

REPORT OF THE SELECT COMMITTEE ON LEGISLATURE OVERSIGHT ON THE 2018/9 ANNUAL PERFORMANCE PLAN (APP) AND BUDGET (VOTE 02)

1. INTRODUCTION

The **Select Committee on Legislature Oversight** (the Committee) has a mandate to ensure fiscal discipline, accountability, efficient co-ordination and good governance by holding the Mpumalanga Provincial Legislature (the Legislature) accountable. The committee, in line with the powers and functions of all Select Committees as outlined in the Rules and Orders of the Mpumalanga Legislature; has a mandate to put mechanisms in place to assess performance quarterly, annually or deal with any other matter referred to it by the office of the speaker. This mandate is in line with section 4 of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009) which compels Parliament and Provincial Legislatures to account on all commitments as stipulated in their annual performance plans.

Therefore, the Committee has powers to interrogate the budget, Annual Performance Plan (APP), Strategic Plan and quarterly performance reports of the Legislature to ensure compliance to policies and legislative requirements for the achievement of its vision of a 'People-centred African world class Legislature'. The Legislature, led by the Speaker Hon VS Siwela, presented its APP and budget on 15 May 2018 to the committee for consideration.

This report is therefore aimed at providing the analysis of the Annual Performance Plan of the Mpumalanga Provincial Legislature and budget 2018/19 for consideration, adoption and the passing of the Budget Vote 02 (2018/19) financial year by the House.

2. METHOD OF WORK

The Speaker referred the following documents to the Committee for deliberations and report back to the House, in accordance with Rule 190(4) of the Rules and Orders of the Mpumalanga Provincial Legislature:

- ↓ 2018/19 Annual Performance Plan
- ↓ 2018/19 Estimate of the Legislature Revenue and Expenditure
- ↓ Cost per head expenditure report
- ↓ Organisational Structure

PART A: STRATEGIC OVERVIEW

3. BRIEF OUTLINE OF THE LEGISLATURE'S STRATEGIC OUTCOME-ORIENTED GOALS

The Legislature has seven (07) strategic outcome-oriented goals to ensure that it fulfils its constitutional mandate and realises its vision and mission. These strategic outcome-oriented goals are:

- i. Strengthened oversight over the Executive and State Organs in respect of delivery against the six priorities of government in the next five (05) years;
- ii. Improved involvement of all the people of the Province in the Legislature's processes in the next five (05) years;
- iii. Improved law-making and the effectiveness of legislation for the benefit of the people of the Province in the next five (05) years;
- iv. Improved capacity of the Legislature to conduct oversight, public participation and law-making functions in the next five (05) years ;
- v. Improved strategic management, corporate and financial governance in the next five (05) years;
- vi. Increased promotion of nation-building and social cohesion in the next five (05) years; and

- vii. Strengthened participation in inter-parliamentary bodies for enhancing institutional integrity and improving participatory democracy in the next five (05) years.

To achieve these broad strategic outcome-oriented goals, the Legislature developed twenty-two (22) Strategic Objectives over the MTSF period, for both Programme 1 and 2. These objectives led to the one hundred and twenty four (125) Performance Indicators with clear targets that will be used by the Committee to measure the performance of the Legislature for the 2018/19 financial year.

4. OBSERVATION AND COMMENTS

The APP of the Legislature complied with the Treasury Guidelines for the compilation of annual performance plans. The Vision, Mission and Values are clearly stipulated as basis on which all planning is anchored. The document was duly signed by all designated officials and has the foreword by the Speaker as the political head of the institution.

The Committee acknowledged that the Legislature presented a well prepared APP with clear targets to be followed during the 2018/19 financial year. However, the Committee advised that some related targets could be combined to cater for the budget that is insufficient, that is, at a 4% growth compared to the previous financial year. On the issue of Transfers to Political Parties, the CFO indicated that the formula used is based on the number of sittings per party.

PART B

5. ANNUAL PERFORMANCE PLAN 2018/19

5.1. Key legislative mandates

Other than the Strategic Plan, the implementation of the APP adheres to the following **key legislative mandates** to ensure that the Legislature achieves its objectives and fulfils its core constitutional mandate of public involvement, law making and oversight.

- Financial Management of Parliament and Provincial Legislatures Act, 2009;
- Political Party Fund Act, 2007;
- Preferential Procurement Framework Act, No 5 of 2000;
- The Promotion of Access to information Act, No 2 of 2000;
- Public Finance Management Act, No 1 of 1999;
- Constitution of the Republic of South Africa, Act No. 108 of 1996 (Chapter 3 and Sections 114, 118 and 142 of the Constitution) and
- Treasury Regulations

The legislature adheres to all relevant legislation, policies and guidelines responsible for the operations of the public sector.

5.2. Updated situational analysis

The development and implementation of the Annual Performance Plan was shaped by the performance delivery and the organisational environments of the Legislature. Thus the political and the strategic focus as reflected in the five-year Strategic Plan played a critical role in the crafting of this APP of the Legislature.

5.3. Performance delivery environment

Relevant internal and external environment of the Legislature were taken into account in the development of the 2018/19 APP for the Fifth Mpumalanga Provincial Legislature. The global dynamics were considered to ensure that planning is aligned with new developments and that the operations of the Legislature remain relevant to these new trends. The APP was also shaped by the provisions of the National Development Plan (NDP). The mandate of oversight on the Executive ensures that all departments deliver and provide quality services to communities in the Province to accelerate the implementation of the NDP. The Legislature also considered the call towards the harmonisation of the South African Legislative Sector (SALS) through ensuring that its planning is aligned to the broader SALS strategies.

5.4. Organisational environment

The APP of the Fifth Mpumalanga Legislature is aligned to its five year Strategic Plan which remains unchanged since 2015. Though reviewed annually, both the administration arm and the political arm of the Legislature supported the current programme structure, that is, Administration as programme 1 and Parliamentary Business as programme 2. The Legislature has however effected reasonable changes around its personnel to ensure capacity to achieve on planned targets and this is evident in the annual performance of over 90% for the past three years.

5.5. Phases followed to compile the APP

The APP (2018/19) is a product of the strategic planning processes where all employees within Sections and Divisions were involved; led by the Planning, Performance, Monitoring and Evaluation unit within the Office of the Secretary. The process had a buy-in of the Executive Authority and Honourable Members of the Legislature. The final product was then used to inform the budget allocation for the programmes to enable the Legislature to succeed in the fulfilment of its constitutional mandate as well as the realization of its vision. The following are key focus areas of the 2018/19 APP that have been budget for:

- ✚ Official opening of the Legislature and the State of the Province Address (SOPA)
- ✚ Oversight activities of the Parliamentary Committees
- ✚ Portfolio and Select Committee support through research and coordination activities
- ✚ Public involvement activities
- ✚ Taking the Legislature to the People programmes
- ✚ Sectoral Parliaments
- ✚ Funding of Political Parties
- ✚ Maintenance, licencing of SAP, IT infrastructure and network.

PART C

6. ANALYSIS OF THE 2018/19 BUDGET

Table 1: Budget allocation trends

Financial year	2016/17	2017/18	2018/19
Final Appropriation	322 479	333 593	346 647
Growth %	1%	3.4%	4%

(Source: Annual Performance Plan documents for 2015/16 to 2018/19)

The table above indicates a steady growth of the budget allocation for a period of three financial years, that is, from 1% to 4% in the current financial year. The budget allocation, despite the slight increase compared to 2017/18 is not sufficient as there are outstanding projects such as partitioning and other competing priorities that need finding against these limited allocated resources. The legislature will therefore continue with cost-curtailement measures to fund budget pressures.

The Legislature and the broader South African Legislative Sector has a duty to ensure that the budget allocation to the Legislatures is reviewed and done differently from the allocation of the Executive/department.

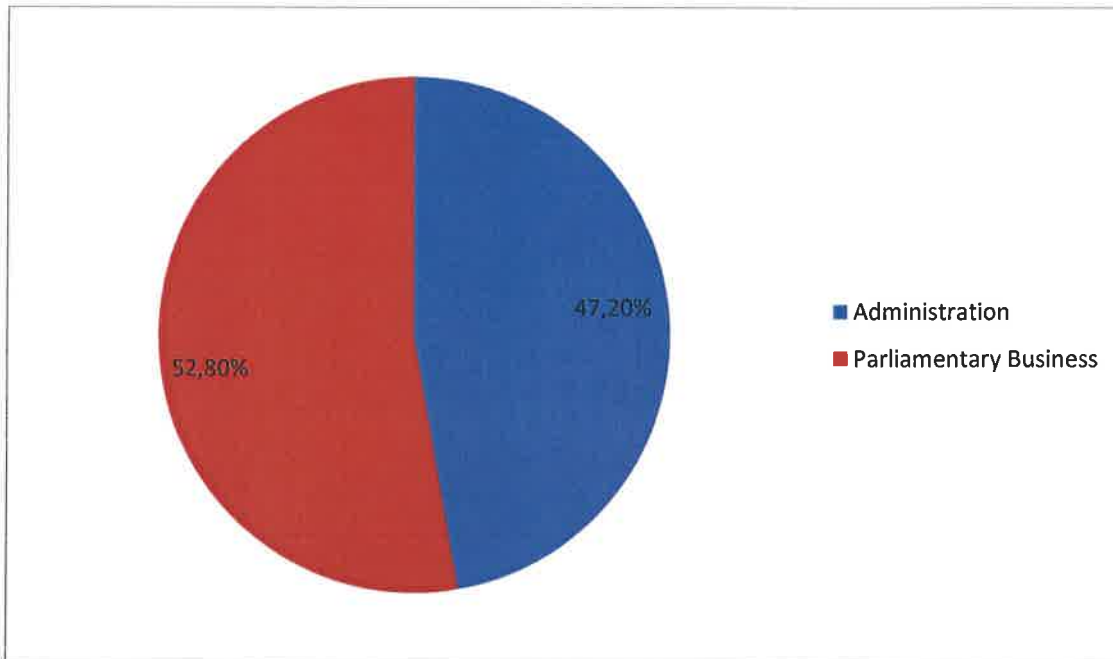
6.1. Overview of the 2018/19 budget and MTEF estimates

Table 2: 2018/19 Budget allocation

Programme	Adjusted Appropriation 2017/18 R'000	Main Appropriation 2018/19 R'000	Medium-Term Estimates	
			2019/20 R'000	2020/21 R'000
Administration	158 836	163 721	170 564	186 612
Parliamentary Business	174 757	182 926	184 319	187 110
TOTAL	333 593	346 647	354 883	373 722
Economic Classification				
Compensation of employees & Members	164 068	191 959	206 117	224 411
Goods & services	117 632	92 664	92 109	96 924
Transfers to political parties	42 948	60 496	55 044	50 686
Payment for capital assets	8 945	1 528	1 613	1 701
TOTAL	333 593	346 647	354 883	373 722

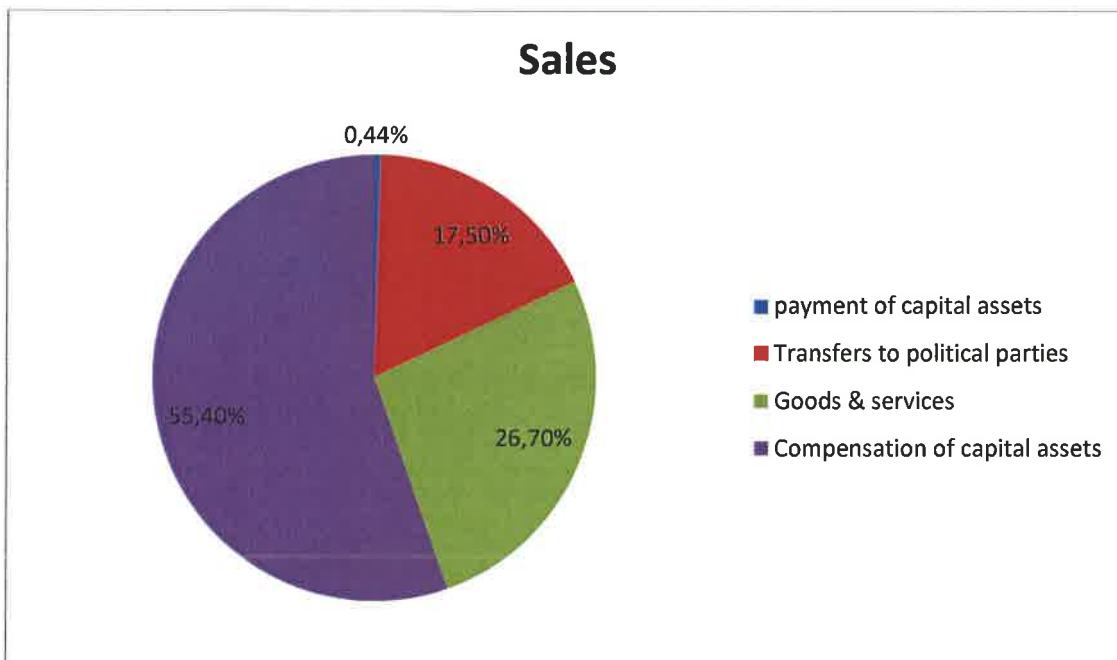
The table above indicates a growth of **R13 054 000** from the previous financial year budget allocation, which translate to a 4% growth. The budget for the two programmes also indicate growth, with the exception of the categories within the economic classification; where goods and services declined from **R117 632 to R92 664** (difference-R24 968) and the payment of capital assets went down from R8 945 to R1 528 (difference R7 417).

Budget Share per programme



(Parliamentary Business is allocated more budget than the Administration Programme)

Budget share per economic classification



(the graph shows a decline for the payment of capital assets by more than 70%)

7. PROGRAMME PER PROGRAMME ANALYSIS

The Mpumalanga Provincial Legislature's APP is structured into two (2) programmes namely; the **Administration** and the **Parliamentary Business**. These two broad programmes have sub-programmes which also have sub-sub programmes with annual and quarterly targets as per their corresponding Programme Performance Indicators (PPIs). There are 125 PPIs for the 2018/19 financial year.

7.1. Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management and administrative support to ensure institutional effectiveness and the achievement of the core business of the Legislature.

This Programme has four (04) sub-programmes, namely:

- Office of the Speaker
- Office of the Secretary
- Corporate Services
- Financial Management

Programme 1 has a total of **95 Programme Performance Indicators** as well as Annual targets that will be used to measure performance for the 2018/19 financial year. It has been allocated a budget of **R163 721 000** to ensure the successful implementation of the planned targets. The key cost drivers include commitments made relating to the following;

- ⬇ SAP system
- ⬇ IT support and maintenance
- ⬇ security services, audit fees
- ⬇ rental of buildings and
- ⬇ office machines.

The table below indicates the breakdown of the budget for Programme 1 according to sub-programmes and economic classification.

7.2. Programme 2: Parliamentary Business

Table 5: Budget for Programme 2

Table 2.12: Summary of payments and estimates: Parliamentary Business

R thousand	Outcome		Main appropriation 2017/18	Adjusted appropriation 2017/18	Revised estimate	Medium-term estimates	
	2014/15	2015/16				2018/19	2019/20
1. Law Making	31,090	21,641	25,191	31,892	31,892	30,409	31,598
2. Oversight	27,388	32,811	47,321	46,740	45,611	45,013	49,127
3. Public Participation	17,622	9,997	13,697	14,798	14,798	14,123	14,285
4. Members Facilities	71,732	88,370	73,619	75,600	76,729	58,381	89,309
5. Corporate Governance	4,106	4,590	5,427	5,727	5,727	-	-
Total payments and estimates	152,200	156,220	166,255	174,757	174,757	182,926	184,319

Table 2.13: Summary of provincial payments and estimates by economic classification: Parliamentary Business

R thousand	Outcome		Main appropriation 2017/18	Adjusted appropriation 2017/18	Revised estimate	Medium-term estimates	
	2014/15	2015/16				2018/19	2019/20
Current payments	114,351	97,257	123,307	131,605	131,605	172,430	129,275
Compensation of employees	63,020	66,154	86,827	86,027	84,648	88,626	94,272
Goods and services	51,361	31,103	36,480	45,782	47,161	33,804	35,003
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies	37,619	58,731	42,948	42,948	42,948	60,496	55,044
Provinces and municipalities	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
Payments for capital assets	37,619	58,731	42,948	42,948	42,948	60,496	55,044
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	-	262	-	-	-	-	-
Total economic classification: Programme (numb	152,200	156,220	166,255	174,757	174,757	182,926	184,319

Programme 2 has a total of **30 PPIs** with clear targets for implementation and has been allocated a budget of **R182 926 000** as indicated in the table above. The budget shows a 4.7% increase compared to R174 757 000 of the previous financial year. The key cost drivers are:

- ✚ State of the Province Address (SOPA)
- ✚ Legislature sittings
- ✚ Taking the Legislature to the People (TLP) programmes
- ✚ Research
- ✚ Processing of Bills
- ✚ Sectoral Parliament
- ✚ Portfolio/Select Committee work

8. FINDINGS

After the deliberations on the APP and the budget for Vote 2, the Committee made the following recommendations:

- I. The budget allocation for the 2018/19 of R346 647 000 is not enough for the Legislature to conduct oversight and public involvement as per its mandate.**
- II. The Legislature's APP has 125 Programme Performance Indicators (PPI) with clear targets for implementation in 2018/19.**

9. RECOMMENDATIONS

- I. (a) The committee will submit inputs to the Provincial Treasury to consider additional funding allocation to the Provincial Legislature during the budget processes.**
(b) The Accounting Officer must update the committee on progress regarding the engagement on the National Protocol Document that is pioneered by the Speaker's Forum on the best model to fund provincial legislatures on an ongoing process.

- II. The Accounting Officer must submit progress reports on the implementation of planned targets on quarterly bases or on the request of the Committee for such information.

10. CONCLUSION

The Chairperson extended his appreciation to the active role that the Legislature displays in conducting oversight visits irrespective of the limited budget allocation. He thanked the Hon Speaker and the Presiding Officers for honouring the invitation to come and account to the Committee. He also thanked the Members of the Committee and support staff for their contributions to ensure that the Committee meetings are a success and wished everyone a safe journey back home.

The Committee moves that the House adopts this Committee report and approves the 2018/19 Annual Performance Plan and Budget (Vote 2) of the Mpumalanga Provincial Legislature.



HON JJ SKOSANA

**CHAIRPERSON: SELECT COMMITTEE ON
LEGISLATURE OVERSIGHT**

22/05/2018
DATE