**4. Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation Report on Budget Vote 12: Statistics South Africa, Dated 16 May 2017**

1. **BACKGROUND**

The Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee), having considered the directive of the National Assembly to consider and report on the Strategic Plans, Annual Performance Plans and Budget allocations of the Statistics South Africa which was tabled by the Minister of Planning Monitoring and Evaluation in terms of the Public Finance Management Act (Act No 32 of 2003), reports as follows:

1. **INTRODUCTION**

The Public Finance Management Act, section 27 clearly stipulates that the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year. In terms of section 10 (1) (c) of the Money Bills Amendment Procedures and Related Matters Act, No 9 of 2009, the relevant members of Cabinet must table updated strategic plan and annual performance plan for each department, public entity or institution, which must be referred to the relevant Committee for consideration and report.

On 04 May 2017, the Portfolio Committee received presentation made by the Statistician-General of the Statistics South Africa on the Annual Performance Plan for 2017/18 financial year.

1. **OVERVIEW OF THE STATISTICS SOUTH AFRICA**

The aim of Stats SA is to provide relevant and accurate statistics in line with internationally approved practice to inform users of the dynamics of the economy and society. Stats SA is mandated through the Statistics Act [No.6 of 1999] to coordinate statistical production among organs of the state, the private sector and any other institutions to facilitate proper planning, decision making and monitoring and evaluation of policies and projects. Stats SA is guided by the 10 fundamental principles of official statistics of the United Nations, as well as the 6 principles adopted by the African Union in carrying out its duties.

The work programme of Stats SA focuses on the envisaged changes to legislation aimed at improving coordination of official statistics; implementing and strengthening the Community Survey, which will provide official statistical information at the municipal level; and bringing the production of Gross Domestic Product (GDP) under one roof.

1. **NATIONAL DEVELOPMENT PLAN VISION 2030**

The National Development Plan highlights the need for South Africa to build a state that is capable of playing a developmental and transformative role. This requires the state to formulate and implement policies that support that role. The NDP and the Medium Term Strategic Framework are informed by statistical information provided by Statistics South Africa, which publishes more than 200 statistical releases per year. The publications present statistical research that measures the development and transformation of the economy and society in a range of contexts.

Changing economic and societal realities have expanded the demand for statistical information: more detailed statistics are needed and more frequently if policies are to be responsive and effective. Statistics in the public domain must be of high quality. Responding to the increased demand for high quality statistics will require a national effort, and collaboration and partnerships between the producers and the users of statistics.

1. **LEGISLATIVE MANDATE**

Statistics South Africa is a national government department accountable to the Minister of Planning, Monitoring and Evaluation. Stats SA has a separate budget vote from the DPME. The activities of the Department are regulated by the Statistics Act (Act No.6 of 1999), which ensures independence from political interference in the production and dissemination of official statistics. According to the Statistics Act, the purpose of official statistics is to assist organs of state, businesses, other organisations and the public in planning, decision-making, and monitoring or assessment of policies.

The Act makes provision for the appointment of a Statistician-General (SG) whose role in statistical production in the country is as follows: Firstly, as the National Statistical Authority to inform stakeholders on the economy and society by:

* Collecting, compiling and disseminating a wide range of economic, social and population statistics;
* Developing and maintaining database for national statistics on businesses and enumeration areas; and
* Liaising with other countries and statistical agencies as well as representing Stats SA and South Africa in statistical activities internationally.

Secondly, as the National Statistical Coordinator, to promote coordination among producers of official and other statistics in order to advance quality, comparability and optimum use of official statistics and to avoid duplication by:

* Formulating quality criteria and establishing standards, classifications and procedures
* Providing statistical advice; and
* Promoting a public culture of measurement
  1. **Strategic goals of the Statistics South Africa**

The Medium Term Strategic Framework (MTSF) 2014-2019 outlines the following strategic goals:

* Radical economic transformation, rapid economic growth and job creation.
* Rural development, land and agrarian reform and food security.
* Ensuring access to adequate of human settlements and quality basic services.
* Improving the quality of and expanding access to education and training.
* Ensuring quality health care and social security for all citizens.
* Fighting corruption and crime.
* Contributing to a better Africa and a better world.
* Social cohesion and nation building.

Key priorities for 2017/18 financial year are outlined below:

* Driving legislative reform
* Getting the basic statistics right
* Developing an Integrated Indicator Framework
* Integrating, innovating and modernising the statistics value chain
* Restructuring and rationalising
* Coordinating statistical production, creating new partnership and designating statistics as official
* Developing new value-added products

1. **BUDGET ALLOCATION**

Estimates of National Expenditure for 2017 budget projected Stats SA budget as vote 12. The budget appropriated to the Statistics South Africa in 2017/18 financial year was R2 146 billion. In 2017/18, the budget allocated was significantly reduced as compared to 2016/17 financial year. The significant decrease of the budget was on the following; Programme 1 from R744.7 million in 2016/17 to R687.5 million in 2017/18 and Programme 7 from R528.0 million in 2016/17 to R191.4 million in 2017/18 financial year. The spending focus over the medium term will be on the legislative reform to strengthen coordination between organs of state and improve the capabilities of information collection. Stats SA budgeted an amount of R88 million. Stats SA has a staff complement of 1 352 in 2017/18 as compared to 1 408 employees in 2016/17. There is significant decrease of funded posts in the current financial year.

**Table 1: Budget per programme**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme R'000** | **Revised**  **Estimates**  **2016/17** | **Medium Term Expenditure Estimates** | | |
| **2017/18** | **2018/19** | **2019/20** |
| **1. Administration** | 744.7 | 687.5 | 709.5 | 752.8 |
| **2. Economic Statistics** | 229.4 | 228.8 | 236.9 | 254.4 |
| **3. Population and Social Statistics** | 124.4 | 128.2 | 202.3 | 141.8 |
| **4. Methodology, Standard and Research** | 71.1 | 66.8 | 67.4 | 72.4 |
| **5. Statistical Support and Informatics** | 250.3 | 258.4 | 267.2 | 284.8 |
| 1. **Statistical Collection and Outreach** | 590.3 | 585.1 | 608.0 | 651.9 |
| 1. **Survey Operations** | 528.0 | 191.4 | 157.6 | 151.2 |
| **Total** | **2 538.1** | **2 146.1** | **2 248.8** | **2 309.1** |

**Estimates of National Expenditure 2017**

1. **PROGRAMME PERFORMANCE**

Statistics South Africa has seven programmes which are as follows:

**7.1 Programme 1: Administration**

The purpose of the programme is to manage the Department and provide centralised support services and capacity building. It coordinates statistical production among organs of state in line with the purpose of official statistics and statistical principles. The programme contributes to two strategic objectives: leading the development and coordination of statistical in the South African National Statistics System (SANSS) and improving productivity and service delivery.

Administration programme received a budget allocation of R687.5 million to provide strategic direction, leadership, management and support services to the Department. The spending focus over the medium term continues to be on the revision of the statistics legislation to drive statistical reform, particularly the statistical coordination, statistical geography, the data revolution, a state-wide statistical service and institutional arrangements. Coordination between organs of state is essential for consistency and efficiency in the statistical system. An amount of R88 million has been set aside over medium term for legislative reform. The provision for statistical coordination between organs of state in the Act needs to be strengthened to support the regulatory framework for a responsive South African National Statistics System (SANSS).

The South African National Statistics System coordinates the statistical production system among organs of the state. The National Statistics System is a tool to transform the current production of statistics, which is characterised by gaps in information, quality and capacity. Through the system, the department will be able to drive statistical planning, establish statistical production system in other organs of state, and establish governance structure. In 2017/18, the SANSS will conduct independent quality assessments to certify statistics as official, preparing reports on statistical planning and reporting across organs of state, statistical advice and support, legislative reform at a cost R29.2 million.

In addition, SANSS will promote the use of statistical information for planning and decision making and for implementing consequence for non-compliance. SANSS is a powerful tool that assists government in improving productivity and service delivery achievements, which includes developing the strategic plan and annual performance plan of the organisation, managing programme performance information and providing project management.

The Management for Corporate Service sub-programme spending focus will mainly be on leading strategic initiatives such as the talent management programme, reduced vacancy rate, Human Resource Strategy, monitoring the implementation of the corporate service strategy and work programme and review of recruitment and internship programmes and bursary allocation at a cost of R85.5 million. The sub-programme contributed immensely in improving efficiency, effectiveness and good governance in the public sector.

* 1. **Programme 2: Economic Statistics**

The Economics Statistics programme produces economic statistics to inform evidence-based economic development and transformation in line with internationally recognised practices. Programme Management for Economic Statistics provides strategic direction and leadership.

Economic Statistics programme received allocation of R228.8 million to fulfil its mandate of production of statistics to inform evidenced economic development. Over the medium term, the Stats SA will fund initiatives to expand the economic and social statistical information. The spending focus in the programme will be used for publishing quarterly Gross Domestic Product (GDP) from the income and production side. Statistics South Africa will further commence publishing GDP from the expenditure side.

The Stats SA will provide information on turnover and volumes in various industries in the economy through the publication on monthly, quarterly and annual statistical releases. A total of 15 business survey will be conducted and 150 releases on 10 industries, i.e. selected building plans passed and completed, and building completed per annum at a cost of R32.2 million. In addition, the Stats SA will publish periodic information on the income and expenditure structure of industries.

Further, the programme provides information on the level of inflation by producing the consumer price index and various producer price indices. Key output for 2017/18 include monthly Consumer Price Index (CPI) and Producer Price Index (PPI) and 4 technical reports at a cost of R71.5 million. Of critical importance in this financial year is tracking of the public sector spending, which includes quarterly publication on financial and non-financial statistics of municipalities and other government spending.

* 1. **Programme 3: Population and Social Statistics**

The purpose of the programme is to produce population, demographic, labour market and social statistics to meet user requirements in line with internationally recognised practices. Population and social statistics inform evidence-based socio-economic development and transformation in line with internationally recognised practices. Programme 3 contributes to strategic objectives in an effort to expand the statistical information base by increasing its depth, breadth and geographic spread for evidence-based planning, monitoring and decision-making for the use by both the public and private sector.

Population and Social Statistics received a budget allocation of R128.2 million, which will be spent on producing population and social statistics to inform evidence-based socio-economic development. The programme will provide information on poverty level and income and expenditure trends in South Africa. The spending focus in the programme will mainly be on providing information on employment levels in the formal, non-agriculture sector as well as labour market trends in the country. Stats SA intends publishing quarterly labour market trends, annual report on labour market dynamics, and research report on the use of administrative data.

Stats SA will collate and analyse data from censuses and other surveys, as well as administrative data to compile mid-year population estimates and generate knowledge base on social and population themes. It will further publish statistics on births, deaths, marriages, divorces, tourism and migration. The provision of the poverty levels and income and expenditure trends are crucial information to assist in planning and policy development. Population estimates collected through a means of population censuses and surveys is one of the core mandates of the Stats SA. Social Statistics provides information on living conditions, domestic tourism and crime by means of conducting household surveys at the cost of R15.8 million.

* 1. **Programme 4: Methodology, Standards and Research**

The purpose of the programme is to provide expertise on quality and methodology for official statistics, standards for conducting surveys, and business sampling frames. In addition, it conducts policy research and analysis on emerging policy matters. The programme contributes to enhancing public confidence and trust in official statistics. The main objectives of the programme is to improve comparability and accuracy of statistical information by annually reviewing and evaluating methodological compliance in survey areas.

Programme Methodology, Standards and Research received R66.8 million to provide strategic direction on quality and methodology for official statistics. The spending focus in this programme will be on business register and improving the sampling frame for economic statistics. Business register is a sampling frame for economic statistics, completing surveys of large business, providing quarterly snapshots and financial sampling frames.

The programme provides integrative statistical advice and support to policy planners and development practitioners. It participates in knowledge research and innovation on key development themes.

* 1. **Programme 5: Statistical Support and Informatics**

This programme aims to enable service delivery programmes by using technology in the production and use of official statistics. It informs policy through the use of statistical geography. The programme promotes and provides better access to official statistics. The programme contributes towards enhancing public confidence and trust in statistics and investing in the learning and growth of the organisation. Moreover, the programme collaborates with partners to build and maintain a reliable sampling frame for household surveys by updating the spatial information frame annually.

Statistical Support and Informatics programme received an allocation of R258.4 million to enable service delivery programmes by using technology in the production and use of official statistics. The spending focus in this programme is on the data management and technology which provides technology infrastructure to the Department and supports data management across statistical series. This includes a stabilised ICT infrastructure at head office, provinces and districts. An amount of R130.7 million of allocated budget will be utilised to improve ICT infrastructure. Stats SA will improve data and information management across the Department by modernising the way business is conducted and supported by technology. This includes two enterprise architecture assessments and two solutions implemented to improve business channels.

The programme will provide sampling frame for household survey and censuses by updating and maintaining sampling frame for population and social statistics. Stats SA will undertake the following activities in achieving the sampling frame: conducting quality assurance and integration of spatial information frame; maintaining places names and demarcating enumeration areas within municipal boundaries.

* 1. **Programme 6: Statistical Collection and Outreach**

The purpose of the programme is to provide data collection and dissemination services to inform policy processes and to support decision-making through statistical information. In addition, it will engage stakeholders through platforms and provide effective communication services. Promoting statistical development and cooperation in South Africa, Africa and the world is also one of the crucial functions of the programme.

The main objectives are to increase the use of official statistics by government and the public on an ongoing basis; manage external and internal communications on statistical matters by issuing daily, weekly and monthly information updates through the media on an ongoing basis. The programme provides integrated data collection services and disseminates quality statistics to provincial and local stakeholders and the public by ensuring an average annual data collection rate of 85 per cent. The programme ensures alignment with international standards, best practice and statistical skills development by increasing participation, sharing and learning in international statistical initiatives on an ongoing basis.

Statistical Collection and Outreach programme received an allocation of R585.1 million to execute its core purpose of data collection and dissemination of statistical services. The spending focus in this programme will be on the provincial and district offices providing integrated data collection and dissemination services. A key strategic priority for 2017/18 will be to provide integrated data collection and dissemination services and promoting the use and coordination of official statistics to provincial and local stakeholders. This includes administering survey instruments for surveys, providing technical support to provincial and local stakeholders and coordinating statistical capacity building in the provinces at a cost of R529.0 million.

Statistics South Africa intends improving the relationship with the media through training initiative, new social media platforms for dissemination of statistics and communication campaigns for the organisational projects, strategic interventions to improve internal and external communication. The programme will manage relations with international statistical agencies, promote agencies, promote statistical development in Africa and build partnerships.

* 1. **Programme 7: Survey Operations**

The purpose of the programme is to coordinate survey operations for household surveys and provide processing services to produce official statistics. The programme conducts independent household survey monitoring and evaluation activities. The programme contributes towards improving productivity and service delivery. Expanding the statistical information base for use by government, the private sector and the general public by conducting a population census every 10 years as well as large-scale population surveys between censuses is one of the focus areas.

Survey Operation programme received budget allocation of R191.4 million to coordinate survey operations for household surveys and provide processing services to produce official statistics. The budget is significantly reduced from R528.0 million in 2016/17. In 2018/19, the department will conduct an income and expenditure survey to gain better understanding of wealth inequality in South Africa. The survey will be funded by a Cabinet-approved budget increase of R70 million in 2018/19 in the household survey Operation sub-programme.

Data processing will be the spending focus in this programme. Stats SA manages the editing and processing of data, which includes among others the processing of reports and editing of questionnaires. Reports on strengthening a common data processing platform, pre-testing of digital collection and enhancing the data collection platform will be achieved at a cost of R70.2 million.

1. **OBSERVATIONS AND KEY FINDINGS**

The Portfolio Committee observed the following matters in relation to the Budget Vote 12 of Statistics South Africa:

* 1. Statistics SA experienced a significant budget shortfall. The Committee was deeply concerned about the manner in which the National Treasury decides to cut budgets without consultation and involvement of the affected departments. Budget cuts compromise the credibility of statistical information and its independence in delivering faster and high-quality statistical data. Budget shortfall puts statistics at risk and contributes to decline of quality regarding statistics.
  2. The Committee noted a shortfall on the budget for the cost of employees impacting negatively on the vacancy rate and the operations of the Stats SA. Stats SA is losing competent employees because the budget for compensation of employees has been reduced and vacancies are not funded. Reduction of the budget on compensation of employees in such a professional institution might result into retrenchment and attrition of the competent statisticians, impacting negatively on Stats SA’s performance on the mandate.
  3. The Committee further notes significant decrease of budget in the following: Programme 1: Administration and Programme 7: Survey Operations in the Annual Performance Plan of the Stats SA. The National Treasury has to provide justification to the Committee about budget shortfalls in the department. The Committee will urgently invite the National Treasury and the Department of Planning, Monitoring and Evaluation to understand methods used in allocation and cutting of the budgets.
  4. The Committee stressed the importance of the role of the Stats SA in influencing decision making in the planning in government. The Department of Planning, Monitoring and Evaluation has to ensure statistics find expression in decision making of government regarding priorities and aligning such information with the departmental strategic planning and annual performance plans.
  5. The Committee notes discontinuation of important statistical surveys such as Living Conditions, Consumer Price Index and the Income and Expenditure as a results of budget shortfalls in the 2017/18 financial year.
  6. Integrity of statistics relies on the ability to invest on the digital revolution. Data revolution is at the centre of planning of the country.
  7. The Committee emphasised the importance of statistic information in ensuring government enhances its planning and policy making by relying on evidence-based results, which are of quality and without any prejudice. Factual evidence assists government and private sector for ensuring sustainable development.
  8. The Committee noted factual statistical information produced by Stats SA to improve efficiency, effectiveness and good governance in all sectors. Credible statistical information assists in improved planning and better allocation of scarce resources. Government departments must frequently utilise statistical information to improve services delivery.
  9. Stats SA was encouraged to utilise media platforms optimally to ensure that their statistical information reaches out as many people as possible. The use of other forms of social media platforms for dissemination of statistical results is welcome.

1. **RECOMMENDATIONS**

The Portfolio Committee recommends that the Statistics South Africa, through the Minister of the Department of Planning, Monitoring and Evaluation ensures that:

* 1. Statistics South Africa fast tracks amending the Statistics Act (1999) to drive statistical reform in order inform infrastructure planning. The amendments to the Act should firmly respond to the evolving environment and effect alignment with the objectives of the National Development Plan. Statistics SA in concurrence with the Ministry for Planning, Monitoring and Evaluation must ensure amendments to legislation enhance better statistical coordination between organs of state. The amendments should incorporate measures for consequence management to enforce utilisation of statistical information.
  2. The Committee note the critical challenges of Statistics SA and the huge budget cut of 13%, the National Treasury should review the budget allocation of Statistics South Africa. Also, the National Treasury should provide the Committee the rationale for such a huge budget cut. The Committee is of the view that the budget cut disempowers Stats SA in performing its core mandate and risks the quality of the credibility of the information.
  3. The National Treasury should consider national priorities in cutting the departmental budget. Fiscal policy is informed by statistics, therefore cutting Stats SA budget impact negatively on the performance of the institution and depriving government information to make informed evidence based decision making. As a matter of urgency, the Committee requests that the National Treasury allocates, in consultation with Stats SA, the budget adequate to the needs and the mandate of Stats SA.
  4. The Department of Planning, Monitoring and Evaluation should ensure that statistical findings are embedded in the key priorities of government and become part of planning tools used by the three spheres of government in directing resources. The priorities of the national and provincial strategic plans and Integrated Development Plans of the municipalities should be informed by evidence-based information presented by the Stats SA.
  5. The Stats SA should conduct a survey on the impact of statistical data as a result of digital revolution and give the scenarios and challenges that would be experienced should government lag behind the digital revolution.
  6. Stats SA must continuously track public sector spending and provide government and legislatures with financial outlook of the state. Tracking public spending should assist government to identify challenges and hindrances towards unlocking services to the people in all three spheres of government. Monitoring public spending should assist both the Department of Planning, Monitoring and Evaluation and National Treasury in making informed decisions during the allocation of budgets per budget vote.
  7. Stats SA should leverage relationship with other African countries and expand its statistical knowledge to their Statistical counterparts in the continent. Stats SA should begin to venture into assisting African countries in collecting credible statistical information with the aim of growing the economy in the continent.

1. **CONCLUSION**

The Committee takes note of the Budget and Annual Performance Plan of the Statistics South Africa. The Committee has emphasised the importance of the Stats SA in providing accurate, reliable and quality statistical information to advance transformative agenda of the government. The Committee will through its oversight role assist Stats SA in strengthening coordination amongst organs of state on the statistical information. Statistical information plays a critical role in the value chain and should enhance planning, policy formulation, monitoring and evaluation in government. Statistics South Africa should not be risked of releasing unreliable statistical information as result of budget shortfalls or cuts. Stats SA has to be well resourced to inform planning and policy of government.

**The Portfolio Committee recommends as follows:**

That the House adopt and approve Budget Vote 12: Statistics South Africa.

Report to be considered.