

REPORT OF THE SELECT COMMITTEE ON LEGISLATURE OVERSIGHT

BUDGET VOTE OF THE MPUMALANGA PROVINCIAL LEGISLATURE FOR THE 2017/18 FINANCIAL YEAR (VOTE 02)

1. INTRODUCTION

The **Select Committee on Legislature Oversight** (the Committee) has a Constitutional mandate, in terms of section 114(2)(b) of the Constitution of the Republic of South Africa (Act 108 of 1996) read with Rule 190(4) and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature, to ensure fiscal discipline, accountability, efficient co-ordination and good governance by holding the Mpumalanga Provincial Legislature (the Legislature) accountable through various measures, which the Committee may undertake during the course of a financial year.

Scrutiny of the budget, Annual Performance Plan (APP) and Strategic Plan is a tool to perform oversight on the programmes planned for the financial year and the budget allocations given to each programme by the Legislature.

The Committee tables this report, in accordance with the provisions of the Rules and Orders of the Mpumalanga Provincial Legislature as an account of its oversight work done for consideration and adoption in order to pass the Budget Vote 02 for the 2017/18 financial year.

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:

- 2017/18 Estimates of Legislature Revenue and Expenditure
- 2015/2020 Five-Year Strategic Plan
- 2017/18 Annual Performance Plan

- Organisational Structure
- Cost per Head

The Committee met with the Legislature on 10 May 2017 to deliberate on its budget documentation. The Committee met again on 17 May 2017 to consider and adopt its report on the 2017/18 Budget for Vote 02.

3. BRIEF OUTLINE ON STRATEGIC POLICY PRIORITIES

a) Strategic Orientated Goals

The Legislature has seven (07) strategic outcomes outlined in its Strategic Plan and Annual Performance Plan respectively. These outcomes have been identified to ensure that the six (06) governing party's priorities remain at the centre of the Legislature's intense oversight over the provincial government departments and provincial public entities in order to foster service delivery and to deepen democracy in the Province.

The seven (07) identified strategic outcome-oriented goals of the Legislature for the period 2015 – 2020 are the following:

- Strengthened oversight over the Executive and State organs in respect of delivery against the six (06) priorities of government in the next five (05) years;
- Improved involvement of all the people of the Province in the Legislature's processes in the next five (05) years;
- Improved law-making and effectiveness of the legislation for the benefit of the people of the Province in the next five (05) years;
- Improved capacity of the Legislature to conduct its oversight, public participation and law-making functions in the next five (05) years;
- Improved strategic management, corporate and financial governance in the next five (05) years;
- Increased promotion of National-Building and social cohesion in the next five (05) years; and
- Strengthened participation in inter-parliamentary bodies for improving participatory democracy and co-operation.

b) Sustainable Development Goals (SDGs)

The Legislature is not responsible for the implementation of SDGs. However, it is imperative that the Legislature conducts oversight on the Executive Authority to ascertain the extent to which the Mpumalanga Provincial Government has succeeded in implementing the SDGs.

4. PREVIOUS HOUSE RESOLUTIONS (2016/17)

4.1. Progress Report on the implementation of House Resolutions emanating from the 2016/17 Budget Report

The Committee considered an updated report on the progress made by the Legislature in implementing previous House Resolutions as contained in the Committee Report on the Legislature's 2016/17 Budget Report. A comprehensive update on the extent to which the Legislature has implemented the House Resolutions is reflected below.

RESOLUTION	PROGRESS REPORT	STATUS (Way forward)
1. The Chief Financial Officer must ensure that public funds that are allocated to the institution are properly safeguarded and used for their intended purpose, as per the FMPPLA.	Compliant to the FMPPLA, internal control processes are in place. Review of the Internal Audit for procured assets is timeously conducted. Monthly and quarterly reports as well as reconciliations are managed by the Senior Manager in the office of the CFO.	The Resolution is CLOSED
2. The Accounting Officer must ensure that the internal transfer of personnel does not impact negatively on the work of the legislature. The Committee also stressed the importance of communicating changes made to avoid complicating matters.	The internal transfer of personnel from one office to another is a way to maximise efficiency of the Legislature operations on the basis of skills and qualifications. Consultation with the affected personnel remains a priority and once that is concluded, the move is communicated to the rest of the institution.	The Resolution is CLOSED
3. The Committee appreciated the Accounting Officer's	The Legislature accounts to accruals in accordance with the GRAP standards.	The Resolution is CLOSED

update on accruals, and indicated that the accruals should not be interpreted as debt because they are completely different.		
4. The Accounting Officer should ensure that the cases of suspended officials do not take too long to be concluded.	Out of the six (06) current cases, three (03) cases remain impending and three (03) cases have been concluded.	The Resolution remains PENDING

5. OBSERVATIONS AND COMMENTS

The Legislature prepared a thorough presentation that gave a clear directive of what it intends to undertake and achieve during the 2017/18 financial year.

The Committee noted that the Strategic Plan, Annual Performance Plan (APP) and the Budget of the Legislature have been prepared in terms of Sections 14, 15 and 16 of the Financial Management of Parliament and Provincial Legislatures Act No 10 of 2009 (FMPPLA) respectively.

6. ANNUAL PERFORMANCE PLAN (APP) 2017/18

6.1. Compliance of the Annual Performance Plan with the National Treasury framework

The Committee noted that the APP provided by the Legislature is compliant with the framework for APPs issued by the National Treasury and customised to the Legislature's needs. The foreword of the APP communicates the principal role of the Legislature in conducting oversight work in the Province; provide accelerated actions toward the realisation of being a People-Centred African World Class Legislature and the fulfilment of its mandate. The foreword clearly states the key priorities of the Legislature for 2017/18. The Speaker, as the Executive Authority of the Legislature, gave the Legislature's commitment to achieving the strategic objectives of the Legislature. The Speaker also indicates that the Legislature will commemorate the "20 years of our democratic Constitution and 20 years since the inception on the National Council of Provinces (NCOP)" in this financial year.

The official sign-off has been carried out by all relevant officials. The table of contents has been done consistent to the Framework for Annual Performance Plans issued by the National Treasury.

6.2. Updated situational Analysis

The situational analysis of the Legislature gives an outlook of the third Annual Performance Plan of the fifth Mpumalanga Provincial Legislature which will focus in fulfilling the constitutional mandate and realisation of the vision of becoming a people-centred African world class Legislature.

6.3. Performance delivery environment

On the performance delivery analysis, the Committee noted that the institution remains committed in ensuring that it delivers on its constitutionally informed services for the benefit of the people of the Province.

6.4. Organisational environment

There are no changes in the organisational environment as captured in the Five-Year Strategic Plan, the political and administrative arms of the Legislature remain at the epicentre of achieving both the strategic and political priorities articulated in the Five-Year Strategic Plan. The management of the institutional performance, both financial and non-financial, still occurs within two programmes, namely Programme 1: Administration and Programme 2: Parliamentary Business. These two programmes and the relating sub-programmes continue to reflect the programmatic configuration of the business of the Legislature. It was noted that the organisational structure of the Legislature has been reviewed and properly signed off.

The Legislature's Vision and Mission as per the Five-Year Strategic Plan remains as follows:

Vision: A people-centred, African, world-class Legislature.

Mission: To hold the Executive and other State Organs accountable through intensified oversight, enhanced public involvement and effective law-making supported by professional administrative service.

7. ANALYSIS OF THE 2017/18 BUDGET ALLOCATION

7.1. BUDGET ANALYSIS

The following broad assumptions are the foundation on which the budget of the Legislature is allocated to programmes and activities for the 2017/18 financial year:

- Statutory allocation for compensation of Members of the Provincial Legislature; and cost of living adjustments thereof;
- Political Parties funding for caucus and constituency allowances for the enhancement of democracy;
- Hosting of the State of the Province Address (SOPA);
- The hosting of two (02) events namely "Taking the Legislature to the People" (TLP);
- The maintenance, support and licensing of the SAP system, IT infrastructure and networks;
- Support to Portfolio and Select Committees of the Legislature in terms of research services and coordination of activities;
- The hosting of Sectoral Parliaments (Workers, Youth, Children, Women, Religious and Senior Citizens, Parliament for People with Disabilities);
- Communication, travel and accommodation for Members and related support staff;
- Public hearings and oversight visits by the Members of the Provincial Legislature in respect to Portfolio Committee clusters;
- The funding for the mobilisation and public participation and education programmes; and
- Annual cost of living salary adjustments, performance based adjustments awards; and filling of vacant positions.

The table below reflects the Legislature's programme structure and budget breakdown over the past three (03) financial years:

'000	Outcome 2015/16	Adjusted Appropriation 2016/17	Main appropriation 2017/18
Administration	134 704	155 121	151 036
Parliamentary Business	160 917	167 358	166 255
TOTAL	295 621	322 479	317 291

The Legislature has been allocated R317 291 000.00 for the 2017/18 financial year which shows a decrease of R5 188 000.00 (1.6%) from the R322 479 000.00 of the previous financial year (2016/17). The Committee noted that 48% is allocated to Administrative Support and 52% to the Parliamentary Business. The budget allocation for Administration has decreased by R4 085 000.00 (2.7%) as compared to the previous financial year. The budget allocation for Parliamentary Business has decreased by R1 103 000.00 (0.7%) when compared to the previous financial year.

The Legislature registered a budget shortfall of R12 235 000.00 for the 2017/18 financial year; mainly relating to public education, the upgrade and maintenance of the committee rooms' systems and the performance, monitoring and evaluation system. However, it is envisaged that the shortfall will likely be covered by the ongoing cost curtailment measures that is currently implemented. The Legislature was urged to ensure that the savings incurred by the cost curtailment measures must also provide for the completion of the petitioning of offices; as well as the completion of Members' offices.

Economic classification

The table below outlines the budget allocation per Economic Classification

'000	Outcome 2015/16	Adjusted Appropriation 2016/17	Main appropriation 2017/18
Compensation of Employees	129 156	150 501	170 947
Goods and Services	99 972	101 420	101 451
Transfers and Subsidies	58 731	53 554	42 948
Payments for Capital Assets	7 500	17 004	1 945
Payments for Financial Assets	262	0	0
TOTAL	295 621	322 479	317 291

Compensation of Employees: The growth in this line-item is for the annual cost of living salary adjustments, performance based pay progression and related awards and funded vacant positions to be filled.

Goods and Services: An increase of 0.03% is noted between the 2016/17 adjusted appropriation and the 2017/18 main appropriation. The Legislature is intensifying the implementation of cost containment measures and reviewing the utilisation of contracted services as a measure to minimise the impact of accruals and reduce spending on non-core items.

Transfers and Subsidies: The decrease by 25% between the 2016/17 adjustment appropriation and the 2017/18 main appropriation in this line-item is as a result of a once-off additional transfer in relation to the Enhancement of Democracy Fund which was appropriated in the 2016/17 adjustment appropriation budget.

Payments for Capital Assets: This line-item reflects a fluctuating trend over the three (03) year period from 2015/16 to 2017/18. This is as a result of a once-off project of the revamping of the chamber system which commenced in the 2015/16 financial year. In the 2017/18 financial year main appropriation capital payments display a sharp budget decrease from R17 004 000.00 in the 2016/17 adjusted appropriation budget to R1 945 000.00 in the 2017/18 main appropriation. This sharp budget decrease is due to the Revamping of the Chamber project which was completed during the 2016/17 financial year.

7.2. PROGRAMME 1: ADMINISTRATION

Programme purpose and budget allocation

The aim 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.

The programme has four (04) sub-programmes; namely:

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

The table below outlines the budget per sub-programme:

'000	Outcome 2015/16	Adjusted Appropriation 2016/17	Main appropriation 2017/18
Office of the Speaker	12 020	16 932	17 878
Office of the Secretary	12 442	16 749	19 509
Corporate Services	90 033	99 408	89 395
Financial Management	20 209	22 032	24 254
TOTAL	134 704	155 121	151 036

The budget allocation for Programme 1: Administration has decreased by R4 085 000.00 (2.7%) as compared to the previous financial year.

i. Sub-Programme 1: Office of the Speaker:

The purpose of this sub-programme is to provide political leadership and management support to ensure effective functioning of the Legislature and the Office of the Speaker respectively towards the fulfilment of the constitutional mandate.

This sub-programme has three (03) further Sub-programmes or components: Chief of Staff; Inner Support Services and Treasury.

The budget of the Office of the Speaker has increased by R 946 000.00 (5.3%) from R16 932 000.00 in the 2016/17 financial year to R17 878 000.00 in the 2017/18 financial year.

ii. Sub-Programme 2: Office of the Secretary:

The purpose of this programme is to provide overall strategic leadership, management and administration to ensure effective and efficient functioning of the Legislature in achieving its vision and fulfilling its constitutional mandate.

This sub-programme has four (04) further sub-programmes: Management; Planning, Performance Monitoring and Evaluation; Governance Support Services; and Risk Management.

The budget for this sub-programme increased by R2 760 000.00 (14%) from R16 749 000.00 in the 2016/17 financial year to R19 509 000.00 in the 2017/18 financial year.

iii. Sub-Programme 3: Corporate Services:

The purpose of this sub-programme is to provide strategic and leadership support to the Legislature in relation to Human Capital Management, Information and Communication Technology, Communications and Institutional Support to ensure institutional effectiveness, and the achievement of the core business of the Legislature.

This sub-programme has seven (07) further sub-programmes: Management; Human Capital Management; Information Technology; Communications; Institutional Support; Library and Document Management and Legal Services.

The budget for this sub-programme decreased by R10 013 000.00 (11%) from R99 408 000.00 in the 2016/17 financial year to R89 395 000.00 in the 2017/18 financial year.

iv. Sub-Programme 4: Financial Management:

The purpose of this sub-programme is to provide strategic management and support in relation to financial services to ensure institutional effectiveness in the fulfilment of the constitutional mandate of the Legislature.

This sub-programme has three (03) further sub-programmes: Management; Finance and Supply Chain Management.

The budget of this sub-programme has increased by R2 222 000.00 (9%) from R22 032 000.00 in the 2016/17 financial year to R24 254 000.00 in the 2017/18 financial year.

7.3. PROGRAMME 2: PARLIAMENTARY BUSINESS

Programme purpose and budget allocation

The purpose of this programme is to provide strategic management and support in relation to parliamentary services to ensure institutional effectiveness in the fulfilment of the constitutional mandate of the Legislature.

This programme has five (05) sub-programmes; namely:

- Law Making
- Oversight
- Public Participation
- Members' Facilities
- Corporate Governance

The table below outlines the budget per sub-programme

'000	Outcome 2015/16	Adjusted Appropriation 2016/17	Main appropriation 2017/18
Law Making	21 641	24 457	26 191
Oversight	35 959	41 434	47 321
Public Participation	9 997	12 337	13 697
Members' Facilities	88 370	84 084	73 619
Corporate Governance	4 950	5 046	5 427
TOTAL	160 917	167 358	166 255

The budget allocation for Programme 2: Parliamentary Business has decreased by R1 103 000.00 (0.7%) when compared to the previous financial year.

i. Sub-Programme 1: Law Making

The purpose of this sub-programme is to provide overall strategic leadership, management governance and administration to ensure effective and efficient functioning of the Legislature in achieving its vision and fulfilling its constitutional mandate.

This sub-programme has two (02) further sub-programmes: Management; and House Proceedings and Hansard.

The budget for this sub-programme has increased by R1 734 000.00 (6.6%) from R24 457 000.00 in the 2016/17 financial year to R26 191 000.00 in the 2017/18 financial year.

ii. Sub-Programme 2: Oversight

The purpose of this sub-programme is to provide professional and administrative support to Committees, and the liaison function between the Legislature and the NCOP for the fulfilment of the constitutional mandate.

This sub-programme has two (02) further sub-programmes: Committees and NCOP Support Services (includes Parliamentary Committees) and Researches Services.

The budget for this sub-programme has increased by R5 887 000.00 (12%) from R41 434 000.00 in the 2016/17 financial year to R47 321 000.00 in the 2017/18 financial year.

iii. Sub-Programme 3: Public Participation

The purpose of this sub-programme is to provide professional and administrative services regarding public involvement and public participation in support of the core business of the Legislature.

This sub-programme has only one further sub-programme: Public Participation and Petitions.

The budget for this sub-programme has increased by R1 360 000.00 (10%) from R12 337 000.00 in the 2016/17 financial year to R13 697 000.00 in the 2017/18 financial year.

iv. Sub-Programme 4: Members' Facilities

This sub programme has been excluded in the Five-Year Strategic Plan and the APP but it has a budget allocation of R73 619 000.00 in the current financial year. The budget has decreased by R10 465 000.00 (14%) from R84 084 000.00 in 2016/17 to R73 619 000.00 in the 2017/18 financial year.

v. Sub-Programme 5: Cooperative Governance

This sub programme has been excluded in the Five-Year Strategic Plan and the APP but it has a budget allocation of R5 427 000.00. The budget has increased by R381 000.00 (7%) from R5 046 000.00 in 2016/17 to R5 427 000.00 in the 2017/18 financial year.

The Committee noted the following on Programme 2:

The two (02) new strategic objectives identified by Members during their strategic planning session will be covered in the activities planned for the 2017/18 financial year. These new strategic objectives will assist in enhancing public involvement and it is envisaged that there will be two (02) additional outreach sessions to communities annually. At this stage it is proposed that it can be implemented over two (02) days of intensive public participation in areas where a specific need has been identified; culminating into public hearings with these communities. This concept of 'Khuluma Mhlali' has been adopted in principle and the logistics surrounding the implementation of the initiative will be finalised in due course. It was also agreed that the slogan 'Khuluma Mhlali' will be translated to all the other languages spoken in the Province.

8. FINDINGS

The following are the findings of the Committee:

- 8.1. The Committee welcomed the ongoing implementation of cost curtailment measures; especially taking into consideration that the Legislature will have budget cuts over the next three years (MTEF period) which may impact on the implementation of its core mandate.

- 8.2. The Legislature has achieved 94.25% of its planned targets for the 2016/17 financial year and the spending in the same period was 96.4%.
- 8.3. It is indicated in the foreword of the APP that the Legislature will commemorate the “20 years of our democratic Constitution and 20 years since the inception on the National Council of Provinces (NCOP)” in the 2017/18 financial year.

9. RECOMMENDATIONS

The Committee made the following recommendations:

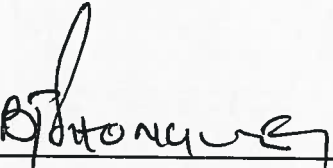
- 9.1. The Legislature must continue with its cost curtailment measures in the 2017/18 financial year to ensure the successful implementation of its core mandate; including the two (02) additional events for ‘Khuluma Mhlali’.
- 9.2. The Legislature must ensure performance of all programmes and ensure achievement of all planned targets in the 2017/18 financial year.
- 9.3. The Legislature must ensure that the Sectoral Parliaments programme for 2017/18 incorporates the commemoration of the “20 years of our democratic Constitution and 20 years since the inception on the National Council of Provinces (NCOP)”.

The Committee requests the House to adopt this report with its recommendations, thereby approving the **R317 291 000.00** budget allocated to Vote 2. In support of the allocated Budget to Vote 02 for the 2017/18 financial year, the Committee hereby approves the 2017/18 Annual Performance Plan of the Mpumalanga Provincial Legislature.

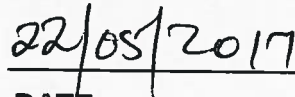
10. CONCLUSION

The Chairperson expressed her gratitude towards the Members of the Select Committee from different political parties for their participation and attendance. She also appreciated their contributions during the deliberations on the Mpumalanga Provincial Legislature 2017/18 Budget. She further recorded her appreciation to the Secretary to the Legislature and his senior management team for availing themselves to report on matters pertaining to the Legislature’s Budget for the 2017/18 financial year.

A progress report on the recommendations as contained in this report must be tabled to the Committee by no later than **30 June 2017** and thereafter, on a quarterly basis.



HON BT SHONGWE



DATE

CHAIRPERSON

SELECT COMMITTEE ON LEGISLATURE OVERSIGHT