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| **3. Report of the Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation on Consideration of the Budget Vote 12: Statistics South Africa, Dated 08 July 2019** |

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 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:

1. **INTRODUCTION**

Parliament plays an important role in overseeing the performance of government departments and public entities. 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.

In considering the annual performance plan, the Committee ensured that the department budget allocation provides the country with accurate, quality and reliable statistics for all stakeholders. The allocation of the budget serve 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 reflects 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 as aligned with the Medium Term Strategic Framework. Budget highlights the constraints and trade-offs in policy choices.

On 03rd July 2019, the Committee considered presentation on the Annual Performance Plan 2019/20 financial year for the Statistics South Africa. The Minister provided an overview and the Statistician-General of the Statistics South Africa made a presentation to the Committee. This report summarises presentation received from Statistics South Africa, focusing on their 2019/20 Annual Performance Plan and Budget as well as allocations over the MTEF.

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

The main responsibility of Stats SA is to provide relevant and accurate statistics by corresponding 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 annual. 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 in the Presidency for 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) 2015-2020 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 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 2019/20 financial year are outlined below:

* Driving legislative reform
* Maintaining the quality of core statistics
* Integrated indicator framework
* Integrating, innovation and modernising the statistics value chain
* Preparing for Census 2021
* Transformation and organisational reform
1. **BUDGET ALLOCATION**

The budget appropriated to the Statistics South Africa in 2019/20 financial year is R2 514.4 billion as compared to the allocated budget of R2 271.7 billion in 2018/19 financial year. The budget increased slightly in 2019/20 financial year. 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. Conducting the 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.

Stats SA to utilise the budget for the production and coordination of official and other statistics that inform users on changing dynamics in the economy, society and the environment. 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. Over the medium term, the department plans to continue focusing on modernising its operations, implementing statistical reform, particularly in statistical coordination and maintaining an adequate supply of statistical information in preparation for and following the national census in 2021/22.

Stats SA continues to experience high staff turnover as a result of lucrative offers international companies and South African Banks are offering the employees. As the staff continues to leave the organisation, the situation compromises the ability of the department to achieve its set targets. All above mentioned challenges are as a result of the budget shortfalls on the compensation of employees, which render Stats SA to be unable to retain capable, experienced and technically skilled employees. It is important to note that Stats SA is still not in a position to fill critical vacancies due to an over-expenditure on the baseline of compensation of employees.

**Table 1: Budget per programme**

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| **Programme R'000** | **Revised****Estimates** **2018/19** | **Medium Term Expenditure Estimates** |
| **2019/20** | **2020/21** | **2021/22** |
| 1. Administration | 678.6 | 682.1 | 728.7 | 763.7 |
| 2.Economic Statistics | 248.9 | 277.8 | 287.5 | 309.9 |
| 3. Population and Social Statistics  | 183.9 | 176.3 | 137.2 | 251.7 |
| 4. Methodology, Standard and Research | 75.0 | 83.5 | 104.2 | 110.8 |
| 5. Statistical Support and Informatics | 279.4 | 283.9 | 302.9 | 322.2 |
| 1. Statistical Collection and Outreach
 | 616.0 | 700.2 | 712.1 | 762.5 |
| 1. Survey Operations
 | 189.8 | 310.0 | 1 032.0 | 2 392.0 |
| **Total** |  **2 271.7** | **2 514.4** | **3 304.1** | **4 912.8** |

**Estimates of National Expenditure 2019**

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.

The programme received budget allocation of R682.1 million to provide strategic direction, leadership, management and support services to the department. The spending focus over the medium term continues to focus 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.

Stats SA will be conducting user-paid surveys in collaboration with SANSS partners depending on funding being made available on time as well as the signing of the Memorandum of Understanding. These surveys include a Census of Commercial Agriculture which commenced in 2018/19; and a National Household Transport Survey. Stats SA still in a process of finalising the decision on undertaking the NHTS.

In order to increase statistical accuracy, reduce costs and bring about faster turnaround times for releasing official statistics to the public, the department intends to focus on modernising and automating its operations through the use of new technology such as digital data collection and digital maps and new statistical methodologies over the MTEF period. By 2020/21, Stats SA plans to migrate from the manual processes, data collection, which involve paper assisted personal interviews, to an automated process that involves conducting computer assisted personal interviews.

The department’s focus on digital migration over the medium term will enable it to improve the quality of its services and allow it to respond more effectively to the increased demand for statistical information. The digital migration programme is also expected to drive organisational reform in core functional and operational areas in terms of systems, processes, structures and technology, resulting in the department’s revising the manner in which it functions.

The sub-programme Management for Corporate Service 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. The sub-programme contributed enormously 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 budget allocation of R277.8 million to fulfil its mandate of production of statistics to inform evidence economic development. Over the medium term, the Stats SA will fund initiatives to expand the economic and social statistical information. The spending focus on the programme is to provides periodic information on the income and expenditure structure of industries by publishing periodic statistical information such as manufacturing industry financial and construction industry etc.

The spending focus in the programme is to publishing quarterly Gross Domestic Product (GDP) from the income and production side. Statistics South Africa to start publishing GDP from the expenditure side. Stats SA will expand and improve economic statistics information by reviewing changes on the national accounts.

Stats SA will provide information on the level of inflation by producing the consumer price index and various producer price indices. The key output includes monthly Consumer Price Index (CPI) and Producer Price Index (PPI) and alternative collection methodologies implemented, storage and communication services. Stats SA provides periodic information on the income and expenditure structure of industries by publishing periodic statistical information.

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

The purpose of the programme is to produce population, demographic, labor 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 budget allocation of R176.8 million which will be spent on producing population and social statistics to inform evidence-based on socio-economic development. The spending focus on this programme will mainly be on publishing population estimates collected through population censuses and surveys. Key outputs include Census 2021 mini-test tools and methodologies developed, Census mini-test report compiled from data collected through self-enumeration, report on administrative data of institutionalised population, report on Census 2021 mini-test and a discussion document on population national definition.

In addition, Stats SA provides information on living conditions, domestic tourism, education and crime by means of conducting household surveys. Stats SA will further collate and analyses data from censuses and other surveys as well as administrative data to compile mid-year population estimates and generate a knowledge base on social and population themes.

* 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 the survey areas.

Programme Methodology, Standards and Research received budget of R83.5 million to provide strategic direction on the quality and methodology of official statistics. The spending focus in this programme will be to provide integrative statistical advice and support to policy planners and development practitioners and participates in knowledge research and innovation on key development themes. Further provides technical expertise on methodologies for producing official statistics and conducting reviews of surveys. Among key outputs include a quality management system developed, methodological support to stakeholders and research reports.

* 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 R283.9 million to enable service delivery programmes by using technology in the production and use of official statistics. The spending focus in this programme is to provide geospatial information and analysis and spatial tools; and provides a sampling frames for household surveys and censuses. Among key targets include the dwelling frame at metro, city and regional service centre levels published, 1 province demarcated and sampling frames for household surveys.

Stats SA will provide technology infrastructure to the department and supports data management across statistical series. Key deliverables in this programme include ICT system, ICT Census 2021 strategy developed, ICT plan for Census 2019 mini-test developed, ICT infrastructure for digital data collection reviewed and Provincial and district offices ICT services centralisation strategy implemented.

* 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, engaging stakeholders through platforms and providing 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 awareness and the use of official statistics by government and the public on an ongoing basis. Also, 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 disseminate quality statics to provincial and local stakeholders and the public by ensuring an average annual data collection rate of 85 per cent. Further 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 R700.2 million to execute its core mandate of data collection and dissemination of statistical services to inform policy processes and decision-making. The spending focus in this programme will be to provide integrated data collection and dissemination services and promotes the use and coordination of official statistics to provincial and local stakeholders. Key deliverables in the programme include administering survey instruments for surveys.

Stats SA intends to maintain relations with stakeholders across the country. Further manage relations with international statistical agencies, promotes statistical development in Africa and builds partnerships. Key deliverables include producing report on Stats SA’s participation in international programmes, international engagements reviewed and African peer support.

* 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. The programme will expand 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 R310.0 million to coordinate survey operations for household surveys and provide processing services to produce official statistics. The spending focus on the programme include conducting periodic population censuses, monitors the quality of field operations of household surveys, coordinates and integrated collection activities of surveys. Key deliverables to spent budget in this programme includes conducting quality assurance, training sessions on household surveys and digital data collection.

1. **OBSERVATION AND KEY FINDINGS**

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

* 1. The Committee considered Statistics South Africa Annual Performance Plan for 2019/20 financial year.
	2. The Committee was concerned about high staff turnover in the Statistics SA. The budgetary constraints realised in the compensation of employees makes it impossible for the department to retain staff through counter offers and promotions. Approximately, 180 staff members have left the department for better job offers. Stats SA has a Retention Policy which is reviewed annually, however, the policy itself cannot retain employees without any monetary value. High staff turnover impact negatively on Stats SA in conducting certain surveys.
	3. Budgetary constraints realised in the compensation of employees impede the institution to fill vacancies. The last time Stats SA filled position was in October 2016. Stats SA has 608 vacancies in 2019/20 financial year, which increased the vacancy rate above acceptable 10% rate as prescribed by the Public Service Regulations of 2016.
	4. The Committee notes that Stats SA has several senior managers in an acting capacity, who in turn experience an overload of work due to the institution’s inability to fill vacant positions. Senior managers are overworked in some instances, performing dual responsibilities.
	5. The Committee supports Stats SA to gradually move away from manual data collection to more advanced electronic data collection that is affordable, quicker and faster without compromising the quality aspects of the statistics. During the transition period of manual data collection to Computer-Assisted Personal Interview, Stats SA was encouraged to invest in reskilling and retraining enumerators on the electronic data collection.
	6. The Committee welcomes the declaration by the Statistician-General of Statistics South Africa on its readiness to embark on the process of collecting data for Census 2021. Stats SA ran the test last year, in 2019, Stats SA will pilot and in 2020 rehearsal will be conducted as part of preparations for the Census 2021. Stats SA will be going out to seek additional suggestions on critical areas citizens would like to be covered in the Census scope. However, Stats SA highlights some of the challenges encountered includes accessibility in the gated community impacting on the efficiency of the department to execute its mandate.
	7. The Committee notes that Stats SA had discontinued certain projects due to budget constraints experienced across the public service. Stats SA was encouraged to devise strategy to continue implementing its set projects with the allocated budget. The Committee urged Stats SA to in future highlights funded and unfunded projects and its impact in the country.
	8. In terms of the legislative reforms, the Committee notes 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.
	9. The Committee was pleased that most of the government institutions use statistics as an evidence based in policy making and planning. Evidence based policy making is promoted across government, particularly in the planning. The Committee further encouraged Stats SA to continue providing government with sound and reliable data to inform evidence based policy decisions and choice. The DPME has to ensure statistical data is utilised in policy decision making when developing the Medium Term Strategic Framework for 2020-2024 and other government programmes.
	10. The Committee was pleased by the Minister in the Presidency for Planning, Monitoring and Evaluation for giving assurance to maintain and protect the independence of the Stats SA in discharging its mandate as per the Statistics Act of 1999.
	11. Stats SA was urged to consider the Auditor General audit findings to improve areas highlighted for corrective action.
1. **RECOMMENDATIONS**

The Portfolio Committee recommends that the Statistics South Africa, through the Minister in the Presidency for Planning, Monitoring and Evaluation, must ensure that:

* 1. Statistics South Africa should expeditiously finalise amendment of the Statistics Act (1999) that will drive statistical reform in the country. The amendments to the Act should firmly respond to the evolving environment, particular emphasis on statistical coordination, the data revolution, a state-wide statistical service and institutional arrangements.
	2. Stats SA should continue to enhance and enrich the space of the policy making decisions and outcomes across a wide range of sectors through producing reliable and timeous statistics. Stats SA should always strive to be an institution that guides statistically public policy when there is an open debate on matters of national importance, such as proposal on the amendments of Section 25 of the Constitution.
	3. Statistics South Africa should strive to find amicable solutions in the manner in which the Auditor-General South Africa audits the institution, in order to develop mutual understanding. Auditor-General should take into cognisance the nature and the complexity of the Statistics South Africa’s work when auditing the institution. Audits must not impact negatively on the independence of Stats SA.
	4. Stats SA should invest in retraining and reskilling its employees as the department is gradually migrating from manual data collection to electronic data collection (digitisation) for the purpose of delivering successful Census. Stats SA should provide the Committee with a comprehensive report on its readiness to conduct Census 2021 before March 2020.
	5. The Department of Planning Monitoring and Evaluation and the National Treasury should find a lasting funding solution to enhance Stats SA budgetary constraints impeding on the institution to fill vacancies and retain highly competent staff. Budgetary constraints, impact negatively on the Stats SA’s efficiency to implement its mandate. This critical policy area should be given urgent.
1. **CONCLUSION**

In conclusion, Statistics South Africa remain a key strategic player in the transformative agenda by producing evidence based, quality and accurate official statistics for the country. The budget allocation decision should take into cognisance the importance of the department like Statistics South Africa that plays a role in value statistics to enhance socioeconomic development of the country. As much as the Committee understands and acknowledges that government is confronted with budget shortfalls, collection of statistics should remain a top priority in order to inform future planning, evidence based policy and budget allocation.

Statistical information plays a critical role in the value chain and should enhance planning and evidence based policy making decision 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 would continue to deliver reliable, accurate and timeous statistics for the country to inform its planning and evidence based policy making of government.

**The Portfolio Committee recommends as follows:**

That the House adopts and approve the Budget Vote 12 of the Statistics South Africa.

Report considered