

# **REPORT OF THE SELECT COMMITTEE ON LEGISLATURE OVERSIGHT ON THE 2019/20 ANNUAL PERFORMANCE PLAN (APP) AND BUDGET (VOTE 02)**

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## **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'.

This report is therefore aimed at providing the analysis of the Annual Performance Plan of the Mpumalanga Provincial Legislature and budget 2019/20 for consideration, adoption and the passing of the Budget Vote 02 (2019/20) 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:

- ✚ 2019/20 Annual Performance Plan
- ✚ 2019/20 Estimate of the Legislature Revenue and Expenditure
- ✚ Cost per head expenditure report
- ✚ Organisational Design

The Committee met and interacted with the Speakership, Secretary and the Management on 27 June 2019, and subsequently the report was adopted.

## **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 (124) Performance Indicators with clear targets that will be used by the Committee to measure the performance of the Legislature for the 2019/20 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 2019/20 financial year. On the issue of Transfers to Political Parties, the Accounting Officer, The Secretary to the Legislature indicated that the administration will submit the formula in a written form.

### **PART B**

#### **5. ANNUAL PERFORMANCE PLAN 2019/20**

##### **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) 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 environment 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 2019/20 APP for the Sixth 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 Sixth 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 (2019/20) is a product of the strategic planning process 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 2019/20 APP that have been budget for:

- ✚ Official opening of the Legislature and the State of the Province Address (SOPA)(2)
- ✚ 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(2)
- ✚ Sectoral Parliaments
- ✚ Funding of Political Parties

- ✚ Maintenance, licencing of SAP, IT infrastructure and network.
- ✚ Statutory allocation for compensation of Members of the Provincial Legislature; and Loss of Office Gratuity for non- returning Members
- ✚ Communication, travel and accommodation for Members and related support staff
- ✚ Annual; cost of living salary adjustments, performance based adjustments awards; and filling of vacant positions

**PART C**

**6. ANALYSIS OF THE 2019/20 BUDGET**

**Table 1: Budget allocation trends**

Financial year	2017/18	2018/19	2019/20
Final Appropriation	333 593	346 647	374 883
Growth %	3.4%	4%	8.1%

(Source: Annual Performance Plan documents for 2017/18 to 2019/20)

The table above indicates a steady growth of the budget allocation for a period of three financial years, that is, from 3.4% to 8.1% in the current financial year. The budget allocation, despite the increase compared to 2018/19 is not sufficient as there are outstanding projects such as partitioning and other competing priorities that need funding 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.

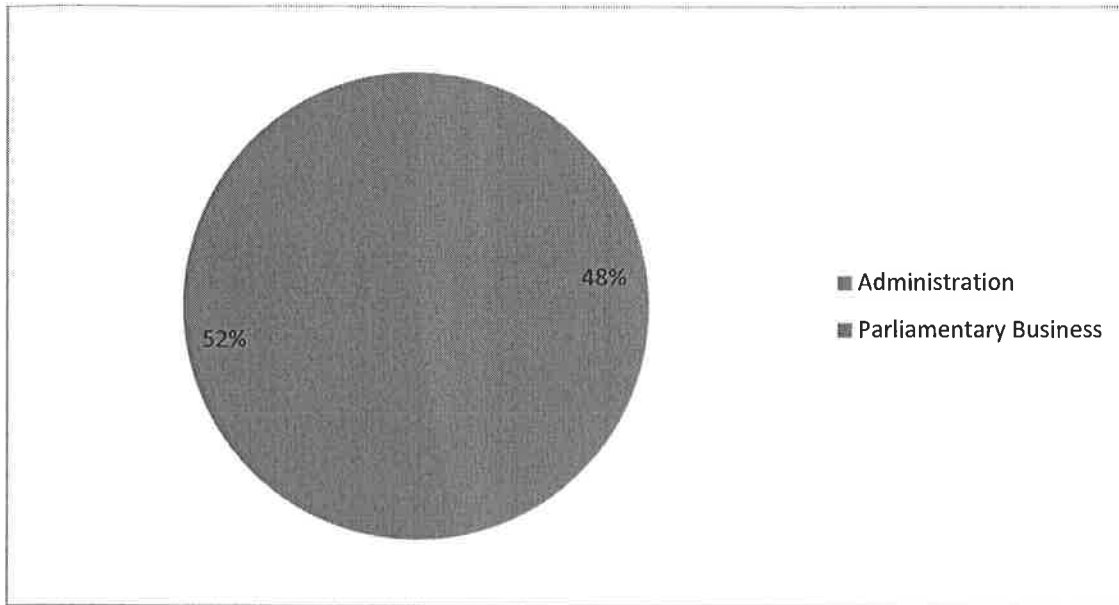
## 6.1. Overview of the 2019/20 budget and MTEF estimates

R thousands	Outcome 2018/19	Main appropriation 2019/20	Medium-term estimates 2020/21 2021/22	
<b>Programmes</b>				
Administration	166 484	181 333	187 332	198 160
Parliamentary Business	191 295	193 550	185 890	194 417
<b>Total payments</b>	<b>357 779</b>	<b>374 883</b>	<b>373 722</b>	<b>392 577</b>
<b>Economic classification</b>				
Compensation of employees	189 840	221 203	222 580	244 411
Good and services	106 511	92 639	101 448	95 739
Transfers to political parties	60 496	53 541	48 867	51 554
Payments for capital assets	932	7 500	827	873
<b>Total Payments</b>	<b>357 779</b>	<b>374 883</b>	<b>373 722</b>	<b>392 577</b>

The table above indicates a growth of **R28 236 000** from the previous financial year budget allocation, which translate to **8.1%** growth. The budget for the two programmes also indicate growth, with the exception of the categories within the economic classification; where goods and services remained constant; whereas Transfers and Subsidies declined from **R60 496 000 to R53 541 000**.



### Budget Share per programme



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

## 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 131 PPIs for the 2019/20 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 **102 Programme Performance Indicators** as well as Annual targets that will be used to measure performance for the 2019/20 financial year. It has been allocated a budget of **R181 333 000** 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.

**Table 4: Budget allocation for Programme 1**

Programme Allocation R'000	Outcomes 2017/18	Main Budget 2018/19	Adjusted Appropriation 2018/19	Main Budget 2019/20	Growth percentage 2019/20
Office of the Speaker	16 051	21 987	21 987	21 642	-1,6%
Office of the Secretary	17 483	22 972	24 489	25 725	12,0%
Corporate Services	86 662	92 162	99 349	103 911	12,7%
Financial Management	22 090	26 600	26 731	30 055	13,0%
<b>Total</b>	<b>142 286</b>	<b>163 721</b>	<b>172 556</b>	<b>181 333</b>	<b>10,8%</b>

**7.2. Programme 2: Parliamentary Business**

**Table 5: Budget for Programme 2**

**BUDGET SUMMARY:**

Programme Allocation R'000	Outcomes 2017/18	Main Budget 2018/19	Adjusted Appropriation 2018/19	Main Budget 2019/20	Growth percentage 2019/20
Law Making	32 557	30 409	34 756	35 948	18,2%
Oversight	44 810	45 013	46 192	48 719	8,2%
Public Participation	13 408	14 123	16 123	15 193	7,6%
Members Facilities	77 202	93 381	100 197	93 690	0,3%
<b>Total</b>	<b>173 034</b>	<b>182 926</b>	<b>197 268</b>	<b>193 550</b>	<b>5,8%</b>

Programme 2 has a total of **29 PPIs** with clear targets for implementation and has been allocated a budget of **R193 550 000** as indicated in the table above. The budget shows a 5.8% increase compared to R182 926 000 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 2019/20 of R374 883 000 is not enough for the Legislature to conduct oversight and public involvement as per its mandate.**
- II. The Legislature's APP has 122 Programme Performance Indicators (PPI) with clear targets for implementation in 2019/20.**

## **9. RECOMMENDATIONS**

- I. The Legislature must engage the Provincial Treasury to consider additional funding allocation to the Provincial Legislature during the budget processes.**
- II. The Accounting Officer must submit progress reports on the implementation of planned targets on quarterly basis or on the request of the Committee.**

## 10. CONCLUSION

The Chairperson 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. The Committee moves that the House adopts this Committee report and approves the 2019/20 Annual Performance Plan and Budget (Vote 2) of the Mpumalanga Provincial Legislature.



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**HON FV MLOMBO**

**CHAIRPERSON: SELECT COMMITTEE ON  
LEGISLATURE OVERSIGHT**

11/07/2019

**DATE**