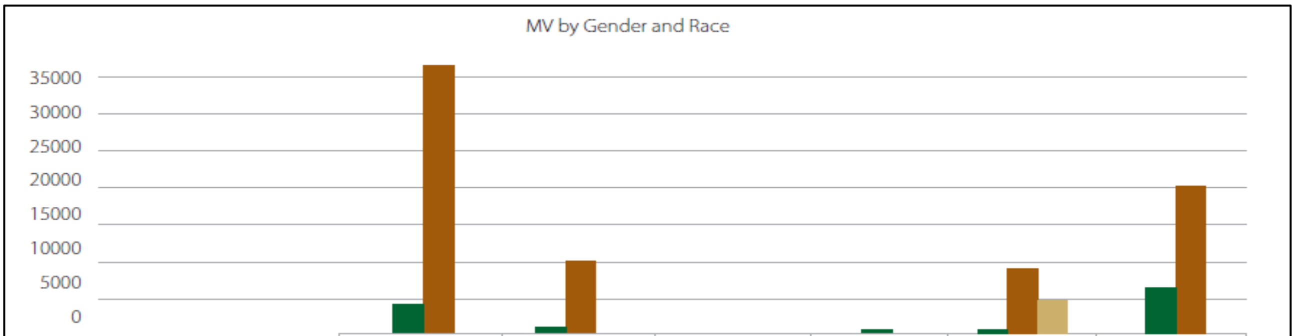
Internal Environment

The Strategic Plan makes reference to various issues under this heading including the following:

- The DMV is working on enabling legislation, regulations, policies, relevant systems, infrastructure and organizational design to ensure a functional Department with capable human capital that will assist to improve service delivery to the Military Veterans' community.
- The strength of its infrastructure and systems is key to service delivery and to the realisation of the Intergovernmental Relations (IGR) Framework to accelerate the delivery of services to the Military Veterans and their dependents.
- Critical is the conclusion of a Service Delivery Model (SDM) working in concert with the Department of Public Service and Administration (DPSA) and National Treasury (NT).
- A critical area is the need for diversity management in the Department of Military Veterans. Its objective is to ensure that the DMV environment is accommodative of all the racial groups, their gender, values, beliefs, culture as well as the different religious backgrounds. This to ensure that the employees of the Department have a sense of belonging and as a result will remain committed to the delivery of the mandate of the Department.
- Through National Treasury it was able to have an independent vote, with effect from 1 April 2020, where the Department will be operating under Vote 26.
- For proper planning, the Department looks at the demographic nature and spread of the Military Veterans' population as indicated in the table below depicting the community of Military Veterans in terms of their geographical location.
- 6 744 (8.3%) of Military Veterans must still update their information to ascertain their places of residence and therefore confirming the Provinces they reside in, thus the category of the *unknown* in the table.
- The concentration of Military Veterans is in Gauteng and constitutes 30% of the total community, which necessitates the DMV to speed up the process of establishing and/or enhancing Provincial Offices.
- The Military Veterans Database indicates that Military Veterans from former Statutory Forces (SF) account for about 76%, while the former Non-Statutory Forces (NSF) account for 24%. Based on the history of the two former forces in so far as access to benefits like pensions, subsidised housing, etc are concerned, it is evident that there is great disparity between the needs of Military Veterans coming from the two former force groupings with the former SF having an advantage. There is therefore an urgent intervention required to redress the injustice of the past.

PROVINCE	Umkhonto we Sizwe (MK)	South African Defence Force (SADF)	Transkei Defence Force (TDF)	Venda Defence Force (VDF)	Azanian People's Liberation Army (APLA)	South African National Defence Force (SANDF)	Bophuthatswana Defence Force (BDF)	Ciskei Defence Force (CDF)	Azanian National Liberation Army AZANLA)	Union Defence Force (UDF)
Eastern cape (EC)	1 527	1 880	1 645	2	614	785	70	715	66	42
Free State (FS)	454	3 244	32	-	219	1 014	114	7	69	12
Gauteng (GP)	4 350	12 225	103	21	1 911	5 164	187	22	136	80
Kwazulu-Natal (KZN)	2414	3 009	71	1	173	1 269	2	5	37	17
Limpopo (LP)	792	2 572	3	227	220	829	4	-	95	30
Mpumalanga (MP)	593	1 863	3	-	108	597	2	1	5	10
Northern Cape (NC)	287	3 519	6	-	117	858	79	7	13	27
North West (NW)	558	2 543	7	2	351	856	1 201	9	17	14
Western Cape (WC)	585	8 018	58	-	288	2 567	5	31	48	86
OTHER (Outside the border of RSA)	11	170	-	-	4	30	-	-	-	-
*1 UNKNOWN	1 902	2 403	52	21	1 279	835	130	18	92	12
TOTAL PER FORMER FORCE	13 473	41 446	1 980	274	5 284	14 804	1794	815	578	330

Figure 2 below denotes the Military Veterans per race and gender, with the latter being fundamental for the type of services needed.



	AFRICAN	COLOURED	INDIAN	OTHER	TO CONFIRM	WHITE
FEMALE	3 321	628	7		247	5 644
MALE	32 040	8 722	94	200	7 753	18 053
TO CONFIRM				1	4 066	2

External Environment

The Strategic Plan 2020 – 2025 states that the external environment is characterised by changes within the Political, Economic, Social, Technology and Legal spheres which present opportunities for the refocusing of the Department. It then makes reference to the following issues:

- Reference is made to the Global Risks Report 2019, regarding the rate of global growth as well as the International Monetary Fund (IMF) forecasts pointing to a gradual slowdown over the next They cite the World Bank Report of January 2020 which states that SA's economy will struggle to grow in line with the rest of sub-Saharan Africa. Government will therefore be reducing spending over the MTEF to place its finances on a sustainable path.
- The slow SA economic growth resulted in budget cuts over the years and this has affected the allocation to service the Military Veterans.
- In line with the Military Veterans Task Team Report (MVTTR) and the Military Veterans Act in Section 5 (3) (a) and (b) as the guiding blueprint for a service delivery model, the Department will begin to look at more cost effective ways to deliver on its mandate and strengthen its Intergovernmental Relations function in order to leverage on the resources of line-function National Departments, Provincial and Local Government as well as State Owned Enterprises.

- The Department is working very hard to actively integrate Military Veterans in communities. This will be achieved through an integrated delivery of economic and social benefits. In this regard, the One District approach which put emphasis on Strategic Public Private Partnership (PPP) will be critical in advancing effective, efficient and accelerated delivery of these benefits and services.
- They acknowledge that poverty, unemployment and inequality remain high nationally and is more pronounced within the community of Military Veterans. These will result in an increased demand for delivery of benefits and services to Military Veterans.
- Cyber adversaries and information security professionals are perpetually engaged in a fierce cyber race focused around the access of sensitive data contained in critical infrastructure systems. The Department is seized with this reality and states it is paramount for the DMV to secure and deploy the most efficient, powerful, and cost-effective security solutions.
- Since its inception the DMV has been faced with legislative and policy challenges which hindered the delivery of benefits. Legislative review will be embarked upon. This process will be underpinned by extensive stakeholder consultation and research.
- It refers to the King IV Report regarding the philosophy, principles, practices and outcomes that serve as the benchmark for corporate governance in South Africa. The Department will continually strive to embrace the principles of good governance as contained in the King IV Report.
- In line with Priority 1 (Capable, Ethical and Developmental State) of the MTSF, anti-corruption and anti-fraud initiatives in the Department will continue to receive priority attention. To this end, the Department will embrace the government-wide initiatives to close loopholes and ensure proper implementation of anti-fraud and corruption strategy.

5.1.2 Stakeholder Analysis

This section outlines the various stakeholders who have interest in the achievement of the Department's mandate. It includes the military veterans and their dependents; the SA National Military Veterans Association (SANMVA); the Appeal Board and Advisory Council; the DOD; DHA; National Treasury, DBE, the Department of Transport, and the Department of Social Development (DSD). Regarding duplication, reference is made to the SA Military Health Services who render medical services to military veterans, creating the possibility of duplication of services. To address this, they will use an integrated database to avoid double dipping. Related to roles and responsibilities outside its mandate, it proposes the development of a *Master Service Agreement that institutionalise the IGR funding*. It states that capacity constraints will be addressed through the Service Delivery Model that will promote both coordination and facilitation in line with the National One District Service Delivery Initiative. This section is concluded with the statement that "*The critical success factors for high performance are a well-structured, staffed organization housed in good facilities with the best policies and systems including ICT systems*."

5.2 Part C: Measuring DMV Performance

This section is divided into four note-worthy subsections namely Institutional Performance Information; Key risks and mitigations; Public entities; and Annexure to the Strategic Plan.

5.2.1 Institutional Performance Information

The Department refer to its strategic outcome, budget programme, and logical framework that provide the outcomes, outputs, activities and inputs, in this part. It lists the Strategic Intent, Methodology and Strategy Map, the Impact Statement and how they will measure Outcomes. Importantly, it states that its planned performance over the next 5 years is informed by the current socio-economic conditions facing the Military Veterans' community which is characterised by a high level of unemployment, poverty and inequality. Therefore, the continued management of the politics-administration dichotomy is important to enhance effective delivery as a stable and growing economy is important in this regard.

5.2.2 Key risks and mitigations

This section deals with the Key risks and Mitigating factors in the Department. Importantly, the Department states that it will strive to ensure that a culture of risk management is institutionalised to reduce risk exposure. They will regularly monitor and scrutinise these risks.

OUTCOME	KEY RISKS	RISK MITIGATION
Socio-economic status of military veterans' community improved and sustained	Inadequate integrated internal and external business systems.	Development of integrated business systems
	Instability in strategic leadership.	Implement the approved recruitment plan
	Misalignment of the organizational structure with the Service Delivery Model (SDM).	Obtain approval and implement the aligned organizational structure and SDM.
	Inadequate legislative regulatory and policy.	Introduce amendments to the Military Veterans Act 18 of 2011.
		Alignment of the regulations to the Act
		Development of policies in line with the Amended Act.
	Inappropriate organizational culture	Introduce organizational change management Processes
	Ineffective and inefficient stakeholder management and strategy.	Develop and implement stakeholder management strategy.

5.2.3 Annexure to Strategic Plan

Areas of intervention	Five-year Planning Period					
	Project description	Budget allocation	District Municipality	Location: GPS coordinates	Project leader	Social partners
The Department does not have the direct DDM projects as it is the recipient of services from front-line Departments						
• The Department of Military Veterans` mandate is to facilitate delivery of benefits and co-ordinate all activities that recognise and entrench the restoration of dignity and appreciation of the contribution of Military Veterans to our freedom and nation building, therefore this makes the Department to be a recipient of services from different government Departments through the agreement entered into. • The Department has partnered with front Departments which are currently implementing the service delivery projects at district level. • In the meantime the Department is in engaging intensively on this model for the delivery of benefits to Military Veterans and their communities.						

6. ANNUAL PERFORMANCE PLAN: DMV PROGRAMMES FOR FY2020/21

It should be noted that generally the first two Parts of the Strategic Plan and the Annual Performance Plan are fairly similar. One of the main differences relates to Part C: Measuring Performance, where that of the Strategic Plan was illustrated above. This section will therefore focus on Part C: Measuring Performance as outlined in the Annual Performance Plan 2020/21 of the DMV. It starts off with the Contribution to the Executive Authority's priorities, the NDP and the MTSF Priorities 2019 – 2024, as outlined above. This is followed by the Budget Programme Structure that can also be viewed as the relevant programmes with its sub-programmes.

The 2020/21 ENE acknowledges the role of DMV plays to realise the NDP's vision and goals and that its activities support Priority 3 (education, skills and health) and Priority 6 (social cohesion and safer communities of the government's 2019 – 2024 MTSF. The following sections provide more details on how the Department plans to do this and the funds allocated to the various activities.

6.1 Programmes and sub-programmes

6.1.1 Overview of the 2020/21 FY Budget and MTEF Estimates

It emphasises that the DMV is now under Vote 26 in the ENE to ensure it accounts for its own budget with own accounting and budgeting systems.

Budget summary

R million	2020/21				2021/22	2022/23
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	138.5	134.6	–	3.9	142.3	146.7
Socioeconomic Support	401.4	141.3	256.4	3.7	420.0	436.8
Empowerment and Stakeholder Management	143.1	129.6	4.5	9.1	148.7	151.4
Total expenditure estimates	**683.1**	**405.5**	**260.9**	**16.7**	**711.0**	**735.0**

The Department's budget increase from R682.1 million to R735 million over the MTEF period 2020/21 to 2022/23. It is noteworthy that the only real increase is in Programme 2 with an allocation of R51.9 million.

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	2019/20		2020/21		
PROGRAMME 1 ADMINISTRATION	141.1	21.62 per cent	138.5	20.28 per cent	-1.34 per cent
PROGRAMMES 2 SES	365.4	55.99 per cent	401.4	58.77 per cent	2.78 per cent
PROGRAMME 3 ESM	146.1	22.39 per cent	143.1	20.95 per cent	-1.44 per cent
TOTAL	652.6	100.00 per cent	683.0	100.00 per cent	0.00 per cent

The table indicates that 55.99% of the budget in 2019 went to Programme 2 while this increased to 58.77 % in 2020. Besides Programme 2 being the largest, it also disburses eight of the eleven military veterans' benefits. It is allocated R1.3 billion over the MTEF period and around 80% of its budget is spent on benefits as the main service delivery programme. Programme 3, the other service delivery programme, is allocated the second largest portion of the budget with 22.39% in 2019, which decreased to 20.95% in 2020.

The table shows that the DMV's budget has increased with only 0.25% in real terms, implying a minimal increase. The biggest increase was in Programme 2 with 5.22% in real terms. As this is the main service delivery programme this should be welcomed. However, the nominal and real decreases in the other two programmes are concerning. Programme 3 recorded a real decrease of 6.18%.

Programme	Budget		Nominal Increase / Decrease in 2020/21	Real Increase / Decrease in 2020/21	Nominal Percent change in 2020/21	Real Percent change in 2020/21
R million	2019/20	2020/21				
PROGRAMME 1: Administration	141.1	138.5	- 2.6	- 8.4	-1.84 per cent	-5.98 per cent
PROGRAMME 2: Socio-economic Support	365.4	401.4	36.0	19.1	9.85 per cent	5.22 per cent
PROGRAMME 3: Empowerment & Stakeholder Management	146.1	143.1	- 3.0	- 9.0	-2.05 per cent	-6.18 per cent
TOTAL	652.6	683.0	30.4	1.6	4.7 per cent	0.25 per cent

6.1.2 Programme 1: Administration

Purpose and performance targets

The main purpose of the programme is to provide management and strategic administration support to the Ministry, and overall management of the department. The following table shows the Programme's performance targets for FY2020/21 to FY2022/23.

Outcome	Outputs	Indicator ID	Output Indicators	Annual Targets						
				Audited /Actual Performance			Estimated Performance	MTEF Period		
				2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Socio-economic status of Military Veterans' community improved and sustained	An Unqualified audit opinion	PPI:101	Unqualified audit opinion	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
	Legitimate invoices paid within 30 days	PPI: 102	Percentage of legitimate invoices paid within 30 days	67%	76%	79%	90%	90%	90%	90%
	Approved ICT Strategy	PPI: 103	Approved ICT Strategy	New Indicator	New Indicator	New Indicator	New Indicator	Approved ICT Strategy	Implementation	Implementation
	Approved Human Resources Management Strategy	PPI: 104	Approved Human Resources Management Strategy	New Indicator	New Indicator	New Indicator	New Indicator	Approved Human Resources Management Strategy	Implementation	Implementation

The following table shows the Administration programme's annual and quarterly targets.

Indicator ID	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
*PPI: 101	Unqualified audit opinion	Unqualified	-	Unqualified	-	-
PPI: 102	Percentage of legitimate invoices paid within 30 days	90%	90%	90%	90%	90%
PPI: 103	Approved ICT Strategy	Approved ICT Strategy	Consultation with Stakeholders	Development of ICT Strategy	Approval of ICT Strategy	Development of policies inline with ICT Strategy
PPI: 104	Approved Human Resources Management Strategy	Approved Human Resources Management Strategy	Consultation with Stakeholders	Development of HRM Strategy	Approval of HRM Strategy	Development of policies inline with HRM Strategy

Programme 1: Budgetary allocation

Overall, Programme 1's Budget has decreased by 5.91% in real terms. The biggest decrease was in Sub-programme 1 Management which saw a decrease of 40.63% in real terms, while two other sub-programmes suffered smaller decreases. Sub-programme 3 Financial Administration received the biggest increase of 20.23% in real terms. Similarly, sub-programmes 4 and 5 received real increases.

Programme	Budget		Nominal Increase / Decrease in 2020/21	Real Increase / Decrease in 2020/21	Nominal Percent change in 2020/21	Real Percent change in 2020/21
R million	2019/20	2020/21				
Sub-programme 1: Management	12.1	7.5	- 4.6	- 4.9	-38.02 per cent	-40.63 per cent
Sub-programme 2: Corporate Services	66.2	62.3	- 3.9	- 6.5	-5.89 per cent	-9.86 per cent
Sub-programme 3: Financial Administration	14.5	18.2	3.7	2.9	25.52 per cent	20.23 per cent
Sub-programme 4: Internal Audit	10.9	11.4	0.5	0.0	4.59 per cent	0.18 per cent
Sub-programme 5: Strategic Planning, Policy, M&E	19.9	21.8	1.9	1.0	9.55 per cent	4.93 per cent
Sub-programme 6: Office Accommodation	17.4	17.2	- 0.2	- 0.9	-1.15 per cent	-5.32 per cent
TOTAL	141.0	138.5	- 2.5	- 8.3	-1.8 per cent	-5.91 per cent

6.1.3 Programme 2: Socio-economic Support

Purpose and performance targets

The main purpose of the programme is to develop and monitor the implementation of legislation, policy frameworks and service delivery cooperation agreements on compensation for injury in military service, counselling, education, healthcare, public transport, pension and housing benefits to Military Veterans eligible for such support. Programme 2: Socio-economic Support has the following annual and quarterly targets:

Indicator ID	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
PPI: 201	Number of Military Veterans who are verified and captured on the National Military Veterans ' Database	70 000 (5 325)	64 675 (1 332)	67 336 (1 331)	68 668 (1 331)	70 000 (1 331)
*PPI: 202	Number of Military Veterans provided with newly built houses per year	710	-	-	-	710
*PPI: 203	Number of Military Veterans approved and provided with compensation benefit	200	-	50	100	50
*PPI: 204	Number of Military Veterans approved and provided with pension benefit	200	-	-	100	100
*PPI: 205	Number of Military Veterans approved and provided with subsidised public transport	600	-	-	300	300
*PPI: 206	Number of bursaries provided to Military Veterans and their dependants per year	7 400	-	-	-	7 400
PPI: 207	Total number of Military Veterans with access to health care services	19 000 (1 000)	(18 250) 250	(18 500) 250	(18 750) 250	(19 000) 250
PPI: 208	Number of Military Veterans and dependents provided with dedicated counselling services and treatment	1 000	250	250	250	250

*NB: Targets that are reported on only at the end of the financial year, will be continuously tracked on a monthly basis to ensure that challenges if any are addressed throughout the year so that targets are met.

Programme 2: Budgetary allocation

The programme consists of three sub-programmes, namely a) Database and Benefits Management; b) Healthcare and Well-being Support; and c) Socio-Economic Support Management. *The programme disburses eight of the eleven military veterans' benefits and spend around 80% of its allocated budget on benefits.* The following table outlines the 5-year performance targets of Programme 2:

Programme	Budget		Nominal Increase / Decrease in 2020/21	Real Increase / Decrease in 2020/21	Nominal Percent change in 2020/21	Real Percent change in 2020/21
R million	2019/20	2020/21				
Sub-programme 1: Database & Benefits Management	14.7	18.0	3.3	2.5	22.45 per cent	17.29 per cent
Sub-programme 2: Health Care &Wellbeing support	96.1	115.2	19.1	14.2	19.88 per cent	14.82 per cent
Sub-programme 3: Socioeconomic Support Management	254.6	268.2	13.6	2.3	5.34 per cent	0.90 per cent
TOTAL	365.4	401.4	36.0	19.1	9.9 per cent	5.22 per cent

The table indicates that overall this important service delivery programme has received an increase of R19.1 million in real terms. The biggest increases in Programme 2 were in sub-programme 1: Database & Benefit Management and sub-programme 2 Health care & Wellbeing support with 17.29% in real terms and 14.82% in real terms respectively.

6.1.4 Programme 3: Empowerment and Stakeholder Management

Purpose and performance targets

The main purpose of this programme is to manage and facilitate the implementation of military veteran empowerment and stakeholder management programmes. Programme 3: Empowerment and Stakeholder Management lists the following annual and quarterly targets:

Indicator ID	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
PPI: 301	Number of Memorial activities coordinated for Military Veterans	9	Consultation with relevant stakeholders	3	3	3
PPI: 302	Percentage of approved burial claims paid within 30 days	100%	100%	100%	100%	100%
PPI: 303	Number of Military Veterans and their dependants approved for skills development programmes	1 000	250	250	250	250
PPI: 304	Number of Military Veterans businesses provided with access to business facilitation programmes	110	30	40	70	110
PPI: 305	Number of Military Veterans provided with employment opportunities	20	-	5	5	10
*PPI: 306	Number of Military Veterans memorial sites erected per year	3	-	-	-	3
*NB: Targets that are reported on only at the end of the financial year, will be continuously tracked on a monthly basis to ensure that challenges if any are addressed throughout the year so that targets are met						

Programme 3: Budgetary allocation

The programme consists of three sub-programmes, namely a) Provincial Offices and Stakeholder Relations; b) Empowerment and Skills Development; and c) Heritage, Memorials, Burials and Honours

Programme	Budget		Nominal Increase / Decrease in 2020/21	Real Increase / Decrease in 2020/21	Nominal Percent change in 2020/21	Real Percent change in 2020/21
R million	2019/20	2020/21				
Sub-programme 1: Provincial Offices & Stakeholder Relations	63.4	64.5	1.1	- 1.6	1.74 per cent	-2.55 per cent
Sub-programme 2: Empowerment & Skills Development	49.0	51.9	2.9	0.7	5.92 per cent	1.45 per cent
Sub-programme 3: Heritage, Memorials, Burials & Honours	33.7	26.8	- 6.9	- 8.0	-20.47 per cent	-23.83 per cent
TOTAL	146.1	143.2	- 2.9	- 8.9	-2.0 per cent	-6.12 per cent

Programme 3 received an overall decrease of R8.9 m in real terms. The biggest decrease is in sub-programme 3 with R8.0m in real terms. However, sub-programme 2 dealing with empowerment and skills development received a welcome increase of 1.45% in real terms. It is concerning that sub-programme 1 hosting Provincial Offices which are a critical issue, has received a real percentage decrease of 2.55 percent as compared to the previous year. The training and skills development programmes (such as driver training, short courses and hard skills through accredited service providers) will target 16 500 Military Veterans and their dependents at an estimated cost of R148.8 million over the MTEF period, according to the 2020/21 ENE.

6.2 Main cost drivers

The 2020/21 ENE reconfirm the role that Military Veterans played in the creation of a democratic South Africa. It therefore states that "*to improve quality of life for Military Veterans and their dependents, almost 80 per cent (R1.7 billion) of the department's budget is allocated for the delivery of key benefits.*" Housing, education, training, skills development and access to health care to military veterans and their dependants; and implementing initiatives to improve the delivery of the services it provides, are the main activities. These will support priority 2 (education, skills and health) and priority 5 (social cohesion and safe communities) of government's 2019-2024 medium-term strategic framework. Specifically, the following are highlighted:

Programme 1: Administration

The finalisation and implementation of policies are expected to regularise and facilitate the rollout of these benefits, as provided for in the Military Veterans Act 18 of 2011. To complete this work, a projected R68.9 million has been allocated in the *strategic planning, policy development* and *monitoring and evaluation subprogramme*.

Programme 2: Socio-economic Support

The creation of the database and implementation of the system are expected to result in expenditure of R57 million in the *database* and *benefits management subprogramme.* To give effect to the recognition that the provision of adequate housing is central to upholding human dignity, the department expects to deliver 2 130 newly built houses to Military Veterans and their families at a projected cost of R161.4 million over the medium term. The number of Military Veterans with access to health care services is set to increase from 18 000 in 2019/20 to 21 000 in 2022/23, leading to an increase in spending of 8.5 per cent, from R96.1 million in 2019/20 to R122.7 million in 2022/23, in the Health Care and Wellbeing Support *subprogramme.* The DMV will provide 7 400 bursaries per year over the MTEF period to Military Veterans and their dependants at a projected cost of R465 million.

Programme 3: Empowerment and Stakeholder Management

It will provide training and skills development programmes to a targeted 16 500 Military Veterans and their dependants at an estimated cost of R148.8 million over the MTEF period.

- **Other notable cost drivers include:**

Current payments R391.5 m for 2019/20 and R405.5m for 2020/21 consisting mainly of:
Compensation of Employees: R131.5m for 2019/20 and R140.5m for 2020/21
Goods and service**:** R259.9m for 2019/20 and R246.9m for 2020/21with the following main items:

- Contractors - R78.1m for 2019/20 and R89.8m for 2020/21
- Travel & Subsistence – R56.1m for 2019/20 and R54.3m for 2020/21

Transfers and subsidies
Households – R240.7m for 2019/20 and R260.9m for 2020/21

Payments for capital assets - R20.4m for 2019/20 and R16.7m for 2020/21

Software and other tangible assets: R1.1m for 2019/20 and R2.8m for 2020/21.

7. HUMAN RESOURCES

The APP outlines the human resource allocation in the Department as at end March 2019. It had 261 posts of which 26 were vacant, with 144 permanent employees, 63 contract appointments and 28 internship appointments. Importantly it states that the total permanent employees including vacancies was 170. It also shows that at least 38% (10) of the vacancies (26) are at salary levels 11 to 16, emphasising the need to fill positions at the top end of the organisation. A year later on 31 March 2020, the ENE indicates that the number of posts filled is 177, with 64 in Programme 1, 63 in Programme 2 and 50 in Programme 3. However, the ENE does not allude to the number of vacancies.

Programmes
1. Administration
2. Socioeconomic Support
3. Empowerment and Stakeholder Management

	Number of posts estimated for 31 March 2020		Number and cost[2] of personnel posts filled/planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Average: Salary level/ Total (%)
			2018/19			2019/20			2020/21			2021/22			2022/23			2019/20 - 2022/23	
Military Veterans			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost		
Salary level	169	81	139	123.8	0.9	174	131.5	0.8	177	140.6	0.8	176	149.7	0.9	169	156.2	0.9	-1.0%	100.0%
1 – 6	30	25	19	5.9	0.3	27	10.6	0.4	32	12.2	0.4	33	13.4	0.4	28	13.4	0.5	1.2%	17.2%
7 – 10	61	28	51	21.9	0.4	77	44.6	0.6	76	46.8	0.6	75	49.2	0.7	74	51.4	0.7	-1.3%	43.4%
11 – 12	48	23	43	48.7	1.1	47	41.2	0.9	44	40.9	0.9	43	43.9	1.0	42	45.5	1.1	-3.7%	25.3%
13 – 16	30	5	26	47.4	1.8	23	35.1	1.5	25	40.7	1.6	25	43.2	1.7	25	45.9	1.8	2.8%	14.1%
Programme	169	81	139	123.8	0.9	174	131.5	0.8	177	140.6	0.8	176	149.7	0.9	169	156.2	0.9	-1.0%	100.0%
Programme 1	102	63	87	72.3	0.8	61	47.0	0.8	64	50.1	0.8	62	53.4	0.9	59	55.8	0.9	-1.1%	35.3%
Programme 2	21	11	19	21.8	1.1	63	43.7	0.7	63	46.8	0.7	64	49.8	0.8	63	52.0	0.8	–	36.4%
Programme 3	46	7	33	29.7	0.9	50	40.8	0.8	50	43.6	0.9	50	46.5	0.9	47	48.5	1.0	-2.0%	28.3%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.
2. Rand million.

8. COMMITTEE OBSERVATIONS

During deliberations with the Department of Military Veterans on 15 May and 22 May 2020, Members of the PCODMV made several observations related to the budgetary allocation, the performance indicators and the targets in the Strategic Plan and the Annual Performance Plan of the Department. The following were noted:

i) The Committee enquired about the internal measures the Department has taken in order to combat the Covid-19 pandemic. The DMV indicated that they have fumigated their offices at their headquarters; have deep cleaned their office carpets; started the procurement process for Personal Protective Equipment (PPE) for employees; conducted fever screening; created a DMV Resilience and corona virus email address for employees; instituted a travel ban; discontinued walk-ins to the head and provincial offices; recommended that high risks employees should work from home; and that they have established a Task Team Committee to ensure that a Corona Virus Pandemic Management Plan was developed. The written responses to questions alluded to further actions such as a suggestion box, various presentations by experts, discontinuing the use of the turnstile, and temperature testing kits available at entrances. As of 22 May 2002, the DMV has spent approximately R500 000.00 on internal items.

ii) The Department was requested to explain the measures taken by the Department to assist military veterans and their dependents to combat the spread of the pandemic. They responded that the budget is being reprioritised, but the following risks still need to be addressed: how the department will assist the Provincial offices and what are the Department's responsibilities to protect military veterans against infection. The written responses to questions stated further measures such as the Task Team identifying and assessing risks and that the CFO will determine funding for measures proposed, as well as the development of an internal and external communication plan. The DMV is also working with the Department of Social Development towards the alleviation of hunger through issuance of food parcels as well as the granting of Social Relief of Distress (SRD) assistance for 6 months. Other departments are assisting on how to implement access to the R350 unemployment grant and a top up of R850 from the DMV for military veterans.

iii) The amendments to the Military Veterans Act have been an ongoing issue for at least the past five years and the Committee enquired when the Department will introduce the amendment bill to Parliament. The Department, in their written responses, indicated that three options have been developed to amend the act to address the lacunas identified and stressed that amending an act is a lengthy process which requires research, analysis and consultation. The projected time frame is that the amendments will be presented to Parliament during the 2021/22 financial year.

iv) The Committee observed that certain policies are not finalised, while others are being revised and wanted to know what is the latest in this regard. The DMV responded that the housing; education; skills development and training; and burial policies are being revised while the pension and public transport policies are being finalised. The Heritage, Memorialisation and Honour; Counselling and Treatment; Compensation for Injury/Trauma/Disease; and Healthcare Policies are in draft format and need to be finalised. The new policies deal with Pension; Subsidised public transport; Business Empowerment and Support; and Beneficiary Support Services.

v) Members wanted to know how readily accessible the three military hospitals and sickbays are for military veterans, especially those requiring medical support against the background of the Covid-19 pandemic. The Department noted that they are working with the DOD; are utilising the SANDF's national footprint and that they are guided by the SA Military Health Services how to manage the situation. They are also using the post office and help desks to deliver chronic medicine as soon as possible.

vi) The slow delivery of houses facilitated by provinces can partly be attributed to the lack of signed Service Delivery Agreements (SLAs) between the Department and Provinces and the Committee wanted to know why some of these SLA's have not been signed.

vii) The Committee noted that the Department is struggling to roll out the public transport benefit since its inception. It was indicated that the main challenge has been the capacity in the DMV to deliver on this benefit. "The department has since (from the 2019/20 financial year) been consulting with the Department of Transport, as the custodians of the public transport in the country, to partner in order to ensure that the benefit is delivered to the Military Veterans." The target is to complete the policy within this financial year, 2020/21. They further plan to pilot the roll-out of 200 public transport beneficiaries per province in three provinces namely Gauteng, KwaZulu-Natal, and Western Cape. These areas are well suited for the pilot process due to their metropolitan infrastructure, and the DMV is confident of achieving its annual target.

viii) The target related to the "*number of military veterans provided with employment opportunities"* (PPI 305) target was questioned by the Committee as it wanted to know what exactly it entails, who the beneficiaries are and how the target of 20 employment opportunities was determined. The Department indicated this is a new target for FY2020/21 and that consultations with relevant stakeholders revealed that they would prefer military veterans and not their dependents, as they score higher on the BBBEEE criteria when hiring military veterans.

ix) The DMV was asked to provide an update on the case involving Zeal Health who has instituted a claim of R198.15 million against the department. The DMV indicated that the Zeal matter is on the roll for hearing on 9 and 10 June 2020 in the Pretoria High Court and that the Heads of Argument are being finalised.

x) The finalisation of the National Database has been a critical issue for years. The Committee reminded the Department that they have been set deadlines and that they are due to present a progress report at the next quarterly meeting. The Department responded in writing that their database has been compared with those of the Department of Home Affairs and the DOD's Human Resource records. The database will also be separated to reflect active and inactive beneficiaries and that further categorisation of the database, such as deceased and former force categories, is being conducted.

xi) The Committee requested to be briefed on the implementation of the recommendations of the Skills Audit. The Department responded that they have only received Psychometric results from the service provider and that they have prepared an action plan to implement the available assessments results after a registered psychologist has provided guidance - this will be done to avoid legal implications. The Deputy Minister has subsequently partly refuted this response and stated that the wrong information was provided to Parliament and that it expects the Department to provide the Committee with the correct information in this regard.

xii) Regarding the educational support benefit, the Committee enquired about the standardisation of this benefit to public schools and higher education institutions as opposed to private institutions that are not only more expensive, but where fewer beneficiaries can be assisted.

The Department agreed that private institutions of learning are more expensive and are planning to deal with it through the revised education policy, and stated that currently they are supporting studies at both public and private institutions.

xiii) The Committee enquired about the proposed Change Management strategy to assist them to turn the Department around. Given the historical underperformance and underspending of the Department the Committee felt that without the implementation of such a strategy, the Department will not be able to perform effectively and efficiently. In addition, the Deputy Minister stressed that one of the challenges is the poor Consequence Management, an issue that was raised by the Auditor-General as well. The Auditor-General indicated that it could not obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular as well as fruitless and wasteful expenditure.

xiv) The Committee stated that the current situation is not ideal and that a number of targets have not been met. It believes that until the systemic issues are addressed, such as the Organisational structure and the vacancies in strategic posts, the Department is unlikely to improve its performance. It was further stressed with regret that the Minister and Deputy Minister could not attend the meeting of 15 May 2020, as some issues could only be responded to adequately by the Executive Authority. The Committee noted that the Deputy Minister has since been delegated certain DMV responsibilities from April 2020, which include facilitating a credible database and finalising the Organisational Structure.

xv) The Committee wanted to know about the functioning of the Appeals Board, its members, how often it sits, how many and the kind of appeals it is receiving.

xvi) The Committee enquired about the skills training of military veterans and especially how the Department is promoting these skills to ensure the subsequent placement of military veterans. The Department indicated that Government is piloting issues such as the "Township Economy" and the "Care Economy" where focus is placed on benefiting historically disadvantaged communities. The Department indicated that they are liaising with such initiatives to ensure that military veterans also benefit from such initiatives.

xvii) The Liberation History is important, especially for future generations and the Committee wanted to know how the Department plans to promote this awareness as part of sub-programme 4: Heritage, Memorials, Burials and Honours of Programme 4.

9. RECOMMENDATIONS

The PCODMV identified the following areas that will be subject to monitoring by the Committee throughout the 2020/21 financial year and beyond:

i) The Committee commended the Department on the internal measures taken to combat the spread of the pandemic and encouraged it to further enhance and follow through on these efforts.

ii) The Department indicated that the total budgetary impact for internal and external measures, will be included in the Special Adjustment Budget where guidelines have recently been published by National Treasury. While welcoming these measures to assist military veterans and their dependents, the Committee recommended that the department develop and finalise the reprioritisation as soon as possible in order to support the military veterans' community and give feedback to the Committee on this aspect.

iii) The Committee stressed that it quite familiar with the process to amend an act and once again queried the timelines given that this process has first been mooted five years ago. The Committee therefore strongly encouraged the Department to speed up these processes as the amendments will assist to streamline the service delivery processes of the Department.

iv) The Committee was not impressed that certain policies are in draft format while others are new but that these benefits have been delivered and question how such a situation can be justified. However, given the importance of the policies to deliver benefits, the Committee recommended that these processes should be speeded up and that the Department should report on a quarterly basis on the status of these policies.

v) The Committee welcomed the response regarding access to military hospitals and sickbays and directed that the Department should continuously ensure that military veterans have such access and that challenges in this regard should be dealt with expeditiously.

vi) The Department indicated that they co-managed the delivery of houses through the National Department of Human Settlement and that this does not require Service Level Agreements with provinces. Given the under-performance of the Department in delivering houses, the Committee recommended that the Department update it on a quarterly basis on the progress to meet this year’s housing target (710) and to inform it timeously of challenges in this regard.

vii) The Committee strongly emphasised that the Department should enhance its efforts to make subsided public transport available to military veterans as soon as possible, as many are indigent, rural-based and access to subsidised public transport will not only alleviate their plight but facilitate improved access to benefits and services. The Committee therefore recommended that the Department should update it on progress in this regard on a quarterly basis.

viii) The Committee wants specific feedback on the target of employment opportunities for military veterans at the quarterly meetings, as employment opportunities will make military veterans less reliant on the Department.

ix) Regarding the Zeal Health claim against the Department, the Committee stressed that since this matter has been coming on since at least 2016, it wants the Department to update it on this matter on a regular basis till the case is resolved.

x) The Committee took note of the slow progress to have a credible database and reminded the Department that they are to provide feedback in this regard at the next quarterly meeting. The Committee recommended, once again, that more effort should be put into verifying and cleaning the database given its centrality for planning and budgeting.

xi) The implementation of the Skills Audit recommendations is an issue that is viewed as crucial to the Committee, and it was taken aback that incorrect information has been provided to it in this regard. The Committee therefore insists that the Department, at its next meeting, provide it with the correct information as also proposed by the Deputy Minister. The Committee further stressed that it expects disciplinary actions to be taken against DMV employees who have wilfully provided wrong information to Parliament.

xii) The Committee recommended that the Department should give it feedback on the revised education policy and whether it has encountered any challenges in this regard, as well as the budgetary allocations for these institutions, at the next quarterly meeting.

xiii) The Committee recommended that it should receive continuous briefings on the progress with the implementation of the Change Management strategy. The Committee further recommended that if the necessary skills to drive the change management is not resident in the Department, they should approach the DPSA/PSC to assist them with the technical skills. In addition, the Committee wants the Department to brief it regularly on its Consequence Management efforts, with the Deputy Minister in attendance.

xiv) The Deputy Minister responded to some of the systemic issues such as the Organisational Structure, filling of leadership vacancies and change management. He agreed that he should be kept to his delegated responsibilities, and that these should be made available to the Committee. The Committee thus recommended that the Deputy Minister periodically update the Committee on these issues.

xv) The Department indicated that the Appeals Board has been in place for five years and that it is currently chaired by Mr Mavuso Msimang. The Committee recommended that a meeting with the Appeals Board be scheduled as soon as possible to address its concerns.

xvi) The Committee encouraged the Department to enhance its efforts to place military veterans who have completed their skills development training and to ensure that it liaise with other government departments regarding initiatives that can benefit military veterans and their dependents.

xvii) The Department agreed on the importance of the Liberation History and stated that it prioritises this whenever the opportunity arises. The Committee commended the Department on this and encouraged it to further enhance this noteworthy endeavour.

Report to be considered.

11. REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON BUDGET VOTE 23 DEFENCE AND MILITARY VETERANS DATED 15 MAY 2020

The Portfolio Committee on Defence and Military Veterans (PCODMV), having considered Budget Vote 23: Defence and Military Veterans, the Strategic Plans 2020 – 2025 and the 2020/21 Annual Performance Plans of the Department of Defence (DOD and its entities namely the Castle Control Board (CCB) and the Armaments Corporation of South Africa (Armscor), on 05 and 06 May 2020 reports as follows:

INTRODUCTION

Mandate of the Committee

Section 55 (2) of the Constitution of the Republic of South Africa (1996) states that "The National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it and (b) to maintain oversight of (i) the exercise of national executive authority, including the implementation of legislation; and (ii) any organ of state."

Process

The Portfolio Committee considered the Strategic Plan 2020 – 2025, the Annual Performance Plan 2020/21 and the budget allocations of the DOD on 5 May 2020. The Committee made several observations that led to recommendations to the DOD and the two entities, to enhance their performance for the remainder of 2020/21. This Report is divided into two sections, with Part A dealing with the DOD and Part B with the two entities namely the Castle Control Board (CCB) and Armscor.

PART A: DEPARTMENT OF DEFENCE

1. MANDATE OF THE DEPARTMENT OF DEFENCE

Section 200(2) of the Constitution dictates that the mandate of the DOD is to defend and protect the country, its territorial integrity and its people, in accordance with the Constitution and the principles of international law. This aligns with the mission of the DOD that is to provide, manage, prepare and employ Defence capabilities commensurate with the needs of South Africa as regulated by the Constitution, national legislation, parliamentary and executive direction. The above is provided through the proper management, provision, preparedness and employment of defence capabilities, which are in line with the domestic and global needs of South Africa.

2. THE IMPACT OF THE COVID -19 PANDEMIC ON DOD PLANNING

The impact of the Covid-19 pandemic that forced South Africa into lockdown will likely have a significant impact on the DOD's budgetary and planning cycle for 2020/21. On 28 February 2020, the President ordered 151 members of the South African National Defence Force

(SANDF) to assist the Department of International Relations and Cooperation (DIRCO) to repatriate South African citizens from Wuhan, China, at a cost of R25 million. On 25 March 2020, the President submitted a letter to Parliament noting the deployment of 2 820 members of the SANDF to assist the Police in maintaining law and order at a cost of R641.2 million. In addition, on 17 March 2020, the SANDF called up members of the Reserve Force to assist the regular force where required.
While the impact on DOD planning is yet to be quantified and explained, a number of ways in which this may impact includes:

- **DOD Budget.** The deployment of the SANDF is costly and will require significant funding. It is unclear what part of this deployment will be funded from the existing budget of the DOD.
- **DOD Spending and broader economic trends.** The Covid-19 pandemic is expected to have a significantly negative effect on the South African (and global) economy. This will likely require significant structural reforms, key to which is the need to curb South Africa's public wage bill. The already higher than ideal spending on compensation of employees in the DOD will therefore come under increasing pressure in the short term.
- **DOD training.** Given the requirement for SANDF deployments, it is unlikely that planned training exercises will take place. As such, targets set in the APP are unlikely to be met.
- **Secondary tasks.** The resource requirements of the Covid-19 deployments are likely to detract from secondary tasks, such as maritime patrols, cyber security and participation in multinational exercises.
- **Border safeguarding.** Significant focus has been placed on the need for enhanced border safeguarding as a means of stemming the spread of Covid-19. This may place additional requirements on the SANDF for border deployments where required.
- **Discipline.** While the minority of cases, several videos emerged of mistreatment of the public by SANDF members during the Covid-19 deployment. This may have a severe impact on Civil-Military Relations going forward. It may also impact on the planning of the DOD, its scheduling of Armed Forces Day and the work of the Military Police.

3. COMMITTEE 2019/20 BUDGET REPORT

In order to include a holistic review by the Committee, past recommendations are included. The Committee made the following recommendations in terms of the 2019/20 Annual Performance Plan of the Department of Defence:

a) In order ensure the SANDF's rejuvenation, the Committee requests the DOD to urgently develop a feasible exit mechanism that balances the need for force rejuvenation and current national concerns around unemployment and skills shortages. The DOD should provide the Committee with a written report, no later than 15 October 2019, on how it intends on developing this exit mechanism. The report should also include clear milestones with dates for execution that will allow the Committee to track DOD progress in this regard.
b) The Committee urges the DOD and National Treasury to return to negotiations on the funding of the existing force levels in the Department. The Committee requests written reports from both the DOD and National Treasury, no later than 31 August 2019, detailing previous meetings between the two Departments on the compensation of employees ceiling, the outcome of such meetings, reasons for the underfunding of the DOD salary component, and future plans to address this concern.

c) Given current financial constraints, the Committee urges the DOD to reprioritise funds, where possible, to ensure capital acquisition to ensure the maintenance of current defence capabilities.
d) Border safeguarding remains a key function of the SANDF and the Committee acknowledges capacity constraints in this regard. The DOD should provide the Committee with a written report, no later than 15 October 2019, detailing the current status of land, sea and air border safeguarding, including recent successes and challenges. A cost outline for the increase of the number of sub-units along the land borders should also be provided for consideration by the Committee in future budget considerations.
e) Following Armscor's risk-evaluation investigation on Project Hoefyster, both the Armscor and the DOD should provide the Committee with a written report on the status of the project.
f) The reduction in flying and sea hours remain a particular concern. The Committee recommends that the DOD reports, on a quarterly basis, progress in the attainment of the 17 200 flying hours. A further breakdown of the total number of flying hours (training, operational, force employment, etc.) will further assist the PCODMV in its oversight. In addition, the PCODMV recommends that the DOD reports, on a quarterly basis, on the progress being made to attain the 10 000 planned sea hours for the SA Navy.
g) The Committee recommends that the DOD increase its efforts to communicate its successes in international peace missions, disaster relief and domestic development and upliftment initiatives with the public.
h) The DOD should provide the Committee with an explanation, in writing, for the significant increase in the allocation for Food and Food supplies in Programme 2 (Force employment) and Programme 8 (General Support). The response should be provided before 15 August 2019.
i) The Committee urges the SANDF to urgently address the stated shortage of some uniforms in the organisation.
j) Outdated ICT systems, notably the Finance, Human Resources and Logistics systems is of concern to the Committee. The DOD should therefore report to the PCODMV, as part of its quarterly reports, on plans and progress in addressing these ageing systems.
k) The Committee urges the DOD to continue to establish and develop its cyber-warfare capability and to make use of existing pockets of knowledge, such as expertise at the South African Military Academy, to develop this capability.
l) The Committee welcomes the commitment by the DOD to fulfil its Constitutional mandate and urges the Department to continue to seek ways, amid financial constraints, of addressing the critical state of the decline of the organisation.

4. DEPARTMENT OF DEFENCE STRATEGIC PLAN 2020 – 2025

The DOD Strategic Plan 2020 – 2025 consists of four main parts namely:

Part A: DOD Mandate
Part B: DOD Strategic Focus
Part C: Measuring DOD Performance
Part D: Technical Indicator Descriptions

4.1 Part A: DOD Mandate, Policies and Strategies

This section lists the Constitutional mandate as derived from the 1996 Constitution and refers specifically to sections 92, 198, 199, 200, 201, 202, 204, and 41(1). Reference is made to its legislative mandate as derived from the Defence Act 2002 (No. 42 of 2002), the Defence Amendment Act (No. 22 of 2010), and several other acts such as the PFMA (No, 1 of 1999), and the Military Ombud Act (No. 4 of 2012). The Policies and Strategies include the White Paper on Defence of 1996, the 2015 Defence Review, the DOD Strategy, the Military Strategy as well as the Defence Secretariat Strategy. It explains the 2015 Defence Review further by referring to the three defence strategic policy trajectory options namely:

- Option 1. *"Expand over the trajectory in partnership".*
- Option 2. *"Expand independently".*
- Option 3. *"Shrink to financial allocation".*

Defence Strategic Policy Option 2 was selected, approved and endorsed by Cabinet and Parliament respectively. This selected option focusses on the maximum preservation of the sovereignty of the defence function and posits a level of defence ambition that is commensurate with South Africa's continental gravitas, as well as the role that South Africa is expected to and should pursue on the African continent.

The Strategic Plan highlights the five strategic planning milestones as firm foundations to direct the development of South Africa's defence capabilities through a DOD Extended Defence Development Plan. The first four milestones will provide the initial impetus to ensuring an adequate, appropriate and relevant defence capability for South Africa. Milestone 5 will remain the constitutional contingency which can be achieved from the firm foundation provided by Milestone 4. The Milestones are presented as follows:

- Milestone 0 (MS0). The current situation within the DOD commencing 2017.
- Milestone 1 (MS1). Arresting the decline in critical capabilities through immediate and direct interventions.
- Milestone 2 (MS2). Re-balance and re-organise the Defence Force as the foundation for future growth.
- Milestone 3 (MS3). Create a sustainable Defence Force able to meet ordered defence commitments.
- Milestone 4 (MS4). Enhance the capacity of the Defence Force to respond to emerging threats and a wide range of strategic challenges.
- Milestone 5 (MS5). Defence of the Republic against any direct threat.

(The DOD's 2020 – 2021 APP similarly covers these aspects in a shorter form in Part A).

4.2 Part B: DOD Strategic Focus

This section describes the DOD's vision, mission, organisational values, individual values, the situational analysis which covers both the external and internal environments:

(*The DOD's 2020 – 2021 APP similarly covers these aspects in a shorter form in Part B.*
Vision: "Effective defence for a democratic South Africa."

Mission: "To enable, prepare, employ, sustain and renew Defence capabilities in accordance with the needs of South Africa as regulated by the Constitution, National Legislation, Parliamentary and Executive direction".

DOD organisational values: The DOD has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. In the execution of the defence Mission Statement, the DOD continues to pursue and adhere to the following organisational values:

- Accountability.
- Consultation Rooted in Effective and Efficient Partnership and Collaboration.
- Discipline.
- Ethics.
- Excellence.
- Openness and Transparency.
- People.
- Service Standards.
- Teamwork.

The Individual values include Human Dignity, Integrity, Leadership, Loyalty, Patriotism, and Professionalism.

4.2.1 Situational analysis

The departmental situational analysis provides insight into both the evolving external and internal departmental dimensions that impact on the outcomes and outputs of the DOD. The matters identified in the situational analysis are a product of the departmental planning process that has taken also into consideration the 2019-2024 MTSF priorities and sources relevant to the defence portfolio mandate.

External environmental analysis

The external environment refers to factors external to the DOD and in some instances, external to the RSA, providing trends that could have an effect on the RSA and the DOD. It includes the following:

- **Political.** South Africa's national security is centred on the advancement of its sovereignty, democracy, national values and freedoms, its political and economic independence. There are domestic, regional and continental dimensions to the national security architecture. Domestically, South Africa's national security focuses on human security, sovereignty and the related priorities of territorial integrity, constitutional order, the well-being, prosperity and upliftment of its people, economic growth and good governance. Regionally, South Africa's national security hinges on the stability, unity and prosperity of the Southern African Region in particular, and the African continent in general.
- **Economic.** The economic forecast and the current trends in the defence funding allocation, continue to constrain the implementation of the National Policy on Defence (SA Defence Review 2015), with a profound adverse impact on the availability and modernisation of required defence capabilities.
- **Social.** The inability of Government to meet the demand for social services coupled to the lack of employment opportunities may result in increased violent protests, particularly amongst the vulnerable and unemployed youth posing a threat to domestic stability. Protest tipping points

could require the employment of the SANDF, in cooperation with the South African Police Service (SAPS), to ensure national security and stability. The responsibility of the SANDF for border safeguarding will increase as cross-border migration intensifies.

- **Technological.** Information Warfare - It is crucial that the State places cyber-security as a central national priority. The DOD will be required to develop, in consultation with identified stakeholders, a cyber-defence capability that will enhance national cyber resilience. Defence Industry. South Africa's Defence Industry is among the most technologically advanced in the world and recognised by Government as a fully-fledged economic sector and should it be adequately funded, has the potential to significantly contribute to the economy of South Africa. Interventions focused on ensuring the sustainability of sovereign and/or strategic industries that are at risk of implosion and that may disrupt the interdependency within industry, must be deliberately planned for and executed.
- **Legal.** Adherence to International Law. It is anticipated that the SANDF will continue to participate in peacekeeping operations and possible offensive operations, responding to global security threats. The SANDF will ensure that personnel involved in such operations are conversant with International Law regulating the use of force when conducting both offensive and defensive actions in the theatre of operations.
- **Physical (Environmental). -** Climate Change - Natural disasters remain a reality and may have catastrophic effects domestically, regionally and continentally. It is inevitable that the DOD will in the foreseeable future be called upon, through the conducting of both humanitarian and disaster operations, to assist local government authorities and other state departments both internally and in the SADC Region. The recurrent disasters in the SADC Region require the DOD to have the appropriate capacity to timeously respond to such situations
- **Military -** The operational environment of the future will become increasingly complex. South Africa will be required to maintain a credible defence capability and adopt a posture demonstrating resilience irrespective of the nature of potential conflict, thereby ensuring:
    - Effective border safeguarding operations.
    - Execution of international obligations.
    - Co-operation with the SAPS to effect law and order.
    - Support to other government departments.
    - Humanitarian and disaster relief operations.
    - Contribution to national cyber resilience.

Internal environmental analysis

The internal environment refers to factors that have been identified as trends that could have an effect on South Africa in general and the internal DOD, and includes the following:

- **Deployment of the SANDF.** The SANDF continues to be employed to any kind of environment or area, as tasked by Government and may include the following:
  - Peace Support Operations.
  - Foreign Interests in Africa.
  - African Capacity for Immediate Response to Crises (ACIRC).
  - Prevention and Resolution of Conflict.
  - Provide Humanitarian Assistance and Disaster Relief.
  - Support in the Combating of Maritime Piracy along the East Coast of Africa.
  - Building Safer Communities.

- **Human Resource Dimension.** In the areas of Human Resource Management and Compensation of Employees (CoE), the transfer of funds to address the CoE allocation challenges will be strengthened through action plans to ensure full compliance with legislation and treasury requirements. The DOD will continue to utilise Reserve Force members in support of the *"one-force concept"*, supplementing the DOD's capacity to perform crucial functions and operational tasks, thereby ensuring compliance with ordered commitments.
- **Financial dimension.** The DOD has seen significant budget reductions since the 2016/17 MTEF with a department baseline allocation increase below the country's national inflation rate. Since the 2016/17 MTEF, the baseline of the Department has been reduced by R25.5 billion, mainly on CoE and the Special Defence Account (SDA). During the 2020/21 MTEF, the budget of the CoE and the SDA have been reduced by R3.7 billion and R5 billion respectively. The reduced SDA allocation and total discontinuation thereof in the FY2021/22 will adversely impact on the capability, sustainability and modernisation of defence prime mission equipment and the Defence Industry as a whole.
- **Logistic Dimension.** The logistic support capability of the DOD will remain under pressure within the context of a declining Defence budget allocation. The DOD continues to operate aging legacy systems that have become increasingly more difficult and costly to maintain and repair due to obsolescence. This obsolescence is not only applicable to defence combat systems, but also to support equipment, inclusive of those procured commercially-off-the-shelf.
- **Information Technological Dimension.** The DOD will endeavour to develop departmental ICT systems aligned with both the national and internal requirements through the following:
  - Governance of Information Technology. The DOD will strengthen its ICT Policy and Plans by institutionalising the Public Service Governance Framework.
  - Information Systems. The current DOD ICT infrastructure must be geared to accommodate the management of information over its life cycle, and must be in compliance with the regulatory framework.

4.3 Part B: Measuring DOD Performance

This section deals Performance Information, Measuring the DOD Impact Statement, Measuring of the DOD Outcomes, DOD Contribution to National Imperatives, Departmental Imperatives as well as the DOD's Enterprise Risk Management. This section focuses on the following selected issues:

4.3.1 Overview of Policy Focus areas of the DOD

Three key overarching guidelines provide direction in terms of the DOD's policy focus areas, namely the National Development Plan 5-year Implementation Plan, the Medium-term Strategic Framework (MTSF) for 2020 -2025 as well as the Ministerial priorities, the priorities of the Defence Secretariat and the priorities of the Chief of the SANDF.

National Development Plan 5-year Implementation Plan

The implementation of the NDP, "Vision 2030", through the NDP 5-year Implementation Plan (2019-2024 MTSF) will primarily focus on job creation, poverty reduction and the reduction of inequality. The Governmental priorities for the 2019 to 2024 MTSF were developed to which the DOD will contribute both directly and indirectly as addressed in this Plan.18 The DOD will endeavour to support the following Government Pillars and Priorities:

- MTSF Pillar 1: *"A Strong and Inclusive Economy"*.
- MTSF Priority 2: *"Economic Transformation and Job Creation"*.
- MTSF Pillar 2: *"Capabilities of South Africans"*.
- MTSF Priority 3: *"Education, Skills and Health"*.
- MTSF Priority 4: *"Consolidating of Social wage through reliable and Basic Services"*.
- MTSF Priority 5: *"Spatial Development, Human Settlements and Local Government"*.
- MTSF Priority 6: *"Social Cohesion and Safer Communities"*. (DOD Direct Contribution).
- MTSF Pillar 3: *"A Capable State"*.
- MTSF Priority 1: *"A Capable, Ethical and Developmental State"*.
- MTSF Priority 7: *"A Better Africa and a Better World"*. (DOD Direct Contribution).

Ministerial priorities, the priorities of the Defence Secretariat and the priorities of the Chief of the SANDF

To encapsulate both strategic and operational goals, the Departmental priorities are captured in the Table below which highlights key focus areas on each priority by the Minister of Defence, the Secretary for Defence, as well as the Chief of the SANDF:

PRIORITY	MINISTER OF DEFENCE FOCUS AREAS	SECDEF FOCUS AREAS	CHIEF SANDF FOCUS AREAS
Strategic Direction	Implementation of 2015 Defence Review (Arresting the Decline in the DOD).	Develop DOD Strategy to align with current and future realities.	Identify and implement (1) resource interventions to arrest decline, (2) multi-mission capabilities and (3) research and development.
Strategic Resourcing	Generating revenue to supplement the insufficient fiscal allocation.	Focus on DOD Funding Model to raise funds through, among others, sweating of assets; re-imbursements; and cost-saving initiatives.	Focus on procurement efficiency, internal controls to minimise fraud, sweating of assets and disposal of redundant equipment.
Human Resources Management	Maintaining the SANDF establishment force levels (Focus on rejuvenation and the role of the reserves).	Accelerate development of a sustainable Human Resources Plan.	Optimise personnel utilisation, ensure discipline and maintain the current operational capability.
Organisational renewal	Directing of the Defence Secretariat and organisation of the SANDF to avoid duplication of functions and optimise organisation.	Develop a Defence enterprise Architecture Framework.	Focus on force rejuvenation. Finalise the SANDF force design and structure based on a command and staff approach. Establish cyber defence.
Capability sustainment	Maintain prime mission equipment at a set level.	Several capabilities required, including ICT systems, research capability, civil-legal capability, etc.	Ensure maintenance of prime mission equipment and ensure maximum re-imbursement for deployments.
Ordered defence commitments	Increased expectation for SANDF to contribute to National Development Agenda.	Provide an enabling mechanism to support SANDF deployments.	Enhance border safeguarding through adding technology. Contributing to RSA developmental agenda and foreign policy.

Table 1: Priorities of the Minister, the Secretary for Defence and the Chief of the SANDF

4.3.2 DOD's Enterprise Risk Management

The DOD continues to pursue its commitment to the effective management of the DOD Enterprise risks through the continuous adoption of best practices, methodologies and inculcating a culture of risk management across the DOD. The continued budget reductions and decline in the Defence allocation remains a matter of concern with an adverse impact on the ability of the DOD to fully support the national imperatives of Government and implementation of the SA Defence Review 2015. Effective risk management and mitigation efforts in relation to the transversal DOD Enterprise Risks, listed in Table 8 below, remain predominantly cost-driven, increasing the risk exposure of the DOD. The DOD Enterprise Risks, as reflected in Table 8 below, are for public view. Sensitive (not for public view). These risks include issues such as:

- Prevalence of Corruption and Fraud. Weaknesses in key internal controls increase the opportunity for fraud and corruption and may result in losses, including future resources.
- High Prevalence of Litigation. The inability of the DOD to comply with applicable legislation, prescribed policy and
  procedures may result in costly litigation and losses to the DOD.
- Deteriorating DOD Facilities and Infrastructure. Deteriorating DOD facilities and infrastructure may result in issues such as Compromised Defence Readiness; Prevalence in Occupational Health and Safety (OHS) fatalities and costly litigation; Tarnished image of the DOD and Negative effect on morale.
- Forfeited Rights on DOD Property. Current land claims and possible illegal land invasion on DOD facilities, may result in loss of DOD facilities which may impact on readiness and deployment capabilities in support of the Defence mandate.
- Outdated and Non-integration of DOD Information Communication Technology Systems (ICTS). The lack of modernisation and non-integration of DOD ICT Systems may lead to unreliable, unverifiable and loss of DOD financial, non-financial information and possible threat to business continuity.

The Department proposes various Mitigation strategies to address the identified risks such as training, consequence management, the development of policies, whistle-blowing and creating a culture of risk management across the Department.

5. OVERVIEW OF THE 2019/20 FINANCIAL YEAR

Information on spending and performance by the DOD is only available up to the end of the Third Quarter of 2019/20. By the end of the Third Quarter on 31 December 2019, the DOD spent R36.838 billion (72.4%) of its adjusted appropriation, which was *slightly lower than projected expenditure*. At programme level, some variances are noticeable in terms of actual expenditure against projected expenditure for the Third Quarter. The largest variances occurred in the Administration, Air Defence, Maritime Defence and Military Health Services programmes. In terms of economic classification, the overall lower than projected expenditure can be explained in terms of lower than projected spending on goods and services (by R761.5 million).

The main cost driver continues to be **higher than planned spending on compensation of employees**. This has been an ongoing concern in recent years due to the compensation of employees' ceiling, which does not support the current personnel numbers of the Department. By the end of the Third Quarter, spending on compensation of employees was R174.2 million higher than projected. Payments on capital assets was R131.8 million (22.1%) higher than projected, while spending on Goods and Services was R761.5 million (9.5%) lower than projected.

As noted, the main concern not only during 2019/20, but also in preceding years has been the rising cost of compensation of employees. By the end of the Third Quarter, the DOD had 72 768 filled posts against the Human Resource annual target of 74 900 posts. This figure shows a decrease in the Department's headcount from 74 053 (First Quarter) and 73 414 (Second Quarter). There is currently higher than projected spending by R174.2 million on Compensation of Employees, due to the compensation of employees ceiling which does not support the current personnel numbers of the Department. However, the ongoing reduction in headcount has significantly improved the situation on personnel expenditure throughout the year. Despite this improvement, and depending on further headcount reductions that may have transpired in the final quarter of 2019/20, the DOD has likely overspent on compensation of employees. ***This will result in irregular expenditure, as has been the case in previous years.*** *Members should note that an accounting officer may not commit a department to any liability for which money has not been appropriated as per section 38 (2) of the Public Finance Management Act, 1999.* Urgent attention to this ongoing problem is required in 2020/21.

6. BUDGET ANALYSIS

6.1 Overview of expenditure

The total allocation for the DOD for 2020/21 is R52.439 billion, which is only slightly higher than the adjusted appropriation of R50.236 billion for 2019/20. The DOD budget therefore increases by 4.39% in nominal terms, but remains static in real terms (decreases by 0.01% in real terms) from 2019/20 to 2020/21. <u>The defence allocation for 2020/21 represents 2.98% of the country's total expenditure of R1.761 trillion (3.06% in 2019/20)</u>. However, <u>as a percentage of GDP for 2020/21 (R5.428 trillion), defence expenditure stands at 0.97% (0.93% in 2019/20)</u>. Table 1 reflects the nominal and real percentage changes per programme for the DOD's 2020/21 budget. The real percentage changes are adjusted for Consumer Price Inflation (CPI) and do not take into account other forms of inflation such as medical or the concept of 'defence inflation' which are generally considered higher than CPI. Individual programmes will be discussed in subsequent sections.

Programme	**Budget**		**Nominal Increase / Decrease in 2020/21**	**Real Increase / Decrease in 2020/21**	**Nominal Percent change in 2020/21**	**Real Percent change in 2020/21**
R million	**2019/20**	**2020/21**				
Programme 1: Administration	5 524,6	5 731,9	207,3	- 34,3	3,75%	-0,62%
Programme 2: Force employment	3 620,7	3 671,1	50,4	- 104,3	1,39%	-2,88%
Programme 3: Landward Defence	16 527,0	17 421,9	894,9	160,6	5,41%	0,97%

Programme 4: Air Defence	6 979,6	7 405,3	425,7	113,6	6,10%	1,63%
Programme 5: Maritime Defence	4 838,5	4 915,6	77,1	- 130,1	1,59%	-2,69%
Programme 5: Military Health Support	5 375,3	5 656,0	280,7	42,3	5,22%	0,79%
Programme 7: Defence Intelligence	1 020,5	1 187,5	167,0	117,0	16,36%	11,46%
Programme 8: General Support	6 349,5	6 449,3	99,8	- 172,0	1,57%	-2,71%
TOTAL	**50 235,6**	**52 438,6**	**2 203,0**	**- 7,1**	**4,4%**	**-0,01 %**

Table 2: Increase/decrease per programme from 2019/20 to 2020/21

6.2 Key cost drivers for 2020/21

Key cost drivers and other concerns of the DOD 2020/21 budget include the following (in terms of broad economic classifications):

- **Compensation of employees.** Spending on personnel has been an ongoing concern for the DOD in recent years. This will continue to affect the Department in 2020/21, where the allocation for spending on Compensation of Employees increases to R31.178 billion (from R29.194 billion in 2019/20). Over the medium-term, 62.1% of the DOD's total allocation is set to be spent on personnel costs. This figure is significantly out of line with the envisaged spending of 40% on personnel as per the 2015 Defence Review. It also leaves little funds available for operations and capital acquisition.
- **Property payments.** The allocation for spending on property payments increases by more than R200 million from R1.607 billion in 2019/20 to R1.809 billion in 2020/21. Over the MTEF, spending on property payments will increase by 7.5%.
- **Contractors.** The allocation for spending on contractors increases from R2.126 billion in 2019/20 to R2.229 billion in 2020/21. Despite this increase, spending on this item is set to decline by 0.3% over the MTEF
- **Capital acquisition.** Similar to 2019/20, only R1.8 million is allocated for spending on specialised military assets in 2020/21. More significantly, transfers to *Departmental Agencies and Accounts* (that largely consist of transfers to the Special Defence Account (SDA) is set to decrease significantly over the MTEF from R5.377 billion in 2020/21 to R1.432 billion in 2022/23. This may have a lasting impact on force modernisation and defence capabilities as well as ongoing acquisition projects.
- **The high cost of administering the DOD.** In a briefing to Parliament's Standing Committee on Finance on 27 February 2019, Professor Jannie Rossouw of the Fiscal Cliff Study Group lamented the exorbitant cost of ministries in South Africa. He also noted that the DOD Ministry has the highest ministerial cost of all ministries (R137.7 million for 2019/20), compared to National Treasury with the lowest ministerial cost of R4.4 million). This trend is set to continue over the MTEF. For 2020/21, the cost of the Ministry is R132.3 million, which is set to grow by 2.2% over the MTEF to R146.9 million in 2022/23.

While the DOD's main cost drivers are noted above, National Treasury outlines a number of expenditure focus areas that may be of interest to Members of the PCODMV:

- **Bringing about sustainability in the DOD:**
  Over the medium-term, the DOD is expected to make the following savings:
    - **R209.8 million** by conducting its own internal maintenance through the Defence Works Formation.
    - **R3 billion** through the sale and leasing of redundant assets and equipment.
    - **R1.9 billion** through reimbursements from the United Nations.
- **Focus on border safeguarding:**
  An additional R225 million will be allocated to the DOD over the MTEF for the introduction of additional technology on the borders to enhance border safeguarding. (Member should note that this is in line with the response from the National Treasury to the PCODMV's BRR Report of 2019 requesting additional funds to expand the number of sub-units deployed on the borders from 15 to 22).
- **Participating in peacekeeping:**
  Over the medium-term, R3.5 billion is allocated to the Force Employment programme to ensure compliance with peacekeeping commitments.
- **Internal operations:**
  Over the medium-term, R48.5 million is allocated for the SANDF's participation in internal operations such as disaster relief, search and rescue and assistance to the SA Police Service (SAPS).

7. NATIONAL TREASURY FEEDBACK TO THE PCODMV

In October 2019, following its engagement with the DOD on the 2018/19 Annual Report, the PCODMV made specific recommendations to National Treasury. The responses to these recommendations are essential to consider in the light of the 2020/21 budget. The following recommendations were responded to:

Committee recommendation 1:
The Committee recommends that the National Treasury should not lower the Department of Defence's baseline budget allocation in nominal terms over the MTEF period. This relates to all outlying years of the MTEF and specifically to 2021/22 where the budget is set to decrease from R52.5 billion in 2020/21 to R50.9 billion in 2021/22.
Response from National Treasury 1:
The Department of Defence has an allocation of R52.4 billion in 2020/21, R50.8 billion in 2021/22 and R53 billion in 2022/23. In nominal terms, the 2020 MTEF allocations of the Department are comparable to the 2019 MTEF allocations.

Committee recommendation 2:
The Committee urges the National Treasury to provide additional funds specifically for the purpose of border safeguarding. The Committee recommends that the number of sub-units be increased incrementally over the MTEF period with the aim of having 22 sub-units deployed for landward borderline duties by the end of the MTEF period. Additional funds should also include an allocation for the use of technology as a force multiplier for border safeguarding purposes.
Response from National Treasury 2:
Border security remains a priority for government. The National Treasury has allocated an additional R225 million to the Department of Defence over the medium term to procure equipment and technology to support military units deployed to safeguard our borders.

Committee recommendation 3:
The Committee urges immediate engagement between the Minister of Defence, the Minister of Finance and the Commander in Chief of the South African National Defence Force, to finalise a funding plan that will arrest the current decline of the military. This recommendation is derived from the dire financial and resource situation shared with the Committee by especially the South African Army, the South African Air Force and the South African Navy during its recent oversight engagements. The finalised plan should be presented to the Committee no later than the end of the first quarter of 2020/21.
Response from National Treasury 3:
The National Treasury agrees that the funding challenges of the Department of Defence should be discussed. The Department is arranging a meeting with the President, the Minister of Finance, the Minister of Public Service and Administration, and the Minister of Defence and Military Veterans to address the funding challenges.

Committee recommendation 4:
The Committee noted comments by the Department of Defence that savings to compensation of employees can be made through a process of force rejuvenation. The Committee therefore recommends a joint approach to force rejuvenation that would see the Department of Defence develop and roll out a rejuvenation plan and the National Treasury provide funding for an exit mechanism to speed up rejuvenation. The National Treasury should, as soon as possible, release funds to facilitate an interim exit mechanism for the remainder of 2019/20. The Department of Defence should finalise rejuvenation plans for full implementation from 2020/21
Response from National Treasury 4:
The National Treasury agrees that the Department of Defence should develop a rejuvenation strategy. At a ministerial meeting, it was resolved that the Department would develop and submit a rejuvenation strategy to the National Treasury by May 2019. The Department has not yet submitted the strategy, but is engaging with the National Treasury on a draft. The Department of Defence has yet to implement early retirement without penalties, which was introduced in the 2019 Budget Review as one of the measures to reduce spending on compensation of employees.

8. BUDGET AND PERFORMANCE ANALYSIS PER PROGRAMME

8.1 Programme 1 (Administration)

8.1.1 Programme 1 Budget Analysis

The Administration programme received a nominal increase of R207.3 million from R5.525 billion in 2019/20 to R5.732 billion in 2020/21. However, this increase translates to a real percentage decrease of 0.62% when adjusted for inflation. The largest decrease in real terms is for Subprogramme 8 (Acquisition Services), with a 17.23% reduction. Subprogramme 1 (Ministry) also received a real percentage decrease of 8.11% in its allocation. All other subprogrammes received marginal real percentage decreases no larger than 2.5%. The only exception in Programme 1 is Subprogramme 14 (Office Accommodation), that received an additional allocation of R139.4 million, translating to a real increase of 1.05%.

In terms of economic classifications, allocations remained fairly static with marginal nominal increases. However, the following aspects can be noted:

- *Advertising.* Although the allocation for advertising increased only marginally from R89.2 million in 2019/20 to R89.9 million in 2020/21, this comes off a major increase from R76.0 million in 2018/19. This need for elevated spending on advertising in light of the DOD's limited recruitment capacity and financial constraints can be questioned.
- *Operating leases* increases from R1.529 billion in 2019/20 to R1.615 billion in 2020/21.
- *Property payments* increases only marginally from R1.127 billion in 2019/20 to R1.184 billion in 2020/21. However, this comes off a major increase from R976.5 million in 2018/19. It brings into question the DOD's ability to negotiate favourable annual lease increases and specifically the 2018/19 increase should be questioned.

Programme	Budget		Nominal Increase / Decrease in 2020/21	Real Increase / Decrease in 2020/21	Nominal Percent change in 2020/21	Real Percent change in 2020/21
R million	**2019/20**	**2020/21**				
Sub-programme 1: Ministry	137,8	132,2	- 5,6	- 11,2	-4,06%	-8,11%
Sub-programme 2: Departmental Direction	51,9	53,4	1,5	- 0,8	2,89%	-1,45%
Sub-programme 3: Policy and Planning	123,4	127,6	4,2	- 1,2	3,40%	-0,95%
Sub-programme 4: Financial Services	435,6	447,6	12,0	- 6,9	2,75%	-1,58%
Sub-programme 5: Human Resources Support Services	958,8	998,8	40,0	- 2,1	4,17%	-0,22%
Sub-programme 6: Legal Services	364,2	371,6	7,4	- 8,3	2,03%	-2,27%
Sub-programme 7: Inspection and Audit Services	154,6	158,3	3,7	- 3,0	2,39%	-1,92%
Sub-programme 8: Acquisition Services	89,8	77,6	- 12,2	- 15,5	-13,59%	-17,23%
Sub-programme 9: Communications Services	129,9	132,7	2,8	- 2,8	2,16%	-2,15%
Sub-programme 10: SANDF Command and Control	185,8	191,6	5,8	- 2,3	3,12%	-1,22%
Sub-programme 11: Religious Services	20,1	20,8	0,7	- 0,2	3,48%	-0,88%
Sub-programme 12: Defence Reserve Direction	35,0	36,5	1,5	0,0	4,29%	-0,11%
Sub-programme 13: Defence Foreign Relations	303,3	309,0	5,7	- 7,3	1,88%	-2,41%
Sub-programme 14: Office Accommodation	2 534,7	2 674,1	139,4	26,7	5,50%	1,05%
TOTAL	**5 524,6**	**5 731,9**	**207,3**	**- 34,3**	**3,8%**	**-0,62%**

Table 3: Nominal and real increases/decreases in the Administration Programme

8.1.2 Programme 1 Performance Planning

There has been a significant reduction in the number of targets for Programme 1. While historically this programme had in excess of 60 targets, these were reduced to only *eight targets* *in 2020/21*. The Department should be commended for this as it will simplify oversight. The targets are aligned with envisaged DOD outputs. In order to familiarise Members with the various targets, all eight targets are captured in the table below.

DOD Output	Indicator	2019/20 Target	2020/21 Target
Defence Strategic Direction	% Adherence to DOD Master Record Index for Policies	40%	**80%**
	% Adherence to DOD Master Record Index for Strategies	50%	**50%**
	% Adherence to DOD Master Record Index for Plans	New indicator	**90%**
	Number of Reserve Force man days	2 693 048	**2 695 963**
	Reduction in number of audit qualifications	0	**5**
	Percentage of audits completed i.t.o approved audit plan	100%	**100%**
Defence Capabilities Prepared	% Compliance with SANDF battle fitness requirement	Classified	**Classified**
Defence Capabilities provided	Number of Defence Attaché Offices	44	**44**

Table 4: Performance Targets for Programme 1

8.2 Programme 2 (Force Employment)

8.2.1 Programme 2 Budget Analysis

The allocation for the Force Employment programme increased only marginally by R50.4 million, resulting in a real percentage decrease of 2.88%. This can largely be attributed to a decrease in the allocation to Subprogramme 4 (Regional Security) that received a 7.6% reduction in real terms. This is of importance as it relates to the SANDF's deployment as part of the UN mission in the DRC as well as the SA Navy's patrols in the Mozambican channel. This signifies an ongoing decrease in allocation since 2016/17. In contrast, the Strategic Direction Subprogramme received an increased allocation of R9.4 million (4.9% in real terms). This Subprogramme refers largely to the administrative and policy management of Programme 2 (Force Employment).

In terms of economic classifications, all changes in terms of expenditure for 2020/21 remained marginal when compared to 2019/20. The only noteworthy increase relates to *Fleet Services* that increases from R46.6 million to R65.7 million (Members may note that this increase comes off a low base as Fleet Services received allocations of less than R27 million in the last four financial years (since 2016/17). The following noteworthy decreases can be noted:

- *Contractors* decreases from R346.6 million in 2019/20 to R286.6 million in 2020/21
- *Travel and subsistence* decreases from R227.8 million in 2019/20 to R169.3 million in 2020/21.

Programme	Budget		Nominal Increase / Decrease in 2020/21	Real Increase / Decrease in 2020/21	Nominal Percent change in 2020/21	Real Percent change in 2020/21
R million	2019/20	2020/21				
Sub-programme 1: Strategic Direction	191,3	209,5	18,2	9,4	9,51%	4,90%
Sub-programme 2: Operational Direction	378,2	400,1	21,9	5,0	5,79%	1,33%
Sub-programme 3: Special Operations	936,4	954,5	18,1	- 22,1	1,93%	-2,36%
Sub-programme 4: Regional Security	1 021,2	985,1	- 36,1	- 77,6	-3,54%	-7,60%
Sub-programme 5: Support to the people	1 093,6	1 122,0	28,4	- 18,9	2,60%	-1,73%
TOTAL	**3 620,7**	**3 671,1**	**50,4**	**- 104,3**	**1,4%**	**-2,88%**

Table 5: Nominal and real increases/decreases in the Force Employment Programme

8.2.2 Programme 2 Performance Planning

The Force Employment Programme has 11 set targets for 2019/20 of which five are not elaborated on due to the information being classified. The targets for 2020/21 are in line with previous years, except for the addition of a target related to the percentage combat-ready capabilities available to the SANDF (classified). All targets set for 2020/21 are in line with performance in the preceding years. The target set for the number of joint, interdepartmental exercises is five. This target has not been achieved in recent years due to budgetary and other constraints. Given the demands on the DOD with the outbreak of the Covid-19 pandemic, it is unlikely to achieve this target in 2020/21.

The DOD should be commended for de-classifying the target related to the percentage reimbursement received from the UN or AU for external missions. However, the classification of other targets is (in some instances) questionable, specifically where information was previously released and is now deemed ‘classified’. These classified targets for 2020/21 include:

- Percentage compliance with force levels for external operations (previously released target was 98% in 2014/15).
- Percentage compliance of equipment for external operations (previously released target was 77% in 2013/14).
- Percentage compliance with self-sustainment of personnel (previously released target was 79% per cent in 2014/15).

8.3 Programme 3 (Landward Defence

8.3.1 Programme 3 Budget Analysis

The Landward Defence programme is the largest programme in the DOD and includes the SA Army with a personnel component of 38 547 in 2020/21. For 2020/21, the programme received only a marginal nominal increase of R161 million, resulting in a real percentage decrease of 0.97%.

While most subprogrammes' allocations remained relatively stable in real terms, three significant increases at subprogramme level can be noted. The *Artillery* allocation received an additional allocation of R154.3 million in 2020/21, resulting in a 16.36% increase in real terms. The *Strategic Direction* subprogramme received an 11.13% increase in real terms when compared to 2019/20. This subprogramme relates to the control component of the SA Army (a largely administrative function). Finally, the *Air Defence Artillery Capability* received a real percentage increase of 7.49% for 2020/21.

In terms of economic classifications, the following increases and decreases from 2019/20 to 2020/21 can be noted:

- The allocation for *Compensation of Employees* increases from R12.572 billion to R13.178 billion. Over the medium-term, this expenditure item is set to increase by 6.2%. The SA Army is the largest personnel component of the SANDF and thus heavily affected by Compensation of Employees.
- The allocation for *Food and Food supplies* increases from R652.2 million to R742.9 million. This item is expected to rise by 15.2% over the medium-term.
- The allocation for *Travel and subsistence* increases from R342 million to R439.1 million, but is expected to again decrease in the outlying years of the MTEF.
- The allocation for *fuel, oil and gas* decreases from R244.2 million to R138.2 million. This item is expected to decrease by 14.8% over the medium-term.

Programme	**Budget**		**Nominal Increase / Decrease in 2020/21**	**Real Increase / Decrease in 2020/21**	**Nominal Percent change in 2020/21**	**Real Percent change in 2020/21**
R million	**2019/20**	**2020/21**				
Sub-programme 1: Strategic Direction	395,1	458,4	63,3	44,0	16,02%	11,13%
Sub-programme 2: Infantry Capability	6 357,4	6 739,5	382,1	98,1	6,01%	1,54%
Sub-programme 3: Armour Capability	497,0	511,4	14,4	- 7,2	2,90%	-1,44%
Sub-programme 4: Artillery Capability	718,5	872,8	154,3	117,5	21,48%	16,36%
Sub-programme 5: Air Defence Artillery Capability	494,3	554,7	60,4	37,0	12,22%	7,49%
Sub-programme 6: Engineering Capability	814,0	858,3	44,3	8,1	5,44%	1,00%
Sub-programme 7: Operational Intelligence	246,4	252,7	6,3	- 4,4	2,56%	-1,77%
Sub-programme 8: Command and Control Capability	235,1	240,0	4,9	- 5,2	2,08%	-2,22%
Sub-programme 9: Support Capability	4 816,4	4 921,4	105,0	- 102,4	2,18%	-2,13%

Sub-programme 10: General Training Capability	544,6	558,5	13,9	- 9,6	2,55%	-1,77%
Sub-programme 11: Signal Capability	1 408,1	1 454,0	45,9	- 15,4	3,26%	-1,09%
TOTAL	**16 527,0**	**17 421,9**	**894,9**	**160,6**	**5,4%**	**0,97%**

Table 6: Nominal and real increases/decreases in the Landward Defence Programme

8.3.2 Programme 3 Performance Planning

Four performance targets were set for the Landward Defence Programme for 2020/21. This includes one new indicator related to the percentage combat ready capabilities available to the SANDF. This new indicator, as well as a recurring target related to Joint Force employment requirements, remain classified. Targets set for 2020/21 remain in line with the preceding year. The target “Percentage compliance with DOD Training targets” is 80%. This may be impacted negatively due to the SA Army’s deployment requirements during the Covid-19 pandemic. Similarly, it is uncertain whether the number of training exercises will be completed due to increased operational demands.

8.4 Programme 4 (Air Defence)

8.4.1 Programme 4 Budget Analysis

The Air Defence programme has taken significant strain in recent years in terms of its budget allocation. However, the 2020/21 allocation sees its allocation increased again to levels in line with 2015/16 allocations. The R7.405 million allocated for 2020/21 represents an increase of R425.6 million in nominal terms, which translates to an increase of 1.63% when adjusted for inflation. A number of major increases/decreases can be observed in terms of the subprogrammes when comparing 2020/19 to the preceding year:

- Subprogramme 7 (Command and Control Capability) received a decreased allocation by R247 million, resulting in a real percentage decrease of 31.26%.
- Subprogramme 2 (Operational Direction) relates to the SA Air Force Command and received a real percentage reduction of 24.18%.
- Subprogramme 8 (Base Support Capability) received an additional R474.4 million, resulting in an increased allocation of 21.55% in real terms.
- Subprogramme 5 (Air Combat Capability) received an additional R144.6 million, resulting in an increased allocation of 14.84% in real terms.
- Subprogramme 3 (Helicopter Capability) received an additional R117 million, resulting in an increased allocation of 11.74% in real terms.

From the above programme restructuring, it would seem that the SA Air Force is restructuring its expenditure in such a way that funds are flowing to its core capabilities and away from administrative capabilities. This fact should be interrogated by the PCODMV and, if found to be the case, the DOD can be commended for such a shift.

In terms of economic classifications, the following increases and decreases from 2019/20 to 2020/21 can be noted:

- The allocation for *Contractors* increases from R1.047 billion to R1.251 billion.
- The allocation for *Food and food supplies* increases from R15.9 million to R100.1 million.
- The allocation for *Fuel, oil and gas* increases from R208.6 million to R272.9 million.
- The allocation for *Departmental agencies and accounts* decreases from R1.257 billion to R1.049 billion.

Programme	**Budget**		**Nominal Increase / Decrease in 2020/21**	**Real Increase / Decrease in 2020/21**	**Nominal Percent change in 2020/21**	**Real Percent change in 2020/21**
R million	**2019/20**	**2020/21**				
Sub-programme 1: Strategic Direction	32,0	31,8	- 0,2	- 1,5	-0,62%	-4,81%
Sub-programme 2: Operational Direction	189,0	149,6	- 39,4	- 45,7	-20,85%	-24,18%
Sub-programme 3: Helicopter Capability	702,3	819,3	117,0	82,5	16,66%	11,74%
Sub-programme 4: Transport and Maritime Capability	1 156,0	1 071,4	- 84,6	- 129,8	-7,32%	-11,22%
Sub-programme 5: Air Combat Capability	726,7	871,3	144,6	107,9	19,90%	14,84%
Sub-programme 6: Operational Support and Intelligence Capability	370,1	418,0	47,9	30,3	12,94%	8,18%
Sub-programme 7: Command and Control Capability	876,6	629,1	- 247,5	- 274,0	-28,23%	-31,26%
Sub-programme 8: Base Support Capability	1 763,8	2 238,2	474,4	380,1	26,90%	21,55%
Sub-programme 9: Command Post	73,7	74,6	0,9	- 2,2	1,22%	-3,04%
Sub-programme 10: Training Capability	509,1	522,7	13,6	- 8,4	2,67%	-1,66%
Sub-programme 11: Technical Support Services	580,3	579,2	- 1,1	- 25,5	-0,19%	-4,40%
TOTAL	**6 979,6**	**7 405,2**	**425,6**	**113,5**	**6,1%**	**1,63%**

Table 7: Nominal and real increases/decreases in the Air Defence Programme

8.4.2 Programme 4 Performance Planning

The number of targets for this programme increased from four to five. The new target in line similar with the Landward Defence Programme, is 'the percentage combat-ready capabilities available to the SANDF'. The target is classified. Similarly, the target related to force employment requirements remains classified. The percentage compliance with DOD training targets for 2020/21 (80%) remains the same as in previous years. The number of training opportunities for the year is 687. It should be noted, however, that this reflects a continuous decline in targets from 2014/15 when training targets were as high as 3 662. Finally, the target on flying hours for the year is set for 17 100. This may, however, be impacted by the additional flight requirements as part of the SANDF's participation in deployments to curb the Covid-19 pandemic.

8.5 Programme 5 (Maritime Defence)

8.5.1 Programme 5 Budget Analysis

Since 2016/17, the overall allocation to the Maritime Defence programme has remained relatively constant. However, the allocation for 2020/21 only increased by R77 million, resulting in a real percentage decrease of 2.68% when adjusted for inflation. Only the Maritime Human Resources and Training Capability as well as the Maritime Direction subprogrammes received increases, with the latter receiving an 11.23% increase in real terms. The Base Support Capability subprogramme received the largest reduction of 9.62% in real terms while the Maritime Combat Capability subprogramme received a real percentage reduction of 5.97%.
In terms of economic classifications, the following increases and decreases from 2019/20 to 2020/21 can be noted:

- The allocation for *Fuel, oil and gas* decreases from R97.5 million to R45.4 million. However, in 2021/22, it is set to increase exponentially to R214.2 million.
- The allocation for *Other supplies* increases from R94 million to R196.4 million.
- The allocation for *Operating payments* increases from R51.6 million to R81.2 million.
- The allocation for *Departmental agencies and accounts* decreases from R1.187 billion to R979.9 million.

Programme	**Budget**		**Nominal Increase / Decrease in 2020/21**	**Real Increase / Decrease in 2020/21**	**Nominal Percent change in 2020/21**	**Real Percent change in 2020/21**
R million	**2019/20**	**2020/21**				
Sub-programme 1: Maritime Direction	594,9	690,8	95,9	66,8	16,12%	11,23%
Sub-programme 2: Maritime Combat Capability	1 770,2	1 737,7	- 32,5	- 105,7	-1,84%	-5,97%
Sub-programme 3: Maritime Logistics support Capability	1 184,2	1 198,5	14,3	- 36,2	1,21%	-3,06%
Sub-programme 4: Maritime HR and Training Capability	570,1	610,2	40,1	14,4	7,03%	2,52%
Sub-programme 5: Base Support Capability	719,1	678,5	- 40,6	- 69,2	-5,65%	-9,62%
TOTAL	**4 838,5**	**4 915,8**	**77,3**	**- 129,9**	**1,6 %**	**-2,68%**

Table 8: Nominal and real increases/decreases in the Maritime Defence Programme

8.5.2 Programme 5 Performance Planning

Two new performance indicators were introduced for the medium-term. First, in line with other programmes, a target was included related to the 'percentage combat-ready capabilities available to the SANDF'. This target is classified. Second, a target was introduced related to the 'number of maritime coastal patrols conducted per year'. Four coastal patrols are planned for 2020/21. The remaining targets relate to the number of training exercises, unique maritime exercises and the number of sea hours. The latter remain at 10 000 for 2020/21, although no more than 8 131 have been achieved annually since 2016/17.

8.6 Programme 6 (Military Health Support)

8.6.1 Programme 6 Budget Analysis

The Military Health Support programme received an additional R280.7 million in 2020/21, bringing its total allocation to R5.656 billion. This reflects a marginal increase of 0.79% in real terms. Two subprogrammes were the major beneficiaries of this increase. Firstly, the *Specialist Health Services* subprogramme received a 9.12% increase in real terms in 2020/21 compared to the previous year. Secondly, the *Strategic Direction* subprogramme also saw its allocation increase by 6.17% in real terms over this period. In contrast, the *Military Health Maintenance* subprogramme received a 24.33% decrease in real terms.

In terms of economic classifications, several changes from 2019/20 to 2020/21 can be noted:

- The allocation for *Agency and support/outsourced services* decreases from R428.2 million to R261.7 million. This is set to rise again to about R400 million per year in the outlying MTEF years.
- The allocation for *Food and Food supplies* increases from R65.6 million to R122.2 million before decreasing again in the outlying MTEF years.
- *Travel and subsistence* increases from R91.3 million to R107.6 million.

Programme	**Budget**		**Nominal Increase / Decrease in 2020/21**	**Real Increase / Decrease in 2020/21**	**Nominal Percent change in 2020/21**	**Real Percent change in 2020/21**
R million	**2019/20**	**2020/21**				
Sub-programme 1: Strategic Direction	206,7	229,1	22,4	12,7	10,84%	6,17%
Sub-programme 2: Mobile Military Health Support	260,5	270,3	9,8	- 1,6	3,76%	-0,61%
Sub-programme 3: Area Military Health Support	1 956,1	1 941,4	- 14,7	- 96,5	-0,75%	-4,93%
Sub-programme 4:Specialist Health Services	2 049,4	2 334,8	285,4	187,0	13,93%	9,12%
Sub-programme 5: Military Health Product Support	302,5	320,5	18,0	4,5	5,95%	1,49%
Sub-programme 6: Military Health Maintenance	221,4	174,9	- 46,5	- 53,9	-21,00%	-24,33%
Sub-programme 7: Military Health Training Capability	378,7	384,9	6,2	- 10,0	1,64%	-2,65%
TOTAL	**5 375,3**	**5 656,0**	**280,7**	**42,3**	**5,2%**	**0,79%**

Table 9: Nominal and real increases/decreases in the Military Health Support

8.6.2 Programme 6 Performance Planning

Only four targets were set for Programme 6, which is a reduction from the six targets set in, for example, 2018/19. Of specific concern is the fact that three of the four targets indicated in the medium term are considered classified. Only the target related to training is not classified (80% compliance with the set target for 2020/21). Classified targets include:

- Percentage compliance with Joint Force Employment requirements as resourced.
- Percentage combat-ready capabilities available to the SANDF.
- Percentage compliance with availability of medical stock.

The classification of the latter target was highlighted as a major point of concern by MPs in the Fifth Parliament. If information is available, this is something that can be tracked by Parliament, thus preventing concerns when urgent need arises (as is evident when the medical system comes under pressure such as with the Covid-19 pandemic).

8.7 Programme 7 (Defence Intelligence)

8.7.1 Programme 7 Budget Analysis

The allocation for Defence Intelligence in 2020/21 reflects a significant increase given its relatively small size as a programme. An additional R167 million was allocated to the programme, resulting in a real percentage increase of 11.46%. The major beneficiary is subprogramme 1 (Operations) that received a real percentage increase of 15.67%. In terms of the economic classifications, *Fleet Services* shows an increase from a historically low base of only R400 000 to R6 million in 2020/21. It is set to remain at this level over the MTEF. Property payments also increase from R900 000 in 2019/20 to R3.9 million in 2020/21.

Programme	**Budget**		**Nominal Increase / Decrease in 2020/21**	**Real Increase / Decrease in 2020/21**	**Nominal Percent change in 2020/21**	**Real Percent change in 2020/21**
R million	**2019/20**	**2020/21**				
Sub-programme 1: Operations	542,5	655,1	112,6	85,0	20,76%	15,67%
Sub-programme 2: DI Support Services	477,9	532,4	54,5	32,1	11,40%	6,71%
TOTAL	**1 020,5**	**1 187,5**	**167,0**	**117,0**	**16,4%**	**11,46%**

Table 10: Nominal and real increases/decreases in the Defence Intelligence Programme

8.7.2 Programme 7 Performance Planning

In line with the previous year, only two performance targets are indicated for Programme 7, as follows:

- Number of vetting decisions taken (4 500 for 2020/21)
- Number of Defence Intelligence Products (448 for 2020/21)

8.8 Programme 8 (General Support)

8.8.1 Programme 8 Budget Analysis

The General Support programme received a limited additional allocation of R99.8 million for 2020/21 compared to the previous year. This translates to a real percentage reduction of 2.71% when inflation is factored in. This reduction follows a similar real percentage reduction of 2.36% during the 2019/20 allocations. All subprogrammes received marginal reduction in allocation in real terms, except for the Technology Development subprogramme that saw its allocation reduced by 8.22% in real terms.

In terms of economic classifications, the following increases and decreases from 2019/20 to 2020/21 can be noted:

- The allocation for *Minor assets* increases from R50 million to R96.8 million.
- The allocation for *Property payments* increases from R252 million to R341.7 million.
- The allocation for *Software and intangible assets* decreases from R146.1 million to R42.6 million. This decreases further to only R400 000 per year for the two outlying MTEF years.

It should further be noted that refurbishing and maintenance work by the Defence Works Formation (DWF) are also funded under the General Support programme. Given the statement by the National Treasury that expected savings of R209.8 million are expected over the medium term due to the work of the DWF, further clarity should be sought as to how this process will be managed.

Programme	**Budget**		**Nominal Increase / Decrease in 2020/21**	**Real Increase / Decrease in 2020/21**	**Nominal Percent change in 2020/21**	**Real Percent change in 2020/21**
R million	**2019/20**	**2020/21**				
Sub-programme 1: Joint Logistics Services	2 905,5	2 954,8	49,3	- 75,2	1,70%	-2,59%
Sub-programme 2: Command and Maintenance Information Systems	1 048,0	1 053,1	5,1	- 39,3	0,49%	-3,75%
Sub-programme 3: Military Police	704,6	728,2	23,6	- 7,1	3,35%	-1,01%
Sub-programme 4: Technology Development	487,7	467,3	- 20,4	- 40,1	-4,18%	-8,22%
Sub-programme 5: Departmental Support	1 203,7	1 245,9	42,2	- 10,3	3,51%	-0,86%
TOTAL	**6 349,5**	**6 449,3**	**99,8**	**- 172,0**	**1,6%**	**-2,71%**

Table 11: Nominal and real increases/decreases in the General Support Programme

8.8.2 Programme 8 Performance Planning

The number of performance indicators used to track performance in Programme 8 remain at six for 2020/21. One new target was introduced, relating to the ‘percentage compliance to the DOD ICT Capability Plan’ (this replaced a target related to the utilisation of DOD endowment property). Targets set for 2020/21, include the following:

Performance Indicator	**Audited Outcome**	**Estimated Performance**	**Estimated Performance**
	2018/19	**2019/20**	**2020/21**
Percentage procurement requests fully completed within 90 days from registration	99.75%	95%	95%

Performance Indicator	Audited Outcome	Estimated Performance	Estimated Performance
	2018/19	2019/20	2020/21
Percentage expenditure in accordance with facilities plan	94.31%	100%	100%
Percentage compliance with DOD ICT Plan	New	New	100%
Number of crime prevention operations	178	124	124
Percentage criminal cases investigated (backlog)	87%	40%	40%
Percentage criminal cases investigated (in-year)	30.8%	25%	25%

Table 12: Performance Indicators for Programme 8

9. COMMITTEE OBSERVATIONS

During deliberations with the DOD on 5 May 2020, Members of the PCODMV made several observations related to the budgetary allocation, the performance indicators and the targets set in the Strategic Plan and the APP. The following were noted:

- Members expressed their gratitude for the ongoing SANDF efforts to combat the spread of Covid-19 pandemic in South Africa. It urged senior commanders to ensure that soldiers remain well protected in the execution of their tasks.
- Members expressed the need to consider the long-term performance of the DOD, specifically given that many concerns raised by institutions like the Defence Force Service Commission remain.
- Members reiterated the need for the DOD to ensure that it maximises its reimbursement from the United Nations for its participation in peacekeeping operations in the Democratic Republic of the Congo. Similarly, the Committee highlighted the need for the SANDF to be reimbursed by other state departments where services are rendered.
- The Committee welcomed the announcement that additional funds have been allocated to boost technological means for border security. However, the Committee remains concerned about the ongoing challenges to optimally safeguard our borders.
- The Committee is concerned about statements that Projects Hoefyster and Biro are likely to run into funding difficulties in the medium-term.
- Members raised concerns around the plausibility of fully implementing Milestone 1 of the 2015 Defence Review over the medium term given ongoing financial and related constraints.
- The Committee welcomed the ongoing initiative by the DOD to utilise the Defence Works Formation as a generator for cost-savings.
- Members also welcomed the ministerial initiative to sweat assets as a means of raising additional funds for the SANDF. It noted that this process will be headed by the Chief of Logistics, but cautioned that this should be done in a responsible manner to ensure maximum benefit for the SANDF.
- Members expressed serious concern over the potential for irregular expenditure related to the inability of the DOD to bring personnel expenditure within the Compensation of Employees ceiling, as directed by National Treasury.
- The Committee expressed concern around the high cost of the Ministry sub-programme, which was found to be the highest amongst Ministries with R137.7 million in 2019/20.

- Members raised concern around the continuous funding difficulties and the impact this will have on the midlife upgrades of essential equipment including primary SA Navy and SA Aircraft platforms.
- The Committee noted that one of the Executive Authority's Focus areas, is to "maintain prime mission equipment at a set level" and enquired what exactly this entails.
- The Department is experiencing continuous funding difficulties and the Committee wanted to know whether the DOD has any austerity measures to assist to address these challenges.

10. RECOMMENDATIONS

The PCODMV identified the following areas that will be subject to monitoring by the Committee throughout the 2020/21 financial year:

- The Committee urges the DOD to ensure that all SANDF personnel deployed to assist other state departments in the fight against Covid-19 be well prepared and issued with the relevant protective gear. The DOD is further urged to ensure that regular screening and testing of its members occur to prevent the spread of Covid-19 pandemic within the Armed Forces itself.
- The Committee will engage the Defence Force Service Commission on its recurring findings on conditions of service of soldiers and the DOD on progress with the implementation of outstanding recommendations.
- The DOD is urged to ensure that it maximises its reimbursement from the United Nations for participation in peacekeeping regarding the availability and serviceability of especially Prime Mission Equipment. The Departments should, henceforth, include in their quarterly report the percentage of reimbursement received from the UN relevant to expected reimbursement.
- The DOD should include, in its Annual Report, a list of areas in which it assisted other government departments, what the expenditure was in this regard and whether reimbursement for such assistance was received.
- The Committee requests the DOD to update it on a quarterly basis on progress regarding the implementation of technological means to boost border safeguarding. Quarterly progress on the spending of the R225 million allocated by National Treasury for this purpose should also be provided.
- The Committee undertook to continuously engage the DOD on progress regarding Projects Hoefyster, Biro and Hotel.
- The Committee recommends that the DOD should on a regular basis share with it progress made with the implementation of Milestone 1 of the 2015 Defence Review and the challenges in this regard.
- The DOD is encouraged to fast-track the utilisation of the Defence Works Formation as a cost saving mechanism. The Committee recommends that the DOD should provide feedback on the devolution of certain responsibilities from the Department of Public Works to the DOD. Projects and related savings should be reported in the DOD Annual Report.
- The Committee also encourages the Department to fast-track the sweating of assets to ensure maximum benefit for the SANDF. In this regard, the DOD should share with the Committee its detailed plans, once completed, for the sweating of assets.
- The Committee once again urges the DOD to engage National Treasury to find ways to avoid the irregular expenditure on Compensation of Employees, against the background of the rejuvenation plan that the DOD is expected to share with National Treasury. The Department should report on progress in this regard on a quarterly basis.

- The Committee noted reasons for the higher cost of the Ministry sub-programme such as aircraft chartering for the Executive Authority and the Presidential Medical Unit. Notwithstanding the need for such services, the Committee urges the DOD to find ways of reducing the overall cost of the Ministry during the 2020/21 financial year and over the medium term. The Committee will monitor expenditure in this regard on a quarterly basis.
- Despite challenging financial conditions, the Committee urges the DOD to reassess expenditure patterns to potentially shift funds to ensure the continuation of midlife upgrades for key naval and air platforms.
- The Committee requests the DOD to explain, in its next quarterly report to Parliament, what the maintenance of prime mission equipment at a set levels means and whether they have been able to maintain this set level.
- The Department should indicate to the Committee, in its next quarterly report to Parliament, whether it has any austerity measures, whether these have been implemented and if these are successful to address the persistent funding challenges of the Department.

PART B: DEFENCE ENTITIES

The Portfolio Committee on Defence and Military Veterans (PCODMV), having considered the Strategic Plan 2020 – 2025 and the 2020/21 Annual Performance Plan of the Castle Control Board and the Corporate Plan 2020 – 2021 and budgetary allocation for FY 2020/21 of the Armaments Corporation of South Africa (Armour) 6 May 2020, reports as follows:

THE CASTLE CONTROL BOARD (CCB)

1. INTRODUCTION

The Castle Management Act, 1993 (No. 207 of 1993) provides for a Castle Control Board (CCB) to govern and manage the Castle of Good Hope (CGH) – South Africa's oldest architectural structure - on behalf of the Minister of Defence and Military Veterans. The National Heritage Resources Act (No. 25 of 1999) provides for the management of the Castle as a national heritage site. The Castle's objectives are set out in the Castle Management Act as follows:

- To preserve and protect the military and cultural heritage of the Castle;
- To optimise the tourist potential of the Castle; and
- To maximise accessibility to the public.

2. THE CCB AND THE COVID 19 PANDEMIC

The Castle of Good Hope (GCH) is one of the prime visitor' attractions in South Africa due to it being one of the oldest surviving buildings in South Africa. It therefore attracts visitors from all over the world and given the manner in which the Corona Virus Diseases 2019 (Covid-19) is spread, such visitors may pose a risk of spreading the disease. The South African Government, like nearly all governments across the world, is currently seized with fighting the Covid-19 pandemic. The impact of the pandemic is enormous and traveling has been severely restricted, impacting on the potential visitors to the CGH. As the "*Annual number of tourists/visitors attracted to the Castle*" has a major influence on the revenue generating capability of the CCB, this is a concern especially given the challenges around the *Going concern* status which is closely linked to the financial viability of the CCB.

3. STRATEGIC PLAN 2020 – 2025

The Castle Control Board's Strategic Plan 2020 – 2025 consists of four main parts namely:

Part A: CCB Mandate

Part B: CCB Strategic Focus

Part C: Measuring CCB Performance

Part D: Technical Indicator Descriptions

It also has four annexures dealing with Strategic Technical Indicator Descriptions for the period 2020 – 2025; the CCB's contribution to the National Development Plan 5 Year implementation Plan (direct); the CCB's contribution to the NDP 5 Year implementation Plan (indirect); and the DOD Result-based plan.

3.1. PART A: CCB MANDATE

This section lists the Constitutional mandate as derived from section 238. The legislative mandate is derived from the Castle Management Act (No. 207 of 1993); the Defence Endowment Property and Account Act (No. 33 of 1922); and the National Heritage Resources Act (No. 25 of 1999). It also refers to various sections of the Public Finance Management Act (No 1 of 1999). The CCB is proposing to amend the Castle Management Act (CMA) (No. 207 of 1993); and the Defence Endowment Property and Account Act (No. 33 of 1922).

The Policy Mandates are derived from the following:

- The Integrated Conservation Management Plan (2019)
- White Paper on Defence 1996
- South African Defence Review 2015
- The National Tourism Act (No. 3 of 2012)
- National Heritage and Cultural Tourism Strategy 2012
- National Development Plan Vision 2030 (2011).

It should be noted that the CCB is involved with two court cases with "*Kamers vol Geskenke*" and one with the Castle Military Museum Foundation.

The Annual Performance Plan (APP) similarly refers to the Mandate of the CCB and lists the various relevant constitutional and legislative mandates as well as the Updates on relevant Court rulings in Part A of the 2020 APP.

3.2 PART B: CCB STRATEGIC FOCUS

This Part deals with the CCB's vision, mission, organisational values, situational analysis, external environment analysis, and internal environment analysis. The CCB's 2020 – 2021 APP similarly covers these aspects in a shorter form in Part B.

VISION: The Castle of Good Hope shall be a globally significant, truly accessible centre of excellence that showcases South Africa's shared heritage.

MISSION: The CCB is a service-orientated public entity, striving to create an environment where national pride serves to:

- Build an internationally known and recognised cultural and heritage brand for Ubuntu, dialogue, nation-building and human rights recognition;
- Guarantee the development of a smooth functioning, self-sustaining, "must-see" iconic visitor and learner destination;
- Optimises its tourism potential and accessibility to the public; and
- Preserve and protect its cultural and military heritage by elevating it to the United Nations Educational, Scientific and Cultural Organisation (UNESCO) World Heritage status.

Organisational Values: The CCB lists the following ***core values***:

- Service quality and excellence;
- Operate with honesty, integrity and dignity;
- Respect for the diversity in military, cultural and social history;
- Genuine partnerships and collaborative relationships;
- Community engagement and inclusivity; and
- Fiscal responsibility, accountability, transparency and sustainability.

The ***individual values*** are listed as Self-respect, Passion, Professionalism, Compassion for the plight of others, Serving with humility, Respect for cultural diversity, and Confidence.

3.2.1 Situational analysis

Provision is made in this part for the evolving external and internal environments that impact on the outcomes of the Castle Control Board. According to them, matters identified are a product of the organisational planning process that has also taken into consideration the MTSF 2020-2025 and other relevant policy documents. The direct engagement between them and the DOD's Strategic Planning Directorate will ensure alignment, complementarity and unity of purpose.

3.2.1.1 External Environment Analysis

Consideration was taken of *inter alia* the economic slowdown, increased unemployment, deepening global and local inequalities, rising fuel prices, rapid climate change, the so-called 4th Industrial Revolution (4IR) and the increased terrorist-activities, the Corona-virus pandemic; all which assist to frame the medium-term strategic thinking and interventions.

The following dimensions are covered:

- **Political:** This dimension plays itself out in numerous ways: at the level of heritage management there is the perpetual contestation between social groups who view it as a "*bastion of white civilisation in darkest Africa*", as to those who perceive it as a "symbol of armed colonial conquest". These opposing worldviews manifest itself in negative social media, attacks on the organisation and reputational damage. A powerful, unified communications strategy is viewed as an anecdote to deal with this political threat.
- **Economic:** The CCB is almost entirely reliant (98%) on self-generated income from tourism, events and rentals to fund its heritage and educational programmes. Given that the organisation is mostly relying on domestic tourism, the fact that the South African economy set to grow at a meagre 1.2% over the next MTSF, is posing a significant threat to the financial sustainability of this small but vibrant entity.
- **Social:** Reference is made to aspects such as world population growth and four demographic trends. They also point out the role of the 4th Industrial Revolution; Cyber connectivity and the concept of a global village; trans-national crime syndicates, etc. They state that right amid these social ills the CCB must work out a means to deal with them in a decisive but humane manner.
- **Technological:** Reference is made to the rising international trend of targeting political institutions and processes; the Cyber adversaries and information security professionals and that in 2018, individual members of the organisation gained access to emails and other

electronic information and used it to smear the Board's right name. The State and the Castle Control Board must place cybersecurity as a strategic priority.

- **Legal:** Experiences over the past few years have demonstrated that the Castle Control Board needs to be legal-wise. Although the presence of two legal professionals on the Audit Committee assisted greatly, the frequency of litigation renders the organisation vulnerable.
- **Physical:** The CCB points out that extreme weather conditions may occur more often as climate change takes place. Resource scarcity, population growth and climate change may increase the potential for conflict over disputed land and water. The recent drought in the Western Cape demonstrated the impact of climate change on a strategic economic sector such as tourism.

3.2.1.2 Internal Environment Analysis

The Strategic Plan as well as the APP refer to one of CCB's most significant threats being a **going concern** linked to financial sustainability. It complains that it receives no direct financial subsidy from the national fiscus to date (despite legislation permitting the organisation), and that the CCB has been restricted to operate as a relatively small, heritage management agency of the MOD&MV. According to them, any investment would lead to an exponential growth in output in the CCB's strategic and conventional operations.

- **Human Resources Dimension:** They believe that the organisation has a well-structured, fully functional Board, Audit and Risk Committee and independent Internal Audit function, and states that it now has a fully-fledged civilian staff complement.
- **Human Resources Dimension:** They believe that the organisation has a well-structured, fully functional Board, Audit and Risk Committee and independent Internal Audit function, and states that it now has a fully-fledged civilian staff complement.
- **Financial Dimension:** It claims that the Board does not expect any immediate support from the MOD&MV to its budget allocation. This should be considered against *inter alia* the pressure on government to provide free education, the social grants, national health insurance, and the priorities of the Medium Term Strategic Framework focussing on socio-economic development of the country.
- **Logistical Dimension:** According to them, the management of acquisition and procurement must take place within international and national regulatory framework, including the adherence and compliance with the government Broad-Based Black Economic Empowerment (BBBEE) requirements.
- **Information Technological Dimension:** The Strategic Plan states that in terms of Information, Communication and Technology (ICT) development, the CCB will continue to develop its ICT systems to be aligned to the national requirement. This will be done through the strengthen its ICT policy and plans; and through a MOA and SLA with SITA.

3.3 PART C: MEASURING CCB PERFORMANCE

Two note-worthy subsections in this section are the Performance Information and Enterprise Risk Management.

3.3.1 Performance Information

3.3.1.1 Measuring of the CCB Impact Statement

The Strategic Plan states that over the 2020-2025 MTSF period, the CCB will continue to support the Government's priorities, the NDP Vision 2030 as well as the NDP 5-year Implementation Plan. They shall ensure that CCB strategies align with the National, Provincial and Local Government Planning Cycle. The NDP mainly focuses on job creation, poverty reduction and the reduction of inequality and the **NDP 5-year Implementation Plan** and government priorities for the 2019 to 2024 MTSF were developed, and the CCB will contribute both directly and indirectly to these.

3.3.1.2 Measuring of the CCB Outcomes

The detailed performance Outcomes over the MTSF is provided in the table below. These are the high level, measurable, impactful outcomes. The five Annual Performance Plans (APPs) to be developed over the MTSF shall contain other, secondary outcomes and outcome indicators.

S/No	Outcomes	Outcome Indicators	Baseline	Five Year Target
1	Accountable and effective governance of the CCB	Percentage of CCB accountability documents submitted following National Prescripts	97% (Based on the previous MTSF audited performance)	97% (Based on the last MTSF average audited performance)
		Status of improved audit opinions	Reduced number of audit qualifications	Decrease (reduce) the audit opinions to unqualified opinions.
2	A well-conserved maintained and protected Castle of Good Hope	Number of all preventative and scheduled heritage maintenance projects completed as per the ICMP	100% of all maintenance and repair projects completed	96% (Based on previous performance and the erratic nature of breakages)
		Annual number of tourists and visitors attracted to the Castle	867 000	981 000 (Based on previous 3 years' performances but with limited offering)
		Gross revenue generated through tourism and events	R24.4 million	R25.5 million (Based on previous 3 years' performances without Revenue Generation Plan)

Table 1: Outcome indicators and five-year target

3.3.1.3 CCB Outcomes

The CCB developed a transversal, administrative objective that is linked to the DOD's compliance directives, i.e. submission of planning documents, quarterly reports, budgets and annual reports.

Annual Targets	Target FY2020/21	Target FY2021/22	Target FY2022/23	Target FY2023/24	Target FY2024/25	Desired Outcome
Percentage of CCB accountability Documents submitted i.t.o National Prescripts	**97%**	**98%**	**98%**	**100%**	**100%**	**All commitments met 100%**
Status of improved audit opinions	Clean/ Unqualified Audit Opinion	Clean Audit Opinion	Clean Audit Opinion	Clean Audit Opinion	Clean Audit Opinion	Clean audit status
Number of heritage maintenance projects completed	**8**	**8**	**8**	**8**	**8**	**100% projects completed**
Annual number of tourists/visitors attracted to the Castle	**185 000**	**190 000**	**196 000**	**203 000**	**207 000**	**Average annual increase of 5000 visitors**
Gross revenue generated through tourism and events	**R4.8 million**	**R5 million**	**R5.2 million**	**R5.3 million**	**R5.5 million**	**Average annual increase of 4.2% (R200K)**
PERFORMANCE INDICATOR	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Number of tourists attracted per annum	**154 067**	**155 000**	**160 000**	**165 000**	**165 000**	**175 000**

Table 2: CCB Outcome 1

3.3.4 CCB Planned Performance over 2020 – 2025 MTSF Period

In line with the 5 year targets as set out above, the CCB will ***directly contribute*** to the NDP Vision Plan 2030 and the NDP Implementation Plan to the following MTSF Priorities:

- ✓ MTSF Priority 1: *"Economic Transformation and Job Creation"*, through sustainable acquisition, local procurement of good and services, events and tourism opportunities.
- ✓ MTSF Priority 2: *"Education, Skills and Health"* through the provision of internal and external higher education and skills development opportunities for destitute constituencies (military veterans, women, unemployed youth, rural dwellers, etc.)
- ✓ MTSF Priority 4: *"Spatial Integration, Human Settlements and Local Government"*, support women and youth development and economic development in and around the Castle.

Indirectly it will contribute to the following MTSF Priorities:

- ✓ MTSF Priority 6: *"A Capable, Ethical and Developmental State"* by ensuring compliance to regulatory frameworks, continuing to fight corruption and fraud through internal control measures, to support other Government departments and its people in the pursuit of South Africa's developmental agenda.
- ✓ MTSF Priority 5: *"Social Cohesion and Safe Communities"*, through its contribution towards alleviating the plight of the military veterans, homeless, Khoisan, transgender and other destitute constituencies in and around the Castle.
- ✓ MTSF Priority 7: *"A Better Africa and World"* through Castle Control Board' participation and hosting of pan-African events at and around the Castle it contributes towards the Southern Africa Development Regional Indicative Strategic Development Plan (RISDP).

3.3.5 Castle Control Board Enterprise Risk Management

The identified CCB Enterprise Risks continue to be subjected to regular monitoring and scrutiny by relevant departmental management forums, oversight and governance structures that include amongst others, the CCB of Directors, Audit and Risk Committee, Internal Audit Unit, Castle Management and the Portfolio Committee of Defence and Military Veterans. Interestingly, the CBB notes that the transversal CCB Enterprise Risks listed may harm the realisation of the departmental outputs of the associated budget programmes during the FY2020/21 MTEF and will be attended to through the application of the noted organisational risk responses. *This is an issue that the Committee will have to monitor over the MTEF.*

S/No	Outcome	Enterprise Risk	Risk Mitigation
1	Percentage of CCB accountability documents submitted following National Prescripts.	Non-compliance will severely disrupt the CCB's internal and external planning processes leading to lack of service delivery, coordination and damage to the entity's reputation.	Ensure that compliance and accountability is drilled into the organisational DNA and culture.
2	Status of improved audit opinions.	Compromised audit opinions can lead to public distrust, partners abandoning the CCB and general loss of morale	By adopting "Operation Clean Audit", the CCB has taken a non-tolerance towards unfavourable audit outcomes. Slipping from three, uninterrupted consecutive Clean Audit Opinions to an Unqualified one during 2018/19, led to lots of umbrage from the Board.
3	Number of all preventative and scheduled heritage maintenance projects completed as per the ICMP	A dilapidated, unkempt, unsafe, dirty and inaccessible castle is not only a national embarrassment but could also directly lead to a downturn in visitor numbers and revenue.	The CLog-division has ring-fenced a maintenance fund for the Castle; gardening service provider has been appointed, and the CCB is endeavouring to get an external fence to deal with the security challenges.
4	Number of all preventative and scheduled heritage maintenance projects completed as per the ICMP	A dilapidated, unkempt, unsafe, dirty and inaccessible castle is not only a national embarrassment but could also directly lead to a downturn in visitor numbers and revenue.	Increased marketing and promotional activities, partnerships and imaginative events will mitigate this risk.

5	Gross revenue generated through tourism and events	A decline in visitor numbers, events, functions and filming will negatively impact the revenue generation capacity of the CCB. This will directly compromise the financial viability and pose a going concern threat.	Increased marketing and promotional activities, partnerships and imaginative events will mitigate this risk.

Table 3: Enterprise risk and Risk Mitigation

4. ANNUAL PERFORMANCE PLAN: CCB PROGRAMMES FOR FY2020/21

This section deals with the Annual Performance Plan of the CCB e and like in particular at the programmatic outlines and the related financial aspects of the four programmes, through focusing on the relevant Performance Indicators and Targets, both annually and quarterly.

4.1 Programme 1: Administration

Output indicators	Annual Target	Quarterly targets with sources of verification noted			
		Q1	Q2	Q3	Q4
Number of corporate governance policies approved per annum	4	1	1	1	1
Percentage of significant prior-year audit findings resolved	100%	-	-	-	100%
CCB Annual Performance Plan timeously submitted to the Executive Authority	100% (1)	-	-	-	100%
CCB Annual Report timeously submitted to the Executive Authority	100% (1)	-	100% (1)	-	-
CCB Quarterly Reports timeously submitted to the Executive Authority and National Treasury	100%	100% (1)	100% (1)	100% (1)	100% (1)
CCB CEO Performance Agreement timeously submitted to the Executive Authority and National Treasury	100% (1)	-	100% (1)	-	-
CCB Strategic Plan 2020 – 2025 timeously submitted to the Executive Authority and National Treasury	-	-	-	-	-

Table 4: Programme Annual and quarterly targets

4.2 Programme 2: Maintenance and Conservation at the CGH

Output indicators	Annual Target	Quarterly targets with sources of verification noted			
		Q1	Q2	Q3	Q4
Number of preventative and regulation maintenance projects completed	8	2	2	2	2
An annual increase in number of tangible heritage projects implemented at the CGH	6	1	2	2	1

Number of non-commercial, cultural events hosted at the CGH	10	2	3	2	3
Number of exhibitions hosted annually at the CGH	5	1	1	1	2

Table 5: Programme 2 Annual and quarterly targets

4.3 Programme 3: Maximising the Castle's Tourism Potential

Output indicators	Annual Target	Quarterly targets with sources of verification noted			
		Q1	Q2	Q3	Q4
The annual number of visitors and tourists attracted to the Castle	175 000	40 000	40 000	45 000	50 000
Gross revenue generated through tourism and Events	R8.903 m	R 1 500 000	R 1 750 000	R 2 700 000	R 2 953 000
Number of commercial events hosted annually at the CGH	30	8	7	7	8
Number of film and fashion shoots accommodated at the CGH per annum	15	3	4	4	4
Number of tourism infrastructure upgrades Completed	2	-	1	-	1
Number of Joint Marketing Initiatives undertaken per year	2	-	1	-	1
PERFORMANCE INDICATOR	**2016/17**		**2018/19**	**2019/20**	**2020/21**
Gross revenue generated per annum	***R8.2m***	**2017/18**	***R7.850m***	***R8.359m***	***R8.903m***

Table 6: Programme 3 Annual and quarterly targets

4.4 Programme 4: Increase public access to the CGH

Output indicators	Annual Target	Quarterly targets with sources of verification noted			
		Q1	Q2	Q3	Q4
The annual number of potential visitors reached through the media	60m	20m	10m	10m	20m
Number of student interns hosted at the CGH per annum	12	6	2	2	2
Number of heritage-educational programmes organised for women, unemployed youth, disabled and traditional communities	12	3	3	3	3
Number of heritage programmes organized for Military Veterans	6	2	1	1	2
PERFORMANCE INDICATOR	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Number of student interns hosted per annum	***30)***	***30***	***15***	***30***	***20***

Table 7: Programme 4 Annual and quarterly targets

5. PROGRAMME RESOURCE CONSIDERATIONS

This section of the APP refers to the CCB Expenditure estimates, annual increases per programme and the percentages of the programmes in relation to the total budget.

Serial No	Programme	2020/21 (R'000)		2021/22 (R'000)		2022/23 (R'000)	
		Full Cost	Budget Amount	Full Cost	Budget Amount	Full Cost	Budget Amount
1	Administration	7 971	7 971	8 450	8 450	8 957	8 957
2	Conservation Management	623	623	660	660	700	700
3	Tourism Management	80	80	85	85	90	90
4	Public Access	229	229	243	243	258	258
5	TOTALS	8 903	8 903	9 438	9 438	10 005	10 005

Table 8: CCB's expenditure estimates for FY2020//21 to FY2022/23.

As can be noted in Table 8, the spending focus over the medium term is to capitalise on the investments of the past MTEF, to maintain the upgraded building, do preventative facilities management, optimise the heritage-tourism potential and increase the accessibility of the CGH to the broader public.

Programme	**Budget**		**Nominal Increase / Decrease in 2020/21**	**Real Increase / Decrease in 2020/21**	**Nominal Percent change in 2020/21**	**Real Percent change in 2020/21**
R million	**2019/20**	**2020/21**				
Programme 1: Administration	7 485.0	7 971.0	486.0	150.1	6.49 per cent	2.00 per cent
Programme 2: Conservation Management	584.0	623.0	39.0	12.7	6.68 per cent	2.18 per cent
Programme 3: Tourism Management	75.0	80.0	5.0	1.6	6.67 per cent	2.17 per cent
Programme 4: Public Access	215.0	229.0	14.0	4.3	6.51 per cent	2.02 per cent
TOTAL	**8 359.0**	**8 903.0**	**544.0**	**168.8**	**6.5 per cent**	**2.02 per cent**

Table 9: Programmes' nominal and real increases 2019/10 - 2020/21

Table 9 shows that the overall budget increase of the CCB is 2.02% in real terms, and all four programmes show real increases, which is welcomed. Programme 1 shows the biggest increase with R150 000 in real terms followed by Programme 2 with R39 000 in real terms.

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation

R million	2019/20		2020/21		
Programme 1: Administration	7 485.0	89.54 per cent	7 971.0	89.53 per cent	-0.01 per cent
Programme 2: Conservation Management	584.0	6.99 per cent	623.0	7.00 per cent	0.01 per cent
Programme 3: Tourism Management	75.0	0.90 per cent	80.0	0.90 per cent	0.00 per cent
Programme 4: Public Access	215.0	2.57 per cent	229.0	2.57 per cent	0.00 per cent
TOTAL	**8 359.0**	**100.00 per cent**	**8 903.0**	**100.00 per cent**	**0.00 per cent**

Table 10: Percentages of programmes vs total budget 2019/10 - 2020/21

Programme 1 remains the largest, comprising 89.54% of the total budget in 2019/20 with a slight decrease to 89.53% in 2021. The other three programmes similarly retain their percentages of the budget over the two years.

	2016	**2017**	**2018**	**2019**
CEO: Remuneration	825 869	903 476	985 920	1 040 146
CEO: Performance Bonus	165 174	90 347	98 592	(0)
CFO: Remuneration	644 636	705 246	794 127	841 775
CFO: Performance Bonus	128 927	70 524	79 413	(0)

Table 11: Remuneration of key management

5.1 Programme 1 – Administration.

This programme has been allocated R7.971 million for 2020/21. The CCB states that it will continue to deliver a comprehensive range of visitor services. All their activities, programmes and strategic interventions will be linked to Outcome 12 namely *"An efficient, effective and development-oriented public service and empowered fair and inclusive citizenship"*.

It states that this is the most significant spending programme and that within this programme, employment cost is the most significant expenditure driver, as there are 18 people employed by the CCB. It is to make provision for a full-time facilities and logistics manager, a facilities management contract and a limited number of full-time maintenance personnel. Without this, the **420-roomed Castle** will fall in disrepair sooner than later. These have been included in the estimates for FY2020/21.

5.2 Programme 2 – Conservation Management.

The second biggest expenditure item is the Preservation, Interpretation and Showcasing Programme of the CGH's Heritage which amounts to R0.623 million for the FY2020/21. Some of their initiatives include an active marketing drive to get more South African learners and locals to visit the CGH, heritage programs and cultural workshops for all South Africa's cultural and ethnic groups, skills training workshops for **Military Veterans**, interactive heritage displays, expansion of museum displays and the development of the CGH Chapel as a place of worship and reflection.

They are working on their bid to get the CGH listed as a World Heritage Site with the United Nations Educational, Scientific and Cultural Organisation **(UNESCO)**. These initiatives will promote an understanding of the CGH as a global heritage icon to maximise its public profile and positive perception across all sectors of the community in support of Outcome 5 *"A skilled and capable workforce to support an inclusive growth path"*.

Programme 3 - Tourism Management

The expenditure items total R80 000 for FY2020/21, but is crucial to the CCB's mandate. They will be improved with the expansion of tour options, tourism products and experiences aimed at kids, better signage, display of cultural tourism products and aggressive marketing programmes.

One of the critical elements is a big enough indoors venue. In this regard, the CCB is engaging the DOD's Log Division for the ***procurement of a 2500-seater marquee****. This will be available for Ministerial, governmental and other corporate functions and will save the state millions in the long run. This will not only increase the organisation's revenue generation capacity but cut cost and increase productivity. The most significant advantage is the fact that it will limit damage to the renovated spaces caused by the reckless movement of equipment through fragile venues.*

Programme 4 - Public Access

For FY2020/21 an allocation of R229 000 has been made for this programme. Most of the expenditure goes to public events such as community workshops, outreach programmes to schools, hosting of special needs groups (such as AIDS orphans, pensioners, abused women and children, etc.), internships and youth programmes.

6. REVENUE GENERATOIN

This item has been a contentious one, as it relates to the financial sustainability of the CCB and the resultant questions around its status as a Going Concern. These issues have been raised by both the PCODMV and the Auditor-General, as well as by the CCB themselves. The CCB bemoans the fact that unlike most government departments and agencies, they are not merely a cost centre but a significant revenue generation centre. The Board has completed a Revenue Optimisation Plan and the implementation of the findings thereof will lead to an increase in revenue in the initial phase (2018) by at least R2.5 million per annum. They believe that Revenue Optimisation Plan will assist in realising the full capacity of the site.

It should be noted that these claims were also made in the CCB's 2018 Annual Performance Plan, and yet little progress has been made, although it has to be acknowledge that they still await the 2019/20 Annual Report.

The Direct Revenue (R5.719 million in 2019) is primarily generated from ticket sales from visitors to the CGH, renting out of venues in the CGH and fees from hosting special events, with no direct financial assistance from the state. This revenue amount excludes the R3.342 million from the donation of assets by the Department of Military Veterans.

According to the CCB, the stagnation in the tourism industry has adversely affected revenue growth and has seen a 6% decrease in revenue from R6.093 million in 2017/18 to R5.719 million in 2018/19. They state that they are highly committed to optimising the income potential of the CGH without compromising its historical and cultural integrity. In this regard, the Board, with the support of the Executive Authority, must implement a few radical interventions in respect of the renting out of space, the CGH attracting a variety of events, the rate card and the pricing of access tickets.

Among the strategies adopted by the Board to increase more revenue is the increase in fees for hosting events at the Castle of Good Hope. The Board considered that the venue rental fees have been unchanged for more than 20 years. The increase will be affected from 2020/21 without causing significant disruptions in the tourism industry. Entrance fees have not been increased.

7. UPDATED KEY RISKS

Similar to the Strategic Plan's Enterprise Risk Management, which list certain enterprise risks and the Mitigation factors, the APP outlines an Updated Key Risks and its mitigation, in conclusion of this section.

Outcome	Key risks	Risk mitigation
A well-conserved maintained and protected Castle of Good Hope	Inadequate financial resources inhibiting us from executing our primary mandate i.e. to conserve and promote CGH as Heritage Site.	See through the legal and compliance processes to apply to Treasury for the retention of historic surpluses
Accountable and effective governance of the CCB	Insufficient Human Resources capacity hampering our endeavours to fulfil our core mandates.	Retrain and redeploy existing staff, recruit key staff, e.g. Financial Manager in terms of an HRD Plan
A well-conserved maintained and protected Castle of Good Hope	Blurred and overlapping responsibilities regarding the overall management of the CGH precinct negatively affecting our ability to coordinate and optimise the resource base.	Integrated CGH Management Plan drafted, inter-institutional management structure revived and Revenue Optimisation Plan to be finalised.
A well-conserved maintained and protected Castle of Good Hope	Compromised security in and around the CGH undermining the work of the CCB.	Executive Director engages with Reserve Force Units, SAPS and City Improvement District to address this serious issue.
Accountable and effective governance of the CCB	Lack of and adherence to a Manual of Policies and Procedures to regulate control and compliance environment undermining our ability to build win-win partnerships with the private and public sector.	Newly appointed Executive Director and Chief Financial Officer are leading the initiative to ensure complete compliance
A well-conserved maintained and protected Castle of Good Hope	The compromising of the image of the Castle either through malice or abuse of its spaces and amenities	Executive Director to engage stakeholders and the media.

Table 11: Key risks and mitigation strategies

8. COMMITTEE OBSERVATIONS

During deliberations with the CCB on 6 May 2020, Members of the PCODMV made several observations related to the budgetary allocation, the performance indicators and the targets set in the Strategic Plan and the APP of the CCB. The following were noted:

- The Committee took note of the CCB's view that it is currently a situation "Business Extraordinary-Unusual!" because of the Covid-19 pandemic and even went so far as to state that it has become a "matter of life and death." The Committee therefore asked the CCB to explain some of the measures it has taken to take the CCB forward.
- Members enquired around the assistance that the CCB is giving to qualifying employees to access the Unemployment Insurance Fund (UIF).
- The Committee enquired about the plans of the CCB if National Treasury does not approve the R1.6 million funding that the CCB has applied for. The Committee also expressed concern whether this amount will be sufficient should the Covid-19 pandemic impact on operations over a longer period.

- Members enquired around the 'Going concern' status of the CCB given that the entity was struggling with this issue before the advent of the Covid-19 pandemic.
- The Committee observed that one of the objectives of Programme 4: Public access is the outreach programmes to schools and wanted to know whether especially rural schools are also targeted.

9. RECOMMENDATIONS

The PCODMV identified the following areas that will be subject to monitoring by the Committee throughout the 2020/21 financial year:

- The Committee noted the extraordinary circumstances under which the CCB is operating and expressed its appreciation for their efforts to manage a very difficult situation. Some of the measures taken by the CCB include senior management not being paid for April 2020 and that they applied for a R1.6 m relief support package through the DOD from National Treasury. However, given that the request was submitted before the lockdown and the projection was until till August 2020, the Committee believes that an additional R1,7m would be required.
- The Committee appreciated that the CCB could pay employees their full salaries in March 2020. Their lower-end employees received 70% of their salaries in April 2020 and they assisted them to access the Unemployment Insurance Fund (UIF) for the remaining 30% and the maximum amount going forward. To this extent, the CCB completed a Memorandum of Agreement with the UIF regarding claims by their employees from April 2020 onwards.
- The Committee agreed that it will engage the Minister on especially the R1.6m relief support package and future financial assistance to the CCB.

- CCB informed the Committee that it has seized operations in mid-March 2020 and that subsequently all revenue has stopped given that they are reliant on visitors and businesses to utilise their facilities. While noting the CCB's response that it can only generate revenue and sweat assets once the Castle is open to visitors and businesses, the Committee encouraged the CCB to explore other avenues to generate income to prevent having to lay off employees.
- The Committee recommends that the CCB should enhance its outreach programmes to especially semi-urban and in particular rural based schools to ensure that these outreach programmes are as representative and inclusive as possible.

ARMAMENTS CORPORATION OF SOUTH AFRICA (ARMSCOR)

The Portfolio Committee on Defence and Military Veterans (PCODMV), having considered the 2020/21 Corporate Plan of the Armaments Corporation of South Africa (Armour) on 6 May 2020, reports as follows:

1. INTRODUCTION

1.1 **Mandate of** Armaments Corporation of South Africa (Armour)

The Armaments Corporation of South Africa SOC Ltd (Armour) was established in terms of the Armaments Production and Development Act (No. 57 of 1968) to satisfy the requirements of the South African National Defence Force (SANDF) in respect of Defence Matériel.

1.2 Main Objective of Armour

The objectives and mandate of Armour are defined in the Armaments Corporation of South Africa Limited Act of 2003 and includes the objective of meeting the defence matériel requirements of the Department of Defence (DOD) effectively, efficiently, and economically. Furthermore, Armour are to meet the defence technology, research, development, analysis, and test and evaluation requirements of the DOD effectively, efficiently, and economically.

2. THE IMPACT OF THE COVID-19 PANDEMIC ON ARMSCOR

The impact of the Covid-19 pandemic that forced South Africa into lockdown will likely have a significant impact on all State-owned Enterprises (SOE). Armour is dependent on its revenue from a Government allocation as well as the sale of products and services to international clients. All these revenue streams are likely to come under increased pressure. Armour is thus likely to face similar problems to many international defence-related companies following Covid-19. Some international analysts have noted that "the effects on the defense industry because of the spread of Covid-19 and related actions to curtail the contagion can the condensed into five major impact points:"

- Production/manufacturing facilities and supply chains could be affected.
- Business development efforts could be affected – some will lose, some may win.
- Demand for defence equipment and related services could go down.
- Companies may have to make tough choices that could impact finances and competencies.
- Stock price declines will bring secondary effects.

With these broad guidelines in mind for the global defence industry, the following specific aspects could impact on Armour in the aftermath of Covid-19.

- The SANDF is Armour's primary client and is likely to come under increasing financial strain. It is unlikely that large capital acquisition projects will be forthcoming for the SANDF, thus impacting on Armour's primary role.
- Revenue generation from products and services to international clients are likely to come under pressure as these clients reprioritise amid financial and other pressures due to Covid-19.
- Revenue gained from Armour's state allocation can possibly be affected due to financial constraints to the state as a result of Covid-19 related financial reprioritisation.

3. STRATEGIC FOCUS AREAS

3.1 Environmental scan

The Armour 2020 Corporate Plan contains a detailed situational awareness which maps the external and internal environments that affect the corporation. The consideration of these factors are essential to Members of Parliament as it shapes the constraints and conditions under which Armour will have to operate in the medium-term. Key aspects of this situational awareness that can affect Armour and its service to the SANDF include the following:

External environment

- *Political*: The domestic focus of national security is on Human Security and the growth of South Africa is dependent on peace, stability and economic development on the continent.
- *Economic*: There is increasing fear of economic downturn, with GDP growth continuously revised downwards. This has resulted in delays in the implementation of the National Development Plan (NDP). GDP growth is expected to recover in 2021.
- *Social:* Four aspects will shape future economic and political conditions, namely increased life expectancy; population growth and the youth bulge; migration; and, urbanisation. In addition, the social sphere will be impacted by the Fourth Industrial Revolution and cyber connectivity.
- *Technology:* The SANDF will be required to improve its Information Warfare capability while the Defence industry requires funding and planning to maximise its economic contribution.
- *Physical:* The SANDF could increasingly be required to become involved in humanitarian operations, specifically as a result of climate change.
- *Military:* The military will have to prepare for a deployment environment where the distinction between military and other containment measures become increasingly blurred. Of particular importance in South Africa will be the SANDF's role in border safeguarding as well as the need for technological means of securing the country's borders.

Internal environment

- *Economic recession:* Slow economic growth will hamper the creation of job opportunities and possibly contribute to conflict from the unemployed youth demographic.

- *Defence budget allocation:* The Defence Force is Armour's largest client and its budget allocation is likely to remain constrained. Armour is assisting the DOD in developing a new Defence Funding Model.
- *Corporate governance accountability:* Armour will continue to operate and function under good governance principles as per the King IV Report.
- *National cost containing measures:* Armour will continue to implement cost containment measures as per National Treasury directives.
- *Service delivery improvement:* The Acquisition process and contracting process at Armour will be improved to better serve the DOD needs.

3.2 Armour contribution to national government planning

With the environmental scan of Section 3.1 in mind, Armour will seek to contribute to the several Government outcomes as per the NDP and the Medium-Term Strategic Framework (MTSF) (2019-2024).

Armour contributions to the **NDP**:

- Sharpening South Africa's innovative edge by contributing to global scientific and technological advancement;
- Investing in Research and Development;
- Facilitating cooperation between public service and technology institutions;
- Committing to procurement approaches that stimulate domestic industry and job creation;
- Procuring from and supporting SMMEs, black-owned and black managed enterprises and female-led enterprises, the youth and military veterans.

Armour contributions to the 2019-2024 **MTSF**

- **Priority 1:** Capable, ethical and developmental state. Armour will contribute to improved corporate governance and continue to fight corruption. The institution will also follow a zero tolerance approach to sexual abuse toward women, the youth and people with disabilities.
- **Priority 2:** Economic transformation and job creation. Armour will focus on domestic procurement of goods and services. Over 146 bursaries will be awarded for science and engineering. Military veterans support programmes were created to ensure access for this select group to the defence industry.
- **Priority 3:** Education skills and health. Armour's focus will be on the provision of domestic and foreign learning opportunities in the fields of science and technology.
- **Priority 5:** Spatial development, human settlements and local government. Armour will support women, the youth and economic development in rural areas through Project Koba Tlala.
- **Priority 6:** Social cohesion and safer communities. Armour will contribute to this priority through its contribution to the SANDF's border safeguarding operations and the provision/acquisition of technology and equipment for the SANDF.

- **Priority 7:** A better Africa and a better world. Through supporting the DOD's external operations in Africa, Armour will contribute to regional and continental peace, security and stability.

4. BUDGET ANALYSIS

4.1 Overview of 2020/21 income and expenditure

The following section will compare the 2019 and 2020 Armscor Corporate Plans in terms of projected budgetary aspects.

The projected income for the Armscor Group in 2020/21 (R1.581 billion) is slightly higher than that which was projected for 2019/20 (R1.521 billion). Given the projected increase in income, Armscor is expected to accumulate a net surplus of R700 000. This is in line with the expected financial position at the end of the 2019/20 year which projected a surplus of R200 000 for the Armscor Group. The main increase in cost driver for 2020/21 is (1) Direct Personnel Cost that increases from R1.161 billion in 2019/20 to R1.227 billion in 2020/21 and (2) External Services that increases from R99.0 million to R105.1 million over the same period.

How is Armscor funded?

Armscor is largely funded from state finances. In addition, it supplements this income with other commercial projects. In order to lessen the pressure on the fiscus, these projects require expansion to increase Armscor's economic viability. For 2020/21, Armscor's planned funding comprises the following:

- Transfer payment: R1.240 billion (R1.187 billion in 2019/20)
- Net sales: R259.1 million (R222 million in 2019/20)
- Other income: R58.7 million (R91.2 million in 2019/20)
- Recoveries: R22.3 million (R20.8 million in 2019/20)

Additional financial information:

Armscor has shown progress in returning most of its subsidiaries to profitability in recent years. For 2020/21, it is projected that both Armscor Corporate and the Armscor Dockyard will show a surplus, but that the Research and Development division will show a marginal loss. Projected profit/losses for the 2020/21 financial year per component includes:

- Armscor Corporate: Surplus of R2.4 million
- Research and Development: Loss of R1.9 million
- Armscor Dockyard: Surplus of R0.3 million
- **Armscor Group: Surplus of R700 000**

In terms of the Group Capital Expenditure for 2020/21, a number of requirements are identified in the Corporate Plan. A total of R246.4 million is required for such expenditure in 2020/21, which is a significant increase from the projected expenditure of R163.8 million in 2019/20. The increased expenditure is almost exclusively related to computer software, buildings and capital assets. Key capital expenditure for the year includes the following:

- Office Equipment: R2.510 million (R3.518 million in 2019/20)
- Computer Equipment: R18.964 million (R35.580 million in 2019/20)
- Office furniture: R1.169 million (R1.395 million in 2019/20)
- Computer software: R84.130 million (R35.246 million in 2019/20)
- Buildings and infrastructure: R14.350 million (R4.950 million in 2019/20)
- Machinery and Equipment: R30.967 million (R54.706 million in 2019/20)
- Motor Vehicles: R7.503 million (R14.165 million in 2019/20)
- Capital assets: R86.481 million (R14.3 million in 2019/20)

When reviewing the Armscor expenditure per activity, as presented by National Treasury, overall expenditure increases from R2.029 billion in 2019/20 to R2.122 billion in 2020/21. This translates to a real percentage increase in expenditure of 0.16%. The largest increase in expenditure is expected to relate to Armscor's Logistical Support (as has been the case in recent years). Logistical support expenditure will increase from R218.5 million in 2019/20 to R247.0 million in 2020/21 which translates to a real percentage increase of 8.28%. All other expenditure is kept relatively stable when inflation is taking into account. The increase in expenditure on Logistical Support is largely offset by a 9.65% real reduction in the expenditure on Administration. This shift should be welcomed and indicates that Armscor is keeping in line with Treasury guidelines on cost cutting.

Programme/objective/ Activity	**Budget**		**Nominal Increase / Decrease in 2020/21**	**Real Increase / Decrease in 2020/21**	**Nominal Percent change in 2020/21**	**Real Percent change in 2020/21**
R million	**2019/20**	**2020/21**				
Administration	832,3	785,1	- 47,2	- 80,3	-5,67%	-9,65%
Quality Assurance	110,3	115,1	4,8	- 0,1	4,35%	-0,05%
Management of Defence Matériel Acquisition	325,5	339,7	14,2	- 0,1	4,36%	-0,04%
Logistics Support	218,5	247,0	28,5	18,1	13,04%	8,28%
Management of strategic facilities: Armour Dockyard	299,0	313,4	14,4	1,2	4,82%	0,40%
Management of strategic facilities: Research and Development	307,6	321,5	13,9	0,4	4,52%	0,11%
TOTAL	**2 029,1**	**2 121,7**	**92,6**	**3,2**	**4,6%**	**0,16%**

Table 1: Armscor expenditure trends from 2019/20 to 2020/21

4.2 The sweating of assets

As a means of raising income for Armscor, the sweating of assets has previously been considered. In the 2018/19 Annual Report, it is noted that "Armour identified four of its properties to sweat; two at Erasmuskloof, one at Pretoria West and one at Northern Cape. The latter two are at Armour's facilities – Gerotek and Alkantpan. The Corporation issued a request for bids, inviting potential developers and investors to submit bids for the development of these land parcels. While the response received was positive, internal process is underway and the necessary approval will have to be obtained." In addition, the National Treasury states in the ENE that there is a need for the SANDF become more sustainable in terms of its expenditure. Several means are proposed to achieve such financial sustainability. One means include "the disposal and leasing of redundant assets and military equipment [that is] expected to generate R3 billion" over the MTEF.

5. PERSONNEL INFORMATION

The total personnel strength for 2020/21 is reflected in the table below and comes to 1 599, which is lower than the projection of 1 667 for 2019/20. This figure includes 115 Contract Employees as well as 33 personnel in the Talent Development Programme. The reduction in personnel from 2019/20 to 2020/21 is largely due to a reduction in personnel at the Armscor Dockyard. Personnel figures in this division decreases from 528 to 458. The number of personnel on the Talent Development Programme also decreases from 45 in 2019/20 to 33 in 2020/21.

Armour Group	Total Permanent employees projected in the 2019/20 corporate Plan	Total Permanent employees provided for 2020/21
Armour (including R&D)	1 139	1 141
Armour Dockyard	528	458
TOTAL	**1667**	**1599**

Table 2: Personnel figure comparison

6. SELECTED PERFORMANCE INDICATORS

6.1 Service delivery indicators

Table 3 below highlights a number of service delivery performance targets across Armour's six goals that Members should consider and track throughout the year. Goals include the following:

- Goal 1: Defence Materiel Acquisition.
- Goal 2: System Support Acquisition
- Goal 3: Schedule placement
- Goal 4: Management of Defence Industrial Participation (DIP)
- Goal 5: Defence technology research, test and evaluation; Intellectual Property management
- Goal 6: Performance against Dockyard Mandate

Goal	Performance indicator	2018/19 Achievement	2019/20 Target	2020/21 Target
1 (Defence Materiel acquisition)	Contracts to be placed by Armour: Commitment of funds against formally planned value of commitments	100%	95%	95%

Goal	Performance indicator	2018/19 Achievement	2019/20 Target	2020/21 Target
	Execution of contracts measured through cash flow on DOD orders placed	96.96%	95%	95%
2 (System Support Acquisition)	Contracts to be placed by Armour: Commitment of funds against formally planned value of commitments	99.79%	95%	95%
	Execution of contracts measured through cash flow on DOD orders placed	96.75%	95%	95%
3 (Schedule placement)	Average time from receipt of requirement to placement of contract	73 days for shortened process items 111.05 days for standard acquisition 133.8 days for SDA programmes	100 days for shortened process items 130 days for standard acquisition 150 days for SDA programmes	95 days for shortened process items 125 days for standard acquisition 145 days for SDA programmes
4 (DIP Management)	Value of Defence Industrial Participation (DIP) credits granted	R53 million	R107.04 million	R41.78 million
5 (Defence Technology and Research)	Research and Development to achieve contractual milestones/deliveries as per agreed Memoranda	100.03%	95%	95%
6 (Dockyard Management)	Adherence to contractual project milestones	91.8%	90%	90%
	Percentage compliance to project finance	87.3%	90%	90%
	Provision of Ancillary Services to the SA Navy	95%	95%	95%
	Ensure training is provided in accordance with the requirements of the SA Navy	100%	90%	90%
	Percentage compliance with quarterly report timelines	100%	90%	90%

Table 3: Selected performance indicators per Armour goal

6.2 Armour strategic outputs

In addition to the service delivery performance indicators, Armour also set itself a number of targets in terms of its strategic output. These are summarised in Table 4 below:

Outcome	Output	2018/19 Achievement	2019/20 Target	2020/21 Target
Revenue generation	Group revenue	R1.337 billion	R1.384 billion	R1.379 billion
	Revenue from Armour R&D	-	R385.1 million	R403.1 million
	Revenue from Business Enablement Unit	R23 million	R85.2 million	R48.7 million
Cost Management	Improve net financial position	R235.3 million deficit	Break even	R0.7 million surplus
Efficient and effective deliver	Percentage compliance with Technology Development Master Plan, in accordance with DOD-Armour SLA	99.6%	90%	90%
	Completion of Intellectual Property requests	85.7%	80%	90%
	Maintain a comprehensive IP register	31 March 2019	31 March 2020	31 March 2021
	Implementation of approved application system renewal plan	-	80%	80%
Stakeholder management	Stakeholder satisfaction improvement survey	31 March 2019	-	31 March 2021
	Employee engagement survey to determine baseline	0.01% improvement	New baseline	% improvement to be determined
	Increase black representation	81.7% black employees	82%	82%
	Improve female representation	38% female employees	40%	40%
	Controllable staff turnover	2.28%	<4.5%	<4.5%
	Provision of bursaries for full-time students	35	33	33
	Contracting and development of graduates as interns	45	40	40
	Succession Planning Development (Percentage compliance with succession plan)	91.48%	80%	80%
	Number of people with disabilities	22	28	28

Table 4: Selected Armour's strategic outputs

7. COMMITTEE OBSERVATIONS

During deliberations with the DOD on 6 May 2020, Members of the PCODMV made several observations related to the budgetary allocation, the performance indicators and the targets set in the Corporate Plan. The following were noted:

- The Committee noted the important role of Armscor in terms of its Research and Development Capability and assisting South Africa during the Covid-19 pandemic. This includes Armscor's involvement in the domestic development and manufacturing of ventilators, testing of protective equipment by Protechnik Laboratories and the conducting of Covid-19 tests.

- Members expressed concern around ongoing delays to Project Hoefyster. Similar concern was raised as to potential delays that may emerge in Project Biro due to limited funding availability.
- Members expressed concern around possible duplication of functions between Armscor and the CSIR, but were satisfied with the explanation that defence-related Research and development were directed by the Department on Defence Board on Research and development which prevents duplication.
- The Committee welcomed Armscor's outreach programmes to schools nationwide, but requested that this be extended to more rural schools.
- The Committee noted that given the difficult financial times that lie ahead, continued austerity measures should be put in place.
- The Armscor Dockyard has been a challenge to the Armscor Group. The Committee noted that its turnaround strategy appears to be effective and enquired about the latest in this regard.

8. RECOMMENDATIONS

The PCODMV identified the following areas that will be subject to monitoring by the Committee throughout the 2020/21 financial year:

- The Committee welcomes Armscor's support to the state's efforts to curb Covid-19 and urges the entity to continue to support such endeavours.
- Armscor is encouraged to provide its services to other state departments during the Covid-19 pandemic, with the potential to translate this into long-term support in a post-Covid-19 landscape.
- The Committee remains concerned around the status of Projects Hoefyster, Biro and potentially Hotel. Armscor is requested to provide the Committee with a breakdown of milestones in each of these projects, which milestone were achieved, which milestones are set to be achieved in the medium- to long-term (including projected achievement dates), and the funds required for each milestone. It should also be indicated whether these funds have been earmarked from within the Special Defence Account or whether it is still to be appropriated. This information should be provided to the Committee before 15 June 2020 and will inform further engagement between the PCODMV, Armscor and the DOD.
- The Committee encourages Armscor to expand the number of rural schools to which it conducts outreach programmes and to report on these in the 2020/21 Annual Report.
- Given expected economic constraints over the medium-term, the Committee encourages Armscor to maintain austerity measures and to find additional means of (1) cost saving and (2) increasing revenue generation. The Committee also encourages the Board to take into account the difficult financial climate when considering performance bonuses and similar expenses. The long-term viability of Armscor amid challenging economic circumstances should be foremost in future planning.
- The Committee recommends that Armscor inform it on the status, activities, operations and progress of the turnaround strategy of the Simon's Town Dockyard in its support to the SA Navy on a regular basis.

Report to be considered.

12. REPORT OF THE PORTFOLIO COMMITTEE ON JUSTICE AND CORRECTIONAL SERVICES ON THE STRATEGIC PLAN 2020-2025, ANNUAL PERFORMANCE PLAN 2020/21 OF THE DEPARTMENT OF CORRECTIONAL SERVICES, AND BUDGET VOTE 22: CORRECTIONAL SERVICES, DATED 3 JUNE 2020

The Portfolio Committee on Justice and Correctional Services, having considered the Strategic Plan for 2020 – 2025 and Annual Performance Plan for 2020/21 of the Department of Correctional Services, and Vote 22 Correctional Services, reports as follows:

1. INTRODUCTION

1.1. On 14 May 2020, the Minister of Justice and Correctional Services re-tabled the Strategic Plan 2020-2025 and the Annual Performance Plan 2020/2021 (APP) of the Department of Correctional Services (DCS).

1.2. On 18 May 2020, the Minister of Justice and Correctional Services, Mr Ronald Lamola, accompanied by the two Deputy Ministers, Inkosi Phathekile Holomisa (Correctional Services) and Mr John Jeffery (Justice and Constitutional Development), briefed the Committee on the political priorities that informed the plans.

1.3. On 20 May 2020, the Committee was briefed by the Department of Correctional Services (DCS) on its Strategic Plan 2020-2025, Annual Performance Plan 2020/2021 and the DCS's budget allocation for the 2020 MTEF (Vote 22: Correctional Services).

1.4. Also on 20 May 2020, the Committee was briefed by the Judicial Inspectorate of Correctional Services' (JICS) on its operational plan for 2020/21, which was introduced by the Inspecting Judge, Justice Edwin Cameron.

1.5. Both meetings took place by way of a virtual platform – MS Teams.

1.6. The DCS's mandate is derived from the Correctional Services Act 111 of 1998, as well as the White Paper on Correctional Services (2005) and the White Paper on Remand Detention Management in South Africa (2014). The Act and policies inform all efforts towards achieving the safe and human detention of offenders and remand detainees, rehabilitation and social reintegration into the community.

1.7. The DCS's planning documents are also informed by and, therefore, aligned with Medium-Term Strategic Framework (MTSF) 2019-2024, which is geared towards the implementation of the National Development Plan's Vision 2030 (NDP).

2. POLITICAL OVERVIEW BY THE MINISTER OF JUSTICE AND CORRECTIONAL SERVICES

2.1. In his introductory remarks, the Minister apologised for the late submission of the DCS' Strategic and Annual Performance Plans. He mentioned that the plans come at a time when South Africa is confronted with a pandemic that has redefined the way in which we live and work. Also, the ability to deliver on priorities will be curtailed by the advent of COVID-19: "There were challenges experienced in areas where there were none before and this required a paradigm shift in thinking".

2.2. The Minister announced eight priorities which, despite their specificity to a particular department, all give expression to the ultimate outcome of an integrated justice system and an effective correctional system. These organisational priorities seek to give effect to the MTSF priorities of a 'Capable, ethical and developmental state', and 'Social cohesion and safe communities'.

2.3. It is envisaged that all vacant posts will be filled in 2020/2021 to enhance the endeavour to build a capable state.

2.4. In addition, the findings of various oversight bodies, such as the Auditor-General, this Committee, SCOPA and the Special Investigations Unit, will be implemented. Over the years, the DCS has been subjected to several high profile investigations for maladministration and corruption and this has harmed its public image. The Minister committed, with the Department, to reverse this state of affairs by following through on the relevant SIU recommendations and ensuring that consequence management is implemented throughout the system.

2.5. In this financial year, the Department intends to maintain an unqualified audit opinion with fewer findings, building towards a clean audit opinion in future years.

2.6. Some of the plans for 2020/21, include the following:

- Dealing decisively with corruption and fraud in the Department by completing investigations timeously.
- Approving an Integrated Human Resource Strategy and Master Information System Security Technology Plan.
- Managing overcrowding in correctional centres.
- Increasing the number of offenders participating in Occupational Skills and Educational Programmes.
- Ensuring that offenders have access to quality healthcare and are screened for diseases, such as diabetes and hypertension.
- To have 99 percent of parolees and probationers that do not violate their conditions.
- Increasing economic opportunities for offenders, parolees and probationers and victims of crime.

2.7. A review of the parole system is underway. Overhauling the Correctional Services Act is key in this regard. In the interim, measures to minimise the risk of reoffending have been adopted. The Minister also reported that the backlog relating to parole-for-lifers has been cleared and, at present, cases are being dealt with on a month-to-month basis.

2.8. The Minister highlighted the need for society to engage in a debate about whether people who are sentenced to less than two years should be incarcerated in correctional facilities. The emerging evidence is that it is difficult to undergo rehabilitation in such a short space of time and incarceration may do more harm than good. The Minister also said that there should be collaboration within the criminal justice system on the revision of legislation relating to mandatory minimum sentencing and the duration of sentences imposed, bail protocols and provisions, eligibility for early release and non-custodial sentencing as an appropriate sanction.

2.9. The Minister reported on the decision to release 19 000 low-risk offenders on parole to reduce overcrowding in correctional centres. The pandemic has highlighted the need to reduce the number of people incarcerated to a level that does not pose serious risks to the health and safety of officials, inmates and ultimately the communities into which offenders are released. Of the 19 000 inmates to be released, 14 393 of them are those who would have been released within the next two years and the remaining 4 530 would have been released within the next five years.

2.10. On 20 May 2020, the Deputy Minister: Correctional Services added that the Department will not be 'dumping' the 19 000 parolees to be released on their families and society but there is a need to understand that corrections is also a societal responsibility.

2.11. The Minister mentioned that they are currently looking at a mechanism to deal with Awaiting Trial Detainees (ATDs) who have been granted bail but cannot afford it. This entails the implementation of section 63A of the Criminal Procedure Act 51 of 1977.

3. DEPARTMENT OF CORRECTIONAL SERVICES' STRATEGIC GOALS

3.1. The DCS's mission is to contribute to a just, peaceful and safer South Africa through the effective and humane incarceration of inmates, and the rehabilitation and social reintegration of offenders. The DCS is committed to playing its role to ensure that the MTSF 2019-2024 and the NDP's strategic outcomes are achieved. The overarching goal is to build a safer South Africa where all people are and feel safe.

3.2. To this end the DCS has committed to ensuring that:

- Remand detention is effectively managed so that remand detainees attend court; are held in secure, safe and humane condition; and are provided with personal well-being programmes; while ATDs are provided with relevant services.
- All sentenced offenders are incarcerated in safe, secure and humane facilities and are provided with healthcare and effective rehabilitation programmes in line with their correctional sentence plans to enable their successful placement into society after their lawful release.
- Offenders, parolees and probationers are successfully reintegrated into society as law-abiding citizens through the provision of social reintegration programmes.

3.3. The DCS also highlighted the following priorities in the Development Agenda:

- Sustainable Development Goals.
- African Union Agenda 2063.
- National Development Plan 2030.
- Medium Term Strategic Framework.

4. OVERVIEW OF THE DCS BUDGET 2020 MTEF

4.1. The DCS will receive R26.8 billion in 2020/21. This is an increase of 6 percent or R1.5 billion from 2019/20. The allocation is projected to increase to R29.8 billion over the medium term (2022/23). Of the total allocation for 2020/21, 70 percent (or R18.7 billion) goes towards Compensation of Employees.

TABLE 1: SUMMARY OF ALLOCATION FOR 2020/21-2022/23

R'000	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Average growth rate (%)
	Audited outcome	Audited outcome	Audited outcome	Original Budget	Medium-term estimates			
Administration	3,879,599	3,912,772	4,334,477	4,786,272	5,343,066	5,591,210	5,831,371	6.6%
Incarceration	13,097,338	13,949,901	14,468,917	15,139,582	15,822,624	16,989,694	17,737,051	5.7%
Rehabilitation	1,476,416	1,664,042	1,748,967	1,994,849	2,164,210	2,298,485	2,385,991	5.9%
Care	2,235,094	2,322,675	2,286,742	2,444,582	2,392,799	2,540,918	2,635,948	2.5%
Social Reintergration	853,727	907,919	937,813	1,042,353	1,077,263	1,145,335	1,188,798	5.8%
Total	**21,542,174**	**22,757,309**	**23,776,916**	**25,407,638**	**26,799,962**	**28,565,642**	**29,779,159**	**5.6%**
Current payments	**20,178,204**	**21,528,936**	**22,604,518**	**24,621,200**	**25,324,503**	**27,027,465**	**28,157,887**	**5.4%**
Compensation of employees	14,066,408	15,192,861	15,836,423	18,213,635	18,732,143	20,027,950	20,882,411	5.7%
Goods and services	6,111,482	6,331,609	6,766,032	6,407,565	6,592,360	6,999,515	7,275,476	4.5%
Interest on land	314	4,466	2,063					
Transfers and subsidies	**482,207**	**582,254**	**568,552**	**163,629**	**665,603**	**711,211**	**756,105**	**8.2%**
Payment of Capital assets	874,405	620,118	522,336	622,809	809,856	826,966	865,167	
Payment of financial assets	7,358	26,001	81,510					
Total	**21,542,174**	**22,757,309**	**23,776,916**	**25,407,638**	**26,799,962**	**28,565,642**	**29,779,159**	**5.6%**

Source: Department of Correctional Services Presentation

4.2. The DCS budget is distributed across five programmes: Administration (R5.3 billion), Incarceration (R15.8 billion), Rehabilitation (R1.9 billion), Care (R2.4 billion) and Social Reintegration (R1.1 billion).

4.3. As in the previous years, about 79 percent of the total allocation goes towards the Administration and Incarceration programmes. The Rehabilitation and Social Reintegration programmes, together, receive only 12 percent of the overall budget for 2020/21, while the Care programme receives nine percent (compared with 10 percent in 2019/20).

4.4. Despite a 5.6 percent average growth to the DCS budget, there have been baseline reductions over the medium term of R397.2 million (in 2020/21), R418.9 million (in 2021/22), and R308.1 million (in 2022/23). These cuts mainly affect the salaries budget.

4.5. Baseline cuts for Goods and Services from 2015/16 to 2022/23 amount to R2.2 billion, putting immense pressure on the operational budgets of correctional centres and the Administration. The DCS has identified the following spending pressures: the ageing vehicle fleet last replenished in 2015; and consumables and municipal services, such as water and electricity bills, which increase at above macro rates.

4.6. For Capital Assets, baseline cuts between 2015/16 and 2022/23 amount to R889 million, affecting the infrastructure delivery programme that seeks to address overcrowding through construction and upgrading of correctional facilities.

4.7. The Judicial Inspectorate of Correctional Services receives a transfer from the Vote of R81.5 million in 2020/21, R85.9 million in 2021/22 and R90.1 million in 2022/23.

4.8. According to its operational plan 2020/21, the JICS intends to conduct 136 inspections in the current financial year. However, this plan will be negatively impacted because of the COVID-19 regulations. In addition, a total of 36 Visitors' Committee meetings were planned for the current financial year but are also affected. The JICS intends to conduct these meetings virtually.

5. OVERVIEW OF ALLOCATION PER PROGRAMME

5.1. PROGRAMME 1: ADMINISTRATION

5.1.1. The Administration programme provides for the functions that underpin the DCS's service delivery. The programme has the following subprogrammes: Ministry, Judicial Inspectorate for Correctional Services (JICS), Management, Human Resources, Finance, Internal Audit, Information Technology and Office Accommodation.

5.1.2. An amount of R5.3 billion has been allocated to the Administration programme for the 2020/21 financial year. This is the second largest programme in terms of budget allocation, receiving 20 percent of the overall allocation to the Vote. The programme grows by 11 percent in nominal and 6.23 percent in real terms in 2020/21.

5.1.3. The allocation to sub-programmes, as percentage of the allocation to the Administration programme, is as follows: Finance - 26 percent or R1, 368 billion;

Human Resources - 41 percent or R2.23 billion; Management - 19 percent or R1.05 million; Information Technology - 6 percent or R335.9 million; Assurance Services - 2.8 percent or R152.5 million; Office Accommodation - 1.71 percent or R91.8 million; and the Ministry - 0.58 percent or R31.4 million. The Judicial Inspectorate for Correctional Services receives 1.52 percent or R81.5 million of the total allocation for the programme.

	2019/20 (R'000)	**2020/21 (R'000)**	**Nominal % change**	**Real % change**	**Nominal Rand change**	**Real Rand change**
Programme 1: Administration	**4 817.7**	**5 343.1**	**10.91**	**6.23**	**525.4**	**300.2**
Sub-programmes						
Ministry	29.5	31.4	6.44	1.95	1.9	0.6
Judicial Inspectorate for Correctional Services	67.0	81.5	21.64	16.52	14.5	11.1
Management	979.2	1 050.7	7.30	2.78	71.5	27.2
Human Resources	2 003.0	2 230.5	11.36	6.66	227.5	133.5
Finance	1 238.2	1 368.8	10.55	5.89	130.6	72.9
Assurance Services	95.0	152.5	60.53	53.76	57.5	51.1
Information Technology	308.6	335.9	8.85	4.26	27.3	13.1
Office Accommodation	87.0	91.8	5.52	1.07	4.8	0.9

TABLE 2: ADMINISTRATION PROGRAMME

5.2. PROGRAMME 2: INCARCERATION

5.2.1. The Incarceration programme provides for services and physical infrastructure that support secure conditions of incarceration for inmates. The Incarceration programme has four (4) sub-programmes: Security Operations, Remand Detention; Facilities and Offender Management.

5.2.2. Being the largest DCS programme, the Incarceration programme is allocated an amount of R15.8 billion for 2020/21, an increase of 5.21 percent in nominal and 0.77 percent in real terms, compared to the previous financial year. The programme receives 59 percent of the total budget allocation to the Vote. A total of 73 percent (R11.55 billion) of the allocation for this programme goes towards Compensation of Employees.

5.2.3. The largest allocation under this programme goes to the Security Operations sub-programme which received R8.5 billion or 59 percent of the total allocation for the Incarceration programme. In contrast, the Remand Detention sub-programme receives only R802.8 million or five percent of the total allocation to the programme and is the smallest sub-programme. The allocation to the remaining sub-programmes is as follows: Facilities - R4.1 billion or 26 percent; and Offender management - R2.4 billion or 15 percent.

	2019/20 (R'000)	**2020/21 (R'000)**	**Nominal % change**	**Real % change**	**Nominal Rand Change (R'000)**	**Real Rand change (R'000)**
Programme 2: Incarceration	**15 039.2**	**15 822.6**	**5.21**	**0.77**	**783.4**	**116.5**
Sub-programmes						
Security Operations	8 278.8	8 478.0	2.41	-1.91	199.2	-158.1
Facilities	4 370.0	4 103.9	-6.09	-10.05	-266.1	-439.1

	2019/20 (R'000)	2020/21 (R'000)	Nominal % change	Real % change	Nominal Rand Change (R'000)	Real Rand change (R'000)
Remand Detention	597.0	802.8	34.47	28.80	205.8	172.0
Offender Management	2 290.6	2 438.0	6.43	1.95	147.4	44.6

TABLE 3: INCARCERATION PROGRAMME

5.3. **PROGRAMME 3: REHABILITATION**

5.3.1 The Rehabilitation programme provides for needs-based programmes and interventions to facilitate offender rehabilitation and eventual reintegration to society. It contains three sub-programmes: Correctional Programmes, Offender Development and Psychological, Social and Spiritual Services.

5.3.2 The Rehabilitation Programme is allocated an amount of R2.16 billion or eight percent of the overall allocation to the Vote. A total of 74 percent (R1.6 billion) of the allocation to the programme is for Compensation of Employees. The programme increases by 7.62 percent in nominal or 3.09 percent in real terms in 2020/21.

5.3.3 In terms of the allocations to sub-programmes, the largest allocation is to Offender Development (R1.13 billion or 52 percent); Psychological, Social and Spiritual programme (R565.2 million or 26 percent); and Correctional Programme (R465.5 million or 22 percent).

	2019/20 (R'000)	2020/21 (R'000)	Nominal % change	Real % change	Nominal Rand change (R'000)	Real Rand change (R'000)
Programme 3: Rehabilitation	**2 010.9**	**2 164.2**	**7.62**	**3.09**	**153.3**	**62.1**

	2019/20 (R'000)	2020/21 (R'000)	Nominal % change	Real % change	Nominal Rand change (R'000)	Real Rand change (R'000)
Sub-programmes						
Correctional Programmes	433.3	465.5	7.43	2.90	32.2	12.6
Offender Development	1 053.9	1 133.5	7.55	3.02	79.6	31.8
Psychological, Social and Spiritual Services	523.7	565.2	7.92	3.38	41.5	17.7

TABLE 4: REHABILITATION PROGRAMME

5.4. PROGRAMME 4: CARE

5.4.1. The Care programme provides for needs-based programmes and services aimed at maintaining the personal well-being of offenders. It contains two sub-programmes; Nutritional Services and Health and Hygiene Services.

5.4.2. The Care programme is allocated R2.3 billion for 2020/21, decreasing by -2.12 percent in nominal and -6.24 percent in real terms from 2019/20. This programme comprises nine percent of the total allocation to the Department in the 2020/21 financial year. Compensation of employees takes up 45 percent (R1.04 billion) of the total allocation to the programme.

5.4.3. The bulk of the budget for the programme is allocated to the Nutritional Services sub-programme (R1.3 billion). The remaining amount (R1.09 billion) is allocated to Health and Hygiene Services.

	2019/20 (R'000)	2020/21 (R'000)	Nominal % changes	Real % change	Nominal Rand change (R'000)	Real Rand change (R'000)
Programme 4: Care	**2 444.6**	**2 392.8**	**-2.12**	**-6.24**	**-51.8**	**-152.6**
Sub-programmes						
Nutritional Services	1 437.5	1 300.4	-9.54	-13.35	-137.1	-191.9
Health & Hygienic Services	1 007.1	1 092.4	8.47	3.90	85.3	39.3

TABLE 5: CARE PROGRAMME

5.5. **PROGRAMME 5: SOCIAL REINTEGRATION**

5.5.1. The Social Reintegration programme provides for services focussed on offenders' preparation for release; for the effective supervision of parolees; and for offenders' reintegration into society upon their release. It consists of three sub-programmes: Supervision, Community Reintegration, and Office Accommodation (Community Corrections).

5.5.2. This programme is allocated R1.07 billion for the 2020/21 financial year, which is an increase in nominal terms of 7.25 percent in nominal or 2.73 percent in real terms, as compared to the previous financial year. This programme comprises only 4 percent of the total budget of the Department for 2020/21. An amount of 967.4 million or 90 percent of the programme's budget is allocated to compensation of employees.

5.5.3. In terms of sub-programmes, the bulk of the allocation is directed towards Supervision (91 percent), followed by Community Reintegration (5 percent) and Office Accommodation: Community Corrections (4 percent).

	2019/20 (R'000)	2020/21 (R'000)	Nominal % Changes	Real % change	Nominal Rand change (R'000)	Real Rand change (R'000)
Programme 5: Social Reintegration	**1 004.5**	**1 077.3**	**7.25**	**2.73**	**72.8**	**27.4**
Sub-programmes						
Supervision	914.4	978.3	6.99	2.48	63.9	22.7
Community Reintegration	51.2	57.7	12.70	7.95	6.5	4.1
Office Accommodation: Community Corrections	39.0	41.2	5.64	1.19	2.2	0.5

TABLE 6: SOCIAL REINTEGRATION PROGRAMME

6. IMPACT OF COVID 19 ON PLANNING AND RESOURCES

6.1. In order to address, prevent and combat the spread of COVID-19 in Correctional Centres and Remand Detention facilities, the Minister of Justice and Correctional Services issued directives in terms of Regulation 10(2)(a) promulgated in terms of the Disaster Management Act, 2002. These related to: restrictions regarding the placement, movement and release of inmates; referral of remand detainees to court for review of bail and consideration of length of detention; and communication between inmates and legal representatives.

6.2. Although the Department of Correctional Services submitted its Strategic Plan 2020 – 2025 and the Annual Performance Plan 2020/21 to Parliament, projected expenditure and planned targets will be significantly affected by the COVID-19 pandemic. Given the impact of COVID-19 on the country's budget, National Treasury has indicated that it will submit an adjusted budget to Parliament. The Department of Planning Monitoring and Evaluation has also informed

Departments that they will be able to revise their plans in the aftermath of the COVID-19 pandemic.

6.3. The Department has also identified unavoidable additional/unbudgeted expenditure as a result of COVID-19 of R300 million. The funds will be spent, among others, on the recruitment of 300 professional nurses on a one-year contract to enhance primary health care; the procurement of temporary quarantine/isolation units required in a number of correctional centres; the procurement of preventative items and medical supplies such as N95 masks, surgical masks, gloves, surface and hand sanitisers, electronic thermometer scanners; and increased expenditure on Health Services (testing for COVID-19).

7. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

7.1. *Self-sufficiency and skills development programmes*. The Committee notes that the Department provides inmates with skills development programmes that include workshops and agricultural production. The Department is requested to provide the Committee with a report on what is being done with the products produced by inmates in correctional centres as part of these programmes.

7.2. *Progress on Tzaneen Correctional Centre infrastructure project.* The Committee notes that the Tzaneen Correctional Centre infrastructure project, which has been delayed for a considerable period, is targeted for completion in 2020/21. The Committee requests a progress report on the project. The report should also detail how long this project has been underway, the expected completion date and how much has been spent to date The Committee also asks that the Department provide the initial completion date and an explanation for the delay(s).

7.3. *Reduced targets*. The Committee notes the targets relating to the percentage of offenders with Correctional Sentence Plans (CSPs), percentage of offenders participating in Long Occupational Skills, as well as percentage of offenders participating in TVET College programmes. However, the Committee is concerned that the targets for some indicators are considerably reduced, specifically from 98 percent (2018/19) to 80 percent (2020/21) for offenders participating in Long Occupational Skills; and from 97.84 percent (2018/19) to 80 percent (2020/21) for offenders participating in TVET College programmes. The Committee requests the Department to provide an explanation for the decrease in the targets.

7.4. *Measures in response to COVID-19 pandemic.* Attracting professional staff to work, in particular health care professionals, at the DCS has been a long-standing challenge. The Committee, therefore, welcomes the appointment of 300 health-care workers with another 300 to be appointed in the month of June 2020 on contract, albeit that these appointments are in response to the COVID-19 pandemic.

7.5. *Review of parole system*. The Committee welcomes the proposed review of the parole system as reported by the Minister in his political overview and urges the Department to expedite the necessary legislative amendments.

7.6. *Reduction in the number of remand detainees*. The Committee welcomes the Minister's commitment to a mechanism to address the many Remand Detainees who are granted bail but remain in detention because they cannot afford to pay. The Committee believes that this mechanism (section 63A) should be more widely used as there are, according to the Minister, approximately 5000 awaiting trial detainees that are unable to afford bail, many of whom may be found not guilty in their criminal cases. The Minister is requested to expedite this process and the Committee asks that it be kept informed about progress made in finding a solution to this problem.

7.7. *Early release of offenders on parole*. The Committee notes that 19 000 inmates will be released on parole as part of measures to reduce overcrowding in correctional centres in response to the outbreak of COVID-19 in correctional facilities. The Committee is extremely concerned that the risks associated with early release are minimized. The Department, therefore, is urged to ensure that all those who qualify for early release on parole have undergone the relevant programmes and also to ensure that victims are notified.

7.8. *Community Corrections*. The Committee is also concerned about the ability of the Community Corrections system to effectively manage an additional 19 000 parolees. The Department is, therefore, requested to provide the Committee with detailed plans on the measures that it intends putting in place to ensure that Community Corrections is able to manage the additional numbers.

7.9. *Allegations of abuse of power*. The Committee is seriously concerned about the alleged abuse of power by senior members of junior members in correctional centres. The Committee requests the Department to investigate all allegations made against senior members, especially in Johannesburg, Modderbee and any other centre where abuse is alleged and that it is kept informed of the progress of these cases.

7.10. *Repositioning of the Judicial Inspectorate of Corrections.* The Committee continues to support the repositioning of JICS in terms of its independence and its statutory mandate. The Committee, therefore, welcomes the undertaking by both the Minister and the Department that a bill is being processed to give effect to the Sonke Gender Justice judgement to establish and strengthen the independence of JICS.

7.11. *Inspections of Correctional Centres*. The Committee queried the targets set for inspections of correctional centres by JICS as being too low although the number of inspections has increased significantly compared to previous years. However, given the resources available to JICS, it cannot at this stage conduct inspection at all centres annually. The Committee was worried by JICS' plans to conduct desktop inspections of correctional centres even though these will be followed by physical inspections once JICS is able to access centres. Still, the Committee remains concerned, as complaints typically requires an independent investigation: a questionnaire that is filled in by officials may not be sufficiently objective.

7.12. *Access of the Independent Correctional Centre Visitors (ICCVs) to centres*. The Independent Correctional Centres Visitors (ICCVs) have been unable to perform their duties in various correctional centres as JICS and ICCVs were not classified as essential services under the COVID-19 Regulations. The JICS informed the Committee that it is working with the National Commissioner to ensure that ICCVs are able to go back to work as soon as possible. The Committee requests that it is kept informed of progress and that JICS submits the plan to the Committee as soon as it is finalised.

7.13. *Budget reductions*. The Committee notes that Cabinet has approved budget reductions to the Department's baseline of R397.2 million (in 2020/21), R418.9 million (in 2021/22), and R308 million (in 2022/23), which total R1.12 billion over the MTEF. The Department reported that the budgets cuts, in particular, put immense pressure on the operational budget. In addition to the baseline reductions for the 2020 MTEF, there are pending reprioritizations for 2020/21 that will be made across all of government to address the COVID-19 pandemic. These will affect the plans of departments. Although the extent of the reprioritizations and the impact on the Department's budget is not yet known, the Committee urges the Department to be innovative in finding ways to address some of its funding challenges. The Department's goods and service budget is under strain. The Committee was told that the DCS has experienced difficulties in coming up with the funds for planned maintenance of correctional centres. The Committee believes that one avenue of savings that the Department could explore is that of making use of offenders who are already skilled or have benefitted from skills development programmes to do identified maintenance work. There are also artisans trained by the State Owned Enterprises who could be approached in this regard.

7.14. The Committee notes that the Department of Planning Monitoring and Evaluation has informed Departments that will be able to revise their plans once the adjustment appropriation bill is tabled in late June. The Committee will engage with both the adjusted budget and plans at the appropriate time.

8. Summary of reporting requests

8.1. For ease of reference, a summary of the issues raised is included below:

ISSUES	ACTION
Self-sufficiency and skills development programmes:	Report

Details of programmes, including use of products. [See paragraph 7.1]	
Tzaneen Correctional Centre infrastructure project [See paragraph 7.3].	Progress report
Explanation for reduced targets: Long Occupational Skills and TVET College programmes [See paragraph 7.3]	Report
Reduction in the number of Remand Detainees: Mechanism (section 63A) [See paragraph 7.6].	Progress report
Community Corrections: Plan to manage additional numbers [See paragraph 7.8].	Plan and progress report
Alleged abuse of power by senior members -Modderbee and Johannesburg CC *[See paragraph 7.9].*	Request to investigate Progress report
Access by Independent Correctional Centre Visitors- Plans to ensure ICCVs go back to work *[See paragraph 7.12].*	Plan

9. Appreciation

9.1. The Committee wishes to thank the following for their assistance in this process:

9.1.1. The Minister of Justice and Correctional Services, Mr Ronald Lamola; the Deputy Ministers, InKosi Patekile Holomisa and Mr John Jeffery; and officials of the Ministry.

9.1.2. The National Commissioner, Mr Arthur Fraser, and the officials of the Department of Correctional Service.

9.1.3. The Inspecting Judge, Justice Edwin Cameron, and the officials of JICS.

10. Recommendation

10.1. Having considered the Strategic Plan 2020-2025 and the Annual Performance Plan for 2020/21 of the Department of Correctional Services, the Committee supports the Plans and recommends that the National Assembly approve them.

10.2. Having considered Vote 22: Correctional Services, the Committee supports it and recommends that the National Assembly approve it.

Report to be considered.

13. Report of the Portfolio Committee on Justice and Correctional Services on the Strategic Plan for 2020/21 – 2024/25 and Annual Performance Plan for 2020/21 of the Office of the Chief Justice and Budget Vote 27: Office of the Chief Justice and Judicial Administration, dated 3 June 2020

The Portfolio Committee on Justice and Correctional Services, having considered the Strategic Plan for 2020/21 – 2024/25 and Annual Performance Plan for 2020/21 of the Office of the Chief Justice and Budget Vote 27: Office of the Chief Justice and Judicial Administration, reports as follows:

1.1. This year, consideration of the plans of departments and the allocation of resources occurs amid the outbreak of the viral disease COVID-19. On 11 March 2020, the World Health Organisation declared the outbreak a pandemic and called for governments to take urgent and aggressive action to stop the spread of the virus. On 15 March 2020, President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act 57 of 2002, so that government could take the necessary drastic measures to manage the disease and protect the people of South Africa. On 23 March 2020, the President announced that a nation-wide lockdown would come into effect from midnight on 26 March 2020 for 21 days. The lockdown was later extended to 30 April 2020. From 1 May 2020, the Government has cautiously begun to ease restrictions, adopting a risk-adjusted strategy.

1.2. The Office of the Chief Justice (OCJ) was established primarily to support the Chief Justice in executing his/her administrative and judicial powers and duties as Head of the Judiciary and Head of the Constitutional Court. In line with section 165 of the Constitution and the Superior Courts Act 2013 and as determined by the Minister of Public Service and Administration in 2010, the OCJ has the following functions:

- Providing and coordinating legal and administrative support to the Chief Justice.

- Providing communication and relationship management services and inter-governmental and international coordination.
- Developing courts administration policy, norms and standards.
- Supporting the development of judicial policy, norms and standards.
- Supporting the judicial function of the Superior Courts.
- Supporting the Judicial Service Commission (JSC) and the South African Judicial Education Institute (SAJEI) in the execution of their mandates.
- Administering the Judges' Remuneration and Conditions of Employment Act.

1.3. The Office of the Chief Justice presented its Strategic Plan 2020/21-2024/25, Annual Performance Plan 2020/21, as well as its Budget for the 2020 Medium Term Expenditure Framework (MTEF) on 12 May 2020. The presentation can be obtained from the Committee Secretariat.

1.4. As Parliamentary committees have been unable to hold physical meetings as a result of COVID-19, the meeting took place on a virtual platform – MS Teams.

2. Overview of the Vote for the 2020 MTEF

2.1. The OCJ is allocated R2.45 billion for 2020/21, compared with R2.29 billion for 2019/20 (adjusted appropriation). The budget is expected to increase to R2.6 billion in 2021/22 and R2.71 in 2022/23.

2.2. Notably, the Voted funds make up 51.6% of the total allocation, while the direct charge for Judges' salaries comprises 48.4% of the total allocation.

Budget allocation for the Office of the Chief Justice per programme 2020 MTEF

Programme	Adjusted	MTEF	Average

	Appropriation 2019/20	2020/21	2021/22	2022/23	Expenditure/ Total
	R ’million	R ’million	R ’million	R ’million	
Administration	209.2	235.9	249.8	260.7	9.5%
Superior Court Services	907.1	948.6	1 006.5	1 056.4	38.9%
Judicial Education and Support	81.4	75.3	79.6	81.2	3.2%
Subtotal	1 197.7	1 259.8	1 335.9	1398.3	51.6%
Direct Charge: Judges’ Salaries	1 098.5	1190.9	1 268.7	1 318.9	48.4%
Total	2 296.2	2 450.8	2 604.6	2 717.3	100%
Changes to 2019 Budget Estimate	-	(12.0)	(12.2)	-	-

Budget allocation for the Office of the Chief Justice per economic classification 2020 MTEF

Economic Classification	Adjusted Appropriation 2019/20	MTEF		
		2020/21	2021/22	2022/23
	R’ million	R’ million	R’ million	R’ million
Compensation of employees (including Judges’ remuneration)	1 755.4	1 871.5	1993.6	2 081.9
Good and services	339 284	340 933	359642	372 372
Interest and Interest on land	-	-	-	-
Transfers and subsidies	96 981	128 135	136 428	142 923
Payments for capital assets	104 545	110 201	114 934	120 044

Economic Classification	Adjusted Appropriation 2019/20	MTEF		
		2020/21	2021/22	2022/23
	R' million	R' million	R' million	R' million
Payments for financial assets	-	-	--	-
Total	**2 296 238**	**2 450 778**	**2 604 607**	**2 717 255**

3. **National Development Plan 2030 and Medium Term Strategic Framework 2019 - 2024**

3.1. **National Development Plan 2030**

3.1.1. *Judiciary-led court administration*. The National Development Plan (NDP) identifies the need to strengthen judicial governance and the rule of law. Judicial governance concerns both the independence and accountability of the judicial branch of government, encompassing issues such as selection and appointment, ethics, leadership and management, and the administration of the courts. The establishment of the OCJ in 2010 was the first step towards a judiciary-led court administration but since 2014 the process has stalled.

3.1.2. *Progressive judiciary*. The NDP also addresses the need for a progressive judiciary. As such, the NDP identifies the need for a strategy to improve the quality of judges and the scaling-up of judicial training. Regarding judicial training, the South African Judicial Education Institute (SAJEI) began operations in January 2012.

3.1.3. *Safer communities*. The NDP envisions a South Africa where people feel safe and enjoy a community life free from crime. Achieving this requires a well-functioning criminal justice system. Some progress has been made but lengthy court processes, case backlogs, over-crowding in correctional facilities, inadequate use of diversion programmes, limited rehabilitation and welfare programmes for first and young offenders and recidivism continue to challenge the criminal justice system from start-to-end.

3.2. **Medium Term Strategic Work Framework 2019 – 2024**

3.2.1. In 2019, the Department of Planning, Monitoring and Evaluation introduced a Revised Framework for the Development of Strategic Plans and Annual Performance Plans, which replaces the Framework issued in 2010. The Revised Framework outlines the new Medium Term Strategic Framework 2019-2024 (MTSF) and is both an implementation plan and an integrated monitoring framework. Notably, the new MTSF requires that departmental plans focus on impact and not outputs.

3.2.2. The MTSF 2019-2024 acknowledges that the challenges of poverty, inequality and unemployment continue to hold back the achievement of South Africa's national development. This burden is disproportionately felt by the youth, women and people with disabilities. In order to address these challenges, the MTSF identifies a number of priority areas. Of these, the priorities 'A capable, ethical and developmental state' and 'Social cohesion and safe communities' are of particular relevance.

3.2.3. In addition, the lack of access to resources and opportunity for Women, Youth and People with Disabilities are identified as cross-cutting, requiring a variety of interventions, including legislative amendments.

3.2.4. Under the priority, 'A capable, ethical and developmental state', performance within the public service is acknowledged to be uneven with capacity challenges at all levels of government. These include tensions in the political-administrative interface, instability in administrative leadership, skills deficits, the erosion of accountability and authority, poor organisational design and low staff morale. At an operational level, persistent challenges include declining public confidence and trust; skills gaps; weak accountability and governance; uneven service delivery; an unsustainable wage bill; persistent corruption; a leadership deficit; and poor governance of ICT. The MTSF, therefore, highlights the need for:

- A capable and honest government.
- Improved leadership, governance and accountability.
- Professional, meritocratic and ethical public administration.
- A social compact and engagement with key stakeholders.
- The mainstreaming of gender, empowerment of youth and people with disabilities.

3.2.5. The MTSF identifies the need to develop a unified approach between the three arms of State (Legislature, Executive and Judiciary) to fast-track outcomes. In this regard, the Department of Justice and Constitutional Development is to lead the development of a social compact between the three arms by 2021, which is to be implemented by 2024.

3.2.6. The MTSF identifies the need for a programme to prevent and fight corruption in government, which the Department of Justice leads together with the Department of Public Monitoring and Evaluation and the Public Service Commission.

3.2.7. Under the priority 'Social cohesion and safe communities', the need for an effective and modernised criminal justice system is identified. In this regard the IJS programme is key.

3.3. Aligning MTSF priorities to plans, the OCJ will contribute to:

3.3.1. 'A capable, ethical and developmental State' by focusing on the following:

- Addressing fraud and corruption.
- Promoting an ethical culture.
- Integrating Batho Pele principles into the Department's institutional culture.
- Adherence to corporate governance principles, such as leadership, strategy and performance, risk and stakeholder management.

- Improved court operations systems.
- Modernisation of the court processes and systems.

3.3.2. 'Economic transformation and job creation' by implementing equity programmes targeting employment and empowerment of youth, women, and people with disabilities in both the recruitment and procurement processes. In addition, the Department will support Small, Medium and Micro Enterprises (SMMEs) in its procurement processes as well as complying with the Broad-Based Black Economic Empowerment (BBBEE) standards. This support will be embedded within the Department's current programmes, such as the internship programme, departmental recruitment processes, and procurement opportunities.

3.3.3. 'Social cohesion and safe communities', by ensuring access to a safe and secure court environment and improving the integrity of court processes/ outcomes, as well as capacitating/ resourcing the courts in order for them execute their mandate.

4. **Strategic Plan 2020/21 – 2024/25 and Annual Performance Plan 2020/21**

4.1. The Secretary-General presented the OCJ's Strategic Plan for 2020/21 – 2024/2025 and Annual Performance Plan for 2020/21.

4.2. The OCJ supports the Judiciary in its contribution to Chapter 14 of the National Development Plan (NDP) 'Promoting Accountability and Fighting Corruption by Strengthening Judicial Governance and the Rule of Law' by:

- Accelerating reforms to implement a judiciary-led court administration.
- Ensuring an efficient court system.
- Reducing court administration inefficiencies.
- Ensuring access to justice.
- Ensuring judicial accountability.

- Providing training to the judiciary through SAJEI.

4.3. The OCJ intends to have the following impact over the five-year term: 'Quality and accessible justice for all' and has the following outcomes statements:
- Effective and efficient administrative support.
- Improved court efficiency.
- Enhanced judicial education and support.

MTSF 2019 – 2024: Outcomes, outcome indicators and targets

IMPACT STATEMENT: Quality and accessible justice for all		
Outcome	**Outcome Indicator**	**Five-year target**
Priority 1: A capable, ethical and developmental State		
Effective and efficient administrative support	Percentage if staff trained in line with the Workplace Skills Plan	80% (New target)
Priority 6: Social cohesion and Safe Communities		
Improved court efficiency	Percentage finalisation of quasi-judicial matters within prescribed timeframes	90% (New target)
Enhanced judicial education and support	Increased judicial education courses	550 courses [Baseline: 142 courses]

4.4. The OCJ has identified the following key risks and mitigation strategies for each of its outcomes for 2020/21:

Risks and mitigation strategies 2020/21

RISKS	**ROOT CAUSES**	**MITIGATION**
Outcome: Effective and efficient administrative support		

Inability to fully capacitate the OCJ	Inability to attract critical and relevant scarce skills due to budget constraints and the Department of Public Service and Administration prescripts	• Reprioritization of budget to fund critical posts. • Manage the implementation of the approved OCJ structure within the budget constraints and DPSA requirements.
Possible exposure to fraud and corruption	Inability to detect incidents of fraud and corruption	• Reinforcement of the reporting procedures in the courts. • Strengthen internal controls relating to financial management and court order processes. • Continuous investigation of cases (with SAPS). • Develop the schedule of the Internal Court Order Integrity Committee (COIC) meetings and monitoring thereof. • Strengthen awareness of fraud and corruption within OCJ.
Outcome: Improved court efficiency		
• Inefficient administration of the courts • Inadequate administrative support to provide court	• Insufficient implementation of Standard Operating Procedures (SOPs), Registrars Code Court Rules. • Non adherence to	• Monitor the implementation of the SOPs, Registrars Code and Court Rules and compile a monitoring report. • Monitor performance

efficiency	legislated court procedures. • Inadequate maintenance of the systems.	and compliance to legislated court procedures and compile report. • Conduct routine maintenance and regular monitoring of the systems.
Outcome: Enhanced judicial education and support		
Inadequate resources to conduct judicial education and provide support	• Insufficient number of Judicial Educators assigned to SAJEI to facilitate and coordinate training. • Lack of automated administrative systems for the management of Judges conditions of service	• Implementation of the e-learning module for Judicial Education. • To develop and implement automated administrative system for the management of Judges conditions of service.

5. **Office of the Chief Justice: Programmes**

5.1. **Programme 1: Administration**

5.1.1. The purpose of this programme is to provide strategic leadership, management and support services to the Department. The programme consists of the following subprogrammes:

- The Management subprogramme provides administrative, planning, monitoring, evaluation, performance reporting and risk management functions necessary to ensure effective functioning of the Department.
- The Corporate Services subprogramme provides an integrated Human Resources Management (HRM), Information and Communication

Technology (ICT) and Security Management Support Services to the Department.

- The Finance Administration subprogramme provides overall financial, asset and supply chain management services to the Judiciary and the Department.
- The Internal Audit subprogramme provides overall internal audit and forensic audit services to the Department.
- The Office Accommodation subprogramme provides for the acquisition of office accommodation for the Department.

5.1.2. Output indicators and targets for 2020/21-2022/23 are as follows:

Administration: Output indicators and annual targets 2020/21

Output Indicator	**Annual Targets**			
	2019/20	**2020/21**	**2021/22**	**2022/23**
Outcome: Effective and efficient administrative support				
Audit outcome for the OCJ	Clean audit outcome	Clean audit outcome	Clean audit outcome	Clean audit outcome
Percentage of tenders in the department's procurement plan awarded to suppliers with level 4 and above BBBEE status	-	80%	80%	80%
Percentage of designated employees (SMS members other categories) who submitted financial disclosures within timeframes	100%	100	100	100
Percentage of funded vacant posts on PERSAL per year	10% or lower	10% or lower	10% or lower	10% or lower
Percentage of staff in the department comprised of youth	-	30%	30%	30%

Output Indicator	Annual Targets			
	2019/20	2020/21	2021/22	2022/23
Percentage of women representation in Senior Management Service (SMS)	-	50%	50%	50%
Percentage of people with disabilities representation in the department	-	2%	2%	2%
Caselines System implemented at Service Centres	-	Piloted at 2 service centres	Rolled out in 5 service centres	Rolled out in 5 service centres

5.1.3. The *Administration* programme is allocated a total budget of R236 million in 2020/21, compared with R214.6 million in 2019/20. There is a crucial need to improve data management at Superior Courts. Modernising processes and infrastructure at these institutions is vital to ensuring their effective administration. Expenditure in the Corporate Services sub-programme in the Administration programme is expected to increase from R 121 million in 2019/20 to R 134.2 million in 2022/23 to provide for the implementation of an electronic filing system that will allow cases and evidence to be accessed more easily and cloud-based software that enables evidence to be digitised in court to streamline court proceedings. Implementing these systems forms part of the broader implementation of the Integrated Criminal Justice Strategy led by the Department of Justice and Constitutional Development.

5.2. **Programme 2: Superior Court Services**

5.2.1. This programme provides judicial support and court administration services to the Superior Courts. The programme consists of the following sub-programmes:

- The Administration of Superior Courts subprogramme provides administrative and technical support to the Superior Courts, monitors the overall performance of the Superior Courts, and enhances judicial stakeholder relations.
- The Constitutional Court subprogramme funds the activities and operations of the Constitutional Court.
- The Supreme Court of Appeal subprogramme funds the activities and operations of the Supreme Court of Appeal.
- The High Courts' subprogramme funds the activities and operations of the various high court divisions.
- The Specialized Courts subprogramme funds the activities and operations of the labour, land, electoral and competition courts.

5.2.2. All performance indicators and targets that address court performance were removed, leaving only those that relate to quasi-judicial performance and support to the Superior Courts. Output indicators and annual targets for 2020/21-2022/23 are as follows:

Superior Court Services – Output indicators and annual targets 2019/20 - 2022/23

Output Indicator	**Medium Term Targets**			
	2019/20	**2020/21**	**2021/22**	**2022/23**
Outcome: Improved court efficiency				
Percentage of default judgments finalised by Registrars within 14 days	-	70%	72%	74%
Percentage of taxation of legal costs finalised within 60 days from date of set down	-	70%	75%	80%
Percentage of warrants of release delivered within one day of release	98%	100%	100%	100%

granted				
No. of monitoring reports on Court Order integrity produced	4	4	4	4
Number of Judicial Case Flow Management Performance reports produced	4	4	4	4
Number of reports on enhancement of court order integrity produced	4	4	4	4

5.2.3. The *Superior Courts Services* programme is allocated R948 million in 202/21, compared with R900 million for 2019/20. Spending in the High Courts' sub-programme is expected to account for 59.4% of the OCJ's projected expenditure. The Mpumalanga High Court was opened in 2019/20 and the OCJ will ensure that the court is fully operationalised over the MTEF period at a projected cost of R 136.2 million in the Superior Court Services programme. The spending focus during the MTEF will be on improving the court system through effective and efficient case-flow management.

5.3. **Programme 3: Judicial Education and Support**

5.3.1. The programme, *Judicial Education and Support*, provides education programmes to Judicial Officers, including policy development and research services for the optimal administration of justice.

5.3.2. The programme has the following sub-programmes:

- The South African Judicial Education Institute subprogramme funds the activities of the SAJEI to provide training for Judicial Officers.
- The Judicial Policy, Research and Support subprogramme funds the provision of advisory opinions on policy development and regulatory services to the Judiciary and the Department.
- The Judicial Service Commission subprogramme provides secretariat and administrative support services to the Judicial Service

Commission to perform its constitutional and legislative mandates effectively.

5.3.3. Output indicators and targets are as follows:

Judicial Education and Support – Output indicators and annual targets

Output Indicator	**Annual Targets**			
	2019/20	**2020/21**	**2020/21**	**2022/23**
Outcome: Enhanced judicial education and support				
No. of judicial education courses conducted	80	100	105	110
No. of research monographs for Judicial Education produced per year	2	2	2	2
No. of litigation reports produced	4	4	4	4
No. of reports on judicial appointments and judicial complaints produced	3	2	3	3

5.3.4. *The Judicial Education and Support* programme is allocated R75.3 million, decreasing from R82.9 million in 2019/20. The spending focus for this programme remains on conducting training for judicial officers.

6. Committee's observations

6.1. ***Development of a social compact between the branches of government***. The OCJ supports the Judiciary in its contribution to Chapter 14 of the National Development Plan 'Promoting Accountability and Fighting Corruption by Strengthening Judicial Governance and the Rule of Law and has aligned its plans with the MTSF priorities, in particular 'A capable, ethical and developmental state' and 'Social cohesion and safer communities'. The Committee notes that the MTSF has identified the need to develop a unified approach between the three arms of State

(Legislature, Executive and Judiciary) to fast-track outcomes. The Justice Department is to lead the development of a social compact between the three arms by 2021. This is a new indicator and the President and Cabinet, the Chief Justice and Heads of Courts, Speakers of Legislatures and Heads of Chapter 9 institutions are regarded as core partners for the social compact. While understanding that the Justice Department is to lead the intervention, the Committee would like to understand the OCJ's part, if any, given the role it plays in supporting the Judiciary.

6.2. ***Impact of COVID 19 on planning and the allocation of resources.*** The Committee acknowledges that the plans presented to it by the OCJ were drawn up and the related resources allocated before the announcement of the national disaster in response to the COVID-19 pandemic. Not only has COVID-19 interrupted the operations of departments, it has required rapid and massive (re)deployment of resources. Departments have had to fund the unplanned for procurement of PPE, data for officials to work remotely, etc., from their existing budgets. National Treasury has also advised departments of a possible budget cut of 17% for 2020/21 to fund emergency measures. Although the OCJ was unable to say at this stage precisely how its budget will be affected, the Committee is acutely aware that there will need to be some revision to plans to accommodate the proposed cuts. A particular concern, is how priority projects relating to court modernisation and digitisation will be affected. A further concern is that addressing the significant increase in case backlogs caused by the restricted court roll as a result of COVID-19 will require the allocation of additional resources, which is also not planned for. The Committee, however, will engage with the revised plans and allocation of resources at the appropriate time.

6.3. ***Growing case backlogs.*** The Committee is extremely concerned about the growing number of backlog cases as a result of the courts having to restrict the matters being heard on account of the COVID-19 pandemic. Understandably, there is mounting anxiety that case backlogs may eventually overwhelm the legal system. The Committee agrees that the crisis has highlighted just how inefficient court processes are and hopes that this will provide impetus to plans to modernise and digitise the courts. The Committee notes that a case backlog plan is to be developed with the relevant stakeholders and asks that it is kept informed of progress. In the meantime, it asks that the OCJ provide it with information regarding how many cases have not been heard in the Superior Courts as a result of the COVID-19 lockdown and possible mitigation strategies. This is also an area of concern that the Committee would like to engage with the Judiciary on.

6.4. ***Virtual cour***ts. The Committee would be interested in hearing more from the OCJ on the possibilities of virtual courts. This would also be an area that it would like to hear more on from the Judiciary.

6.5. ***Court modernisation***. As already mentioned the Committee agrees that it is vital to fast-track court modernisation and notes the current eagerness for change. However, attempts in the past to modernise the justice system have been disappointing. The OCJ's ICT Master Systems Plan, however, promises to improve efficiency in both court administration processes and the OCJ administration. The Committee is keen to understand the scope of the Plan and the plans to roll out the Caselines system, and will request a dedicated briefing as soon as its programme permits.

6.6. ***Policy certainty regarding a judiciary-led court administration***. The Committee welcomes the Department of Justice and Constitutional Development's intention to finalise the Policy on Judicial Governance and Court Administration and to introduce legislation to replace the Magistrates Act, 1993, and the Magistrates' Courts Act, 1944, towards the establishment of a single judiciary. The Committee has noted that, in the absence of a final court administration model, the making of regulations dealing with the functioning of our Courts during the COVID-19 lockdown, led to some discord between the Judiciary and the Executive. The Committee, therefore, welcomes the statement by the Minister of

Justice in his political briefing to the Committee that the issue of a final court administration model will receive his attention.

6.7. ***Targets aimed at women, youth and people with disabilities***. The Committee welcomes that the OCJ has included five-year targets to increase the representatively at the OCJ of women at management level; persons with disabilities and the youth.

6.8. ***Meeting with the Judiciary***. The Committee has in this and in previous meetings raised a number of matters that the OCJ is unable to respond to as it would not be appropriate for it to speak on behalf of the Judiciary and the Judicial Services Commission. Through the Speaker, the Committee has requested a meeting with the Chief Justice and Heads of Court on matters of mutual interest. The Chief Justice had suggested certain dates just before the national state of disaster and the hard lockdown was announced. The Committee remains keen to meet with the Judiciary soon and will once again engage to find a suitable date for a meeting.

7. Appreciation

7.1. The Committee wishes to thank the Minister of Justice and Correctional Services, Mr R Lamola, and the Deputy Ministers: InKosi Patekile Holomisa and Mr J Jeffery, for the political overview.

7.2. The Committee also wishes to extend its appreciation to the Secretary-General, Ms M Sejosengwe, and the officials of the OCJ for their assistance in this process.

8. **Recommendations**

8.1. The Committee, having considered the Office of the Chief Justice's Strategic Plan 2020/21 – 2024/25 and Annual Performance Plan 2020/21, supports these and recommends that the National Assembly approve them.

8.2. The Committee, having considered the Budget Vote 27: Office of the Chief Justice and Judicial Administration, supports the Vote and recommends that it be approved.

Report to be considered

14. Report of the Portfolio Committee on Justice and Correctional Services on the respective Strategic Plans and Annual Performance Plans 2020/21 of the Department of Justice and Constitutional Development, National Prosecuting Authority, Legal Aid South Africa, Special Investigating Unit, Public Protector South Africa, South African Human Rights Commission and Information Regulator; and Budget Vote 25: Justice and Constitutional Development for the 2020 MTEF, dated 3 June 2020

The Portfolio Committee on Justice and Correctional Services, having considered the respective Strategic Plans and Annual Performance Plans 2020/21 of the Department of Justice and Constitutional Development, National Prosecuting Authority, Legal Aid South Africa, Special Investigating Unit, Public Protector South Africa, South African Human Rights Commission and Information Regulator; and Budget Vote 25: Justice and Constitutional Development, reports as follows:

1. Introduction

1.1. The Budget Vote 25: Justice and Constitutional Development continues to consist of five programmes, as well as a direct charge for Magistrates' salaries:

- The Department of Justice and Constitutional Development (the Department) is responsible for the Administration, Court Services, State Legal Services and National Prosecuting Authority (NPA) programmes, as well as for the Justice Modernisation subprogramme under Programme 5: Auxiliary and Associated Services, which funds the implementation of Information Technology (IT) infrastructure for the Department and distributes earmarked funds for JCPS Cluster projects as part of the Integrated Justice System (IJS).

- Section 39 of the Protection of Personal Information Act, 2013, (POPIA) establishes an Information Regulator as an independent juristic person that is accountable to the National Assembly. At present, until fully operational, the Regulator receives its allocation under the State Legal Services programme.

- Programme 5 Auxiliary and Associated Services also contains allocations to various auxiliary services, including transfer payments to Legal Aid South Africa and the Special Investigating Unit (SIU). The Programme also contains transfer payments to the South African Human Rights Commission (SAHRC) and the Public Protector South Africa (PPSA).

2. **New developments**

2.1. The Committee’s consideration of the Budget Vote 25: Justice and Constitutional Development takes place in the context of the declaration of a state of national disaster on 15 March 2020, followed by the announcement of a hard lockdown from 26 March 2020 in response to the potential magnitude and severity of the COVID-19 pandemic. From 1 May 2020, Government has cautiously begun to ease restrictions, adopting a risk-adjusted strategy. Although the Courts and justice-service points have remained open during this time, access has been restricted to matters regarded as being essential. This has significantly affected operations, including resulting in an increase in backlogs. It is likely that indicators and targets contained in the Strategic Plans and Annual Performance Plans, which were drafted prior to the declaration, will need to be adjusted and the Department of Planning Monitoring and Evaluation has already notified departments of this.

2.2. In addition, since the Minister of Finance tabled the Budget in February, Government has announced a R500 billion economic and social support package to help battle the impact of the coronavirus pandemic. There is to be a massive reprioritisation of funds across government. An adjustment appropriations bill will be tabled on 24 June 2020 once the National Assembly has resolved on the Appropriations Bill.

3. **Method**

3.1. The lockdown has also had consequences for the parliamentary programme and, especially, for the way in which committees work. Unable to physically convene, committees have made use of information and communication technologies that allow for meetings to proceed virtually. For this reason, the Committee has held its meetings on a virtual meeting platform – MS Teams. The meetings were also live-streamed.

3.2. On 18 May 2020, the Minister of Justice and Correctional Services provided an overview of the political priorities for the Department of Justice and Constitutional Development, Correctional Services and the Office of the Chief Justice.

3.3. The Department, NPA, Information Regulator, Legal Aid South Africa, the SIU, the SAHRC and the Public Protector SA each presented their strategic plans, annual performance plans for 2020/21 and budgets for the 2020 MTEF.

3.4. The briefings took place as follows:

- Information Regulator – 12 May 2020.
- South African Human Rights Commission – 15 May 2020.
- Special Investigating Unit – 15 May 2020.
- Public Protector – 16 May 2020.
- Legal Aid South Africa – 18 May 2020.
- The Department of Justice and Constitutional Development – 22 May 2020.
- National Prosecuting Authority – 22 May 2020.

3.5. All presentations are available from the Committee Secretariat.

4. Budgetary Review and Recommendation Report (BRRR) October 2019 and Minister of Finance's response to Parliament

4.1. In the Budgetary Review and Recommendation Report (October 2019), the Committee expressed its concern about the consequences of possible budget cuts for service delivery. The Committee was especially concerned that a reduced staff establishment could undermine the work needed to create a transformed and responsive justice system.

4.2. The Report, therefore, recommended that additional funding be allocated to:

- The NPA to address the shortfall in its compensation of employees' budget; fill critical post vacancies; create capacity in the Asset Forfeiture Unit, Specialised Commercial Crimes Unit and the Office of Witness Protection; and to resume its aspirant prosecutor programme.
- Legal Aid SA to prevent it from having to cut posts and to ensure that it can maintain its civil work and assist in land claims matters.

4.3. In the case of the Public Protector SA and SAHRC, the Committee recommended that zero budget reductions be applied and, further, additional funding be provided to:

- The SAHRC to fulfil its coordinating role in respect of the National Preventative Mechanism established in terms of the Optional Protocol to the Convention Against Torture and Other Cruel, Inhumane or Degrading Treatment or Punishment.
- The Public Protector SA to fill vacancies, employ professional services, and improve security.

4.4. The Minister of Finance responded to the recommendations as follows:

- The 2020 Budget provides additional funding of R1.2 billion to the NPA to improve prosecutorial capacity, rejuvenate the aspirant prosecutor programme and operationalise the new Investigative Directorate.
- Over the medium term, Legal Aid SA will receive additional funding.
- The baselines of the South African Human Rights Commission and the Public Protector of South Africa have not been reduced over the medium term.

5. **Medium Term Strategic Framework 2019 -2024**

5.1. The National Development Plan (NDP) requires, among others, that we build safer communities; promote accountability and fight corruption; and strengthen judicial governance and the rule of law.

5.2. This is the first year of the Medium Term Strategic Framework (MTSF) 2019-2024. The MTSF identifies seven priorities and related interventions of the Sixth Administration. Justice has responsibilities in respect of two priorities: namely Priority 1 'A capable, ethical and developmental state' and Priority 6 'Social cohesion and safe communities'.

5.3. In addition, the lack of access to resources and lack of opportunity for Women, Youth and People with Disabilities are identified as cross-cutting, requiring a variety of interventions, including legislative amendments.

5.4. Key interventions for which the Justice Department is allocated responsibility include:

- Instituting a programme to prevent and fight corruption in government in partnership with anti-corruption agencies and non-state actors to resolve reported incidents of corruption in the Government through disciplinary measures and criminal interventions.
- Coordinating engagements between the leadership of the executive, legislature and judiciary in order to develop a social compact by 2021 and implement the compact by 2024. The President and his Cabinet; Chief Justice and Presidents of the Court of Appeal and High Courts; Speakers of the legislatures and Heads of Chapter 9 institutions are identified as core partners.
- Developing a system to ensure consistent barrier-free access to justice for persons with disabilities across the justice value chain.
- Coordinating the Implementation of the National Action Plan (NAP) to Combat Racism, Racial Discrimination, Xenophobia and Related Intolerance.
- Establishing Specialised Commercial Crime Courts (SCCC's) in five (5) provinces (Limpopo, North West, Mpumalanga, Eastern Cape and the Free State).
- Ensuring an efficient, modernised and co-ordinated criminal justice system through integrated digital information systems.

6. **Political overview**

6.1. On 18 May 2020, the Minister of Justice and Correctional Services provided a political overview, introducing the budget and plans for 2020/21 for the Department of Justice and Constitutional Development, Office of the Chief Justice and Judicial Administration and Department of Correctional Services. The Minister referred, among others, to:

- *Vacancies*. In order to build a capable estate, critical vacancies are to be filled by year-end.
- *Addressing audit findings*. The findings of the Auditor-General and SIU and those of other oversight bodies will be acted on to ensure that there are consequences where there is wrongdoing.
- *Replacing colonial/Apartheid era justice-related legislation*. Such legislation will be reviewed, repealed and replaced. In the 2020/21financial year, the Department will begin the process of reviewing the Criminal Procedure Act, 1977.
- *Land Justice*. There is a process to transfer the legal representation function and related budget currently undertaken by the Land Rights Management Facility in the Department of Agriculture, Land Reform and Rural Development to Legal Aid SA. This will place Legal Aid SA at the centre of the efforts towards land justice in South Africa and the transfer will ensure that Legal Aid SA has both the finances and capacity that is required. Further, a Land Court Bill is to be introduced this year. The Bill will broaden the mandate of the Land Claims Court and allow the appointment of permanent judges to enable the court to effectively adjudicate in land disputes in this country.
- *Transformed State Attorney and Legal Services*. The State Attorney Amendment Act, 2014, was operationalised in February 2020. As an interim measure, an Acting Solicitor-General has been appointed. In addition, there have been complaints from the legal profession about the processes followed in the appointment of acting judges. The Department, therefore, intends to initiate a consultative process with a view to introducing changes aimed, among others, at enhancing transparency in the process.

- *Gender-based violence and femicide*. The Department is preparing three bills proposing amendments to the Criminal Law (Sexual Offences and Related Matters) Amendment Act, the Domestic Violence Act, and the Criminal Procedure Act. Rollout of sexual offences courts and Thuthuzela Care Centres will continue.
- *Build and deepen Constitutionalism, respect for Human Rights and Rule of law*. Next year, 2021, marks 25 years since the adoption and final certification of the Constitution. Programmes will be put in place to observe this milestone. In the next five years, efforts will be made to increase and deepen constitutional and human rights awareness.
- *Modernized, accessible courts and people-centred services*. ICT infrastructure will be prioritised so that it can be responsive to the digital transformation initiatives and improved service delivery. Digitising legal processes by, for example, E-filing, is at an advanced stage.
- *Child maintenance.* Although there have been improvements in the processes relating to maintenance applications, the Department plans to improve speed and efficiency in finalising maintenance orders. Similarly, the finalisation of cases involving children are prioritised.
- *Establishment of a single judicial system*. The Constitution mandates the establishment of a single judicial system that is in line with the provisions of section 166 of the Constitution. The introduction of Bills to replace the Magistrates Act, 1993, and the Magistrates' Courts Act, 1944, remains a priority for 2020/21. The Department will intensify support to the Magistrates Commission in the filling of vacant offices of magistrates to further strengthen capacity in the lower courts.
- *Digitisation of the Masters' office.* The digitisation and automation of insolvency registrations and appointments began in 2019/20 and it is envisaged that Trust online services will be implemented in 2021/22.

7. Fiscal environment

7.1. Overview

7.1.1. The national state of disaster was declared after the Minister of Finance's delivery of the Budget in February. On 21 April 2020, the President announced a R500 billion fiscal support package that includes spending towards COVID-19 priorities. The response package will be partly funded through a reprioritisation of R130 billion within existing baselines. This constitutes 12.1% of the consolidated non-interest, non-compensation budget. In order to find resources to fund the response package, departments are required to identify programmes or activities that can be suspended without negatively impacting the longevity of these programmes. It appears that changes in baselines will only be effected in the 2020/21 financial year and will not at this stage be carried forward into the MTEF. The Department, the entities and the SAHRC and PPSA have been asked to respond to a proposed cut of 17% of the 2020/21 budget allocation.

7.1.2. Even before the declaration of the national state of disaster, economic growth in 2019/20 was weaker than forecast: Electricity shortages have put the economy under great strain, and demands from Eskom and other financially distressed state-owned companies continue to drain public resources. The 2020 Budget, therefore, prioritises action to reverse the deterioration of public finances by narrowing the budget deficit and containing debt and structural reforms towards faster sustained economic growth, largely by reducing the public sector wage bill. Other reductions are being applied, wherever possible, to poorly performing or underspending programmes.

7.1.3. As there are no additional resources available, any further allocations over the 2020 MTEF, including new priorities, must be funded by reallocations and reprioritisations, either from within the relevant department's budget, or from another department's budget.

7.1.4. Reducing the public service wage bill, which accounts for more than 35% of all public spending, is seen as key.

7.1.5. On the matter of spending efficiency, a number of weaknesses have been identified, including a complex and often ineffective procurement system and claims against the state.

7.2. Peace and Security function

7.2.1. The consolidated budget for the peace and security function accounts for R217.0 billion in 2020/21; R221.3 billion in 2021/22; and R228.8 billion in 2022/23. The R9.7 billion net decrease (from 2019/20) mainly comprises reductions in the compensation of employees and goods and services budget items.

Peace and Security function budget allocation 2020 MTEF

Function	R' billion			
	2019/20	2020/21	2021/22	2022/23
Defence and State Security	50.8	51.4	48.9	50.4
Police Services	105.2	106.1	110.8	114.2
Law Courts and Prisons	48.5	49.6	52.0	53.6
Home Affairs	10.0	9.9	9.6	10.5
Total	214.4	217.0	221.3	228.8

7.2.2. Approximately 23% of the overall allocation for Peace and Security goes to 'Law courts and prisons'. Specifically, the Justice and Constitutional Development Vote receives 10.3% (including magistrates' salaries).

7.2.3. The peace and security function prioritises the implementation of an integrated strategy to fight crime and ensure national security over the medium term.

7.2.4. Over the medium term, funds have been reprioritised from the South African Police Services to other departments and entities within the function to implement the integrated criminal justice strategy. From this, the Department of Justice and Constitutional Development will receive R1.8 billion, mainly to enhance prosecution capacity in the NPA.

7.3. An additional amount of R309.2 million over the medium term is allocated to Legal Aid SA to retain public defenders.

8. **Overview of Vote 25: Justice and Constitutional Development**

8.1. The overall allocation to the Justice and Constitutional Development Vote (Vote 25) for 2020/21 is R22.4 billion, which includes Magistrates' salaries (compared with R21.04 billion in 2018/19).

8.2. Overall, the allocation to the Vote increases in real terms by 2.04% compared with 2019/20. This is largely on account of funds being reprioritised from the South African Police Services to the National Prosecuting Authority. (The NPA's budget increases by 8.9% in real terms).

8.3. The three Justice programmes (Administration, Court Services and State Legal Services) as well as the Justice Modernisation subprogramme are allocated R12.2 billion for 2020/21, a real decrease of -1.85% compared to 2019/20.

8.4. The Vote receives an additional R551 million for the NPA, Integrated Criminal Justice Strategy, Specialised Commercial Crimes Courts, Information Regulator, Special Investigating Unit and Legal Aid South Africa. However, baseline reductions of R336.9 million affect areas that include the Integrated Criminal Justice System programme, compensation of employees, goods and services, and buildings and fixed structures.

8.5. In 2020/21, the total for programmes - excluding the direct charge for magistrates' salaries - is R19.86 billion (compared with R18.7 billion in 2019/20). Over the medium term, the allocation to programmes grows to R22.08 billion in 2022/23.

Vote 25 - Justice and Constitutional Development – Allocation for the 2020 MTEF per programme

Programme (R 'million)	**Budget 2020 MTEF**			
	2019/20 Adjusted Appropriation	**2020/21**	**2021/22**	**2022/23**
Administration	2 503.7	2 356.5	2 491.9	2 600.7

Programme (R 'million)	Budget 2020 MTEF			
	2019/20 Adjusted Appropriation	**2020/21**	**2021/22**	**2022/23**
Court Services	6 736.	7180.3	7 688.4	8007.3
State Legal Services	1 399.8	1 431.9	1 529.3	1 612.9
National Prosecuting Authority	4 031.6	4 583.9	4 906.0	5 096.2
Auxiliary and Associated Services	4 109.6	4 308.0	4 553.2	4 766.8
TOTAL	**18 781.5**	**19 860.6**	**21 168.8**	**22 083.9**
Magistrates' Salaries	2 263.7	2 550.2	2 715.6	2 816.0
TOTAL	**21 045.2**	**22 410.8**	**23 884.4**	**24 899.9**
Change to 2019 Budget estimate	(55.6)	194.0	247.9	357.0

8.6. Key cost drivers for 2020/21 include the following:

- *Compensation of employees*. Overall, the Vote (including the NPA and magistrates) has 22 932 funded posts in 2020/21 at a cost of R12.93 billion. In respect of the Administration, Court Services and State Legal Services programmes, the Department has 16 326 funded posts in 2020/21, costing R6.49 billion. The majority of these posts are located in the Court Services programme. (Notably there is a decrease of R76.54 million in the Compensation of Employees baseline allocation in 2020/21.)
- *Property payments*: Property payments increase from R1.23 billion in 2019/20 to R1.24 billion in 2020/21.
- *Computer Services*. Although the issue of digitalisation and modernisation is a justice priority, payments for these services decrease from R1.18 billion in 2019/20 to R1.14 billion in 2020/21. (In respect of the Integrated Justice System programme there is a baseline decrease in the goods and services line item of R107.26 million in 2020/21.)

- *Buildings and fixed structures*. The allocation to Buildings and Fixed Structures increases from R510.8 million in 2019/20 to R874.4 million in 2020/21.

9. **Department of Justice and Constitutional Development**

9.1. The key outcomes and interventions in terms of the MTSF for which the Department is responsible are captured at paragraph 5.4.

9.2. Factors that have or will shape the Department's plans include:

9.2.1. *The outbreak of the COVID 19 pandemic*, which has interrupted the Department's planning and highlighted the need for accelerated modernisation and digitisation of the justice system.

9.2.2. The *downturn in the economy and the impact of budget cuts*.

9.2.3. *Implementing a turnaround plan towards a clean audit and improved service delivery*. The Department does not expect to be able to deliver an unqualified audit finding for 2019/20. Contributing factors are a weakened management and leadership; overdrawn capacity caused by the large vacancy rate; the near collapse of Justice College with the resultant lack of focus on skills enhancement; the lack of attention to consequence management; and the continued rewarding of non-performance.

9.2.4. *Review of the organisational structure*. The structure of the Department has not been reviewed for 10 years and, as a result, is not aligned to the strategic goals and commitments made in past financial years. The Department has sought help from National Treasury's General Technical Advisory Centre. A draft structure is to be completed by September 2020 and will be finalized by November 2020 with implementation envisaged from January 2021.

9.2.5. *Strengthening management capability*. Posts at Senior Management and at the operational level, which are not affected by the review of the Department's macro structure, will continue to be filled.

9.2.6. *Consequence management*. Investigations, including forensic investigations commissioned by the Department, are receiving attention.

9.2.7. *Cultural review and skills enhancement*. A cultural survey and change management programmes are essential for rebuilding the Department's reputation. In addition, the repositioning of Justice College is an integral part of building a well-resourced and skilled workforce.

9.2.8. *Policy certainty and direction*. Some of the policy reforms earmarked for completion over the five-year period are:

- Policy on Judicial Governance and Court Administration – this will build on the work commenced during the Fifth Administration.
- Policy recommendations to reform the criminal justice system and the Criminal Procedure Act.
- Policy to reform the civil justice system.
- Policies prescribed in the State Attorney Amendment Act, including allocation of briefs and procurement of legal services.

9.2.9. *Legislation* that the Department intends to introduce during the MTSF period include:

- Criminal Procedure Bill.
- Land Court Bill.
- Lower Courts Bill.
- Magistrates' Court Bill.
- Community Advice Offices and Paralegals Bill.
- Domestic Violence Act Amendment Bill.
- Criminal Law (Sexual Offences and Related Matters) Amendment Act) Amendment Bill.

9.3. The Department of Justice and Constitutional Development is striving towards making the following impact 'Improved public perception, confidence in the justice system and respect for the rule of law' and has developed eight departmental outcomes:

- Improved governance and accountability.
- Modernised, accessible courts and people-centred services.
- Transformed Masters services.
- Colonial/Apartheid era justice-related legislation reviewed, repealed and replaced.
- Transformed state litigation services and the legal profession.
- Advancement of constitutionalism, human rights and the rule of law.
- Crime and corruption significantly reduced through effective prosecution.
- Criminal justice system digitized and integrated.

Department of Justice and Constitutional Development - Impact statement, outcome, outcome indicator and five-year target

IMPACT STATEMENT: 'Improved public perception, confidence in the justice system and respect for the rule of law'	
Outcome Indicator	**Five-year target**
Outcome: Improved governance and accountability	
Percentage of total workforce positions occupied by persons with disability.	7% of total workforce positions occupied by persons with disability by 2024.
Percentage implementation of the department Human Resource Development Strategy.	100%
Justice College reconfigured to offer practical legal training to departments and entities.	All departments and entities in the justice cluster access to practical legal training in niche areas.
Outcome: Modernised, accessible courts and people-centred services	
Number of services provided through e-channel platforms.	• Number of justice services provided electronically.

IMPACT STATEMENT: **'Improved public perception, confidence in the justice system and respect for the rule of law'**	
	• E-Filing for civil justice. • E-Submission and tracking for services (Maintenance applications, and domestic violence applications order). • Audiovisual testimony in top 30 courts.
Percentage of services delivered within the required turnaround time.	95% of services provided within the required turnaround times.
Number of sites built, renovated, established and new leases finalised to increase access to justice by all.	• 55 Leases finalized. • Six new courts built. • Nine renovated. • 148 Sexual Offences Courts established. • Interventions to deal with sexual offences by 2020/24 completed.
Outcome: Transformed Masters Services	
Number of Master's services modernized.	2
Number of policies reviewed.	3
Outcome: Colonial/Apartheid era justice-related legislation reviewed, repealed and replaced.	
Percentage of constitutionally-sound legislative instruments and law reform proposals successfully challenged in courts.	<2%
Percentage of human rights instruments and legislation successfully challenged in court for constitutionality.	<3%
Outcome: Transformed State litigation services and the legal profession	
Percentage of High Court matters insourced.	40%

IMPACT STATEMENT: **'Improved public perception, confidence in the justice system and respect for the rule of law'**	
Number of PDI advocates briefed.	2200
Outcome: Advancement of constitutionalism, human rights and the rule of law	
Percentage government department actions and their laws successfully challenged in court for constitutionality.	<3%
Number of municipal districts and international fora reached to promote respect for Human Rights, particularly vulnerable groups (LGBTQI, Women and children).	Domestically: 44 districts International Fora: 4 (SADC, AU, Common Wealth and BRICS)
Number of relevant International Human Rights instruments ratified /acceded.	3
Policy Framework to transform Extradition, Mutual Legal Assistance and International Cooperation in Criminal matters developed.	Framework finalised by 2024
Percentage of DOJ&CD activities in the NAP Programme of action implemented to promote participatory democracy, human rights advocacy, platforms and agencies.	100%
Review of the implementation of the Constitution	Reviewed by 2024
Social Compact to be developed by 31 March 2024	Social Compact Developed by 31 March 2024
Outcome: Crime and corruption significantly reduced through effective prosecution	

IMPACT STATEMENT: **'Improved public perception, confidence in the justice system and respect for the rule of law'**	
Level of satisfaction with the prosecution of identified crime type	Baseline +30%
Percentage of identified high impact corruption prosecutions instituted	Baseline +25%
Level of customer satisfaction with NPA services	92%
Outcome: Criminal justice system digitized and integrated	
Number of KPI's completed on the Integrated Justice System dashboard	28

9.4. The Department has identified the following as risks to the realisation of the Strategic Plan and APP:

Key risks and mitigation

RISKS	MITIGATION
Impact of the COVID 19 pandemic.	Implement the Risk-Adjusted Plan.
Budget cuts.	Reprioritisation, donor funding.
Organisational structure does not support strategy..	Align structure to departmental outcomes.
Lack of modernisation of systems and business solution.	• Continue with Design Thinking Workshops with key business areas. • Identify further modernisation initiatives, prioritise and plan.
Vacancies in key positions.	Fill permanent posts.
(Potential) Fraud and corruption.	Roll out and implement the Ethics Management strategy.
Slow transformed State Attorney and Legal Services.	Operationalise the State Attorney Amendment Act of 2014.

RISKS	MITIGATION
Case backlog (due to COVID-19).	Develop Integrated Case Backlog Management Plan to address backlogs accrued during the national state of disaster and lockdown.
Compromised physical and information security.	• Stakeholder management planning for high profile cases. • Develop security needs analysis report.
Increased Gender based violence and Femicide resulting in diminishing public confidence in the criminal justice system.	• Establish and strengthen the provincial emergency teams for GBVF cases. • Prioritise GBVF backlog cases. • Upgrade regional courts into SOCs. • Revisit legislation on GBVF matters relating to bail, sentencing and NRSO.
Incorrect reporting of performance information.	Strengthen monitoring and evaluation (sampling checks, verification).

10. **Department of Justice and Constitutional Development: Programmes**

10.1. **Programme 1: Administration**

10.1.1. The purpose of this programme is to provide strategic leadership, management and support services to the Department.

10.1.2. The Department has added the following output indicators:

- Percentage of reported incidents of corruption resolved through the Departmental Disciplinary Code and Procedure for the Public Service.
- Percentage of MMS posts occupied by Africans and Women (Baseline of 62% Africans 47,3% Women).
- Percentage of total workforce positions occupied by people with disability (Baseline of 2.19%).
- Percentage of Rand Value of Discretionary Procurement allocated to Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs).

- Department's reconfiguration and structure implemented by target date.
- Call Centre operation for complaints management established by target date.

10.1.3. The Administration programme is allocated R2.35 billion for 2020/21, compared with R2.5 billion in 2019/2020 (for the Ministry, Management, Corporate Services, Financial Administration, Internal Audit and Office Accommodation subprogrammes). Overall, the allocation to Administration has decreased by -9.85% in real terms.

10.1.4. The spending focus on this programme is mainly on personnel, audit fees, operating leases, property payments, and travel and subsistence.

10.2. **Programme 2: Court Services**

10.2.1. The Court Services programme facilitates the resolution of criminal and civil cases, and family law disputes, by providing accessible, efficient and quality administrative support to the courts and to manage court facilities.

10.2.2. Output indicators include:

- Number of Audio-Visual Remand Systems rolled out.
- Percentage of NRSO Clearance Certificates issued to applicants.
- Number of Sexual Offences Court designated in terms of section 55(A) the Criminal Law (Sexual Offences and Related Matters) Amendment Act, 2007.
- Number of facilities with term contracts for unplanned maintenance.
- Percentage of disability-related complaints and investigations where reasonable measures were provided (level of access to justice by sex, age and disability).
- Policy recommendations to reform the Criminal Procedure Act submitted to the Minister by target date.
- Development of a security model for courts and service points.
- Number of dedicated Specialised Commercial Crime Courts in five provinces (Limpopo, North West, Eastern Cape, Mpumalanga and Free State).

10.2.3. Court Services is allocated R7.2 billion for 2020/21 compared with R6.7 billion for 2019/20 (for the Lower Courts, Family Advocate, Magistrates Commission, Facilities Management and Administration of Lower Courts sub-programmes). Overall the allocation to this programme increases by 2.09% in real terms from 2019/20.

10.2.4. The programme receives additional funding amounting to R120 million to fund the Specialised Criminal Court Unit and R123 million to fund the Integrated Criminal Justice Strategy over the medium term.

10.3. **Programme 3: State Legal Services**

10.3.1. The programme provides legal and legislative services to government; supervises the administration of deceased and insolvent estates an estates undergoing liquidation; manages the Guardian's Fund; facilitates constitutional development; and undertakes research.

10.3.2. New output indicators for the Programme include:

- Number of Apartheid/Colonial era justice-related legislation repealed and replaced.
- Established Office of the Solicitor-General and aligned Offices of the State Attorney Litigation Strategy implemented.
- Number of policies to implement the State Attorney Amendment Act implemented.
- State Attorney Framework contract implemented.
- Governance structure to lead and coordinate the implementation of National Action Plan to Combat Racism, Racial Discrimination, Xenophobia and Related Intolerance (NAP) established Terms of Reference for the NAP governance.
- Funding model for the implementation of NAP developed
- Number of phases of the development of a trafficking persons
- Implementation of programmes to commemorate 25th anniversary of the Constitution.
- Social Compact concept between the Executive, Judiciary and Legislative tiers of government developed.

10.3.3. The State Legal Services programme is allocated R1.43 billion for 2020/21, compared with R1.39 billion in 2019/20 (for the State Law Advisers, Litigation and Legal Services, Legislative Development and Law Reform, Master of the High Court and Constitutional Development subprogrammes). The allocation to the programme decreases in real terms by -2.02% from 2019/20.

10.3.4. The spending focus of this programme is mainly on employee compensation, legal costs and claims against the state. This programme's spending increased significantly between 2016/17 and 2019/20 due to the implementation of the OSD for legally qualified professionals, as well as the capacitation of the Office of the State Attorney. Additional funds amounting to R70 million are allocated to the Information Regulator over the medium term, resulting in a projected increase in spending in the Legislative Development and Law Reform sub-programme of 18% over the period.

10.4. **Programme 4: National Prosecuting Authority**

10.4.1. The NPA provides a co-ordinated prosecuting service that ensures that justice is delivered to the victims of crime through general and specialized prosecutions; removes the profit from crime; and protects certain witnesses. The NPA also forms part of the Anti-Corruption Task Team (ACTT).

10.4.2. The programme consists of the following sub-programmes:

- National Prosecutions Service: Primarily responsible for general and specialised prosecutions and the appeals that might follow, which include resolving criminal matters outside of the formal trial process through alternative dispute resolution mechanisms, settling admissions of guilt for minor offences and considering dockets brought by the police where persons have not been charged. This sub-programme further deals with priority crimes litigation, sexual offences, and community affairs and specialised commercial crimes.
- Assets Forfeiture Unit: Seizes assets that are the proceeds of crime or have been part of the offence through a criminal or civil process.
- Office of Witness Protection: Provides for protection, support and related services to vulnerable, intimidated witnesses and related persons in judicial proceedings in terms of the Witness Protection Act (1998).

10.4.3. The NPA has aligned its strategy with the Department's impact statement of 'Improved public perception, confidence in the justice system and respect for the rule of law' and to the Department's Outcomes 2 and 7, namely 'Modernised, accessible courts and people-centred services' and 'Crime and corruption significantly reduced through effective prosecution'.

10.4.4. The NPA has committed to making the following impact: 'A South Africa in which crime is significantly reduced and everyone feels safe and abides by the law'. The related outcome and sub-outcomes are:

NPA - Sub-outcomes, outcome indicators, baselines and targets for the MTSF

OUTCOME: Crime and Corruption significantly reduced through effective prosecution			
SUB-OUTCOME	**OUTCOME INDICATOR**	**BASELINE**	**TARGET**
Increased feelings of safety and security	Level of satisfaction with the prosecution of identified crime types	N/A	Baseline + 30%
Improved investor confidence in South Africa through high impact prosecution	% of identified high impact corruption prosecutions instituted	N/A	Baseline + 25%
Improved access to NPA services to all	Level of customer satisfaction with NPA services	81.5%	92%

10.4.5. Priority focus areas for the MTSF period are:

- Restoration of the NPA's credibility.
- Strategic support and innovation capacity.
- Enhancement of organisational capacity (recruitment).
- Strengthening organisational performance through skills development.

- Promotion of sound workplace relations and employee wellbeing (staff morale).
- Strengthening NPA communications.
- Develop a NPA complaints and ethics mechanism.
- NPA's autonomy.
- Community prosecutions.
- Implementation of ECMS at all lower Court.

10.4.6. The NPA's APP 20202/21 is aligned to the MTSF priorities and in addition has three new indicators:

- Level of quality of prosecution.
- Number of cases involving money laundering.
- Number of public awareness sessions conducted.

10.4.7. New performance indicators are included in divisional operational plans to further enhance the performance of the NPA:

- Percentage of TRC reviews concluded.
- Percentage accused in Regional Courts and High Courts sentenced to direct imprisonment.
- Conviction rate in priority corruption cases.
- Number of money laundering prosecutions with foreign predicate offending.
- Number of community prosecutions.
- Conviction rate in murder prosecutions.
- Conviction rate in femicide prosecutions.
- Conviction rate in murder intimate partner femicide prosecutions.

10.4.8. **NPA - Outputs, output indicators and targets:**

Output	Output Indicators	Target			
		2019/20	2020/21	2021/22	2022/23
	Conviction rate in High Court	87%	87%	87%	87%

Output	Output Indicators	Target			
		2019/20	2020/21	2021/22	2022/23
Effective prosecutions conducted	Conviction rate in Regional Court	87%	87%	87%	87%
	Conviction rate in District Court	88%	88%	88%	88%
	Level of quality in prosecution	NA	Baseline	Baseline +10%	2020/21 +10%
	Number of witnesses and related persons threatened, harmed or killed while on the witness protection programme	0	0	0	0
Fraud and corruption dealt with	Conviction rate in complex commercial crime	93%	93%	93%	93%
	Number of persons convicted of private sector corruption	57	150	158	166
	Number of government officials convicted of corruption and/or offences related to corruption	202	220	232	243
	Number of cases involving money laundering	NA	90	100	110
Freezing of money and assets that are the proceeds of crime	Value of freezing orders obtained for corruption or offences relating to corruption	R6.8bn	R2.4bn	R2.6bn	R2.8bn

Output	Output Indicators	Target			
		2019/20	2020/21	2021/22	2022/23
Recovery of money and assets that are the proceeds of crime	Value of recoveries relating to corruption or related offences	R1.6bn	R1.4bn	R1.6bn	R1.8bn
Victim-centric services enhanced	Number of operational TCCs in place	55	58	59	60
	Conviction rate in sexual offences	70%	70%	70%	70%
	Number of public awareness sessions conducted	130	140	150	160

10.4.9. The NPA has identified the following risks to its plans:

Key Risks	Contributing Factors
Negative public perception and reputation	• Lack of leadership credibility. • No public confidence in the NPA. • Lack of accountability in respect of prosecutorial decisions. • Interference with the independence of the NPA. • Negative media coverage. • Lack of decision making/ or prosecutions in certain high profile cases. • Perceptions of fraud and corruption as well as dishonest and unethical conduct in the NPA.

Key Risks	Contributing Factors
Inadequate stakeholder management and cooperation	• Lack of aligned or common targets within the JCPS cluster, in particular with the SAPS. • Lack of joint planning in the JCPS. • Lack of accountability in the JCPS. • Inefficiencies in the structure and functioning of various national and provincial joint structures, Provincial Efficiency Enhancement Committees (PEECs), and the National Efficiency Enhancement Committee (NEEC).
Lack of required skills and people to attend to complex matters	• Long recruitment process in specialised areas. • Prolonged period of not filling posts due to budget constraints. • Discontinuation of aspirant prosecutor programme. • Experienced and skilled prosecutors lost to judiciary.
Insufficient use of technology to enhance efficiency and effectiveness in the NPA	• Lack of integrated electronic case management. • Challenges within the Integrated Justice System (IJS) processes. • Reluctance to move from paper-based to electronic organization. • Lack of organization-wide knowledge management system and capacity. • Lack of laptops and network connectivity, particularly at lower courts • ECMS developed but not fully implemented. • Training of prosecutors. • Lack of data capturers at lower courts.

10.4.10. The NPA is allocated R4.58 billion for 2020/21 (in comparison to R4.03 billion in 2019/20.

10.4.11. The NPA receives an additional R1.2 billion over the medium term through reprioritised funding for: AFU and SCCU capacity, the Investigative Directorate, National Prosecuting Service capacity (critical posts), Aspirant Prosecutor Programme, Witness Protection and Support Services (safety and security).

10.5. **Programme 5: Auxiliary and Associated Services**

10.5.1. The programme provides a variety of auxiliary services associated with the Department's aims and also funds transfer payment to the South Africa Human Rights Commission, the Public Protector SA, Legal Aid South Africa, the Special Investigation Unit and the President's Fund.

10.5.2. The spending focus of this programme is for the modernisation of the justice system and transfers to public entities and constitutional institutions. The programme's allocation amounted to R13.7 billion over the medium term. This includes an additional allocation of R300 million for the capacitation of Legal Aid SA and the SIU.

10.5.3. The programme also contains the Justice Modernisation sub-programme. This sub-programme contains funds for the modernisation of IT systems and for the Integrated Justice System (IJS) project on behalf of Justice Crime Prevention and Security (JCPS) Cluster departments and entities.

10.5.4. The Justice Modernisation subprogramme has the following output indicators:

- Number of sites of government departments and entities where Person Verification Services are deployed.
- Revised IJS programme governance structure implemented.
- Number of government departments and entities connected to transversal platform and exchanging information electronically.
- IJS Assessment report finalised by target date.

10.5.5. An amount of R1.23 billion is allocated to the Justice Modernisation subprogramme for 2020/21, compared with R1.26 billion in 2020/21 in 2019/20. This is a real decrease of -6.85% from 2019/20.

11. **Legal Aid South Africa**

11.1. The main objective of Legal Aid SA is to render or make available legal representation to indigent persons at state expense as contemplated in the Constitution, ensuring the rights of citizens to access to justice.

11.2. A Land Court Bill is being drafted that seeks to extend legal aid representation to a party involved in matters concerning land reform at state expense if the party cannot afford legal representation. Legal Aid SA will take over the legal representation function (and related budget) currently undertaken by the Land Rights Management Facility of the Department of Agriculture, Land Reform and Rural Development. The Legal Aid SA Regulations and Manual under the Legal Aid South Africa Act, 2014 will be reviewed accordingly to align to the Land Court Bill.

11.3. The Strategic Plan 2020-2025 sets out the policy priorities, programmes and project plans for that period, as well as the related outcomes, outcome indicators and five-year targets. Legal Aid SA's plans are aligned with the MTSF priority 'Social cohesion and safer communities':

11.4. Legal Aid SA's strategic outcomes for 2020-2025 are to provide quality justice for all, especially, the poor and vulnerable, and to be a respected, high performance, sustainable and accessible public entity that will have a positive impact on society, the economy and the environment.

11.5. The overall strategic shift for the 2020-2025 period that Legal Aid SA is seeking to achieve is 'Ensure equal access to justice for all to build a just society'.

11.6. In carrying out its mandate, Legal Aid SA continues to identify the following priority groups: children; every detained person, including sentenced prisoners; every accused person who wishes to appeal or review a court decision in a higher court; women, particularly in divorces, maintenance and domestic violence cases; and the landless, especially in eviction cases.

11.7. Legal Aid SA receives a total allocation of R2.1 billion for the 2020/21 financial year, an increase from R1.99 billion in 2019/20. Over the 2020 MTEF, it is allocated an additional R75 million (R20 million in 2020/21; R25 million in 2021/22 and R30 million in 2022/23).

Legal Aid SA programme budget for the 2020 MTEF

Subprogramme (R'million)	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Legal Aid Services	334.8	390.5	402.1	427.4
Administration	600.3	1 656.1	1 757.8	1 833.8
Special projects	55.8	59.5	63.3	66.7
TOTAL	**1 991.0**	**2 106.1**	**2 223.2**	**2 332**

11.8. Budget constraints continue to affect the operations of Legal Aid SA. The salaries budget is also negatively impacted by the cost of living increases which are higher than the macro increases and these have to be absorbed within the baseline allocation. The operating expenditure budget has not been increased by the macro over the five-year period, except for expenditure linked to contractual obligations.

11.9. Areas of funding pressures which are linked to contractual obligations are as follows:

- Office accommodation.
- Escalations linked to contracts for security contracts and cleaning services.
- Substantial increases in municipal services rates and vehicle fuel.
- Only 2% of the budget has been allocated to capital expenditure which is not adequate to replace assets as and when they fall due.

12. Special Investigating Unit

12.1. The SIU's principal function is to investigate serious malpractices, maladministration and corruption in connection with the administration of state institutions, state assets and public money, as well as any conduct that may seriously harm the interests of the public. The SIU also:

- Institutes and conducts civil proceedings in any court of law or special tribunal, in its own name or on behalf of state institutions.
- Brings potential disciplinary matters to the attention of state institutions.

12.2. Although the SIU does not have the power to arrest or prosecute offenders for criminal conduct, it reports matters to the Directorate for Priority Crime Investigation (DPCI/the Hawks), the South African Police Service (SAPS) and the National Prosecuting Authority (NPA). The SIU works closely with the Asset Forfeiture Unit (AFU) in the NPA, where its powers are more appropriate or effective in recovering the proceeds of crime. The MTSF also identifies the investigative reports of the Financial Intelligence Centre as key in the identification of high priority cases. The SIU is part of the Anti-Corruption Task Team (ACTT), which was established to fast–track investigations and prosecutions of serious corruption cases.

12.3. The SIU locates its role under the MTSF priorities: ‘Social Cohesion and Safe Communities’ and ‘A capable, ethical and developmental state’. The MTSF envisages an improvement in corruption perception by the end of the five-year period. The SIU is to contribute by reducing levels of fraud and corruption in the private and public sectors; freezing money and assets; establishing and strengthening the capacity of the Special Tribunal for civil recoveries; and increasing the use of Financial Intelligence Reports in identifying high priority cases.

12.4. The SIU’s Strategic Plan identifies certain high impact initiatives and interventions for the MTSF period:

- Pursuing Priority High-Impact Targets to optimise the deployment of its resources.
- Rejuvenating the organisation by investing in critical parts of the business.
- Differentiating the SIU through its ‘unique offerings’.
- Enforcing consequence management measures through a monitoring and evaluation competency (with the Auditor-General).
- Pursuing civil litigation.
- Applying cutting-edge data analytics and technology.
- Optimising the uniqueness of the Special Tribunal.

12.5. The SIU continues to have three programmes:

PROGRAMME	RESPONSIBILITY
Administration	Responsible for the provision of business oversight and enablement services to the core business units of the SIU.
Investigations and Legal Counsel Programme	Responsible for ensuring the adequate execution of the mandated service delivery of the SIU.
Market Data Analytics and Prevention	Responsible for the implementation of relevant and proactive initiatives to prevent the reoccurrence of fraud and corruption cases as a result of systemic weaknesses in the public sector and to positively influence the behaviour of South African citizens

12.6. The SIU has identified the following impact statement, organisational outcomes and five-year targets:

SIU – Impact statement, outcomes and five-year targets

IMPACT STATEMENT: Ridding society of fraud and corruption in state institutions	
OUTCOME	**FIVE-YEAR TARGET**
A compliant, high performance SIU that is well capacitated to rid society of corruption, maladministration and fraud in State institutions	• Achieve and exceed all set performance targets • Maintain positive AG audit outcomes
State assets and cash resources are protected from maladministration, fraud and corruption for the realisation of full value for money for state programmes	Estimated R10 billion

Confidence in the governance systems, structures and policies of the State is restored and maintained	An established index on confidence in the state's ability to effectively combat corruption and maladministration
Corruption, maladministration and fraud deterred through proactive preventative mechanisms and effective enforcement of consequence management measures	A minimum 10% annual decrease (aligned to the MTSF Priority Five-year target)

12.7. The SIU has identified the following as key risks:

- Inability to financially sustain SIU operations in the short to medium term due to shortcomings in the funding model.
- Inability to timeously commence SIU investigations due to protracted approval process for proclamations.
- Failure by state institutions to implement the SIU's legal recommendations.
- Inability to pro-actively assist public institutions to prevent corruption and maladministration practices.
- Insufficient preparedness to respond to physical threats to investigators and security breaches.
- Inability to achieve forensic investigations legal outcomes.
- Inability to conduct forensic investigations according to predetermined standards.
- Inability to attract an adequate and high performing workforce that is suitably skilled and properly managed.
- Ineffective collaboration with external and internal stakeholders.
- Failure to process and finalize civil matters enrolled in the Special Tribunal Court.
- Inability to provide appropriate ICT services across SIU business.

12.8. The SIU has a mixed funding model that derives income from a National Treasury grant and from work done for state departments. The SIU's projected total revenue for 2019/20 is R820.4 million, compared with R683.3 million in 2019/20. Additional funding in the amount of R225 million is made available to the SIU over the medium term (R70 million in 2020/21; R75 million in 2021/22; and R80 million in 2022/23). The grant allocation is R452.9 million or 55.2% of the total projected revenue, while the SIU has projected that, in the 2020/21, it will receive R367.6 million in payments from state institutions for services rendered.

12.9. Spending on Compensation of Employees is the SIU's main expenditure item. In 2020/21, the Unit will spend R594.3 million on compensation of employees or 72% of the total budget. This amount exceeds the grant allocation for 2020/21.

13. **Public Protector SA**

13.1. The Public Protector SA is an independent constitutional institution whose mandate, broadly, is to support and strengthen constitutional democracy by investigating maladministration or improper conduct in state affairs or the public administration in any sphere of government and to take appropriate remedial action. The Constitution also states that the Public Protector must be accessible to all persons and communities.

13.2. The PPSA's Vision 2023 is underpinned by the following pillars:

- Enhancing access to (PPSA) services.
- Engaging targeted communities in their mother tongue.
- Expanding the (PPSA's) footprint.
- Leveraging stakeholder relations and formalising those relationships in Memoranda of Understanding.
- Projecting the image (of the PPSA) as being a safe haven for the downtrodden.
- Empowering people to understand their rights.
- Encouraging organs of state to establish effective internal complaints resolution units.
- Turning communities into their own liberators.

13.3. The PPSA has adopted a Strategic Plan 2020-2025 in terms of which the PPSA seeks to have the following impact: 'Empower everyone at all levels of society to effectively engage organs of state about any injustice, service delivery failure or improper conduct and assist organs of state to establish and maintain efficient and effective governance and administration'.

PPSA – Impact statement, outcomes, outcome indicators and five-year targets

IMPACT STATEMENT: **Empower everyone at all levels of society to effectively engage organs of state about any injustice, service delivery failure or improper conduct and assist organs of state to establish and maintain efficient and effective governance and administration**		
OUTCOME	**INDICATOR**	**FIVE-YEAR TARGET**
Accessible PPSA services	Number of outreach methods employed to reach people and communities	4 (Clinics, Roadshows, Radio interviews and Mobile Referral Application)
	Number of new service points established	3
Investigations finalised within turnaround times	Percentage of investigations finalised within approved turnaround times	80%
	Number of systemic investigations finalised	6
Clean audit achieved and maintained	Number of clean audit outcomes over a 5 year period	5
Implementation of ICT systems to optimally support business objectives	Functional Mobile Referral Application	Implement a functional Mobile Referral Application
	Functional Case management Application	Implement a functional Case Management Application

IMPACT STATEMENT: **Empower everyone at all levels of society to effectively engage organs of state about any injustice, service delivery failure or improper conduct and assist organs of state to establish and maintain efficient and effective governance and administration**		
OUTCOME	**INDICATOR**	**FIVE-YEAR TARGET**
Ongoing engagements with ombudsman and organs of state	Number of bodies being engaged on Ombudsman related matters	6 (AOMA, and 4 institutions to be identified)

13.4. The PPSA continues to have three programmes:

13.4.1. Administration: The programme has reduced its output indicators from four to two in 2020/21: ‘A clean audit achieved annually’; and ‘Implementation of ICT infrastructure’. The PPSA plans to implement a Case Management Application in 2021/22. In the meantime, a Mobile Referral Application will be implemented to assist complainants on available appropriate complaints handling mechanisms prior to approaching the Public Protector.

13.4.2. Investigations: The programme has reduced its output indicators from six to five in 2020/21: ‘Number of Investigation reports finalised’; ‘Percentage of adherence to turnaround times in finalisation of cases’; ‘Percentage of 2 years and older cases finalised’; ‘Investigation and finalisation of systemic investigations/interventions’; and ‘Number of dialogues with organs of state on systemic challenges’.

13.4.3. Stakeholder Engagement. The performance indicators in the 2020/21 APP remain the same: ‘Number of outreach clinics conducted’; ‘Number of Public Protector roadshows conducted’; ‘Number of radio interviews conducted’; ‘Number of bilateral agreements entered into annually’; ‘Percentage of AORC board meetings chaired by the Public Protector’; and ‘Percentage of AOMA meetings chaired by the Public Protector’.

13.5. The PPSA acknowledges that due to the COVID-19 pandemic and measures in place to deal with it, the PPSA will need to adjust its targets, especially within the

Stakeholder Management Programme. A revised 2020/21 Annual Performance Plan will be tabled in the National Assembly in due course.

13.6. In 2020/21, the PP is allocated R341.8 million, compared to R322.6 million in 2019/20 (in real terms, the budget grows by 1.5% from 2019/20). A total of 77.8% or R266 million is for compensation of employees, while the goods and services budget is R72.6 million or 21.2% of the overall budget.

Public Protector SA Budget 2020 MTEF

PROGRAMME (R'000)	**2020/21**	**2021/22**	**2022/23**
Administration (38%)	135 209	142 555	148 800
Investigations (58%)	192 362	203 523	213 836
Stakeholder engagement (4%)	14 254	14 535	1285
Total	**341 825**	**360 613**	**377 921**

13.7. For some time now, the PPSA has indicated that the institution is underfunded and is requesting additional funding for the 2020 MTEF for the filling of critical positions; professional fees; insurance and fuel for newly acquired motor vehicles; security; insurance for servers; PPE; training; E-library services; a case management system; and employee wellness:

Public Protector SA: Total additional funding requested 2020 MTEF

2020/21 (R000)	**2021/21 (R'000)**	**2021/22 (R'000)**	**TOTAL (R'000)**
R 53 199.1	R41 320.9	50 578.1	145 098.1

14. **South African Human Rights Commission (SAHRC)**

14.1. The SAHRC's constitutional mandate is extremely wide, encompassing almost every aspect of civil, political and economic rights. It must promote respect for human rights; promote the protection, development and attainment of human rights; and monitor how well human rights are observed. The Constitution also provides that each year the Commission must require relevant organs of state to provide it with information on measures taken towards the realisation of the socio-economic rights contained in the Constitution.

14.2. The Commission has specific obligations in terms of legislation, including:

- The Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (PEPUDA).
- The Promotion of Access to Information Act, 2000 (PAIA). However, once the Information Regulator becomes fully operational, the SAHRC's obligations relating to PAIA, excluding the Commission's protection mandate, will be transferred to the Information Regulator.

14.3. On 28 March 2019, Parliament ratified the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT). The OPCAT requires States to establish a National Preventive Mechanism (NPM) to prevent torture, other cruel, inhuman or degrading punishment or treatment. South Africa has adopted a multiple body NPM with the SAHRC in a lead and coordinating role.

14.4. The MTSF focuses strongly on mainstreaming crosscutting focus areas, specifically the empowerment and access to resources and opportunities women, the youth and people with disabilities. Notably, the SAHRC has been accredited as an Independent Monitoring Mechanism (IMM) under the Convention on the Rights of People with Disabilities (CRPD). This obligates the Commission to fully establish and ensure the functionality of the IMM, monitor and report on compliance with the requirements of the CRPD to the United Nations Committee on the Rights of Persons with Disabilities.

14.5. The MTSF also highlights the need for social cohesion and a key outcome under the priority 'Social Cohesion and Safe Communities' is the implementation of the National Action Plan to Combat Racism, Racial Discrimination, Xenophobia and Related Intolerance.

14.6. In addition, the MTSF identifies the Commission as contributing to:

- The promotion of the Constitution and its values in schools, awareness campaigns, public engagements and dialogues.
- The development of a system to ensure consistent barrier free access for persons with disabilities to justice across the justice value chain.
- Strengthening and expanding protection measures for children and for adults with disabilities in institutionalised settings, such as special school boarding facilities, mental health care facilities and residential facilities.

14.7. The SAHRC's Strategic Plan 2020-25 provides for mandate-linked strategies:

- Promotion - Enhancing human rights advocacy, visibility and awareness programmes by conducting high impact engagements to influence policy, legislation and its application; establishing strategic partnerships for capacity and collaboration; empowering communities and the public to proactively engage with human rights issues; and utilising media platforms to raise awareness and increase visibility.
- Protection – Increasingly using redress mechanisms to minimise human rights violations by instituting strategic impact litigation and proactively conducting investigative inquiries and hearings.
- Monitoring – Comprehensive human rights monitoring and impact evaluation by strengthening and applying a comprehensive monitoring system to assess the state of human rights.

14.8. The Commission has four programmes: Administration; Promotion of human rights; Protection of human rights; and Monitoring observance of human rights.

14.9. The Commission is allocated R200.1 million for 2020/21, increasing in real terms by 0.88% compared to 2019/20. Revenue is mainly derived from transfers from the

Justice Department, which are expected to increase from R190.3 million in 2019/20 to R221.2 million in 2022/23.

15. **Information Regulator**

15.1. The Protection of Personal Information Act, 2013 (POPIA), regulates the processing of personal information by providing a framework that sets out the minimum standards that responsible parties must comply with when processing personal information. The Act applies to public and private bodies, including juristic persons, and aims to achieve a balance between the free-flow of information and the right to privacy.

15.2. The Information Regulator is established in terms of section 39 of POPIA and has wide range of powers and functions relating to promoting and enforcing the right to privacy. POPIA also transfers certain key responsibilities concerning the Promotion of Access to Information Act, 2000, (PAIA) to the Information Regulator. These include the handling of complaints, conducting investigations, and making assessments about compliance by public and private bodies.

15.3. At present, only those parts of the Act relating to the establishment of the Regulator and the making of regulations are operational. Once the Regulator has reached a stage of operational readiness, the remaining provisions will come into force. Even then, the Act provides for a grace period of one year to allow responsible parties to comply. This period can be extended to three years.

15.4. The SAHRC retains the functions relating to PAIA. These will also be transferred only once the Regulator is operational.

15.5. The Information Regulator reports the following developments:

- It has also been given approval for a staff establishment of 430 posts and the ‘go ahead’ to appoint 41 staff members in 2020/21. the second phase of recruitment is at an advanced stage – with a focus on managers and administrative officers in the human resources and finance division. The

Regulator has recently advertised for the following positions: Executive: Education and Communication Chief Information Officer (CIO); Legal Services Manager; Communication Manager; Public Education and Awareness Officer and a Complaints Registration Officer.

- The Regulator is sharing accommodation with the South African Human Rights Commission as an interim measure.
- The Chairperson of the Regulator wrote to the President and the Minister of Justice and Correctional Services requesting that the remaining sections of POPIA are brought into effect from the beginning of the 2020/21 financial year.

15.6. The Regulator has identified two key outcomes, namely:

- Ensure personal information is protected and respected.
- Access to information promoted.

15.7. Outcome indicators include:

- The number of complaints received in respect of the POPIA.
- The percentage improvement in the compliance with section 32 of PAIA.

15.8. The Information Regulator has identified the following risks and mitigation strategies:

RISK	**MITIGATION**
Delay in the operationalisation of POPIA	Request to the Minister and the President to issue a Proclamation that will bring into effect the remaining sections of POPIA
Delay in the full-establishment of the administration of the Regulator	Develop and implement a Separation Plan from the Department covering Financial and Human Resource areas of the Regulator. Finalisation of the Complete Organisational Structure and Operating Model.
Inadequate funding to effectively and efficiently fulfil mandate	Secure funding from the National Treasury to fill prioritised positions on a phased-in approach over MTSF period

15.9. The Information Regulator has five programmes.

Programme and Purpose	Subprogramme	Key output indicators
Protection of Personal Information: To ensure the promotion and protection of personal information processed by public and private bodies in line with the POPI Act.	Complaints and investigations Compliance and monitoring	• Approved Guidelines for Codes of Conduct for POPIA • Approved Readiness Plan for POPIA • Approved POPIA Complaints Management Processes, Standard Operating Procedures (SOP) and Manual • Automated complaints management system acquired.
Promotion of Access to Information: To ensure the effective implementation of the promotion of the constitutional right of access to any information held by the state and by any other person and that is required for the exercise of any rights.	Complaints and investigations Compliance and monitoring	• Memorandum of Cooperation South African Human Rights Commission implemented. • Approved Readiness Plan for PAIA.
Education and Communication: Provides strategic direction for the provision of Education and Communication.	Education and Public Awareness Communication and Media Relations	• Number of public Awareness sessions conducted in line with the approved Public Awareness Strategy and Plan for POPIA.

Programme and Purpose	Subprogramme	Key output indicators
		• Number of stakeholder engagements held in accordance with the Approved Stakeholder Engagement Strategy and Plan.
Legal, Policy, Research and Information Technology Analysis: Provides legal, policy, research and information technology analysis services	Legal Services and Litigation	Approved and implemented Research Strategy and Plan
	Policy and Research	
	Information Technology Analysis	
Administration: Provides effective and efficient leadership and corporate support services in the day-to-day management of the Information Regulator.		• Approved Phase Two of the Organisational Structure implemented. • Separation Plan (Finance and Human Resources) finalised and implemented

15.10. Funding is ring-fenced under the State Legal Services programme for the continued establishment of the Information Regulator. An amount of R45.5 million is allocated to the Information Regulator for 2020/2, compared with R28.9 million in 2019/21. The allocation for the remainder of the 2020 MTEF is as follows: R57.7 million in 2021/22; and R63.7 million in 2022/23.

16. Committee's observations

16.1. **Impact of COVID-19 on planning and the allocation of resources.** Government's plans for the medium term prioritise rebuilding the capacity of the state; rebuilding the ability to fight corruption; restoring investor confidence; recalibrating the economy; and creating jobs. These plans were finalised before the onset of the COVID-19 pandemic and the declaration by Government of a national state of disaster. At present, the impact of the pandemic on resources and, therefore, planning is unknown but it is clear that delivery on priorities will be adversely affected. The Committee has engaged with the plans presented to it well aware that these are likely to be revised but will consider any revisions at the appropriate time.

16.2. **Backlog cases**. The Committee remains firm that economic growth can only happen if underpinned by a well-functioning and stable justice system. If our legal system collapses, our democracy is threatened. Although the courts are open, the types of matters that can be heard are limited to essential matters. Whenever a presiding officer or official is suspected to have the virus, the affected court is closed while it is sanitised, causing disruption to court operations. As a result, the increase in the number of backlog cases is worrying and affects both criminal and civil matters. A year-on-year comparison of case backlogs at the District and Regional Courts is illustrative: At 31 April 2020, in the District Courts, there were 37 408 backlog cases compared with 24 526 such cases at the end of April 2019; and, in the Regional Courts, there were 29 948 compared with 23 636. The Minister has committed to the convening of a meeting between the Department and stakeholders to discuss the development of a proposed national case backlog management plan to address case backlogs that have accumulated since the declaration of the national state of disaster. The proposed case backlog plan would then be able to be discussed with the Judiciary at a meeting to be initiated by the Minister, as part of case-flow management, which is a judicial function. Once approved, the case backlog plan would be coordinated through the established case flow management structures. The Minister also committed to have the Clerks of the Court and Registrars list all criminal cases that were supposed to be placed on the roll during the period of national state of disaster and lockdown for consideration for purposes of a case backlog management plan. The Committee welcomes these commitments but asks that it be provided with a detailed report that includes actions and timeframes as soon as it is available.

16.3. The Committee notes that the Department has removed the indicator 'number of criminal cases on the backlog roll in lower courts' from the 2020/21 APP. Although the Committee understands that case flow management is a judicial function, the indicator is a useful means of monitoring the pressure on the system and should be reported on, particularly in the present circumstances.

16.4. **COVID-19 related transgressions**. The Committee is extremely concerned about the number of arrests related to alleged transgressions of the COVID-19 Regulations. Not only has this placed even greater pressure on the criminal justice system, many citizens are unaware that if they choose to pay an admission of guilt fine, it will attract a criminal record. The Committee is of the view that it is not desirable to make criminals of citizens for relatively minor misdeeds. The Committee notes that the Ministry is aware of this and intends to introduce a Judicial Matters Amendment Bill to address the problem. The Committee believes that the Bill is urgent and requests that the Minister tables it by the end of July, failing which the Committee will consider introducing a committee bill. The Department is also asked to provide a report containing the statistics in respect of the number of COVID-19 related matters before the courts and the number of admission of guilt fines that have been paid from the start of the lockdown until the end of May by 31 July 2020.

16.5. **Accelerated Justice Modernisation Plan and Integrated Justice System programme**. The Committee welcomes the focus on accelerating modernisation projects and agrees that the present crisis may provide the necessary impetus for role-players in the justice system to rethink the way things are being done. Our legal system is inefficient but initiatives to end these inefficiencies and time wastages have not progressed satisfactorily. The Committee is informed that a cross-functional task team comprising of representatives from Court Services and the Judiciary, led by Information Systems Management (ISM), is being established to develop a comprehensive plan and budgetary estimates for approval by the Minister. The Committee has previously identified the need to engage with the Department on this item and will arrange a meeting as soon as its programme permits.

16.6. **Integrated Justice System programme**. The Committee is also pleased that the JCPS Cluster has identified certain catalytic projects under the Integrated Criminal Justice Strategy and that the Department plans to prioritise ICT infrastructure to facilitate digital transformation for improved service delivery. The Committee understands that a revised Integrated Justice System (IJS) project plan, which takes into account the priorities arising from COVID - 19, is to be developed in line with the new IJS Governance structure. The revised IJS project includes the accelerated roll-out of the Audio-Visual Remand (AVR) link systems to additional courts and correctional centres; the development of secure Audio-Visual facilities at the seats of regional courts districts courts in major centres to enable virtual trials (and development of legislation for this purpose); digitisation of documents shared across the criminal justice system value chain. The Committee has previously identified the need to engage with the Department and stakeholders on this item and will arrange a meeting as soon as its programme permits.

16.7. **Audit Turnaround and Stabilisation Plan.** The Committee appreciates the Department's candour regarding the sorry state in which it finds itself. Last year, the Department committed to addressing the qualified audit opinion that it had received for 2018/19. The Department has developed a turnaround and stabilisation plan but told the Committee that it does not expect to be able to improve the audit outcome for the 2019/20 financial year. The Committee made observations on the poor audit outcome in its Budgetary Review and Recommendation Report, dated 29 October 2019. The Committee requests that by 31 July 2020:

- The Acting Director-General provide the Committee with details of the formal commitments made to address the audit findings.
- The Department provide progress reports to the Committee as part of the quarterly reporting process.
- Management confirms that in-year financial and performance reports have been adequately reviewed at the appropriate times.
- At the appropriate time, the Acting Director-General, Chief Financial Officer and Audit Committee all confirm that the annual financial statements have been reviewed prior to submission for auditing.

16.8. **Organisational renewal** The Department also reports that it will start the process of organisational renewal. As part of this, the macro-structure will be reconfigured in 2020/21. The Committee requests that the Department provide it with a report on the reconfiguration of the macro-structure and how the renewal process will improve efficiency in respect of service delivery by 31 July 2020.

16.9. **Vacancies.** The Committee welcomes the Minister's commitment to filling vacancies during 2020/21. The Committee has remarked before on the high number of acting appointments at Senior Management level, in particular, including that of Acting Director-General; Acting Head Corporate Services; and Acting Chief Master. The Committee agrees that the extremely high vacancy rate among its senior managers has contributed to the Department's present challenges. The Committee, however, believes that the proper management of its human resources is within the Department's control and expects that it should prioritise the filling of vacancies. The Committee understands that initially the COVID-19 pandemic would have interrupted recruitment plans but, by now, expects that plans should be in place to forge ahead with recruitment. The Committee, therefore, requests that the Department provide it with its updated recruitment plan, particularly relating to vacancies at senior management level and in critical posts, and a progress report by 31 July 2020 and as part of the quarterly reporting process, and be prepared to brief it on the management of human resources in the Department: The briefing should, among other, address vacancies, turnover rates, training, as well as succession planning.

16.10. **Consequence management**. The Committee notes the Minister's commitment to the enforcement of consequence management, as well as that the recommendations contained in investigative reports and the reports of oversight bodies will be acted on. The Committee asks that the Department provide it with information on the management of disciplinary matters, including the number of these matters, the nature of the transgressions, the number of suspensions, the average time taken to resolve these matters and the outcomes of finalised matters, including the number of matters that have been referred for criminal investigation and recovery of monies by 31 July 2020. The Department should also be prepared to report to the Committee on this item quarterly. The Committee also understands that the SNG Grant Thornton report into the BOSASA matter is finalised and requests that it be made available to it.

16.11. **Justice College.** The Committee notes that Justice College is set to play a key role in providing functional/niche training programmes to officials. However, the re-prioritising strategy on Justice College has not yet been finalised. The Committee requests the Department to provide a report on its plans regarding Justice College by 31 July 2020 and be prepared to report quarterly on progress.

16.12. **Court infrastructure and planned maintenance.** Building new courts in under-serviced areas has been a core element of the Department's efforts to expand access to justice. However, the tendency has been that capital works projects typically take far longer to finish than projected and, consequently, costs escalate hugely. There are also challenges relating to the quality of the work done.

The maintenance of buildings is largely the responsibility of the Department of Public Works and Infrastructure (small repairs can be done at court level) but there has been very little money available for this. The Committee has noted previously that the Minister of Public Works and Infrastructure declared the state of the courts to be shocking and requested a full report. The Committee noted too that a meeting was to be scheduled between the two Ministers on the infrastructure programme and maintenance of the courts. The Committee is interested in the findings of the report prepared for the Minister: Public Works and Infrastructure, as well as the outcome of the proposed meeting between the Ministers.

The Committee is concerned that the allocation for the building of courts is used well, which is not been the case in past years. There is also a tendency not to make adequate provision in the budget for planned maintenance – instead savings from the capital works budget are reallocated to planned maintenance for that purpose.

The Committee repeats its intention to schedule a dedicated briefing involving all roleplayers on all aspects of the infrastructure programme, including planned maintenance, as soon as its programme permits. For now, the Committee requests that the Department provide a comprehensive report on this item by 31 July 2020 and continue to report on progress as part of the quarterly reporting process.

16.13. **Transformation policies**. The Committee notes that the Department plans to develop and implement a number of policies over the MTSF period. The Committee notes the Minister's commitment to policy certainty and intends to arrange a comprehensive briefing on the Department's initiatives to bring about transformation of the South African legal system as soon as its programme permits. For now, it requests that the Department provide it with a comprehensive written report of its plans with timeframes by 31 July 2020.

16.14. **Combatting Gender-based Violence**. The Committee is concerned about the reported surge in the number of domestic violence cases during the lockdown. The Committee notes also that Government continues to prioritise the fight against gender-based violence and femicide over the medium term. The Department has invited comment on three amendment Bills to curb gender-based violence and plans to introduce to Parliament this year. In addition, the Department plans to continue to roll out Sexual Offences' Courts and Thuthuzela Care Centres to provide much-needed support services to survivors of gender-based and sexual violence, and continue with efforts to establish a Femicide Watch. The Committee is unclear to what extent, if any, plans to fight gender-based violence and femicide will be affected by the proposed budget cuts for 2020/21 but does not support any proposal to cut funding for this priority.

16.15. **Femicide Watch**. The Committee is interested to learn more about the phased establishment of a Femicide Watch. Although the Committee will engage with the Department and NPA regarding its responsibilities relating to Gender-based Violence and Femicide as soon as the programme permits, the Department is asked in the meantime to provide an overview of the project, including the background, its scope and purpose, targets and timeframes, and any challenges experienced in writing by 31 July 2020.

16.16. **Implementation of the National Action Plan to Combat Racism, Racial Discrimination, Xenophobia and Related Intolerance (NAP)**. The MTSF continues to prioritise social cohesion. In this regard, the Committee notes the Department's plans to contribute to building a human rights culture and to giving effect to constitutional values by driving campaigns to increase constitutional awareness. The focus of this advocacy work will be on changing societal attitudes in the areas of racism, xenophobia and related intolerances. The Committee agrees that progress surrounding the National Action Plan has been unsatisfactory. It also wonders whether it is possible for the National Action Plan to Combat Racism, Racial Discrimination, Xenophobia and Related Intolerance to be implemented effectively without a governance structure and a funding policy in place. (The Plan only envisages that the governance structure will in place towards the end of 2020/21 with funding to follow in 2021/22). The Committee is extremely concerned about the seeming lack of urgency, given the extent of the pressures being felt within our society at present and the potential for this to become divisive, fuelling xenophobic attacks, among others. The Committee intends to engage with the Department's plans relating to the NAP and will arrange a meeting as soon as the programme permits.

16.17. **Maintenance payments.** The Department had initiated MojaPay at 428 courts and 12 State Attorney Offices as at 31 March 2019 with implementation at the remaining offices (45 courts – mainly in the Western Cape) by 31 December 2019. Mojapay is a centralised system that automatically matches maintenance from a parent to their minor children. The Committee, however, had some concerns about the MojaPay system at the East London Magistrate's Court, which experienced a technical 'meltdown' with the result that there were no payments for a period in April. The Committee notes the Department's explanation and assurance that the technical problems have been addressed but asks the Department provide a full report on the extent of the problem and what was done to resolve it by no later than 31 July 2020.

16.18. **Sign language as an official language**. In the State of the Nation Address, the President announced that steps would be taken to make South African sign language an official language. Although the Department of Sport, Arts and Culture is responsible for the support and development of South African sign language, the Department would typically promote the necessary constitutional amendment that will give sign language its official status. The Committee requests the Department to engage with its counterpart at Sports, Arts and Culture so that the amendments can reach Parliament without delay.

16.19. **Barrier-free Access to Justice for persons with disabilities**. The Committee notes that the MTSF 2019-2024 requires the Department to develop a system to ensure consistent barrier-free access for persons with disabilities to justice across the justice value chain. The Committee asks the Department to provide further details about its plans to fulfil this responsibility by 31 July 2020.

16.20. **State Legal Services.** The Committee welcomes to appointment of South Africa's first Solicitor-General, Mr Fhedzisani Pandelani, for a two-year period. Legislation amending the State Attorney Act, which Parliament passed in 2014, came into operation on 2 February 2020. The amendment empowers the Minister to appoint a Solicitor-General to oversee the running of all offices of the State Attorney. Given the extent of the abuse of state litigation resources, the Committee agrees that the appointment is urgent. It understands that a permanent appointment, which involves a lengthier process, will follow in due course. The Committee will arrange a dedicated meeting in order to deepen its understanding of the operations of this Office countrywide, as well as the plans to transform State Legal Services as a whole, as soon as its programme permits.

16.21. **Specialized Commercial Crime Courts**. The Committee requests that the Department provide it with a report by 31 July 2020 on the plans to establish more Specialized Commercial Crime Courts.

17. Information Regulator

17.1. The Committee understands that the Chairperson of the Information Regulator had requested that the Protection of Personal Information Act be brought into operation on 1 April 2020. The Ministry informed the Committee that there is a process underway between the Department and the Information Regulator to bring the remaining provisions of the Act into operation. Given how important it is for South Africa to have a legislative framework that protects personal data, these delays must be addressed urgently. Worldwide, data protection legislation is seen as a key component in securing information so that it does not fall into the wrong hands. The Regulator has commented that, in South Africa, the personal information of data subjects continues to processed with impunity and without adequate redress and that the country is experiencing an unprecedented number of data breaches. The Committee also notes the significant cost of data breaches to individuals and the country as a whole. Furthermore, ensuring that personal data is properly secured will facilitate measures to strengthen cybersecurity, and will assist to prevent cybercrime. The Committee believes that the Act should commence as soon as possible and, therefore, supports this process.

17.2. The Committee is of the view that in the past not enough attention has been paid to the establishment of the Information Regulator and its proper capacitation. The Committee also shares the Information Regulator's concern that the budget allocated to it is inadequate given its responsibilities. In this regard, there is a need to properly locate the role of the Information Regulator within the broader context of the Fourth Industrial Revolution and the threat to cybersecurity. The Committee, therefore, urges the Minister to take political responsibility for the Regulator as the Committee is concerned that without an intervention the Information Regulator will not be ready for the commencement of the Act. To fully understand what more must be done for the Regulator to reach the requisite level of operational readiness, the Committee asks that the Regulator provide a report on this by 31 July 2020.

17.3. The Committee notes that until the Regulator is operational and the remaining provisions of POPIA come into effect, the SAHRC will continue to fulfil its (largely unfunded) mandate with regards to access to information.

17.4. As soon as its programme permits, the Committee will arrange a meeting that will include the Ministry and the South African Human Rights Commission to discuss the way forward.

18. National Prosecuting Authority

18.1. The Committee had recommended the allocation of additional funding to the NPA in its Budgetary Review and Recommendation Report, dated 29 October 2019, to address to address any shortfall on its compensation of employees' budget; to fill critical vacancies; to create capacity at the AFU, SCCU and in the Office of Witness Protection, and for it to be able to continue with the Aspirant Prosecutors Programme. The Committee therefore welcomes the allocation of additional funds in the amount of R1.36 billion over the medium term to enhance prosecution capacity in the National Prosecuting Authority (NPA), including the Sexual Offences and Community Affairs Unit; operationalise the Investigative Directorate; capacitate various anti-corruption units; and to establish five additional specialised commercial crimes courts to ensure their presence in each province.

18.2. **Recruitments**. The Committee has previously expressed its concern about the number of acting appointments and the extraordinary high vacancy rate among prosecutors. The NPA has since reported that it has advertised 921 posts. These include the positions of Deputy Director of Public Prosecutions; Chief Prosecutors and District Court prosecutors as well as posts at the Thuthuzela Care Centres. The Committee is pleased by this and requests that the NPA provides a report with a more detailed breakdown of the recruitment drive, including timeframes, by 31 July 2020. The Committee also requests that the NPA indicate its plans to mitigate any possible delays to the recruitment process as a result of the COVID-19 pandemic.

18.3. **Acting appointments**. The Committee is especially pleased that the recruitment process appears to also address the need for a stable top leadership at the NPA. The Committee requests that the NPA also includes a report on progress towards appointment of Deputy National Directors of Public Prosecutions and Special Directors, as it regards the filing of these positions to be crucial in rebuilding the institution.

18.4. **Move away from statistics driven performance measures**. The Committee is pleased that NPA has made good on its promise to rethink the way it measures its performance. The Committee had raised its concern that the focus on convictions rates creates the risk that cases, which are more challenging from a prosecuting perspective, are dropped.

18.5. **Addressing referrals expeditiously.** In the past, there have been complaints about the time it takes for the NPA to reach a decision on whether or not to prosecute in matters relating to fraud and corruption. The SIU was previously especially aggrieved by the length of time taken to reach a decision and raised its objections sharply at the time. There is a new impetus to the fight against corruption and the Committee is, therefore, keen to arrange a meeting between the SIU and the NPA to establish what measures have been put in place to facilitate a good working relationship between the two and other actors in the anti-corruption task team and to speed up decisions relating to referred matters.

The Committee is also keen to learn more about the actions being taken to identify and prosecute COVID-19 related corruption matters.

19. **Legal Aid SA**

19.1. The Committee welcomes the appointment of the new CEO, Ms M Kola, who made her first appearance before the Committee.

19.2. **Land justice**. The Committee is especially pleased that the legal representation function (and related budget) currently undertaken by the Land Rights Management Facility in the Department of Agriculture, Land Reform and Rural Development is to be transferred to Legal Aid SA, in order to assist the indigent that seek land justice. The Committee understands that until the jurisdiction of the Land Claims Court is settled, it will be difficult for Legal Aid SA to fully determine its delivery model and the associated costs. Nonetheless this is a very welcome development, which the Committee fully supports.

19.3. For the same reasons advanced in the Budgetary Review and Recommendation Report, dated 29 October 2019, the Committee does not support any reduction to Legal Aid SA's budget for 2020/21 to fund emergency relief measures related to COVID-19. It is also likely that because of the growth in backlog cases, courts will need to sit additionally. In this regard, it is very concerning that Legal Aid SA has no relief capacity because of budget cuts over the past few years. The absence of a relief component is also a concern to other roleplayers in the criminal justice system, as matters cannot proceed if an accused's legal representative is unavailable, causing blockages and contributing to backlogs.

20. **Special Investigating Unit**

20.1. **Special Tribunal**. The Committee welcomes the establishment of the Special Tribunal that will allow the SIU to process matters faster than in the ordinary civil courts. The Tribunal has been operating for over seven months and appears already to be making a difference.

20.2. **Employment equity**. The Committee has previously noted the SIU's poor performance with regard to equity targets, especially with respect to the women employees in the professional qualified category and persons with disabilities. The SIU has also acknowledged that its working environment does not adequately support persons with disabilities. The Committee appreciates the SIU's commitment to address its challenges in this regard, as reflected in its plans, and will monitor progress closely.

20.3. **Shareholder compacts**. The Committee supports the SIU's intention to seek and conclude a shareholder compact with the Ministry of Justice and Correctional Services, even though these are not legislated for Section 3C entities. The purpose of the compact is to strengthen the SIU's relationship with the Ministry of Justice and Correctional Services, as the SIU relies heavily on the Department's support in processing Presidential proclamations for investigations.

21. **Public Protector South Africa**

21.1. The Committee notes the Public Protector SA's request for additional funds and has included details of the request in this report. The Committee is especially concerned that only one of the Public Protector SA' s offices has security given the nature of the work that the PPSA undertakes.

21.2. The Committee is pleased that the Public Protector SA did not experience budget cuts for 2020/21. As for the proposed reprioritisation of funds to support emergency relief measures as a result of the COVID-19 pandemic, in the case of the PPSA and the SAHRC, the Committee repeats its view that it does not generally support budget cuts in the case of the Chapter 9 institutions. Typically, the Chapter 9 institutions are already underfunded and budget cuts place an excessive strain on their operations.

21.3. The Public Protector reflected that she is at mid-term. The Committee is interested in her reflections and insights and will look to creating an opportunity for the Public Protector to be able to share these with it.

21.4. The Committee notes the explanation that the Public Protector SA does not seek out litigation but will defend matters which reflect on its mandate. The Committee repeats it view that being taken on review is no indicator of the quality of a report. The Committee, however, asks the Public Protector SA ensure that its reports are of the very highest standard to lessen the prospects of a successful challenge. The Committee has raised the matter of the quality of the Public Protector SA's reports on several occasions and asks that the Public Protector SA provide it with a report on its quality control mechanism. The Committee also requests that the Public Protector SA keep it informed of the number and status of the review applications and the associated costs.

21.5. The Committee welcomes the appointment of the new Deputy Public Protector (DPP), Adv. K Gcaleka, who made her first appearance before the Committee in the capacity of DPP. Although the DPP did explain her delegations to the Committee, the Committee requests that these be provided in writing as soon as possible.

22. **South African Human Rights Commission**

22.1. **Impact of COVID-19 on resources.** The SAHRC's ability to deliver is constrained by its (relatively) small budget compared with its mandate. The Committee is pleased therefore that the SAHRC does not have budget cuts for 2020/21. However, given their already relatively small budgets, the Committee does not support any proposal to impose budget cuts on either the SAHRC or the PPSA for emergency relief measures. This is especially so given the SAHRC critical role in tackling alleged human rights abuses by state actors during the lockdown period.

22.2. **PAIA mandate**. The Commission has never received adequate funds for it to fulfil its mandate in terms of the Promotion of Access to Information Act (PAIA), 2000.

In addition, a lack of enforcement powers has constrained its effectiveness of its PAIA work. The SAHRC has observed a worrying trend of non-compliance with PAIA in recent years. With the exception of its promotional work, the Commission's powers with respect to access to information will be transferred to the Information Regulator once the Regulator is fully established. The Committee intends to arrange a meeting regarding preparations for the transfer of responsibilities from the SAHRC to the Information Regulator.

22.3. **Failure of departments to co-operat**e. The Committee is aware that some departments fail to co-operate with the SAHRC. The Committee requests that the SAHRC provide it with a list of errant departments so that the matter can be taken up through the Speaker's Office with the Leader of Government Business.

23. **Summary of reporting requests**

MATTER	ACTION REQUIRED	TIMEFRAME
DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT		
National case backlog management plan [para 16.2]	Report	As soon as Plan is available
Statistics relating to COVID-19 cases before courts [para 16.4]	Report covering period from start of lockdown to end May 2020	31 July 2020
Accelerated Justice Modernisation Plan and Accelerated IJS programme [para 16.5 and para 16.6]	Progress reports Briefings	31 July 2020 Refer to programme
Audit turnaround and Stabilisation Plan – commitments to address poor audit outcome [para 16.7]	Report	31 July 2020 Quarterly

MATTER	ACTION REQUIRED	TIMEFRAME
Organisational renewal – reconfiguration of macro-structure [para 16.8]	Report	31 July 2020
Vacancies – recruitment plan, especially at SMS level and in critical positions [para 16.9]	Report Briefing on human resource management plan	31 July 2020 Refer to programme
Consequence management – enforcement of disciplinary measures and recommendations of investigative reports [para 16.10]	Report	31 July 2020 Quarterly
Justice College – progress [para 16.11]	Report	31 July 2020 Quarterly
Court infrastructure and planned maintenance project [para. 16.12]	Report Briefing/meeting with roleplayers	31 July 2020 Refer to programme
Transformation policies [para 16.13]	Report Briefing	31 July 2020 Refer to programme
Femicide Watch [para 16.15]	Report	31 July 2020
Implementation of the NAP – progress [para 16.16]	Report Briefing	31 July 2020 Refer to programme
Maintenance payments – challenges at East London with MojaPay [para 16.17]	Report	31 July 2020

MATTER	ACTION REQUIRED	TIMEFRAME
Access to justice for persons with disabilities – plans to action this responsibility [para 16.19]	Report	31 July 2020
State Legal Services [para 16.20]	Briefing	Refer to programme
Rollout of Special Commercial Crime Courts [para 16.21]	Report	31 July 2020
INFORMATION REGULATOR		
State of operational readiness for commencement of Act	Report	31 July 2020
NPA		
Recruitment plan: Vacancies and acting appointments [para 18.2 and 18.3]	Report	31 July 2020
Referrals	Meeting	Refer to programme
PUBLIC PROTECTOR SA		
Delegations to DPP		
SAHRC		
Lack of co-operation from government departments – list of errant departments	**Report**	

24. **Appreciation**

24.1. The Committee wishes to thank:

- The Minister and the Deputy Ministers for the political overview and Ministry staff for their co-operation.
- The Acting Director General and all officials who appeared before the Committee for their co-operation.

- The National Director of Public Prosecutions and NPA officials for their co-operation in this process.
- The Chairperson and Members of the Information Regulator and officials for their input to their participation in the process.
- The Public Protector and the Deputy Public Protector; the Chairperson and the Commissioners of the South African Human Rights Commission; the Chairperson and Members of the Board of Legal Aid South Africa; and the Head of the Special Investigating Unit, as well as all respective staff members that assisted with this process**.**

25. **Recommendations**

25.1. The Committee, having considered the respective five-year Strategic Plans and Annual Performance Plans 2020/21 of the Department of Justice and Constitutional Development, Information Regulator, NPA, Legal Aid SA, SIU, Public Protector SA and SAHRC, recommends that they be approved.

25.2. The Committee, having considered the Budget Vote 25: Justice and Constitutional Development supports it and recommends that it be approved.

Report to be considered

15. REPORT OF THE PORTFOLIO COMMITTEE ON HIGHER EDUCATION, SCIENCE AND TECHNOLOGY ON CONSIDERATION OF THE BUDGET VOTE 17: HIGHER EDUCATION AND TRAINING, DATED 02 JUNE 2020

1. INTRODUCTION AND MANDATE OF THE COMMITTEE, THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING AND ITS ENTITIES

The Portfolio Committee on Higher Education, Science and Technology (hereinafter referred to as the Committee), having considered the Strategic Plans 2020 – 2025 and Annual Performance Plans (APPs) 2020/21 and budgets of the Department of Higher Education and Training (hereinafter referred to as the Department), National Student Financial Aid Scheme (NSFAS), Council on Higher Education (CHE), South African Qualifications Authority (SAQA) and the Quality Council for Trades and Occupations (QCTO), reports as follows:

1.1. Purpose of the Budget Vote 17 Report

The purpose of this report is to account for work done by the Committee in considering the 2020 - 2025 Strategic Plans and 2020/21 Annual Performance Plans (APP) and budgets of the Department, NSFAS, CHE, SAQA and the QCTO in accordance with Section 27(1) of the Public Finance Management Act, 1999 (Act. No 29 of 1999), and as referred by the Speaker of the National Assembly (NA) to the Committee in terms of Rule 338 for consideration and reporting.

1.2. Mandate of the Committee and the DHET

Section 55(2) of the Constitution of the Republic of South Africa stipulates that "the National Assembly (NA) must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) national executive authority, including the implementation of the legislation; and (ii) any organ of state". Rule 227 of the Rules of the National Assembly (9th edition) provides for mechanisms contemplated in section 55(2) of the Constitution.

The Department derives its mandate from section 29 of the Constitution of the Republic of South Africa and the following legislation: Higher Education Act, 1997 (Act No.101 of 1997), National Student Financial Scheme Act, 1999 (Act No. 56 of 1999), Continuing Education and

Training Act, 2006 (Act No. 16 of 2006), National Qualifications Framework Act, 2008 (Act No. 67 of 2008), Skills Development Act, 1998 (Act No. 97 of 1998), Skills Development Levies Act, 1999 (Act No. 9 of 1999) and the General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001). The Committee oversees the implementation of the above mentioned legislation.

1.3. Method

The 2020 - 25 Strategic Plans and 2020/21 APPs and budgets of the Department, NSFAS, CHE, SAQA and the QCTO were considered against the background of key government policy documents, including, amongst others, the National Development Plan (NDP), the 2019 – 2024 Medium Term Strategic Framework (MTSF), and the 2020 State of the Nation Address (SONA). The Committee had joint briefing sessions with the Select Committee on Education and Technology, Sports, Arts and Culture to consider the Strategic Plans and the APPs of NSFAS, CHE and SAQA on 11 May 2020 and 20 May 2020, the Department on 14 May 2020, and the QCTO on 22 May 2020.

The Committee planned to convene a briefing session with the Auditor-General of South Africa (AGSA) on the audit outcomes of the 2020/21 APPs of the Higher Education and Training Portfolio. However, on 7 May 2020, the AGSA informed the Committee that it could not confirm the final 2020/21 APPs for the Portfolio due to lockdown, which resulted in the withdrawal of the auditing teams from audits.

2. OVERVIEW OF THE KEY POLICY FOCUS AREAS RELEVANT FOR THE DEPARTMENT AND THE ENTITIES

2.1. Key government policies

2.1.1. The National Development Plan (NDP) Vision 2030

The NDP identifies decent work, education and the capacity of the state as particularly important priorities. For the post-school education and training (PSET) sector, the NDP envisages that by 2030, South Africans should have access to education and training of the highest quality. The education, training and innovation system should cater for different needs and produce highly skilled individuals; and graduates of the post-school system should have adequate skills and knowledge to meet the current and future needs of the economy and society.

2.1.2. The White Paper for Post-School Education and Training (WPPSET)

The White Paper articulates a vision for an integrated system of post-school education and training, with all institutions playing their role as parts of a coherent but differentiated system. The White Paper sets out strategies to expand the current provision of education and training in South Africa, to improve its quality, to integrate the various strands of the post-school system. There are interventions set in the White Paper for implementation by different sectors of the PSET system. Flowing from the White Paper, the Department has developed a Draft National Plan for Higher Education, which will be an implementation plan with measurable targets for each sub-system of the sector. The main policy objectives are:

- A post-school system that can assist in building a fair, equitable, non-racial, non-sexist and democratic South Africa;
- A single, coordinated post-school education and training system, expanded access, improved quality and increased diversity of provision; and
- A post-school education and training that is responsive to the needs of individual citizens, employers in both private and public sectors, as well as broader societal and development objectives.

2.1.3. 2019 – 2024 Medium-Term Strategic Framework (MTSF)

In 2019, the new Administration identified seven priorities derived from its electoral mandate and the 2019 State of the Nation Address (SONA) to focus its interventions for the 2019 – 2024 MTSF period. The 2019 – 2024 MTSF is a five-year strategic plan of government, and forms the second five-year implementation phase of the NDP. The post-school education and training sector contributes to Priority 2: Education, Skills and Health. This priority contributes to pillar 2 of the NDP pillars, which is Capabilities of South Africans.

In implementing Priority 2: Education, Skills and Health, Government has developed the new 2019 – 2024 MTSF. The Strategy has four Outcomes that are relevant to the Department of Higher Education and Training (DHET). These are:

- Expanded access to PSET opportunities;
- Improved success and efficiency in the PSET system;
- Improved quality of PSET provisioning; and

- A responsive PSET system.

2.1.4. 2020 State of the Nation Address (SONA)

The February 2020 State of the Nation Address (SONA) key focus is on inclusive growth and addresses critical priorities for the Post School Education and Training sector. These include, youth employment through appropriate skills development and capabilities, curriculum development, student accommodation and the establishment of two universities and nine Technical and Vocational Education and Training (TVET) colleges.

3. OVERVIEW AND ASSESSMENT OF THE DEPARTMENT'S STRATEGIC PLAN 2020 – 2025

The 2019 – 2024 MTSF, which is a five-year strategic plan of government forms the second five-year implementation phase of the NDP. This requires that government departments at all levels, and entities incorporate its policy priorities of the sixth Administration. The Department of Higher Education and Training's Strategic Plan 2020 – 2025 is guided and aligned to the MTSF priorities. The Strategy identifies four outcomes for under Priority 2: Education, Skills and Health. The Department leads four of the 81 outcomes identified in the MTSF under Priority 2. The Department has incorporated most of the policy priorities under the following Outcomes:

- **Expanded access to PSET opportunities -** aims to provide a diverse student population with access to a comprehensive and multifaceted range of PSET opportunities;
- **Improved success and efficiency in the PSET system** - aims to improve efficiency and success of the PSET system;
- **Improved quality of PSET provisioning** - aims to build the capacity of PSET institutions to provide quality education and training;
- **A responsive PSET system** – aims to provide qualifications programmes and curricula that are responsive to the needs of the world of work, society and students; and
- **Excellent business operations within DHET –** aims to ensure sound service delivery management and effective resource management within the department.

The Department and its entities will be required to implement different interventions over a five-year period to achieve the outcomes. Contributing to some of the interventions under Priority 2: Education, Skills and Health is the Department of Science and Innovation and the

National Research Foundation (NRF), the Department of Employment and Labour, Unemployment Insurance Fund and the Department of Agriculture, Land Reform and Rural Development through agricultural colleges.

3.1. Priority 2: Education, Skills and Health outcomes interventions, amongst others

3. 1.1. Outcome 1: Expanded access to PSET opportunities

- Implementing enrolment plans for universities, Technical and Vocational and Training (TVET) and Community Education and Training (CET) colleges (2020-24);
- Ensuring eligible students receive funding through the National Student Financial Aid Scheme (NSFAS) bursaries (through guidelines, policy, legislative review, effective oversight of the NSFAS by DHET and improve management of the NSFAS);
- Implementing required agreements, financing systems, infrastructure frameworks and disability support to realise enrolment growth;
- SETAs identifying increased number of workplace-based opportunities and make information of work-based learning known to the public;
- Establishing centres of specialisation to support students with disabilities in TVET college; and
- Promoting the take up of artisanal trades as career choices among youth.

3.1.2. Improved success and efficiency of the PSET system

- Advocating the use of open access Learning and Teaching Support Materials (LTSM) in CET colleges; Implement capacity building programmes and interventions at universities;
- Increasing the number of TVET students attending foundation courses;
- Eradicating National Accredited Technical Education Diploma (NATED) and National Certificate Vocational NC(V) certification backlog;
- Implementing IT examination system for TVET Colleges; and
- Increasing the number of universities offering accredited TVET college lecturer qualifications.

3.1.3. Improved quality of PSET provisioning

- Increasing the number of universities offering accredited TVET college lecturer qualifications;
- Implementing the New Generation of Academics Programme (nGAP); and
- Developing standards of good governance in public TVET colleges, CETCs, Universities and SETAs.

3.1.4. A responsive PSET system

- Industry exposure for lecturers and students (especially in TVET colleges);
- Reviewing all TVET college curriculum to align with regional industry needs;
- Promoting entrepreneurship in TVET colleges through the establishment of hubs;
- Training young artisans through the centres of specialisation at TVET colleges;
- Introducing compulsory digital skills training specific to programme offerings at TVET colleges;
- CET college skills program piloted around community needs; and
- Supporting universities to implement student-focussed entrepreneurship programmes; Conduct IP awareness sessions (IP Wise) at TVET colleges (at least two per annum).

Though the Department has incorporated most of the policy priorities, the following performance outcome indicators and targets have not been reflected in the five-year strategic plan of the Department as well as the Annual Performance Plan.

- **Outcome 1: Expanded access to the PSET opportunities:**
    - NSFAS Policy in place for sustainable funding of students from poor background and from the 'missing middle' (guidelines, legislative review, effective oversight by DHET). The Department mentions it in the strategic plan as a focus area over the MTSF period. However, it is reflected as an output indicator and target; effective administration of NSFAS;
    - Service Level Agreement (SLA) between the DHET and SETAs to improve performance are met; number of learners registered for SETA-supported skills learnerships annually; and
    - Number of learners registered for SETA-supported internships annually.
- **Outcome 2: Improved success and efficiency of the PSET system:**
    - Advocacy campaign on the use of Open Access Learning and Teaching Support Materials (LTSM) is undertaken.
- **Outcome 3: Improve quality of provisioning:**
    - Number of lecturers from Historically Disadvantaged Institutions (HDIs) and the target is to determine the target from analysing HDIs and Universities of Technology (UoTs) trend through the nGAP; and

- Percentage of universities that have signed agreements with TVET to recognise their qualifications.

- **Outcome 4: A responsive PSET system:**
  - Number of protocols signed with industry to place TVET college students and lecturers for workplace experience.

4. 2020/21 MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF) BUDGET

4.1. Overview and assessment of the 2020/21 Medium-Term Expenditure Framework (MTEF) Budget and the 2020/21 Annual Performance Plan (APP)

Table 1: Summary of the overall Budget Allocation and Expenditure Estimates: 2020/21 MTEF

Programme	**Budget**				**Nominal Rand change**	**Real Rand change**	**Nominal % change**	**Real % change**
R million	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2019/20-2020/21**		**2019/20-2020/21**	
Administration	412.2	491.2	525.7	552.2	79.0	58.3	19.17 %	14.14 %
Planning, Policy and Strategy	180.7	214.5	227.5	239.2	33.8	24.8	18.71 %	13.70 %
Programme 3: University Education	73 365.0	80 083.4	84 332.6	88 167.9	6 718.4	3 343.2	9.16 %	4.56 %
Technical and Vocational Education and Training	12 630.9	13 813.6	14 644.0	15 278.7	1 182.7	600.5	9.36 %	4.75 %
Skills Development	280.9	318.5	336.6	354.8	37.6	24.2	13.39 %	8.61 %
Community Education and Training	2 143.8	2 522.9	2 686.7	2 780.5	379.1	272.8	17.68 %	12.72 %
Subtotal	**89 013.6**	**97 444.0**	**102 753.0**	**107 373.4**	**8 430.6**	**4 323.8**	**9.5 %**	**4.86 %**
Direct Charges against National Revenue	18 576.3	19 412.9	20 585.0	21 969.8	836.6	18.4	4.50 %	0.10 %
TOTAL	**107 589.8**	**116 857.0**	**123 338.1**	**129 343.1**	**9 267.2**	**4 342.2**	**8.61 %**	**4.04 %**

Over the MTEF period, the Department of Higher Education and Training's budget amounts to R369.5 billion including direct charges. For the 2020/21 financial year, government allocated an amount of R116.85 billion to the Department of Higher Education and Training. This represents, when factoring inflation, an increase of 4% from the 2019/20 adjusted appropriation amounting to R107.58 billion. Government expenditure on higher education for 2020/21 represents a 2.15% as a share of the Gross Domestic Product (GDP). This expenditure as a share of GDP is projected to decrease marginally in the two outer years of the MTEF period to 2.14% and 2.11%, respectively. For the current financial year, Government expenditure on the higher education represents 15.42% as a share of the total national expenditure and 29.90% of the total education spending.

The budget is made up of R97.44 billion from voted funds (Department's programme budget) and R19.41 billion from Direct Charges against the National Revenue Fund, for the Sector Education and Training Authorities (SETAs) and the National Skills Fund (NSF). Allocations from voted funds and Direct Charges against the National Revenue Fund have increased from the previous financial year by 4.86% and 0.10% when adjusted for inflation. The Department's programme budget excluding Direct Charges, represents 83.3% of the total budget. The Department's total budget, including Direct Charges is projected to grow in the two outer years of the MTEF period by an average growth rate of 6.3%, from R107.58 billion in 2019/20 to R129.34 billion in 2022/23.

Spending on transfers and subsidies constitutes 90.5% (R105.85 billion) of the R116.85 billion budget of the Department. The bulk of the allocation for transfers and subsidies, R86.43 billion (73.9%) is apportioned for Departmental Agencies and accounts, higher education institutions, foreign governments and international organisations, non-profit organisations (TVET and CET colleges). The second largest allocation of R19.41 billion in the transfers and subsidies goes to the SETAs and the NSF. The allocation for transfers and subsidies is projected to grow at an average growth rate of 6.3% from R97.46 billion in 2019/20 to R117.12 billion in 2022/23. An allocation of R10.98 billion, which represents 9.4% of spending on current payments constitutes the second highest expenditure of the Department's budget. Payments for capital assets amounts to R16.3 million and it is also projected to decrease in the two outer years of the MTEF period to R13.5 million and R13.2 million, respectively.

The Cabinet has approved budget reductions amounting to R4.5 billion over the MTEF period to be effected mainly on transfers and subsidies in the University Education programme and the TVET programme; a technical inflation adjustment amounting to R62.2 million in 2020/21 and R66.2 million in 2021/22 on the compensation of employees across programmes. An additional adjustment of R60.1 million on the compensation of employees and goods and services is effected as a result of the consolidation of the offices of the Ministers and Deputy Ministers of the Department of Higher Education and Training and the Department of Science and Innovation through the 2019 national macro organisation of government.

The Department's budget, excluding Direct Charges funds its six programmes, namely:

- Programme 1: Administration;
- Programme 2: Planning, Policy and Strategy;
- Programme 3: University Education;
- Programme 4: TVET;
- Programme 5: Skills Development; and
- Programme 6: CET.

4.2. Overview and assessment of the 2020/21 MTEF budget allocation per programme and the 2020/21 performance targets

4.2.1. Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management and support services to the Department. The Programme's sub-programmes have been reduced from six to five, namely: Department Management, Corporate Services, Office of the Chief Financial Officer, Internal Audit and Office Accommodation. Sub-programme: Ministry has been discontinued due to the consolidation of the offices of the Ministers and Deputy Ministers of the Department of Higher Education and Training and the Department of Science and Innovation through the 2019 national macro organisation of government.

4.2.1.1. Overview and assessment of the 2020/21 MTEF budget allocation

Over the MTEF period, the programme has a total budget of R1.569 billion. For the 2020/21 financial year, the budget amounts to R491.2 million, which represents 0.5% of the Department's total voted funds. The programme's 2020/21 budget increases by R79 million from R412.2 million in 2019/20. This represents, when considering inflation, an increase of 14.1 %.

Sub-programme 2: Corporate Services, continues to receive the bulk, 50% (R246.7 million) of the programme's total allocation, followed by sub-programme 3: Office of the Chief Financial Officer at 24% (R124.3 million). The two sub-programmes received the bulk of the budget increase at 15 % and 28%, respectively. In terms of economic classification, R487.6 million is for current payments, of which R298.9 million is for compensation of employees and R188.6

million for goods and services. The bulk of the budget in goods and services allocation, R61.3 million is allocated for operating leases, followed by R43.8 million for computer services and R16.7 million on property payments.

4.2.1.2. Overview and assessment of the 2020/21 performance targets

The programme is responsible for one of the five DHET MTSF outcomes, 5: Excellent business operations within the DHET. For the 2020/21 financial year, the programme has seven output indicators and seven predetermined targets. The programme will focus on implementing sound human resource management practices, including staffing, human resource development, performance management, labour relations and human resource administrative systems. The Branch will, amongst others, ensure development of demand and procurement for 2021/22 is approved by the Director-General; work towards achieving an unqualified audit opinion; resolving 100% of disciplinary cases and ensuring 98% network connectivity uptime and conclude 100% of investigations on irregular, fruitless and wasteful expenditure.

4.2.2. Programme 2: Planning, Policy and Strategy

The programme aims to provide strategic direction in the development, implementation and monitoring of departmental policies and in the human resource development strategy for South Africa. The Programme retained its six budget sub-programmes, namely; Programme Management: Planning, Policy and Strategy; Human Resource Development Council of South Africa; Policy, Planning, Monitoring and Evaluation; International Relations; Legal and Legislative Services and Social Inclusion and Quality.

4.2.2.1. Overview and assessment of the 2020/21 MTEF budget allocation

The programme's budget over the MTEF amounts to R681.3 million. For the 2020/21 financial year, the programme has a total budget of R214.5 million, which increased, when adjusted for inflation, by 13.6% from previous financial year. The programme's budget constitutes 0.2% of the Department's total voted funds. The significant increase in the budget is due to the shifting of the budget of the South African Qualifications Authority (SAQA) from programme 3: University Education to this programme. Spending on sub-programme 6: Social Inclusion and Quality constitutes 62% (R132.9 million) of the programme's total budget. The sub-programme aims to promote access to higher education and participation by all learners in training programmes, manages the development, evaluation and maintenance of policy, programmes and systems for learners with special needs; and monitors the implementation of these policies. The budget allocation is projected to grow to R227.5 million and R239.2 million in 2021/22 and 2022/23, respectively.

An amount of R116.1 million is apportioned for current payments, of which R101.9 million is for compensation of employees and R14.1 million is for goods and services. The bulk of the budget on goods and services allocation, R10.2 million is equally spent on two line items, legal services and travel and subsistence. An amount of R97.7 million is apportioned for transfers and subsidies, of which R73.7 million is to the SAQA, R19.8 million to Universities South Africa and R4.1 million to foreign governments and international organisations (India-Brazil-South Africa Trilateral Commission and Commonwealth of Learning).

4.2.2.3. Overview and assessment of the 2020/21 performance targets

The programme contributes to the interventions to achieve four of the five MTSF outcomes of the DHET, namely: Expanded access to PSET opportunities; improved success and efficiency of the PSET system; improved quality of PSET provisioning and a responsive PSET system. During the 2020/21 financial year, the programme has 10 output indicators and 11 predetermined targets. In contributing to expanding access to PSET opportunities, the programme will, amongst others, ensure availability of two courses or subjects on the NOLSs by 31 March 2021; get the Strategy for expanding online learning in PSET approved; review the Recognition of Prior Learning (RPL) coordination Policy and report on the recommendations and proposed amendments by 31 March 2021; and develop a model for programme articulation of TVET college programmes into university programmes by 31 March 2021.

In improving the success and efficiency of the PSET system, two reports on Statistics in the PSET and PSET monitoring will be published. The National Qualifications Framework (NQF) Amendment Bill will be approved by the Minister for public comments by 31 March 2021. This is to support improved quality of PSET provisioning. In contributing to the responsiveness of the PSET system, the programme will produce three research reports to support decision making. A conceptual framework on integrated planning in the PSET system will be developed and get approved by the DG by 31 March 2021.

4.2.3. Programme 3: University Education

The programme aims to develop and coordinate policy and regulatory frameworks for an effective and efficient university education system and to provide financial and other support to universities, the National Student Financial Aid Scheme and national higher education institutions. This programme has six budget sub-programmes, namely: Programme Management, University Planning and Institutional Funding, University Governance and Management Support, Higher Education Policy Development and Research, Teaching, Learning and Research Development and Universities Subsidies.

4.2.3.1. Overview and assessment of the 2020/21 MTEF budget allocation

Over the MTEF period, the programme has a total budget of R252.58 billion and its 2020/21 financial year allocation amounts to R80.08 billion. The programme's budget constitutes 82.1% of the Department's total voted funds. The 2020/21 allocation increased, when adjusted for inflation, by 4.5% from R73.36 billion in 2019/20. The programme's budget is dominated by sub-programmes 3: Institutional Governance and Management Support and 6: University Subsidies, which constitutes 43% and 56% of the total programme budget, respectively. Sub-programme 3: University Governance and Management Support is responsible for transfer and subsidies to the National Student Financial Aid Scheme (NSFAS), the Council on Higher Education (CHE) and the National Institute for Humanities and Social Sciences (NIHSS). Allocation to NSFAS, accounts for 98.81% (R34.79) of the sub-programme's total budget. The budget increased in real terms by 9.03%. This budget is mainly to support the expanded access to education and training at universities and TVET colleges, through phasing in of the Fee Free Education Policy to support students from households with a combined annual income of less than R350 000, and students with disabilities from households with a combined annual income of less than R600 000.

Sub-programme 6: University Subsidies' budget for 2020/21 amounts to R44.79 billion, which increased, when inflation adjusted, by 1.3% from previous financial year. The budget is towards expanding access to universities by ensuring that there is adequate infrastructure for teaching and learning as well as student accommodation. An amount of R3.85 billion is allocated for capital expenditure for the 2020/21, of which R2.84 billion is for infrastructure efficiency grants for the 24 universities and R1.01 billion is allocated to the University of Mpumalanga and Sol Plaatje University. An amount of R40.93 billion is allocated for higher education institutions, of which R39.46 billion is subsidies to the 24 universities. To support the operationalization of Sol Plaatje University and the University of Mpumalanga, earmarked grants amounting to R793.6 million are allocated for the two universities.

Though the programme budget is projected to grow to R84.33 billion and R88.16 billion in 2021/22 and 2022/23, Cabinet has approved budget reductions over the MTEF period to be effected mainly on transfers and subsidies.

In terms of economic classification, R101.3 million is allocated for current payments, of which R92 million is for compensation of employees and R9.3 million is for goods and services. In terms of the projected spending on goods and services. An amount of R79.98 billion is allocated for transfer and subsidies.

4.2.3.2. Overview and assessment of the 2020/21 performance targets

The programme contributes towards the achievement of the following DHET MTSF Outcomes: Expanded access to PSET opportunities; improved success and efficiency of the PSET system; improved quality of PSET provisioning; and a responsive PSET system. The programme also contributes to the Department's direct deliverables and the system deliverables as per the MTSF. For 2020/21, the programme has 31 direct deliverables and 15 MTSF system deliverables.

The expansion of the public university system requires a careful and systematic enrolment planning process that is in line with available resources, capacity and funding. The programme, together with its public universities, will develop and ensure the implementation of enrolment plans for the period 2020 to 2025. This process will ensure equitable participation that is supported by increased numbers of quality staff, affordable fees, inclusive and sustainable financial aid and improved infrastructure. In expanding access to PSET opportunities, the programme will amongst others, conduct a feasibility study to establish the nature and scope as well as the location of the new institution in Ekurhuleni Metro; develop and implement the Central Applications System at six universities and nine TVET colleges; and develop and submit for approval by the Minister a multifaceted student accommodation strategy.

To improve success and efficiency within the public university system, the programme will intensify the implementation of the University Capacity Development Programme (UCDP) to improve student success, and the quality of teaching and learning and the curriculum in universities. The programme will track and produce a report on the number of undergraduate cohort study reports tracking student throughput. In terms of the system targets for this Outcome, the programme will focus on increased graduate outputs in engineering, natural and physical sciences, human and animal sciences, initial teacher education and doctoral graduates.

To improve quality of provisioning in the higher education sector, the programme will focus implementing a university council support programme and Higher Education Leadership Management Programme. It will also produce reports on the evaluation of research outputs of public universities and on the evaluation of creativity and innovation by public universities. In terms of MTSF system targets, the programme will implement the New Generation of Academics Programme (nGAP), which is part of the Staffing South Africa's Universities Framework (SSAUF) within the UCDP. The nGAP will receive continued support to recruit new permanent university academics, while at the same time improving staff demographic profiles and addressing the ratio of permanent to temporary staff members. The programme will also support for increased number of university lecturers with PhDs.

The programme will also steer the sector to be responsive to the needs of the society. The programme will support effort by the universities towards developing and implementing programme for Entrepreneurship Development in Higher Education, develop an implementation strategy and plan on the internationalisation of higher education, implement a framework for the policy on languages in higher education. Support will also be provided to the universities to offer TVET college lecturer qualifications.

4.2.4. Programme 4: Technical and Vocational Education and Training (TVET)

The programme aims to plan, develop, implement, monitor, maintain and evaluate national policy, programme assessment practices and systems for TVET colleges. It also aims to provide financial and other support to TVET colleges and regional offices. The programme has six budget sub-programmes, namely: Programme Management: Technical and Vocational Education and Training; Technical and Vocational Education and Training System Planning and Institutional Support; Programmes and Qualifications; National Examination and Assessment; Technical and Vocational Education and Training Financial Planning and Regional Offices.

4.2.4.1. Overview and assessment of the 2020/21 MTEF budget allocation

The programme's budget over the MTEF period amounts to R43.73 billion for the 2020/21 financial year, the programme has a total budget of R13.81 billion. This budget increased, when inflation adjusted, in real terms by 4.7% from adjusted budget of R12.63 billion in 2019/20. The programme's budget accounts for 14.1% of the Department's total voted funds. The programme's budget is projected to grow to R14.64 billion and R15.27 billion in 2021/22 and 2022/23, respectively. Notwithstanding the budget increase, Cabinet has approved budget reductions amounting to R2.6 billion over the MTEF period to be effected mainly on transfers and subsidies.

Sub-programme 2: Technical and Vocational Education and Training System Planning and Institutional Support continues to dominate the programme budget. It accounts for 92% of the total programme budget. This sub-programme provides support to management and councils, monitors and evaluate the performance of the TVET system against set indicators, develops regulatory frameworks for the system, manages and monitors the procurement and distribution of learning and teaching support materials, provides leadership for TVET colleges to enter into partnerships for the use of infrastructure and funding resources, and maps out the institutional landscape for the rollout of the TVET college system.

Sub-programme 4: National Examinations and Assessment 2020/21 budget decreased by R60.7 million to R633.6 million. The budget cuts in this sub-programme is concerning, given that the Department experienced challenges in conducting the national examination and assessment due to inadequate funding. Compounding the situation, is the IT examination system challenges that have contributed to the certification backlog.

The programme's funding will go towards supporting expanded access to education and skills programmes that address the labour market's needs for immediate skills that include practical components, improving success and efficiency, improving quality and responsiveness of the TVET sector. Transfers and subsidies allocations for 2020/21 amounts to R6.05 billion and it is projected to grow to R6.38 billion and R6.65 billion in 2021/22 and 2022/23, respectively. Over the MTEF period, an amount of R1.2 billion is allocated for the operationalisation of the three new TVET college campuses, Nkandla and Bhambanana in Umfolozi TVET college and Waterberg in Thabazimbi. Of this, R1.2 billion, R309.1 million is allocated for the 2020/21 financial year. The programme is also responsible for transfer allocation to the Education, Training and Development Practices Sector Education and Training Authority (ETDP SETA).

Allocation for capital expenditure for the 2020/21 financial year amounts to R959.2 million, from R1.1 billion in 2019/20. The infrastructure efficiency grant is mainly towards refurbishment of TVET college buildings, purchasing of modern workshop equipment and for maintenance of existing facilities.

Spending on current payments for the 2020/21 financial year amounts to R7.75 billion, of which R7.27 billion is allocated for compensation of employees and R475.5 million is for goods and services. Spending on compensation of employees accounts for 52.6% of the programme's total budget. Payments for capital assets amounts to R8.7 million.

4.2.4.2. Overview and assessment of the 2020/21 performance targets

The programme contributes towards the achievement of the following DHET MTSF Outcomes: Expanded access to PSET opportunities; improved success and efficiency of the PSET system; improved quality of PSET provisioning; and a responsive PSET system. The key contribution of the programme is to provide mid-level skills to support the priority sectors targeted by government. It is expected that the critical issue of pervasive youth unemployment and acute shortage of scarce and critical skills provision will be addressed and mitigated. The goal is ultimately to produce TVET graduates who are ready for the world of work. Achieving this requires an enabling environment for quality teaching, a competent teaching workforce, entrenching an enterprising culture among students, fostering skills for the digital economy, and strengthening the management and governance structures in TVET colleges, while ensuring accountability through an improvement in monitoring and oversight of these institutions by the Department.

A key output of the programme is aimed at improving access and the success of enrolled students to contribute to the employment of youth, and consequently, contribute towards combatting unemployment, poverty and social inequality. The increase in student enrolments is, however, constrained by fiscal funding to colleges, which sees capping off of student enrolments at 710 000 over the MTSF period. The focus on scaling up occupational qualifications in TVET colleges also requires colleges to seek alternate sources of funding through concrete and sustainable partnerships with various stakeholders.

Based on the projected budgets for student enrolments, the programme will keep student enrolments consistent over the next five years with provision only factored in for inflationary escalations. In terms of improving student access, success and efficiency in the sector, the programme, will amongst others, enrol students in the Pre-Vocational Learning Programme, improve lecturer competencies to deliver vocational education and review the college programmes and qualifications to make them more responsive and aligned to government priorities.

The new examination system is aimed at significantly transforming the conduct of national examinations across the value chain, from setting question papers through to the certification of successful candidates, thus improving both provisioning and efficiency in service delivery to students in TVET colleges. To achieve improvement and efficiency in TVET colleges, the Department will strengthen governance standards and regulations, and thereby intensify the oversight function of college councils. To improve the governance function in TVET colleges, the effectiveness of college councils will be closely monitored, and evaluated for compliance with their statutory remit.

The development of entrepreneurial skills, as well as the focus on digital training, is aimed at improving the quality of provisioning in TVET colleges, as well as strengthening exit support to graduates for self-employment in the context of a poor labour-absorptive capacity in the economy.

4.2.5. Programme 5: Skills Development

The programme aims to promote and monitor the National Skills Development Strategy. Develop skills development policies and regulatory frameworks for an effective skills development system. This programme has five sub-programmes, namely: Programme Management: Skills Development; Sector Education and Training Authority (SETA) Coordination; National Skills Authority Secretariat; Quality Development and Promotion, and National Artisan Development.

4.2.5.1. Overview and assessment of the 2020/21 MTEF budget allocation

Over the MTEF period, the programme has a total budget of R1.09 billion. For the 2020/21 financial year, the budget amounts to R318.5 million, which represents 0.3% of the Department’s total voted funds. The programme’s 2020/21 budget increases by R37.6 million from R280.9 million in 2019/20. This represents, when considering inflation, an increase of

8.6 % when factoring in inflation rate. The budget is projected to grow in two outer years of the MTEF to R336.6 million and R354.8 million, respectively.

The programme's budget is dominated by sub-programme 2: Sector Education and Training Authority (SETA) Coordination at 48.7% (R155.2 million). This sub-programme supports, monitors, reports on the implementation of the national skills development strategy at the sectoral level by establishing and managing the performance of service level agreements with SETAs, and conducting trade test at the Institute for National Development of Learnerships, Employment Skills and Labour Assessments (INDLELA). Sub-programme 5: National Artisan Development's budget for 2020/21 amounts to R109.5 million, which is the second largest spending of the programme's total budget, accounting for 34.3%.

An amount of R170.6 million is apportioned for current payments, of which R154.7 million is allocated for compensation of employees and R15.9 million for goods and services. The allocation for transfers and subsidies amounts to R146 million, of which R27.4 million is for the Quality Council for Trades and Occupations (QCTO) and R118.5 million is for transfer to the Public Services SETA. It is critical to note that allocation for the QCTO is not growing in real terms when factoring in inflation. Spending on payments for capital assets amounts to R2 million.

4.2.5.2. Overview and assessment of the 2020/21 performance targets

The programme contributes towards the achievement of three of the five DHET MTSF Outcomes: Expanded access to PSET opportunities; improved success and efficiency of the PSET system; and a responsive PSET system. The programme 11 output indicators and 14 predetermined targets. Of the 14 targets, eight are direct deliverables and six MTSF system targets.

In expanding access to PSET opportunities, the programme will ensure alignment of the sector skills plans (SSPs) to the updated SSP approved framework. Service Level Agreements (SLA) framework will also be approved. The programme will monitor the achievements of the SLA agreed upon with the SETAs are achieved. For the 2020/21, the programme will monitor that SETAs enrol 170 000 learners or students in work-based learning programmes; 146 000 learners are registered in skills development programmes and 30 500 learners enrol in artisan programmes. Contributing towards the achievement of Outcome 2: improved success and efficiency of the PSET system, the programme will focus on increased completion of learners in artisanal. Skills development and learnership programmes.

During the current financial year, the programme will ensure responsiveness to the needs of the society and labour market, by identifying sectoral occupations in high demand, developing SETA monitoring reports and conducting trade tests.

4.2.6. Programme 6: Community Education and Training (CET)

The purpose of this programme is to plan, develop, implement, monitor, maintain and evaluate national policy, programme assessment practices and systems for community education and training. The programme has four sub-programmes, namely: Programme Management: Community Education and Training; Community Education and Training Colleges Systems Planning, Institutional Development and Support; Community Education and Training Financial Planning and Management; and Education and Training and Development Assessment.

4.2.6.1. Overview and assessment of the 2020/21 MTEF budget allocation

The Community Education and Training (CET) programme budget over the MTEF period amounts to R7.99 billion. For the 2020/21 financial year, the budget amounts to R2.52 billion, which constitutes 2.59% of the Department's total voted funds. The budget for 2020/21 increases, when inflation adjusted, 0.18% from the adjusted appropriation of R2.14 billion in 2019/20. The budget is projected to grow to R2.68 million and R2.78 billion over the MTEF period respectively.

The bulk of the budget of the programme, at 92.4% (R2.33 billion) is apportioned to sub-programme 2: Community Education and Training Colleges Systems Planning, Institutional Development and Support. This sub-programme provides support to management and councils; monitors and evaluates the performance of the CET system; develops regulatory frameworks for the system; manages and monitors the procurement and distribution of learning and teaching support materials; provides leadership for community education and training colleges to enter into partnerships for the use of infrastructure for college site-hosting centres, and the funding of these partnerships, maps and institutional landscape for the rollout of the CET system; and is responsible for the planning and development of CET infrastructure. The second largest allocation amounting to R167.2 million is apportioned for sub-programme 3: Community Education and Training Financial Planning and Management.

For the 2020/21 financial year, current payments budget amounts to R2.36 billion, of which R2.35 billion is for compensation of employees and R4.8 million for goods and services. allocation for compensation of employees, accounts for 93.4% of the programme's total budget. Spending on compensation of employees increased by R469.6 million in 2020/21 from R1.99 million in 2019/20. Transfers and subsidies budget amounts to R159.9 million, of which R156.8 million is transfers to CET colleges and R3.1 million is transfer to ETDP SETA.

4.2.6.2. Overview and assessment of the 2020/21 performance targets

The programme contributes towards the achievement of four of the five DHET MTSF Outcomes: Expanded access to PSET opportunities; improved success and efficiency of the PSET system; improved quality of the PSET provisioning and a responsive PSET system. For the 2020/21 financial year, the programme has 14 output indicators and 14 predetermined targets. The programme has both direct and system deliverables.

Working towards improving access to CET opportunities, the programme will focus on the development and implementation of the sustainable funding model. This will enable the holistic implementation of the national norms and standards for funding CET colleges. The NDP committed government to increase youth and adult participation in the CET sector to 1 million by 2030 in appreciation of the challenge of the growing number of young people who are not in education, employment and training (NEETs). Lack or inadequate advocacy has contributed to the low enrolment in the CET colleges. The majority of young people who are not in education, employment and training (NEET) and who can benefit from education and training provided by the sector are not aware of the opportunities provided by the CET sector. The programme will dedicated its effort to developing and implementing advocacy strategies for the sector. The strategy will support CET colleges to meet their enrolments targets by attracting more youth into CET opportunities.

To improve success and efficiency as well as quality of provisioning of the CET sector, the programme will develop bi-annual reports on teaching and learning improvement plans as well as increasing open access Learning and Teaching Support Material (LTMS) for students. CET lecturers will be trained to improve their competencies and improve quality of teaching in the sector. The programme will work towards the diversification of programme offerings in CET colleges, which are geared towards expanded access and responsive CET colleges by providing for the needs of a wider community while catering for individuals. The accreditation of community learning centres will open opportunities for further study to individuals who could not meet the requirements for entry into TVET colleges and other institutions of further learning. The introduction of entrepreneurship and skills programmes, e.g. digital and other skills programmes, seeks to address issues of unemployment, poverty and inequality within communities while providing skills for establishing sustainable entrepreneurship.

5. OVERVIEW AND ASSESSMENT OF THE NATIONAL STUDENT FINANCIAL AID (NSFAS), COUNCIL ON HIGHER EDUCATION (CHE), SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA) AND THE QUALITY COUNCIL FOR TRADES AND OCCUPATIONS (QCTO's) STRATEGIC PLANS 2020 - 2025 AND ANNUAL PERFORMANCE PLANS (APPs) 2020/21

5.1. NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS)

The National Student Financial Aid Scheme (NSFAS) was established in terms of the National Student Financial Aid Scheme Act, 1999 (Act No 56 of 1999). Its main mandate is to provide loans and bursaries to eligible students, developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training, raising funds, recovering loans, maintaining and analysing a database, undertaking research for the better utilisation of financial resources, and advising the Minister on matters relating to financial aid for students.

5.1.1. Alignment with the National Development Plan (NDP) and 2019 – 2024 Medium-Term Strategic Framework (MTSF)

Table 2: Key government policy priorities pertaining to the NSFAS

NDP vision 2030	2019 – 2024 MTSF			NSFAS 2020/21 – 2024/25 Strategic Plan	NSFAS 2020/21 APP
Priorities	**Outcome**	**Outcome Indicator**	**Target by 2024**	**Target by 2024**	**Target**

Providing all students who qualify for NSFAS with access to full funding through loans and bursaries to cover cost of tuition, books, accommodation and other living expenses.	Expanded access to PSET opportunities	Effective administration of NSFAS	Elimination of delays in disbursement of funds	N/A	N/A
		Number of university students receive funding through the NSFAS bursaries	450 000	450 000	426 268
		Number of TVET college students receive funding through the NSFAS bursaries	400 000	400 000	310 900
Students who do not qualify should have access to bank loans, backed by state sureties. Both the NSFAS and bank loans should be recovered through arrangements with the SARS.		NSFAS Policy in place for sustainable funding of students from poor background and from the 'missing middle' (guidelines, legislative review, effective oversight by DHET)	Sustainable policy on the missing middle adopted and implemented	N/A	N/A
Considering extending the NSFAS to qualifying students in registered private colleges as an incentive for private sector			Not included in the 2014 – 2019 MTSF and the 2019 – 2024 MTSF		

NSFAS aims to support the objectives of the NDP and the targets of the governments' 2019 - 2024 MTSF priorities, specifically, Priority 2: Education, Skills and Health outcome. The NDP proposes an increase in participation rates at Technical and Vocational Education and Training (TVET) colleges to 25% of 20 to 24 year olds and more than 30% participation rate in the higher education sector. The NDP further states that all students who qualify for the National Student Financial Aid Scheme (NSFAS) should be provided with access to full funding through loans and bursaries to cover the costs of tuition, accommodation and other living expenses. The targets for the MTSF include; increasing student enrolment at public universities annually to 1,13 million by 2024, and the number of student enrolments at TVET colleges annually to 710 000 by 2024.

The 2019 – 2024 MTSF commits NSFAS to have an effective administration and the target is to eliminate delays in the disbursement of funds. However, this outcome indicator and target are not reflected in the NSFAS' 2020 – 2025 Strategic Plan and the 2020/21 APP. The MTSF also set a priority to have a sustainable policy on the missing middle adopted and implemented. While this is mentioned in the Strategic Plan of the Department as focus areas for the MTSF period, it is not reflected as an outcome indicator and target in both the Strategic Plans and APPs of the Department and NSFAS. The NSFAS Administrator reported to the Committee that the Department is responsible for policy development, whilst NSFAS is only responsible for implementation.

5.1.2. Overview and assessment of the NSFAS 2020/21 Medium Term Expenditure Framework (MTEF) Budget

For the 2020/21 financial year, the NSFAS has a total revenue amounting to R38,44 billion. The budget is made up of R1,43 billion entity revenue, R37,01 billion (R34,79 billion DHET Loans and Bursaries); R299,16 million DHET Administration Grant, R1.51 billion from other government units, R332,87 million Department agencies and accounts and R70,70 million from higher education institutions). NSFAS overall budget is projected to grow to R40,45 billion and R42,11 billion in the two outer years of the 2020/21 MTEF period.

The phased-in approach of the implementation of the fee-free education policy that was announced in December 2017 is in its third year of implementation. The steep increase in the revenue, especially the DHET Loans and Bursaries is to support this Policy and towards access to education and training of students TVET College and university students coming from poor and working class households with an average annual income of up to R350 000. The 2020/21 revenue increased by R3.81 billion from R34.62 billion in 2019/20.

The bulk of the budget, 99.2% (R36,81 billion) is apportioned for programme 2: Student Centred Financial Aid, excluding an allocation amounting to R1,35 billion for accounting expenses (depreciation/ impairment losses). The allocation increased by R4,13 billion, which represents a nominal increase of 12.6 % from R32.68 billion in 2019/20. Of this budget, R36.71 billion is allocated for bursaries and R103.10 million is for operations. Administration programme's budget for the 2020/21 financial year amounts to R275.44 million. The allocation decreased by R28.72 million compared to R304.16 million in 2019/20, which represents a 9.4% decrease. The programme's total budget represents 0.7% of the NSFAS' total budget, excluding the accounting expenses.

In terms of economic classification, R234.62 million is apportioned for compensation of employees, which accounts for 0.6% of the NSFAS' 2020/21 total revenue. The allocation for compensation of employees increased by R14.49 million, which represents a nominal percent increase of 6.5%. The budget is projected to grow to R239.61 million and R252.19 million in the two outer years of the MTEF period. An allocation amounting to R139.09 million is apportioned for spending on goods, which decreased by R61.6 million from R200.69 million in 2019/20. The budget is projected to grow to R153.64 million and R159.04 million in 2021/22 and 2022/23 respectively.

An allocation amounting to R36.71 billion is for transfer and subsidies, which accounts for 95.48 % of the total budget of the NSFAS. The allocation increased by R4.15 billion, which represents a nominal increase of 12.7% and it is projected to grow to R38.71 billion and R40.35 billion in the outer two years of the 2020/21 MTEF period. The projected increase is to continue the phasing of the implementation of Fee-Free Education Policy. Payments for capital assets allocation for the 2020/21 financial year amounts to R4.83 million.

NSFAS has not budgeted for a surplus or deficit, its total income equals the total expenditure estimates.

5.1.3. Overview and analysis of the Annual Performance Plan (APP) 2020/21

The National Student Financial Aid Scheme has two budget programmes, Administration and Core Mandate, previously known as a Student-Centred Financial Aid. NSFAS 2020/21 targets have been developed under four strategic outcomes, which are:

Table 3: The NSFAS Strategic Outcomes:

Programme 1:	Strategic Outcome	Statement	No. of targets
Administration	NSFAS is compliant with all Governance requirements in the delivery of its mandate	To implement governance, risk and compliance processes such that external audit outcomes are improved	3
	NSFAS empowers the Minister with advice on matters relating to financial aid	To provide relevant insights and thought leadership to the Minister and DHET to assist in developing policy impacting on financial aid.	1
	NSFAS core mandate is enabled by effective internal support services.	To provide effective support services that enable NSFAS to deliver on its mandate	2
Programme 2: Core Mandate	NSFAS delivers on its core mandate to provide financial aid to eligible students at public universities and TVET colleges.	To manage the funding application process, funding decision process, and disbursement and payment processes efficiently and effectively.	6

The NSFAS' two budget programmes have a combined total of 13 output indicators, of which 10 have predetermined targets for the 2020/21 financial year. For the 2020/21 financial year, there are 12 targets spread across the 10 indicators.

5.1.3.1. Programme 1: Administration

The purpose of the programme is to provide governance and oversight, systems, activities and structures that enable the organisation to deliver on its core mandate effectively and efficiently in pursuit of its strategic outcomes. The programme focuses on lifting governance maturity in key areas of the entity, as well as ensuring that organisational support functions are delivering on key activities in support of the NSFAS value chain. To this end, the role of the Human Resource (HR) and Finance are critical in enabling the organisation to have the necessary capacity and adhere to agreed service levels in order to deliver the mandate of the organisation. Similarly, NSFAS needs to reach its target student population, and to this end, brand awareness is critical. This facilitates the access to funding for tertiary education for the poor and working-class.

In ensuring that NSFAS is compliant with governance imperatives with respect to external audit outcomes, ICT governance and cybersecurity, in 2020/21, the entity planned to receive an unqualified audit rating with matters of emphasis; achieve level 2 maturity in terms of the Corporate Governance of Information Communication Technology (CGICT) framework and level 1 maturity with respect to cybersecurity.

With regards to empowering the Minister with advice on matters relating to financial aid, the NSFAS will produce four policy advisory briefs related to its mandate. NSFAS also planned to achieve 5% employee turn-over and ensure that 100% payments to institutions that are completed within seven working days of receiving the approved disbursement file from operations.

5.1.3.2. Student-Centred Financial Aid

The purpose of this programme is to ensure that the NSFAS delivers on its core mandate in providing financial aid for tertiary education to the poor and working-class. Qualitative characteristics have been embedded within the performance indicators in order to ensure that NSFAS not only delivers in terms of volume, but also in terms of ensuring that the relevant rules and

The 2019 – 2024 MTSF targets for the number of poor and working-class students as per the NSFAS eligibility criteria in public universities and TVET colleges funded by NSFAS are 450 000 and 400 000, respectively. For the 2020/21 financial year, the NSFAS planned to fund a total of 426 268 and 308 467 students in universities and TVET college, respectively. The number of funded students is projected to increase over the 2020/21 Medium-Term Expenditure Framework (MTEF). The number of NSFAS eligible students in universities and TVET colleges is projected to increase by 5 144 to 431 412 and by 38 090 to 346 258 in 2022/23, respectively. This represents an increase of 1.19% in universities and 11% in TVET Colleges.

Notably, the total Rand value in funding administered, in addition to funding received from the DHET, for financial aid annually, is projected to increase by R240.25 million to R1.9 billion in 2020/21. Planned total Rand value recovered and allocated to loan accounts annually is also projected to increase to R776.7 million in 2020/21 from R691.5 million.

5.2. COUNCIL ON HIGHER EDUCATION (CHE)

The Council on Higher Education (CHE) is an independent statutory body established in terms of the Higher Education Act,1997 (Act No. 101 of 1997, as amended and also derives its quality assurance mandate for higher education in terms of the National Qualifications Framework Act, 2008 (Act No 67 of 2008, as amended).

The mandate of the CHE as the Quality Council for Higher Education is to advise the Minister of Higher Education and Training on all higher education issues, and is responsible for quality assurance and promotion through the Higher Education Quality Committee (HEQC).

5.2.1. Alignment of CHE Strategic Plan and the 2020/21 Annual Performance Plan with key national policies

5.2.1.1. Alignment with the National Development Plan (NDP) and 2019 – 2024 Medium-Term Strategic Framework (MTSF)

The National Development Plan (NDP) envisages that by 2030, South Africans should have access to education and training of the highest quality. The education, training and innovation system should cater for different needs and produce highly skilled individuals. The further argues that graduates of the post-school system should have adequate skills and knowledge to meet the current and future needs of the economy and society.

The 2019 – 2024 MTSF does not specify any direct contribution from the CHE to the five-year outcome indicators and targets. However, the CHE, as the quality council for the higher education sector has a critical role to play in supporting the Department of Higher Education and Training and the institutions to ensure achievements of the MTSF targets. The MTSF has four outcomes which are relevant for the Post-School Education and Training sector and they are: Expanded access to PSET opportunities; improved success and efficiency in the PSET system; improved quality of PSET provisioning, and a responsive PSET system.

The CHE's has developed its own strategic outcomes, output indicators and targets to contribute to the MTSF outcomes, which include, amongst others; expanded access to PSET opportunities through implementation of Recognition of Prior Learning and articulation;

improved success and efficiency in the PSET system through its quality assurance function and monitoring to assess the performance of the system against targets on national key performance indicators.

5.2.1.2. White Paper for Post-School Education and Training

The White Paper on Post-School Education (WPPSET) asserts that quality education is an important right, which plays a vital role in relation to a person's health, quality of life, self-esteem, and the ability of citizens to be actively engaged and empowered. In terms of the WPPSET, the Quality Councils are responsible for assisting the Department of Higher Education and Training (DHET) in creating a single, coherent and integrated PSET system. An important part of establishing a coherent and coordinated PSET system is ensuring that there is easy articulation between different parts of the system. This entails, among other things, ensuring that curricula are designed to permit articulation between succeeding levels of the National Qualifications Framework (NQF) wherever possible. It is the duty of all institutions in the post-school education and training system, including the CHE as a Quality Assurance Council for the higher education working with other QCs and institutions, to work together to ensure that there are no dead ends for learners. The WPPSET emphasises that articulation should be both vertical in terms of moving to higher levels of the NQF and horizontal, catering for movement from, say, a vocational "stream" to an academic one or vice versa.

Inadequate implementation of the Recognition of prior learning (RPL) within the PSET system is another area of concern. The WPPSET indicate that RPL remains a key approach to redressing past injustices and recognising the competence gained through practical workplace learning and experience. During the five-year MTSF period, the CHE aims to contribute to expanding access to PSET opportunities through implementation of RPL and articulation within the higher education sector.

5.2.2. Overview and assessment of the CHE's 2020/21 Medium Term Expenditure Framework (MTEF) Budget

Table 4: The CHE 2020/21 Medium term expenditure estimates per programme

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
R million	2019/20	2020/21	2021/22	2022/23	2019/20-2020/21		2019/20-2020/21	
Corporate	28 441.0	24 602.0	24 596.0	27 093.0	- 3 839.0	- 4 875.9	-13.50 per cent	-17.14 per cent
Quality Assurance	31 003.0	23 863.0	27 484.0	28 113.0	- 7 140.0	- 8 145.7	-23.03 per cent	-26.27 per cent
Research, Monitoring and Advice	8 561.0	6 527.0	8 876.0	8 881.0	- 2 034.0	- 2 309.1	-23.76 per cent	-26.97 per cent
Management of the HEQSF	13 273.0	7 913.0	5 513.0	5 734.0	- 5 360.0	- 5 693.5	-40.38 per cent	-42.90 per cent
TOTAL	**81 278.0**	**62 905.0**	**66 469.0**	**69 821.0**	**- 18 373.0**	**- 21 024.2**	**-22.61 per cent**	**-25.87 per cent**

The CHE's total revenue for the 2020/21 financial year amounts to R62.90 million. The revenue is made up of R56.28 million Department of Higher Education and Training (DHET) Grant, R5.25 million Private Accreditation – Cost Recovery and R1.56 million from income from other income (interests, rental income etc.). The Council's 2020/21 budget has decreased significantly by R18.37 million, which represent a real per cent change of 25.8%, when factoring in inflation. The decrease in revenue was due to the discontinuation of the National Skills Fund (NSF) conditional grant to the Council. Budget cuts have been effected in all the four budget programmes. The overall budget is projected to grow to R66.46 million and R69.82 million in the outer two years of the 2020/21 MTEF period. The DHET Grant Allocation (voted funds) is projected to grow by an average growth rate of 5.1% over the 2019/20 to 2022/23 MTEF period. The CHE has also experienced Cabinet approved freeze on salary increase for senior managers earning more than R1.5 million per year and reductions in spending on goods and services, which were effected on transfers to the DHET Grant. The reductions amounting to R1 million were applied for the 2019/20 to 2020/21 financial years.

In terms of economic classification, an amount of R45.87 million, which constitutes 72.9% of the total budget of the CHE is apportioned for compensation of employees for the 2020/21 financial year. Allocation for employee cost constitutes 81.6% of the grant allocation from the DHET and National Treasury. This means that without the additional income generated from Private Accreditation, the CHE would not have adequate funds for its other operations.

An amount of R16.62 million is apportioned for spending on goods and services for the 2020/21. Budget allocation for goods and services decreased significantly in real terms by 61.6% (R21.02 million) from the previous financial year. The decrease in the budget was due to a Cabinet approved reductions in spending on goods and services for the 2020/21, which was approved during the 2019/20 MTEF period. The cost drivers in goods and services are spending on consultants: R4.36 million, travel and subsistence: R3.89 million, and other costs: R3.28 million. For the 2020/21 financial year, an amount of R400 000 is allocated for spending on capital expenditure.

The CHE has adhered to National Treasury Instruction No. 2 of 2016/17 by effecting cost containment measures in the 2020/21 budget allocation. The Council's budget allocation for goods and services has decreased significantly in real terms when inflation is taken into consideration by 61.61% (R21.02 million) from the previous financial year. When considering the total income of R62.90 million, the CHE has not budgeted for a deficit nor surplus, its total income equals the total expenditure estimates.

5.2.3. Overview and analysis of the Annual Performance Plan (APP) 2020/21

For the 2020/21 financial year, the CHE has four budget programmes, namely: Administration, Institutional Quality Assurance, Research, Monitoring and Advice and Qualifications Management and Programme Review.

Table 5: The CHE Strategic Outcomes:

Outcome	Implementation Programme	No. of output indicators	No. of targets
CHE as an effective custodian of the HEQSF	Management of the HEQSF	15	15
Comprehensive and coherent quality assurance system for the higher education sector	Quality Assurance	12	12
A reputable centre of intellectual discourse, knowledge generation and advancement	Research, Monitoring and Advice	9	9
Governance compliance and risk management	Corporate	16	16
Sustainable, responsive and dynamic organisation			
Total		**52**	**52**

The programmes have a combined total of 52 output indicators and 52 predetermined targets for the 2020/21 financial year.

5.2.3.1 Programme 1: Management of the Higher Education Qualifications Sub-Framework (HEQSF)

The purpose of the Management of the HEQSF Programme is to manage the development and implementation of HEQSF policies, qualification standards and data in order to meet the goals of the NQF, NPPSET and the National Development Plan (NDP). The programme has five sub-programmes; Qualification Standards Development; Data Management; Policy Development and Review; Partnerships and Collaboration; and Quality Promotion and Capacity Development. The programme is responsible for implementing strategic outcome 1: CHE as an effective custodian of the HEQSF.

The programme has 15 predetermined targets which are spread across the five sub-programmes. The priority focus during the financial year will be, amongst others; the development or review of three qualification standards; initiating qualifications standards development or review processes; verification and validation of data sets submitted by the institutions; data uploading onto the National Learners' Records Database (NLRD); development or review and approval of policies; development and implementation of the HEQSF; producing good practice guides and coordinate capacity development interventions.

The programme's budget for 2020/21 amounts to R7.91 million. The budget allocation decreased significantly by R5.69 million in real terms when inflation is considered, representing 42.9% decrease. Notably, significant budget decrease representing 88.3% (R2.90 million) in real terms is effected in sub-programme 4: Quality Promotion and Capacity Development. This sub-programme focuses on maintaining the currency of the HEQSF by ensuring that it is reviewed regularly and further developed in response to changes in the NQF or other pertinent developments within the higher education sector. Furthermore, it is responsible for the development and review of policies that seek to facilitate the implementation of the NQF, including policies on Recognition of Prior Learning, credit accumulation and transfer, assessment and quality assurance, as required by the Act. Sub-programme 1: Qualifications Standards Development and sub-programme 2: Data Management also experienced a decline in their budget representing 39.02% and 30.05%, respectively.

5.2.3.2. Programme 2: Quality Assurance

The purpose of the Quality Assurance Programme is to contribute towards the fulfilment of the mandate of the CHE as the national authority for quality assurance in higher education. The programme develops and implements processes to inform, assure, promote and monitor quality in higher education institutions (HEIs). The programme has four sub-programmes, Accreditation; Institutional Audits; National Review; and Development of the Integrated Quality Assurance Framework.

The programme has 12 predetermined targets planned for the 2020/21 financial year. Under this programme, the CHE will work towards processing 85% of programme accreditation applications within the turnaround time; processing of programme reaccreditation applications; undertaking site visits to institutions whose reports are presented to the HEQC; conducting new cycle of full-scale institutional audits; convening stakeholder engagement meetings and the finalisation of report and plan of action on the capacity development needs of the higher education institutions.

For the 2020/21 financial, the programme's total budget amounts to R23.86 million. The allocation constitutes 39.1% of the CHE's total budget for the year. Notably, the allocation decreased by R4.84 million in real terms, which represents 17% from the previous financial year. A significant decreases representing 49% (R11.33 million) in real terms is effected in sub-programme 2: Accreditation. This sub-programme is responsible for the assessment of the quality of provision of a higher education institution, either as a whole or of specific educational programmes in order to formally recognise the institution and/or the programmes as having met certain predetermined criteria or standards of quality. Sub-programme 1: Institutional Audits received a significant increase amounting to R3.92 million in real terms from the previous financial year allocation of R5.37 million. Sub-programme 4: Development of the Integrated Quality Assurance Framework does not have budget allocation over the MTEF period.

5.2.3.3. Programme 3: Research, Monitoring and Advice (RMA)

The purpose of the RMA Programme is to revitalise and strengthen the research, monitoring, evaluation and advice capabilities of the CHE in order to advance the realisation of Outcome: 3 in the Strategic Plan 2020 – 2025, namely to make the CHE a reputable centre of intellectual discourse, knowledge generation and advice on higher education. There are three sub-programmes, Research, Monitoring and Advice.

For the 2020/21 financial year, the programme has nine predetermined targets spread across the three sub-programmes. The CHE will provide platforms for fostering critical discourses on contemporary issues by convening conferences, colloquia, seminars, or symposia organised.

The Council's focus during 2020/21 will be dedicated to synthesising and packaging research findings by producing policy briefs or Briefly Speaking articles and to collate and analyse information on key trends and developments in higher education through higher education monitor or review. In providing advice to the Minister, the CHE will also source, analyse and package information in responding to all requests for advice. The CHE also planned to issue proactive advice to the Minister.

The programme's budget for the 2020/21 financial year amounts to R6.52 million, which constitutes 10.3% of the Council's total budget allocation. The programme's budget decreased in real terms by 26.9% from the previous financial year (2019/20) budget of R8.56 million. Sub-programmes, Research and Monitoring's allocations decreased in real terms by 46.4% and 25.1%, respectively, from the previous year. The programme's allocation is projected to grow to R8.87 million and R8.88 million in the outer two years of the MTEF period.

5.2.3.4. Programme 4: Corporate

The purpose of the Corporate Programme is to provide leadership, oversight, systems, activities and structures that enable the organisation to operate effectively and efficiently in fulfillment of its mandates and pursuit of its outcomes. The programme focuses on setting the policy and tone for good governance, statutory compliance, and transfer of business best practice across the organisation; and ensuring the efficient and effective provision of corporate services – administrative, financial, technical and professional - to support the discharge of the core functions of the CHE. It is the vehicle by which the organisation seeks to achieve outcomes 4 and 5 in the Strategic Plan 2020 – 2025. These outcomes are, 'Governance, compliance and risk management, and 'Sustainable, responsive and dynamic organisation'.

The programme has four sub-programmes, Governance; Corporate Services; Finance and Supply Chain Management; and Communications and Stakeholder Relations. For the 2020/21 financial year, the programme has 16 predetermined targets. The focus of this programme for the 2020/21 financial year will be on, amongst others: developing or reviewing of Information Communication Technology (ICT) policies, frameworks, guidelines and procedure; developing or reviewing of financial management and supply chain management policies, frameworks, guidelines and procedures. In providing a leading-edge integrated ICT online system in line with the IQAF, the CHE will submit a number of reports for the different phases in the development of the integrated online CHE information management system. The Council will further endeavour to attract and retain the necessary capabilities by ensuring that 85% of approved posts on the organisational structure have incumbents throughout the financial year. For 2020/21, the CHE planned to produce 18 media releases, newsletters and other information resources for external stakeholders to organise or participate in 12 events or forums organised for stakeholders within South Africa.

The programme's total budget amounts to R24.60 million for 2020/21, which constitutes 39.11% of the total CHE budget. The allocation decreased by 17.06 % (R4.84 million) in real terms. Three sub-programmes, Governance; Corporate Services and Finance and SCM received decreased allocations representing 11.25%, 13.85% and 35.61%, respectively. The programme's allocation is projected to decrease marginally by R600 000 in 2021/22.

5.3. SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA)

The South African Qualifications Authority (SAQA) is a statutory body established in terms of the South African Qualifications Act, (Act No. 58 of 1995). It continues to exist under the National Qualifications Act (Act No. 67 of 2008, as amended). The NQF Act positions SAQA as the oversight body of the NQF and the custodian of its values. SAQA is responsible for coordinating the work of the Quality Councils (Umalusi, South African Qualifications Authority, and the Quality Council for Trades and Occupations) and other NQF partners.

SAQA's functions as set out in the National Qualifications Framework Act are:

- To provide advice, oversee NQF implementation and to collaborate with the Quality Councils;
- To develop NQF policies and criteria;
- To maintain a National Learners' Records Database (NLRD), and to provide an evaluation and advisory service with respect to foreign qualifications;
- Undertake research, collaborate with international counterparts, and drive the communication and advocacy strategy to promote the understanding of the NQF architecture; and
- To perform any function consistent with the NQF Act that the Minister of Higher Education and Training may determine.

5.3.1. Alignment of the SAQA's 2020 – 2025 Strategic Plan with the National Development Plan (NDP) and 2019 – 2024 Medium-Term Strategic Framework (MTSF)

The MTSF does not specify any direct contribution from the SAQA to the five-year outcomes, outcome indicators and targets. The DHET recommended that the SAQA, as the custodian of the NQF should focus their work towards contributing to the achievement of the three outcomes, improved quality; expanded access (Recognition of Prior Learning and Articulation) and improved efficiency. Over the five-year period, the SAQA in contributing to expanding access to education and training, will review its NQF policies and amend them so as to ensure a dynamic NQF that is responsive, adapts to, and supports the changing needs of life-long learning. In ensuring a well-articulated quality-assured qualifications and relevant professional designations that instill trust and meets the needs of people, it will ensure that all qualifications registered on the NQF after 1 January 2014 have at least one Articulation pathway within or across Sub-Frameworks. The SAQA will also re-design its organisational structure to better suit delivery of its strategy.

The White Paper on Post-School Education (WPPSET) asserts that SAQA and Quality Councils are responsible for assisting the Department of Higher Education and Training (DHET) in creating a single, coherent and integrated PSET system. An important part of establishing a coherent and coordinated PSET system is ensuring that there is easy articulation between different parts of the system. The WPPSET emphasises that articulation should be both vertical in terms of moving to higher levels of the NQF and horizontal, catering for movement from, say, a vocational "stream" to an academic one or vice versa.

In its five-year strategic Plan, the entity has committed to ensuring a well-articulated quality-assured qualifications and relevant professional designations that instill trust and meets the needs of people. The entity will not register a qualification that does not have clear horizontal and vertical articulation pathways and will also monitor the implementation of the Policy and Criteria for registering a Qualification and Part-Qualification on the NQF, which was published in March 2013. SAQA's 2020/21 – 2024/25 Strategic plan contributes to the achievements of the 2019 – 2024 MTSF policy priorities. The entity's five-year strategic plan aligns well with the key national policy priorities.

5.3.2. Overview and assessment of the SAQA 2020/21 Medium Term Expenditure Framework (MTEF) Budget

Table 6: The SAQA 2020/21 Medium term expenditure estimates per programme

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
R million	2019/20	2020/21	2021/22	2022/23	2019/20-2020/21		2019/20-2020/21	
Administration and Support	73 163.0	81 756.0	85 940.0	90 545.0	8 593.0	5 147.3	11.75 per cent	7.04 per cent
Recognition and Registration	10 301.0	11 515.0	12 091.0	12 671.0	1 214.0	728.7	11.79 per cent	7.07 per cent
National Learners Records Database and Verifications	18 762.0	29 244.0	30 649.0	32 120.0	10 482.0	9 249.5	55.87 per cent	49.30 per cent
Foreign Qualifications Evaluation and Advisory Services	31 824.0	34 842.0	36 453.0	38 203.0	3 018.0	1 549.6	9.48 per cent	4.87 per cent
Research	5 813.0	6 787.0	7 126.0	7 468.0	974.0	688.0	16.76 per cent	11.83 per cent
International Liaison	3 115.0	3 218.0	3 379.0	3 541.0	103.0	- 32.6	3.31 per cent	-1.05 per cent
TOTAL	**142 978.0**	**167 362.0**	**175 638.0**	**184 548.0**	**24 384.0**	**17 330.4**	**17.05 per cent**	**12.12 per cent**

For the 2020/21 financial year, SAQA's total revenue amounts to R167.36 million. The revenue is made up of DHET Grant: R73.73 million, R48 million from Evaluation Fees, R37 million from Verifications and R8.62 million from other sources (rental, sundry, interest and income from professional bodies). The budget increased in real terms by 12.1% from the previous year budget of R142.97 million. The DHET grant constitutes 44% of the SAQA's total budget. The Authority's budget is projected to grow to R175.63 million and R184.54 million in the outer two years of the 2020/21 MTEF, respectively.

The budget is shared among the six programmes, Administration and Support, Recognition and Registration, National Learners Records Database Including Verifications, Foreign Qualifications Evaluation and Advisory Services, Research and International Liaison. The bulk of the budget, representing 48.8% (R81.75 million) of the total budget of the Authority. Programme 4: Foreign Qualifications Evaluation and Advisory Services received the second largest budget amounting to R34.84 million, which constitutes 20.8% of the total budget of the Authority. This is followed by programme 3: National Learners' Records Database which is apportioned the third largest allocation amounting to R29.24 million.

In terms of economic classification, R105.09 million is for compensation of employees for the 2020/21 financial year, which represents 62.8% of the Authority's total budget. The budget increased in real terms by 6.1% from the previous year allocation of R94.85 million and it is projected to grow at an average growth rate of 5.1% between 2019/20 to 2022/23. Allocation for goods and services amounts to R53.93 million, which increased substantially in real terms by 20.61% from the previous financial year budget of R42.83 million. In terms of spending on goods and services per line item, the bulk of the budget, representing 36.3% (R19.58 million) is allocated to outsourced services. The allocation for spending on outsourced services increased significantly by 120.5% (R10.70 million), from the previous year allocation of R8.883 million.

An amount of R8.33 million is apportioned for payments for capital assets. The allocation for payment capital assets increased in real terms by 50.78% from the previous financial year. Allocation for payment for capital assets is projected to decrease in the two outer years of the 2020/21 MTEF period to R7.80 million and R7.46 million, respectively. The projected decrease is mainly due to the projected decrease in the allocation of computer equipment in 2021/22 and 2022/23, respectively.

The Authority has adhered to the Treasury Instruction by effecting cost containment measures in the following line items: advertising, communication, legal fees, property payments, travel and subsistence and staff training.

5.3.3. Overview and analysis of the Annual Performance Plan (APP) 2020/21

For the 2020/21 financial year, the SAQA has six budget programmes, Administration, Registration and Recognition, National Learners' Records Database including Verifications, Foreign Qualifications Evaluation and Advisory Services, Research and International Liaison. The Authority has maintained all its six budget programmes from the previous MTSF 2015/16 – 2019/20.

Table 6: The SAQA Strategic Outcomes:

Outcome	Implementation Programme	No. of output indicators	No. of targets
To have visionary and influential leadership that drives a clear, evidence-based NQF Agenda	Administration	5	5
	International Liaison	3	3
To have a competent and capable team, dedicated and resourced to further develop and maintain the NQF	Administration	3	3

To have stakeholders and role-players who are aligned to deliver on the NQF	Administration	2	3
	Registration and Recognition	2	2
	National Learners' Records Database	4	6
To have well-articulated Quality assured qualifications and relevant professional designations that instil trust and meet the needs of the people	Registration and Recognition	2	2
	National Learners' Records Database	2	2
	Research	1	1
To have a dynamic NQF that is responsive, adapts to, and support the changing needs of lifelong learners	Foreign Qualifications Evaluation and Advisory Service	2	2
	Research	3	3
Total		**29**	**32**

The SAQA's six programmes have a combined total of 29 output indicators and 32 predetermined targets planned for 2020/21 financial year

5.3.3.1. Programme 1: Administration and Support

The purpose of this programme is to support the operations of the entity. It covers the activities of the Executive Office and the following Directorates: Finance and Administration; Human Resources; Information Technology; and Advocacy, Communication and Support. The programme contributes to the achievements of three of the five Outcomes, to have a visionary and influential leadership that drives a clear, evidence-based NQF Agenda; to have a competent and capable team, dedicated and resourced to further develop and maintain the NQF and to have stakeholders and role-players who are aligned to deliver on the NQF.

Through its Executive Office, the Authority will assess and report on the effectiveness of the system of collaboration; provide advice to the Executive Authority on the NQF related matters if required. In terms of its Finance and Administration Directorate, the focus for 2020/21 will be on developing a strategy to secure alternative funding.

The Human Resources Directorate will review and re-design the organisational structure and focus on staff development by ensuring that every staff member has at least two learning interventions. The IT Directorate will develop Registers for professional designations; misrepresented qualifications and fraudulent qualifications; to conceptualise the system for the evaluation of foreign qualifications; to conceptualise a workflow tracking system for qualifications and part-qualifications. Through its Advocacy, Communication and Support Directorate, the Authority will implement four comprehensive campaigns aimed at informing the public about the NQF in a simplified manner that is easy to understand.

For the 2020/21 financial year, the programme has 10 output indicators and 11 predetermined targets. The programme's budget for the current year amounts to R81.75 million, which represents 48.8% of the Authority's total budget of R167.36 million for 2020/21. The budget increased in real terms by 7% when factoring in inflation from previous financial year (2020/21) budget of R73.16 million. The budget is projected to increase in the outer two years of the MTEF period to R85.94 million and R90.54 million, respectively.

5.3.3.2. Programme 2: Recognition and Registration

This programme is responsible for registering qualifications and part-qualifications, recognising professional bodies and registering professional designations. This programme contributes to two of the five Outcomes, to have stakeholders and role-players who are aligned to deliver on the NQF and to have well-articulated Quality assured qualifications and relevant professional designations that instill trust and meet the needs of the people. The programme has four output indicators and four predetermined targets for 2020/21. For the 2020/21 financial year, the Authority will focus on registering qualifications recommended by the Quality Councils (QCs) that meet all the SAQA's criteria; producing a concept paper on the registration of national qualifications on the NQF in consultation with the three QCs and researching the roles of statutory and non-statutory professional bodies.

The programme's budget for the 2020/21 financial year amounts to R11.51 million, which represents 6.88% of the SAQA's total budget for 2020/21. The budget increased 7% in real terms from the previous year (2019/20) budget of R10.30 million. The budget is projected to increase to R12.09 million and R12.67 million in 2021/22 and 2022/23, respectively.

5.3.3.3. Programme 3: National Learners' Records Database (NLRD)

The NLRD Directorate is responsible for maintaining and further developing the NLRD as the critical national source of information for human resource and skills development in policy, infrastructure and planning. This programme has two sub-programmes, the National Learners' Records Database and Verification Project. This programme contributes to two of the entity's five Outcomes, to have stakeholders and role-players who are aligned to deliver on the NQF and to have well-articulated Quality assured qualifications and relevant professional designations that instill trust and meet the needs of the people.

The programme has a combined total of six output indicators and eight predetermined targets spread across the two sub-programmes. For the 2020/21 financial year, the Authority, through the National Learners' Records Database, will make the public on the NLRD easily accessible and usable by all stakeholders; to ensure that the QCs load learner achievement records on the NLRD within the turnaround time; to ensure that all recognised professional bodies load professional designation achievements that meet requirements on the NLRD and complete all applications received for the verification of national qualifications within 20 working days.

For the 2020/21 financial year, the programme received an allocation amounting to R29.24 million, which represents 17.4% of the SAQA's total budget. The budget increased significantly in real terms by 49.3% from previous year allocation of R18.76 million. The budget will grow marginally to R30.64 million and R32.12 million in the outer two years of the 2020/21 MTEF period.

5.3.3.4. Programme 4: Foreign Qualifications Evaluation and Advisory Service

This programme is responsible for evaluating foreign qualifications and providing advice on international learning and qualifications. It contributes to one of the five SAQA's Outcomes, to have a dynamic NQF that is responsive, adapts to, and support the changing needs of lifelong learners. For 2020/21, the programme has two output indicators and two predetermined targets. During 2020/21, the programme will conceptualise and develop a mechanism to track the access of foreign qualification holders in the South African educational and work environment and to develop evaluation criteria in line with the NQF Act, 2008, as amended, and other relevant legal instruments.

For the 2020/21 financial year, the programme's allocation amounts to R34.84 million, which represents 20.8% of the SAQA's total budget. The budget increased in real terms by 4.8 % from previous year allocation of R31.82 million. The budget is projected to grow to R36.45 million and R38.20 million in the outer two years of the 2020/21 MTEF period.

5.3.3.5. Programme 5: Research

The programme is responsible for conducting evidence-based research to track the development and implementation of the NQF and to evaluate the impact of the NQF on the people in South Africa. It contributes to the two of the five SAQA Outcomes, to have well-articulated Quality assured qualifications and relevant professional designations that instill trust and meet the needs of the people and to have a dynamic NQF that is responsive, adapts to, and support the changing needs of lifelong learners. The programme has four output indicators and four predetermined targets.

For the 2020/21 financial year, the programme's allocation amounts to R6.78 million, which represents 4% of the SAQA's total budget. The budget increased in real terms by 11.8% from previous year allocation of R5.81 million. The budget is projected to grow marginally in 2021/22 and 2022/23 to R7.12 million and R7.46 million, respectively. The budget will support activities towards the reviewing of one NQF policy, producing a progress report on the 2021 NQF Impact Study, and to provide the Minister with a report on progress made by the SAQA and the QCs in implementing the Articulation Policy.

5.3.3.6. Programme 6: International Liaison

The programme is responsible for working with international partners on matters concerning qualifications frameworks and sharing best practice with stakeholders. It contributes to Outcome 1 of the SAQA's five outcomes, to have a visionary and influential leadership that drives a clear, evidence-based NQF Agenda. For 2020/21, the programme has three output indicators and three predetermined targets. For the 2020/21 financial year, the programme will focus on identifying and implementing two initiatives to promote the South African NQF, to identify and implement two initiatives to share national and international best practice with stakeholders and to develop a plan to implement the Addis Convention.

The programme received an allocation amounting to R3.21 million, which represents 1.9% of the Authority's total budget of R167.36 million. The budget decreased in real terms by 0.2% from previous financial year allocation of R3.11 million. Though the budget is projected to grow to R3.37 million and R3.54 million in 2021/22 and 2022/23, respectively, this increase will not be material when factoring in inflation.

5.4. QUALITY COUNCIL FOR TRADES AND OCCUPATIONS (QCTO)

The QCTO was established as a juristic person in 2010 in terms of the Skills Development Act (SDA), 97 of 1998 as amended in 2008. QCTO is one of three Quality Councils (QCs) responsible for a part of the National Qualifications Framework (NQF), which is the Occupational Qualifications Sub-Framework (OQSF). The QCTO performs its functions in accordance with the Skills Development Act, 1998 as amended and the National Qualifications Framework Act, 2008.

5.4.1. Alignment of the SAQA's 2020 – 2025 Strategic Plan with the National Development Plan (NDP), the White Paper for Post-School Education and Training (WPPSET), the 2019 – 2024 Medium-Term Strategic Framework (MTSF) and 2020 SONA

The National Development Plan (NDP) has set a target of producing 30 000 artisans per year by 2030. The 2019 – 2024 MTSF commits the DHET to have 36 375 artisan learners who enter artisan programmes annually by 2024 and to have 26 500 artisans certified annually by 2024. The MTSF also sets targets on placement of students in work-based learning, SETA-funded skills programmes and learnerships. The MTSF commits the QCTO to contribute towards two outcomes, to expand access to the post-school education and training opportunities and a responsive PSET system. The QCTO will contribute to the interventions to implement the macro infrastructure framework at universities and TVET and CET colleges; to the training young artisans through the centres of specialisation at TVET colleges; to introducing compulsory digital skills training specific to programme offerings at TVET colleges and to the piloting of the CET college skills programmes around community needs. The development of new occupational and trade qualifications will increase access to trades and occupational programmes and therefore, contributing towards the achievement of the target of 30 000 artisans by 2030.

Working in partnership with the South African Qualifications Authority and the other Quality Councils, the QCTO will work towards ensuring the implementation of the Recognition of Prior Learning, including the Artisan Recognition of Prior Learning and Articulation across the NQF sub-frameworks. White Paper for Post-School Education and Training indicate that the Quality Council for Trades and Occupation has to ensure that there are no dead ends for learners who graduate from occupational programmes. It further states that articulation should be both vertical in terms of moving to higher levels of the National Qualifications Framework (NQF) and horizontal, catering for movement from, a vocational stream to an academic one or vice versa.

The February 2020 State of the Nation Address (SONA) key focus is on inclusive growth and addresses critical priorities for the PSET sector. These include, youth employment through appropriate skills development and capabilities, curriculum development, student accommodation and the establishment of two universities and nine Technical and Vocational Education and Training (TVET) colleges. The QCTO is responsible for ensuring that new occupational skills programmes and trades that responds to industry needs and local economic needs are developed for the TVET and CET colleges. The QCTO is also responsible for ensuring that the TVET curriculum is re-designed to provide critical skills for the future in light of the Fourth Industrial Revolution and beyond.

5.4.2. Overview and assessment of the 2020/21 Medium Term Expenditure Framework (MTEF) Budget

Table 7: The QCTO 2020/21 expenditure estimates per programme

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
R million	2019/20	2020/21	2021/22	2022/23	2019/20-2020/21		2019/20-2020/21	
Programme 1:Administration	60 313.0	51 564.0	56 209.0	61 087.0	- 8 749.0	- 10 922.2	-14.51 per cent	-18.11 per cent
Programme 2:Occupational Qualifications Management and Certification	29 021.0	31 943.0	34 821.0	37 833.0	2 922.0	1 575.7	10.07 per cent	5.43 per cent
Programme 3: Occupational Qualifications Quality Assurance	31 529.0	36 070.0	39 320.0	42 722.0	4 541.0	3 020.8	14.40 per cent	9.58 per cent
Programme 4: Research Analysis and Quality Assurance	2 700.0	5 057.0	5 513.0	5 990.0	2 357.0	2 143.9	87.30 per cent	79.40 per cent
TOTAL	**123 563.0**	**124 634.0**	**135 863.0**	**147 632.0**	**1 071.0**	**- 4 181.8**	**0.87 per cent**	**-3.38 per cent**

For the 2020/21 financial year, the QCTO's total revenue amounts to R124.63 million, which is made up of R27.43 million Department of Higher Education and Training (DHET) Grant and R97.20 million Sector Education and Training Authority (SETA) Grant allocations. The revenue increased marginally by R1 million, which represents an increase of 0.8% in nominal terms, from R123.56 million allocated in 2019/20. When factoring in inflation, the budget has actually decreased by 3.3%. The overall budget is projected to grow to R135.86 million and R147.63 million in the outer two years of the 2020/21 MTEF period. The DHET Grant Allocation (voted funds) is projected to grow by an average growth rate of 5% over the MTEF period. The Cabinet approved a freeze on salary increase for senior managers in public entities earning more than R1.5 million per year and reductions in spending on goods and services, which were effected on transfers to the DHET public entities receiving voted funds, including the QCTO. The reductions amounting to R9.3 million were applied for the 2019/20 to 2020/21 financial years. This has resulted in the reduction in the baseline allocation of the QCTO DHET Grant.

SETA Grant allocation to the QCTO increased by R6.8 million from R90.348 million in 2019/20. SETA Grants constitute 77.9% of the total budget of the QCTO. The allocation is projected to grow to R106.92 million and R117.61 million in the outer two years of the 2020/21 MTEF period.

In terms of economic classification, an amount of R80.33 million, which constitutes 64.4% of the total budget of the QCTO is apportioned for compensation of employees for the 2020/21 financial year. The allocation for compensation of employees increased by 27.2% (R17.2 million) in nominal terms from R63.1 million in 2020/21. The budget is projected to grow to R87.57 million and R95.15 million in the 2021/22 and 2022/23, respectively.

An amount of R40.81 million, which constitutes 32.7% of the QCTO's total revenue is apportioned for spending on goods and services for the 2020/21. The allocation decreased by R5.4 million, which represents a real percent decrease of 15.4% when factoring in inflation. The decrease in the budget was due to a Cabinet approved reductions in spending on goods and services for the 2020/21, which was approved during the 2019/20 MTEF period. For the 2020/21 financial year, an amount of R3.47 million is allocated for spending on capital expenditure.

5.4.3. Overview and analysis of the 2020/21 Annual Performance Plan (APP)

For the new 2020/21 – 2024/25 the QCTO has four budget programmes, Administration, Occupational Qualifications Management & Certification, Occupational Qualifications Quality Assurance and Research Analysis and Quality Assurance.

During 2020/21 financial year, the QCTO has two outcomes, namely, the QCTO is a responsive learning organisation and a single, national, quality assured Occupational Qualifications Sub-Framework that promotes synergy, simplification and effectiveness. The two outcomes have a combined total of 28 output indicators and 28 predetermined targets spread across the four programmes.

5.4.3.1. Programme 1: Administration

The purpose of the programme is to enable QCTO's performance through strategic leadership and reliable delivery of management support services that will ensure a responsive and learning organisation. For the 2020/21 financial year, the programme will implement four predetermined targets, which are: to have a capacity building strategy approved by the Management Committee, to have the Master System Plan (MSP) approved by council, to have marketing and communications strategy approved by the council and approval of the change management strategy approved by Management Committee.

The programme's budget for 2020/21 amounts to R51.56 million, which R24.01 million and R24.07 million is allocated for spending on compensation of employees and good and services, respectively. An allocation amounting to R3.47 million is allocated for spending on capital expenditure.

5.4.3.2. Programme 2: Occupational Qualifications Management and Certification

The purpose of the programme is to ensure that occupational qualifications, part qualifications and skills programmes on the Occupational Qualifications Sub-Framework (OQSF) are available; issue certificates to qualifying learners; verify the authenticity of issued certificates; and maintain stakeholder relationships. This programme implements has six output indicators and six predetermined targets.

During the year, the QCTO planned to have 120 prioritised occupational qualifications (full and part) recommended to the South African Qualifications Authority (SAQA) for registration on the OQSF; to have 100 historically registered qualifications recommended to SAQA for deactivation on the OQSF, to have 80 skills programmes approved by the QCTO council; have 95% of certificates issued within turnaround time (21 working days) and to digitise 70% of learner records against the number on the projected plan.

The programme's budget for 2020/21 amounts to R31.94 million, which represents 25.6% of the QCTO's total budget for the year. The budget increased in real terms by 5.4% from previous financial year allocation. The bulk of the programme's budget, R24.81 million is apportioned to compensation of employees and R7.12 million is for spending goods and services.

5.4.3.3. Programme 3: Occupational Qualifications Quality Assurance

The programme' s purpose is to establish and maintain quality standards for Accreditation and Assessment within the OQSF.

For 2020/21, the programme has nine output indicators and nine predetermined targets. The QCTO planned to, amongst others, have 100% of assessment for occupational qualifications and part qualifications quality assured against the QCTO standards within 21 working days turnaround time; to quality assure 75% of assessments for historically registered qualifications against the QCTO standards (excluding historical skills programmes and NATED) within 21 working days turnaround time; to process within 90 working days 90% of Skills Development Providers accreditation applications for occupational qualifications and part qualifications; to process within 90 working days 25% of Council-approved Skills Development Providers accreditation applications for skills programmes; to process within 90 working days 80% of Skills Development Providers accreditation applications for historically registered Qualifications (trades, non-trades, NATED Report 190/191, skills programmes) and to process within 30 working days 100% of assessment centre accreditation applications.

For the 2020/21 financial year, the programme's total budget amounts to R36.07 million, which represents 28.9% of the Council's total budget. The budget increased in real terms by 9.58% from the previous year allocation of R31.52 million. 79.8% (R28.791 million) of the programmes' budget is apportioned to compensation of employees. Allocation amounting to R7.27 million is allocated for spending on goods and services.

5.4.3.4. Programme 4: Research Analysis and Quality Assurance

The purpose of the programme is to establish and maintain the QCTO standards for quality assurance through research, monitoring, evaluation and analysis. For the 2020/21 financial year, the programme has nine output indicators and nine predetermined targets.

The QCTO planned to, amongst others, to have four research reports approved by the Chief Executive Officer; to publish online one research bulletin; to quality-assure according to the QCTO standards; 80% of accredited Skills Development Providers with implemented occupational qualifications and part qualifications; to quality-assure against the QCTO standards 100 NATED Report 190/191 Exam sessions conducted at accredited Skills Development Providers and to quality-assure against the QCTO standards 60% of accredited Assessment Centres conducting External Integrated Summative Assessments.

For the 2020/21 financial year, the programme's total budget amounts to R5.05 million, which represents 4% of the Council's total budget. The budget increased in real terms by 79.4% from the previous year allocation of R2.70 million. Of the R5.05 million budget, R2.71 million is allocated for compensation costs and R2.33 million is for spending on goods and services.

6. COMMITTEE OBSERVATIONS

The Committee, having considered and deliberated on the Strategic Plans 2020 - 2025 and Annual Performance Plans 2020/21 made the following key observations and findings:

6.1. Department of Higher Education and Training (DHET)

6.1.1. Programme 1: Administration

6.1.1.1. The filling of senior management positions, in particular the Deputy Director-General (DDG) post has been very slow. The DDG for the CET programme has been in an acting position since 2016, previously, he acted as a DDG for the Vocational and Continuing Education and Training (VCET) programme since 2009, before it was split into TVET and CET branches in 2015. This is in gross violation with the Public Service Regulations, 2001 B5.3 which states that "an employee may not act in a higher vacant post for an uninterrupted period exceeding 12 months".

6.1.1.2. The increase in the budget allocation for expenditure on consultants and advisory services amounting to R11.8 million was noted as a concern, and the Committee questioned whether the Department does not have in-house capacity to render these services.

6.1.2. Programme 2: Planning, Policy and Strategy

6.1.2.1. The Committee noted that the plans of the Department do not reflect interventions to curb the spread of gender-based violence (GBV) incidences in the PSET system.

6.1.3. Programme 3: University Education

6.1.3.1. The COVID-19 pandemic has put enormous pressure on teaching and learning in higher education for the 2020 academic year. Universities had to shift from contact learning into multimodal remote learning systems in an attempt to provide a reasonable level of academic support to students and save the remainder of the 2020 academic years. However, universities' ICT capabilities vary, in particular, historically disadvantaged institutions (HDIs) have been struggling to adjust to remote learning mechanisms due to insufficient capacity and funding.

6.1.3.2. The interventions that have been introduced by the Department in an attempt to save the 2020 academic year in higher education were commended by the Committee. The concern that was highlighted by the Committee relates to the students' accessibility to digital devices (laptops) so that they could access online learning, and the affordability of data to enable access to the internet. Compounding the situation was the poor network connectivity in geographically remote areas. In this respect, the Committee urged the Department to request the services of the Council for Scientific and Industrial Research (CSIR) to undertake a Geo-spatial analysis to identify those students that would be affected by poor network connectivity so that they could be an alternative means to assist the students in those areas not to be left behind.

6.1.3.3. The establishment of the two new universities in Gauteng, the University of Science and Innovation in Ekurhuleni and a University for Combating Crime in Hammanskraal was welcomed by the Committee. The development of these two new universities would not only expand access to education and training, but will diversify provisioning of the PSET system. The Committee urged the Department to consider expanding the teaching and learning sites/campuses of existing universities in Gauteng as other alternatives to expand access.

6.1.3.4. The plans to improve and expand infrastructure in higher education, particularly the HDIs development programme was welcomed by the Committee, including the establishment of the Ministerial Advisory Committee on Infrastructure (MACI). The

Committee reiterated its concern with respect to the constructors that are awarded infrastructure development/expansion contracts and abandon them before completion, and the lack of consequence management implemented against these service providers by universities.

6.1.3.5. The absence of a policy to respond to the plight of the missing middle students in higher education remains a concern for the sector. The various student support interventions of the Department are mostly directed at the NSFAS funded students, and the missing middle students are mostly assisted by their respective institutions, at a huge cost leaving them indebted. The Minister undertook to work with the private sector partners to develop a financial aid system that cater for the missing middle students.

6.1.3.6. Whilst noting the importance and magnitude of the higher education sector, the Committee expressed its concern that the bulk of the budget for the entire PSET system, approximately 80% is allocated to the University Education programme, whilst the TVET and CET programmes which are earmarked for developing mid-level occupational skills for young people to access the economy, continue to receive inadequate funding.

6.1.3.7. The abuse of institutional autonomy by some universities at the expense of being transparent and accountable when required by the Committee was noted as a concern.

6.1.4. Programme 4: TVET

6.1.4.1. The impact of the COVID-19 pandemic on the TVET sector posed a serious threat towards saving the 2020 academic year for the sector. Compounding the situation is that less than 10% of TVET colleges indicated their readiness to implement multimodal remote learning systems to provide student academic support during the lockdown period. The ICT infrastructure in the TVET sector is lagging behind and this could be attributed to historic insufficient funding for the sector.

6.1.4.2. The majority of students in the TVET sector have been idle during the lockdown period and there have been inadequate communication with students on teaching and learning mechanisms aimed at saving the 2020 academic year.

6.1.4.3. Insufficient funding for the expansion of infrastructure and enrolment in the TVET remains an ongoing concern, and poses a risk towards the attainment of the NDP targets for this sector. TVET colleges are critical in the training of young people to develop skills, knowledge and attitudes needed in the labour market. The demand of skilled and capable artisans to grow the ailing South African economy largely depends on TVETs and the insufficient investment towards making them institutions of choice poses a risk for the PSET system.

6.1.4.4. The slow pace in the curriculum review of the TVET sector to make it aligned and relevant to the requirements of industry remains an ongoing concern.

6.1.4.5. The implications of the COVID-19 pandemic, particularly for those students that are part of the work-integrated learning (WIL) programme was noted as a concern, given that most industries have been closed, and others have been unable to recover from the financial losses due to the lockdown period. This also poses a threat on the ability of the student to complete their workplace practical component of the studies to attain their qualifications.

6.1.4.6. Inadequate infrastructure, particularly safe and conducive student accommodation in the TVET sector remains an ongoing concern. The utilisation of private accommodation that does not meet the DHET minimum norms and standards for student housing in the TVET sector poses health and safety risks for students.

6.1.5. Programme 5: Skills Development

6.1.5.1. The poor governance and management of some SETAs, including the lack of consequence management against officials responsible for irregularities and corruption remains an ongoing concern.

6.1.5.2. The appointment of the new SETAs' Accounting Authorities (AAs) by the Minister with effect from 1 April 2020 was welcomed by the Committee.

6.1.6. Programme 6: Community Education and Training

6.1.6.1. Insufficient funding for the CET sector remains an ongoing concern, given that the sector does not have its dedicated infrastructure and sufficient teaching and learning support interventions.

6.1.6.2. The COVID-19 pandemic posed a serious threat towards the saving of the 2020 academic year in the CET sector, given that there are no alternative modes of learning except for contact learning. Students in the CET sector do not receive financial support from the NSFAS. Consequently, they rely on their learning centres to receive all the learning materials. In addition, the closure of schools during the lockdown period has had a huge impact on the CET sector given that most of the learning centres are operating in schools.

6.1.6.3. The various interventions in the PSET system, especially those dealing with infrastructure development and expansion do not take into cognisance the needs of the CET sector. The Committee expressed a concern with what appears to be a neglect of the CET sector in the development and expansion of the PSET system.

6.1.7. Budget

6.1.7.1. As part of the measures announced by the President to respond to COVID-19, a budget of R500 billion was announced, of which R130 billion is to come from reprioritisation of the current 2020/21 financial year budget. The Committee noted that the reprioritisation of funds would impact the Department and its entities' current financial year plans and budget. Consequently, the APPs would have to be revised to align with the reprioritised budget.

6.1.7.2. The Committee was concerned that the DHET grant allocation to the CHE, SAQA and the QCTO has not been growing in real terms when considering inflation. The entities had to rely on special grants from the National Skills Fund (NSF) to implement some of their projects.

6.2. Council on Higher Education (CHE)

6.2.1. The budget cut amounting to R18 million for the current financial was noted as a concern by the Committee and a possible risk to the entity's ability to meet its mandate. The entity indicated that it anticipates an injection of R25 million into its baseline as promised by the Minister in his statement.

6.2.2. The COVID-19 pandemic has compelled institutions of higher learning to consider other alternative mechanisms for teaching and learning such as online learning during the lockdown period. The Committee expressed concern with respect to the quality of teaching and learning through the introduction of online learning and the credibility of qualifications that would emerge from the 2020 academic year. The CHE assured the Committee about its mandate to ensure that the quality of higher education is not compromised by the recent changes to online modes of teaching and learning.

6.2.3. The Committee expressed a concern that some students might be left behind due to various online learning approaches that are implemented by institutions. In this respect, other institutions have already implemented online learning and other are still grappling with ICT capacity to support students during the lockdown period. The implications of this would be the completion of the 2020 academic year at different times, and the undesirable implications thereof.

6.2.4. The delays with the accreditation of higher education institutions learning programmes and the turnaround times of the entity was noted as a concern. The CHE indicated that the protracted accreditation process is largely attributed to institutions submitting inaccurate or incomplete information.

6.2.5. Inadequate articulation of TVET college students into higher education institution remains an ongoing concern in the PSET system, and there are inconsistencies in the implementation of articulation policy across the entire PSET system.

6.3. South African Qualifications Authority (SAQA)

6.3.1. The Committee expressed its concern with respect to the impact of the COVID-19 pandemic on the revenue generation streams of the entity. The entity indicated that it continuously withdrew from its invested funds to service unavoidable expenses such as compensation of employees and operational costs.

6.3.2. The insufficient budget of the entity to meet its expanded mandate remains an ongoing concern and the subsidies from the Department have not been sufficient to improve the financial position of the entity. 64% (R106 million) of the entity's income is spent on compensation of employees, which is not covered by the government subsidies.

6.3.3. The entity's budget for outsourced services increased for the current financial year and the Committee was concerned that the entity's budget was already constrained to meet its key objectives. The entity indicated that the budget increase for the current financial year is not from voted funds, but on projected income through its verification function. The verifications projects are affected by the delays in the proclamation of the NQF Amendment Act, 2019 by the President and the adjustment to the budget would be effected.

6.3.4. The entity as a custodian of the NQF plays an important role with respect to articulation in the PSET system. The Committee reiterated its concern with respect to inadequate articulation of TVET students into higher education. The entity indicated that it worked on a three-year partnership with the Durban University of Technology (DUT) that dealt with the articulation of TVET and University of Technology qualifications, and good practices emerged from this project.

6.3.5. The delays in the completion of the digitisation of the pre-1992 learners' records was noted as a concern. Insufficient funding was cited as being the major hindrance in the ability of the entity to complete this project given the costs involved.

6.3.6. The entity employed a number of staff on fixed-term contracts as part of the verifications project and the Committee inquired about the appointment of these employees on a permanent basis. The entity indicated that it has developed plans to turn the verification function into a Directorate with permanent staffing positions.

6.4. National Student Financial Aid Scheme (NSFAS)

6.4.1. The various intervenes implemented by the Administrator since his appointment to improve the administration and disbursement of funds and allowances to students was commended by the Committee. The Committee also urged the Administrator to put proper systems in place in preparation for the future of the entity post-administration period.

6.4.2. The COVID-19 pandemic has compelled institutions of higher learning and TVET colleges to re-organise their academic year. The Committee was concerned about the implications of the possibilities of a prolonged academic year on the funding of students. NSFAS indicated that it would cost an estimated R9.9 billion to pay the tuition and allowances to students for an additional period of three (3) months.

6.4.3. The consequence management implemented against employees and syndicates involved in fraudulent activities at the entity was noted as a concern given the R7.5 billion irregular expenditures as disclosed in the 2018/19 financial year. The entity indicated that all cases of suspected fraud involving both employees and syndicates have been handed to the Directorate for Priority Crime Investigation (Hawks) and the South African Police Service (SAPS) for further investigation.

6.4.4. The delays in the finalisation of the outstanding students' appeals, particularly in higher education remains an ongoing concern. In addition, the financial exclusion of students due to the N+2 rules has to be reviewed, given the unique circumstances associated with these exclusions.

6.4.5. The Committee expressed its concern with respect to the appointment of a private service provider that assisted with the compilation of the entity's Strategic Plan 2020 – 2025 and APP 2020/21 at a cost amounting to R490 000. In addition, the APP 2020/21 of the entity had errors and was not consistent with the presentation made by the Administrator. The entity undertook to submit a revised APP 2020/21.

6.4.6. The Committee expressed its reservations with respect to the proposed central procurement of digital devices (laptops) as planned by the Department, despite NSFAS allocating R5 200 per annum to each student as part of the teaching aid allowance. This concern of the Committee is attributed to the reality that some students utilised this allowance for other purposes instead of buying learning devices such as laptops. In addition, other institutions are utilising this allocation to purchase laptops for students.

6.4.7. The Committee was concerned that some of the students that were part of the missing middle might be eligible for the NSFAS funding post the COVID-19 period due to reduced household income or job losses. This would put a strain on the resources of the NSFAS beyond 2020/21.

6.4.8. The COVID-19 pandemic has led to some people losing their jobs and others receiving reduced monthly income due to the lockdown period. The Committee inquired about the possibility of the NSFAS giving payment holiday to former students who are repaying their student loans. The entity undertook to seek a directive from the Department in concurrence with the Minister of Finance on the possibility of extending a loan payment holiday due to the impact of the COVID-19 pandemic.

6.4.9. The delays with respect to the equalisation of stipends paid to the University and TVET college students remains an ongoing concern. NSFAS indicated that it implements policy directives from the Department, and it could not provide a way forward with regard to this concern.

6.5. Quality Council for Trades and Occupations (QCTO)

6.5.1. The delays by the Minister in the appointment of the new Council members for entity was noted with serious concern.

6.5.2. The Committee was concerned that the QCTO did not receive the requested funding to implement its business model and to take over the delegated quality assurance function from the Quality Assurance Partners (QAPs). The entity indicated that it made a submission of its business case requesting R275 million to centralise all the quality assurance (QA) functions delegated to the QAPs. However, it received R97.2 million, which is inadequate for the quality assurance function. Going forward, the entity would enter into service level agreements (SLAs) with the SETAs to continue with the QA roles, and also to report to the QCTO.

6.5.3. The Committee was concerned about the delays in the purchase of the leased building to reduce the exorbitant rental costs. The entity said that the delays have been attributed to the need for submission of all the necessary documents required before the transaction can be made, and the process is ongoing.

6.5.4. The low uptake of the QCTO occupational and trades qualifications by the TVET colleges due to lack of funding was concerning.

6.5.5. A concern was raised with respect to the outdated curriculum of the TVET sector and its relevance to the industry needs. The entity indicated that it has reconstructed the N4-6 (Business Studies) programmes into occupational qualifications and work is underway to review the Engineering programmes.

7. SUMMARY

The Department presented its first Strategic Plan 2020 – 2025 and APP 2020/21 under the reconfigured Minister of Higher Education, Science and Innovation, following the pronouncement of the merging of the two Ministries by the President of the Republic in June 2019. The Plans were also presented at an unprecedented time when the country was dealing with the COVID-19 pandemic that has disrupted the livelihoods of the human race across the world. The tabling of these Plans in Parliament was done during the month of March 2020, before the national lockdown was announced, and the COVID-19 pandemic could not have been anticipated when the Plans were compiled.

The Strategic Plan 2020 – 2025 of the Department re-emphasises the strides made towards building and expanding the PSET system that caters for the needs of the youth and adults in training and those that are not in any form of training and employment. The Plan also aligns to Priority 2: Education, Skills and Health of the new 2019 – 2024 MTSF, and the objectives of the White Paper for PSET, which identifies the need to: expand access to opportunities to PSET; improve quality of PSET provisioning; improve the success and efficiency of PSET and improve the responsiveness of the PSET system to the needs of the economy and society in general.

For the next five years, the Department has prioritised to deliver on key interventions which include, the establishment of two new universities in Gauteng (University of Science and Innovation and University for Combating Crime in Hammanskraal); rollout of the integrated infrastructure development support programme for PSET; implementation of the HDIs development programmes and the review of the National Skills Fund (NSF) operations.

The APP 2020/21 of the Department reflects the key outputs for the current financial year in each of the six programmes. With respect to Programme 1: Administration, the Department aims to improve efficiency in corporate services by setting revised targets to improve the turnaround time in dealing with the recruitment process and other related administration operations. Programme 2: Planning focuses on producing reports to support decision-making in response to improving the responsiveness of the PSET system. Programme 3: University Education and other programmes are core delivery programmes of the Department, and they generally aim at expanding access and success in the PSET system.

The Committee was mindful that the Plans of the Department would have to be revised due to the impact of the COVID-19 pandemic and the imminent budget reprioritisation which is expected to be announced by the Minister of Finance later in the year. Irrespective, the consideration of the Department's Plans by the Committee was necessary to ensure that the Committee exercises its oversight function to hold the Department accountable for its outputs and to provide ideas and proposals to strengthen the work of the Department. The Committee also noted with concern that some of the MTSF outputs indicators and targets do not reflect in the Department's Strategic Plan.

The Committee also considered the Plans of NSFAS, CHE, SAQA and the QCTO. The entities have also aligned their five-year plans with the outcomes of the Priority 2 of the new MTSF and will work collaboratively with the Department to implement the interventions. In terms of

NSFAS, the Committee welcomed the budget increase, especially the allocation from the DHET Loans and Bursaries towards supporting the phased-in approach of the implementation of the fee-free education policy that was announced in December 2017. The Committee was concerned about the inconsistencies in the indicators and targets in the APP of NSFAS. The entity was requested to table a revised APP in Parliament.

The Committee considered and accepted the Plans of the CHE, SAQA and the QCTO. The Committee was seriously concerned about the DHET Grant allocation to the entities which is not growing in real terms and its impact on the ability of the entities to perform their mandate. Compounding the situation, is the impact of the COVID-19 on the activities of the entities and their income generating streams. This will adversely have a huge impact on the projected budget of the entities. The Committee recommended that the Department considers a stimulus/relief package for the SAQA.

8. RECOMMENDATIONS

The Committee, having considered the Strategic Plan 2020 – 2025 and Annual Performance Plan 2020/21 of the Department, NSFAS, CHE and SAQA recommends that the Minister of Higher Education, Science and Innovation consider the following:

8.1. DHET

8.1.1. Programme 1: Administration

8.1.1.1. The filling of all the acting DDG positions (Planning, TVET and CET) should be expedited. The Minister should also submit to the Committee an action plan with timeframes on the filling of all senior management posts in the Department.

8.1.1.2. The Department should strengthen its internal capacity to limit expenditure on outsourced services.

8.1.2. Planning, Policy and Strategy

8.1.2.1. The Department should ensure that the 2020/21APP reflects plans to curb gender-based violence in the PSET sector.

8.1.2.2. The Department should ensure that all the outcome indicators and targets outline in the 2019 – 2024 MTSF are reflected in its 2020 – 2025 Strategic Plan and are implemented annually.

8.1.2.3. The Department should table in Parliament an addendum of the adjusted budget and APP targets.

8.1.2.4. The Department working in collaboration with the SAQA and the three Quality Councils should put in place mechanisms to ensure that all institutions of higher learning are implementing the articulation policy and consequence management should be implemented against those who are not compliant. Furthermore, the Department should ensure that the MTSF target to have 95 % of universities sign agreements with TVET colleges to recognise their qualifications is implemented and this should be monitored and reported to Parliament annually.

8.1.3. Programme 3: University Education

8.1.3.1. The restructuring of the 2020 academic year should take into consideration the differentiated COVID-19 alert levels at provincial and district levels so that students residing in the hotspots areas are not disadvantaged.

8.1.3.2. The Department should have proper systems in place to ensure that the centralised procurement of digital devices is done in terms of the Public Finance Management Act (PFMA), Act No. 29 of 1999 regulations so that there is accountability.

8.1.3.3. The Minister should consider formulating a policy for the equalisation of stipends paid to the University and TVET college students.

8.1.3.4. The various student support interventions in higher education are mostly directed at NSFAS funded students, and the missing middle students are at the mercy of their respective institutions. It is imperative that the missing middle students are considered since they also face similar socio-economic pressures with their peers that are funded by NSFAS.

8.1.3.5. The Department working in collaboration with institutions of higher learning other stakeholders in the built environment should ensure that consequence management is implemented against construction companies that do not complete infrastructure projects and those that undertake shoddy work.

8.1.4. Programme 4: Technical and Vocational Education and Training (TVET)

8.1.4.1. Notwithstanding the current and future fiscal constraints, the Department should engage the National Treasury to increase baseline funding for the TVET colleges subsidies so that they could increase enrolment in line with the NDP targets.

8.1.4.2. The processes with respect to the review of the curriculum of the TVET sector should be expedited so that students are offered programmes that are aligned to industry requirements.

8.1.4.3. The ICT infrastructure and capabilities of the TVET sector needs to be developed taking into consideration the need to implement online learning for the sector so that students are not left behind due to the impact of the COVID-19 pandemic and for the future.

8.1.4.4. Inadequate student accommodation in the TVET sector remains an ongoing concern, and the integrated infrastructure programme of the Department should prioritise the expansion of student housing in the sector.

8.1.5. Programme 5: Skills Development

8.1.5.1. The Department ought to improve its oversight and monitoring functions over the work of the SETAs and make sure that all the newly appointed SETAs Accounting Authorities (AAs) are held into account for the governance and performance of their respective SETAs.

8.1.6. Community Education and Training (CET)

8.1.6.1. The 2019 – 2024 MTSF commits the Department to have 90 % of those not in education, employment or training taking part in CET colleges' occupational skills programmes and becoming economically active. Currently, over 90 % of the CET budget is allocated towards compensation of employees. The Department should ensure that the development of a sustainable funding model for the CET is expedited and that consideration be made to increase baseline funding to address infrastructure related challenges, purchase of teaching and learning materials and ensure that the sector is responsive to the local and regional economic needs.

8.2. National Student Financial Aid Scheme (NSFAS)

8.2.1. Given the errors identified by the Committee in the APP 2020/21 of the entity, it is important that an amended APP 2020/21 with the correct information and other key deliverables is tabled in Parliament.

8.2.2. The terms of reference with respect to the appointment of a private service provider that provided advisory services regarding the compilation of the entity's APP 2020/21 should be submitted to the Committee.

8.2.3. The finalisation of outstanding students' appeals particularly in the University sector should be accelerated. In addition, it is imperative for the entity to reconsider the rejection of students appeals due to the N+2 rule given the circumstances associated with each appeal.

8.2.4. It is imperative for the entity working in collaboration with the respective institutions to ensure that the R5 200 teaching aid allowance that is allocated to all the NSFAS funded students is utilised for its intended purposes. There should be a requirement for students to produce some kind of evidence showing that the teaching aid allowance has been used to purchase learning support materials.

8.3. Council on Higher Education (CHE)

8.3.1. The Department should ensure that the CHE receives the R25 million additional allocation into its baseline timeously as undertaken by the Minister so that the work of the entity is not compromised.

8.3.2. The CHE should ensure that the quality of higher education is not compromised due to the changes from contact learning to multimodal remote learning strategies due to the impact of the COVID-19 pandemic.

8.3.3. The CHE will be expected to re-submit its APP 2020/21 if there are changes as a result of the reprioritised budget.

8.3.4. A Joint-Meeting be convened with the Portfolio Committee on Health and the Minister of Health, the CHE and the South African Nursing Council (SANC) to deliberate on the delays in the accreditation of nursing qualifications, which impact on the training of nurses.

8.4. South African Qualifications Authority

8.4.1. The Minister considers the possibilities of providing stimulus relief funds for SAQA to mitigate against the budget cuts and potential loss of revenue due to the impact of the Covid-19 pandemic.

8.5. Quality Council for Trades and Occupations

8.5.1. The Committee convenes a meeting with the QCTO, Umalusi and the Department to get a briefing on progress made with regard to TVET college curriculum review of the National Accredited Technical Education Diploma (NATED) and National Certificate Vocational NC(V) programmes.

8.5.2. The appointment of the new Council members of the entity should be expedited to ensure that good governance is not compromised.

8.5.3. The process with respect to the approval of the business case of the entity should be accelerated so that it is able to take over the ETQA function of the SETAs. This would also require additional funding to support shifting of this function from the SETAs.

The Democratic Alliance reserved their right to an opinion on the Budget Vote Report and the Economic Freedom Fighters objected to the approval of the Budget Vote Report.

Report to be considered.

National Council of Provinces

1. Report of the Select Committee on Land Reform, Environment, Minerals & Energy on the Budget Vote and Annual Performance Plan 2020/21 of the Department of Agriculture, Land Reform & Rural Development (DALRRD) – Budget Vote No 29, dated 22 May 2020.

The Select Committee having considered Budget Vote: 32 and Annual Performance Plan 2020/2021 of the DALRRD, reports that the committee met jointly with the Portfolio Committees of the National Assembly on 5 and 15 May 2020, where the department briefed both committees on the matter.

Prior to the actual meeting, the Select Committee resolved to request the Department to continue presenting provincial breakdowns of data, as was the practice over the last years. It was felt that there was a high likelihood that the Department, faced with time constraints posed by the virtual meeting timeslot, would not be able to cover the amount of detail requested. The following details were requested:

The overview should be inclusive of:

1. The financial allocations of CASP, Ilima Letsema and Land Care;
2. The compliance monitoring and reporting structures between spheres of government in order to ensure compliance with PFMA and DORA;
3. Causes and sources of audit opinions – in other words if an audit opinion is received that is related to a conditional grant, which sphere of government and which aspect of disbursement or monitoring/reporting resulted in the adverse finding or opinion;
4. Oversight over the performance of provincial programmes;
5. Re-allocation of funds due to non-performance;
6. Withholding of funds as a result of non-compliance with requirements of grants

Any reporting on Agri-Parks progress, funding, redesign of the programme or future plans should also be broken down to provincial level.

It became known to committee management that the Portfolio Committee had also forwarded members' questions to the Department prior to the meeting, and that the Department would be responding to these while the presentation was delivered. It was decided to follow up on the initial request and also submit detailed questions focusing on the details requested earlier.

The presentation supplied in the joint meeting, as well as the narrative of the Department during the meeting, focused exclusively on the Portfolio Committee and its oversight focus. It focused on the Department's Strategic Plan, Annual Performance Plan, and covered two entities – the Ingonyama Trust Board and the Land Claims Committee. The Select Committee members did not receive any detailed provincial breakdowns related to the highlighted oversight interests, and questions asked during the meeting that required such details could not be sufficiently answered.

Apart from the detailed questions sent to the Department, committee members posed additional questions on the following matters:

1. The Department's plans in relation to South Africa attaining the Sustainable Development Goals;
2. What progress has been made in completing the 1998 set of land claims as instructed in the LAMOSA judgement;
3. The country's state of readiness to implement the Continental Free Trade Agreement;
4. The ability of the department and the sector to deal with Covid-19 in the wake of years of debilitating drought;
5. The breakdown of departmental budget that is actually dedicated towards fulfilling its core mandate in comparison to expenses;
6. The provincial breakdown of CPA's as well as clarity on the problems experienced by a specific group in the Eastern Cape attempting to register a CPA;
7. Details on possible departmental re-alignment plans after its restructuring but also in the wake of the Covid-19 lockdown and post-lockdown changes in how it will operate;

8. The risk of providing funding to the Land Bank after reports of a credit rating downgrade and reports of cash flow challenges at the bank;

The joint committee resolved to receive written answers to all questions due to challenges with sound quality during the virtual meeting. At the time of completing the report, the written responses to committee questions have not been received. The secretariat of the committee will circulate all written responses to the committee prior to the budget debate in the NCOP.

The Select Committee on Land Reform, Environment, Mineral & Energy having considered Budget Vote: 29 and Annual Performance Plan 2020/2021 of the Department of Agriculture, Land Reform & Rural Development, reports that the Committee has concluded its deliberations thereon.

Report to be considered

2. Report of the Select Committee on Land Reform, Environment, Mineral & Energy on the Budget Vote and Annual Performance Plan 2020/21 of the Department of Environment, Forestry and Fisheries – Budget Vote No 32, dated 22 May 2020.

The Select Committee on Land Reform, Environment, Mineral & Energy having considered Budget Vote: 32 and Annual Performance Plan 2020/2021 of the DEFF, reports that the committee jointly met with the Portfolio Committee of the National Assembly 5 and 15 May 2020, where the department briefed both committees on the matter.

The Minister, upon opening the meeting, stressed that the department had already briefed the Portfolio Committee on the departmental entities. As a result, she stated that she was going to focus the current presentation on the departmental programmes. She also requested that questions posed to the department should not be inclusive of matters pertaining to entities. Questions about staff matters at SANBI did arise, and was resolved.

During discussion emphases was placed on the fishing industry, with specific reference to the small-scale commercial and subsistence fisheries sectors. Questions were posed to the minister related to the impact of lockdown regulations on the small scale, recreational, charter and "subsistence" fisherman and what the department was doing to assist them during this lockdown period. The minister clarified that the department did take a long time to release regulations related to the impact of lockdown levels on the fishing industry, and apologised for this. Discussions are ongoing regarding how different sectors will be accommodated under current and future lockdown conditions. Some sectors, such as the snoek fishers and coastal fisheries under interim relief, were given permission to return, but other sectors are still not permitted to operate. The legal status of subsistence fishers was highlighted as a challenge. The Marine Living Resources Act does not recognise subsistence fishers, and therefore no regulation separates them from recreational anglers. At present, their activity is governed by the recreational permits they use to fish. Recreational angling is not permitted at present but the department is in discussions to determine if relief can be offered in specific circumstances.

The Waste Management mandate of the Department received a fair amount of attention. The Minister highlighted that there are 27 waste management streams incorporated into the Operation Phakisa Chemicals and Waste Economy. Four important waste streams namely, Municipal Waste, Bulk Industrial waste, Product Design and Waste Minimization and Chemicals were emphasised. The key aspirations in these groups include the reduction of the negative environmental and health impacts of waste and risks posed by chemicals; an increased commercialization of the circular economy and value creation from resources currently discarded as waste; and the fostering of inclusive growth through positioning of South Africa as a globally competitive producer of sustainable products. The Minister stated that she was of the opinion that numerous challenges reduce the efficiency of waste management at local government level. Some improvements in service delivery could be achieved if the Waste Bureau offered better support to local government, and that attention is being given to the matter. The fate of REDISA and the waste tyre management stream also received some attention. The Minister clarified that the functions of waste tyre management ended up being shifted back to the department when the REDISA contract terminated, and that this situation is not desirable. The Department, together with the CSIR., is in the process of finalising an intervention based on Section 29 of the Waste Management Act. The desired outcome of the Tyre Industry Waste Management Plan is to return the functions of waste management back to industry.

Questioned about the finances of REDISA and the employment of senior REDISA management in the Department, the Minister clarified that the 2018/19 irregular expenditure in the Waste Bureau was investigated, and that it was recommended that R45 million worth of expenditure flagged as irregular should be applied for condonation as no evidence of intentional wrongdoing was found. The balance is still under review. A final focus area of discussions around waste management was the agreed need, supported by both the Minister and Committee members, that waste pickers should be better protected and incorporated into value chains of the waste management sector. No details were given of any plans currently in place to formalise the waste pickers.

The Minister spent some time clarifying her role in the One Environmental System. As the Appeals authority, the Minister does not grant permits and is not in a position to rule against any mining or prospecting right allocated to industry outside of the application of law. Community disagreement can be taken into account, but a lack of specific clauses of environmental legislation means that there are no laws prohibiting mining in certain environments that the public may deem sensitive. The focus of the discussion was on community disagreement over the decision to allow mining in the coastal zone of the Olifants River, West Coast.

Additional matters discussed include:

- In terms of staffing, bursaries and learnerships, the Minister stated that the department is in the process of recruiting for vacancies in the Forestry and Fisheries portfolios, and that their learnership opportunities for staff is spread across all provinces. A provincial breakdown was provided. In terms of Departmental bursaries offered to students, the DG clarified that the Department was not able to recruit all recipients once they graduated.
- While the Minister stated that matters related to entities were discussed in a prior meeting, she stated that there was no link between the departure of the newly-appointed CEO of SANBI and an organisational culture that was not welcoming to African women. She suggested that if evidence for this exists, it should be provided to the department.
- More details on plans to improve sustainability focus in municipal IDPs would be given once these were finalised.
- Questions related to the development of small fishing harbours should be directed at the Department of Public Works, which is mandated with this function.
- The Aquaculture Bill had been criticised as over-regulation. Both DEFF and DARDLR have legislation and/or regulatory functions related to aquaculture, and the Bill was withdrawn in order to assess how over-regulation can be reduced in consultation with stakeholders.
- In the period after the expected budget adjustment of the department, it will focus on plans to improve benefits of communities living adjacent to parks and reserves.

The Select Committee on Land Reform, Environment, Minerals & Energy having considered Budget Vote: 32 and Annual Performance Plan 2020/2021 of the Department of Environment, Forestry and Fisheries, reports that the Committee has concluded its deliberations thereon.

Report to be considered

3. Report of the Select Committee on Land Reform, Environment, Mineral & Energy on the Budget Vote and Annual Performance Plan 2020/21 of the Department of Mineral Resources and Energy – Budget Vote No 34, dated 22 May 2020.

The Select Committee on Land Reform, Environment, Mineral & Energy having considered Budget Vote: 34 and Annual Performance Plan 2020/2021 of the DMRE, reports that the committee met with the department on 22 May 2020, where the department briefed the committee on the matter of its Strategic Plan, APP and Budget.

The briefing session was focused on the interests of the Select Committee. Most of the Department's mandate, including its entities, are national mandates and therefore of limited overlap with the committee's priorities. The Department did not present any details of the entities, but provided a brief overview of its budget allocations to programmes, followed by a question session where members were able to focus on aspects of the Department's mandate of greatest interest to the committee. These included:

- Economic development of mining-affected communities, including communal land through the integration of Social and Labour Plans with local government IDP and LED;
- Addressing challenges with consultation – especially with mining-affected communities;
- Energy supply, the provision of support to municipal infrastructure programmes and aspects of the IRP 2019;
- Mine safety and occupational health of people employed in the mining sector, including the impact of Covid-19 in the mining sector;

The Minister, in his opening remarks, introduced his new streamlined department consisting of the former DMR and Energy portfolios. The Minister further stated that both the department and the mining industry was dealing with challenging situations caused by Covid-19. Localised cases of mineworkers testing positive for the virus was attributed to asymptomatic individuals returning to work or mine operations where the correct safety protocols were not followed. The minister emphasized the importance of the minerals and energy sector in catalysing the economic recovery of the country, reaching the NDP targets and fighting social inequity. He warned that the downgrading to junk status that happened recently would negatively affect the attractiveness and investment in the sector. All planning post Covid-19 has taken place based on the existing budget allocation, but the Minister acknowledged that the department and is awaiting a potential the revised budget revision from National Treasury. The Minister finally also highlighted that the department has improved the management of all of its entities through the appointment of the required Boards and C.O's at each entities. The management of the entities, which was criticised for weak leadership in the past, is now considered to be normalised.

The department clarified that it is in the process of identifying programmes and projects that have implementation dates that can be delayed into the next financial year in order to redirect funds for the Covid-19 response. If any funding is redirected, the department will amend its targets to be re-aligned with modified expenditure plans.

Discussions around the implementation of the IRP 2019 clarified that government is still focused on investing in nuclear energy, but not on the same scale as before. The current call for proposals is for a 2500MW unit that is modular in design to allow for replication or upscaling, and which will fall within the cost parameters that the country can afford at present. The department, through the minister, confirmed that it would still take a significant amount of time before many rural communities could be linked to the national grid, and that off-grid options will be implemented under such situations first. The department further acknowledged that one of the options considered for these areas are small or micro-grids, and that the development of such grids could provide opportunities for local entrepreneurs to be supported to become Independent Power Producers supplying renewable energy solutions until such a point in time that a connection to the national grid is possible.

Remaining on energy supply matters, the department responded to questions related to the commitment of government to allow municipalities in good standing to procure their own electricity. The amended regulations were submitted for public comment two weeks ago. After submissions are reviewed, the Department plans to publish final amended regulations by the end of July. This will enable municipalities to procure electricity in line with IRP 2019 guidelines and requirements.

The department's presentation highlighted an uneven distribution of support given through municipal infrastructure grants to municipalities providing solar geysers to residents. When questioned about this, the department explained that municipalities are required to motivate for support. The department does no earmark areas for investment and therefore the distribution of grant expenditure is a function of municipal applications only.

The committee will still be briefed in detail on the phased re-opening of mines in the country, but the committee received a brief update on the topic. Opening will be phased, with deep mining being the last type to be re-opened. Department regulations, together with those issued by the Department of Health, were communicated to all mines and will guide the process. Where spikes in Covid-19 positive tests have occurred at mines, it was attributed to breaches in operating conditions, or as a result of asymptomatic miners returning to work. Where mines were found to be operating without adhering to the safety regulations, the mine was shut and all workers screened. Under other circumstances, mine workers that tested positive were quarantined. The Department also performs unannounced visits to mines to determine whether regulations are followed. In conclusion, the Department conceded that adequate testing capacity remains a problem.

When asked why the department did not approach the eradication of fraud and corruption within the department with a 100% target, the committee was informed that the target has to take into account the investigative phase of more complex cases, which includes outside department that cannot be held to account by departmental targets. These cases needed to investigated thoroughly and therefore the department assigned a 95% target to the outcome – expecting that 5% of cases will take more than one year to resolve.

The committee raised its concerns over safety for women in mining after the department's brief highlighted the challenge. The department outlined its plans to improve safety for women, which includes as an important component, the organisation of regional forums where women can form a central part of planning for improved safety standards.

The challenge of illegal mining and the development of small-scale mining opportunities were briefly discussed. The illegal trade in many of the minerals that are focused on in illegal mining operations is being investigated. The department considered the creation of a special investigating unit to look into illegal mining and mineral trade as the best way to contain illegal mining.

In a related matter, the issue of mine safety in terms of rehabilitation and derelict and ownerless mines were also discussed. The department highlighted that mines earmarked for rehabilitation was selected using set criteria for ranking these mines, and that public safety was also taken into account when mines are identified for rehabilitation. The committee was assured that health and safety risks associated with these mines was a high priority for the Department.

Concerning the alignment of Social and Labour Plans (SLPs) with municipal IDP and LED, the department stated that it operated under the assumption that municipalities have adequately consulted with communities before finalising these plans. The department supplies mining companies with municipal plans, but does not prescribe the detail of each plan. It does assist with the consolidation of SLP projects into larger, integrated projects rather than a larger number of fragmented plans with little impact. It further expects that where mining communities reside on communal land, liaison between the municipalities, mining companies and traditional leaders would result in suitable SLP projects implemented on communal land. The department expressed a concern that it considered the ownership of projects on communal land a greater problem than their initiation. The committee was also reminded of the fact that those communities residing on communal land affected by mining benefits from royalty agreements with mining companies.

The Select Committee on Land Reform, Environment, Minerals & Energy having considered Budget Vote: 34 and Annual Performance Plan 2020/2021 of the Department of Minerals Resources and Energy, reports that the Committee has concluded its deliberations thereon.

Report to be considered.