

# 6<sup>th</sup> DEMOCRATIC PARLIAMENT

Portfolio Committee on Police Workshop

20 August 2019



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

parliamentofrsa

6<sup>th</sup> DEMOCRATIC PARLIAMENT



## Stages of the Budget & Oversight responsibility

- **Main Appropriation**
  - Budget at start of the financial year as per the Estimates of National Expenditure (ENE)
- **Quarterly expenditure reports**
  - Mitigate against possible over/under-expenditure (25% benchmark)
  - Risk of fiscal dumping in 4<sup>th</sup> quarter of financial year
- **Adjusted Appropriation**
  - Mid-year changes to budget allocation as part of the Adjusted Estimates of National Expenditure (AENE) coincides with mini-budget speech in October.
  - Utilise savings under a main division of a Vote to defray excess expenditure under another main division.
    - ✓ *Examples: In 2017/18, R264 million was transferred to the Department of Home Affairs for the upgrade of the automated biometric information system.*
    - ✓ *In 2018, the IPID moved R14.884 million away from CoE (due to vacancies) to defray excess expenditure on Goods and services*
- **Final Appropriation**
  - Year-end reported in Annual Report

## Alignment between expenditure and performance

- ✓ **Annual Report:** The Annual Report is the ultimate accountability document to Parliament. It reports achieved performance against predetermined performance targets and expenditure at year-end. Crucial in the Budgetary Review and Recommendations Report (BRRR).
- ✓ It is important that the budget is used to meet the targets that were predetermined at the start of the financial year through the Annual Performance Plan and approved by Parliament.
- ✓ Alignment between expenditure and performance: If a Department spent 100% of its budget and only achieved 50% of the performance targets (or *vice versa*), there is a misalignment.

| Financial year | SAPS               |                | IPID               |                | CSPS               |                |
|----------------|--------------------|----------------|--------------------|----------------|--------------------|----------------|
|                | % Targets achieved | % Budget Spent | % Targets achieved | % Budget Spent | % Targets achieved | % Budget Spent |
| 2013/14        | 73.4%              | 100%           | 27%                | 89%            | 92.4%              | 71.9%          |
| 2014/15        | 74.2%              | 100%           | 42.2%              | 99%            | 65%                | 66.6%          |
| 2015/16        | 75.2%              | 99.9%          | 74.5%              | 99.7%          | 48.4%              | 89.8%          |
| 2016/17        | 76.5%              | 100%           | 35.1%              | 99.8%          | 80.5%              | 89.9%          |
| 2017/18        | 78.3%              | 99.8%          | 64.7%              | 99.8%          | 81.2%              | 94.4%          |

*In 2017/18, the AG stated SAPS, IPID and CSPS did not have adequate record keeping systems to enable reliable reporting on the achievement of indicators.*

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## Linking SAPS Budget and Expenditure with performance

- No one-to-one link between specific allocation and specific target/output. Not yet at that advanced stage.
- Difficult to assess for SAPS given that 75% of allocated budget goes to compensation of employees.
- SAPS has only one indicator classified as an impact indicator, namely the number of reported serious crimes.
- Programme Budgeting – information provided at programme level and not at the level of a police station
- Need to assess the performance of specific projects or programmes within SAPS such as the implementation of the CJS 7 Point Plan, construction and upgrading of police stations, etc.

*Ms Radebe, National Treasury at SAPS Research Colloquium, 2017*

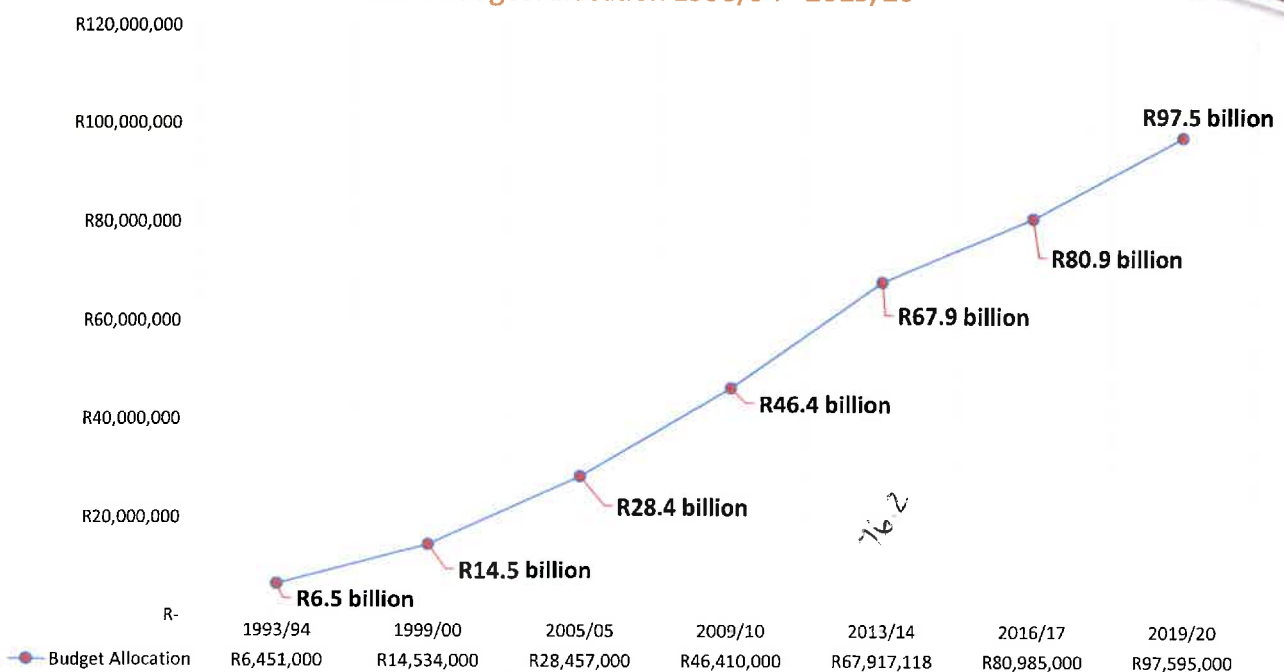
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## Budgetary Review and Recommendations Report (BRRR)

- In October of each year, the Portfolio Committee considers the Annual Reports of Departments and then compiles a Budgetary Review and Recommendation Reports (BRRRs). The BRRR must contain recommendations relating to funding allocations for departments and other institutions that account to them.
- This process is guided by the *Money Bills Procedures and Related Matters Amendment Act, (Act 9 of 2009)*. The Minister of Finance must respond to the recommendations of the Committee.
  - ✓ Example: In 2017, the PC on Police recommended that the IPID should receive additional funds. The Minister of Finance indicated that: *Over the 2018 MTEF, IPID will be allocated an additional R50 million in 2018/19, R52.8 million in 2019/20 and R55.7 million in 2020/21 from funds reprioritised from the SAPS as part of the 2018 Budget.*
- The Committee is going into the 2019 BRRR process when considering the 2018/19 Annual Reports. This will be the first order of business in the 3<sup>rd</sup> term.

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### SAPS Budget Allocation 1993/94 - 2019/20

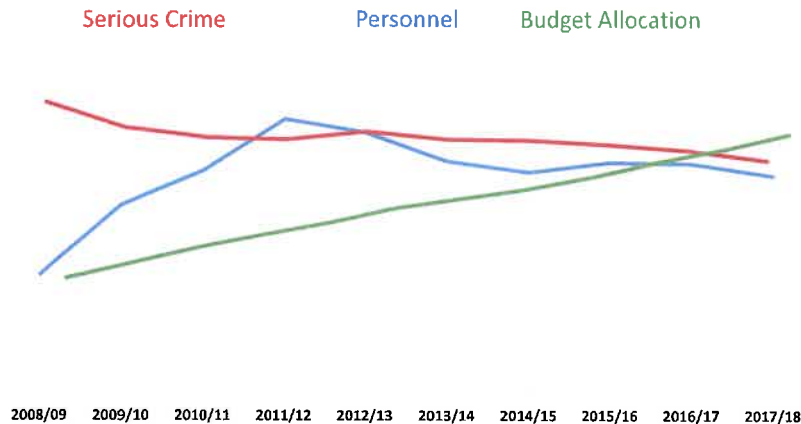


*Average growth rate of 76.2% over 25 years  
 SAPS has a holding budget – only inflationary increases*

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## SAPS: Personnel, budget and serious crime

Simplified illustration on the trajectory of personnel, budget and serious crime over the past decade.



**Budget allocation** has increased from R41.63 billion in 2008/09 to R86.76 billion in 2017/18

**Personnel** increased from 182 754 in 2008/09 to 193 892 in 2010/11 and then spiked to 199 345 2011/12. Since then, it has steadily decreased back to the 2010/11 figures. (2010 FIFA World Cup)

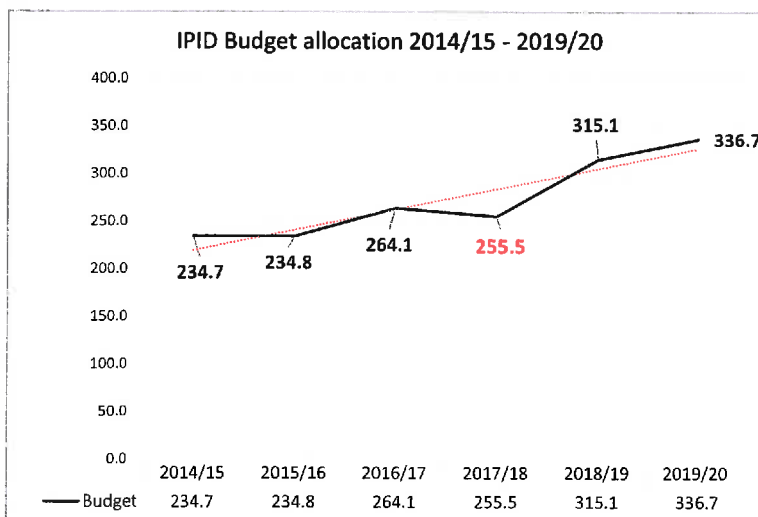
**Serious crime** has shown a continuous decrease from 2.09 million reported cases to 1.67 million reported cases in 2017/18.

The graph shows that *serious crimes* have decreased at the same rate as that of personnel. Intersected in 2012/13.

International research studies suggest that “the effect on crime of adding or subtracting police is miniscule and not statistically significant”. But rather that “Changing police agency strategy to address crime is far more effective than hiring more officers”.

[https://www.researchgate.net/publication/315794349\\_Adding\\_More\\_Police\\_Is\\_Unlikely\\_to\\_Reduce\\_Crime\\_A\\_Meta-Analysis\\_of\\_Police\\_Agency\\_Size\\_and\\_Crime\\_Research](https://www.researchgate.net/publication/315794349_Adding_More_Police_Is_Unlikely_to_Reduce_Crime_A_Meta-Analysis_of_Police_Agency_Size_and_Crime_Research)

## Independent Police Investigative Directorate (IPID)

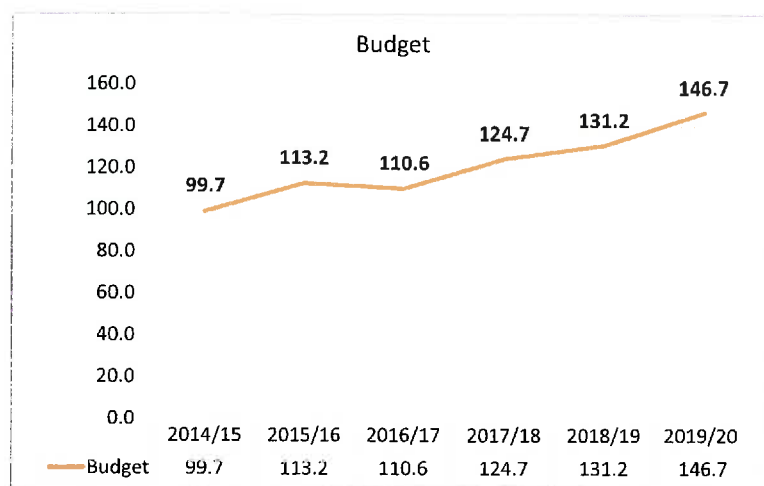


- Decreased budget in 2017/18 (-3.3%) compared to the previous financial year.
- Significant increase in the next year (2018/19) (23.3%)
- The Directorate continuously recorder close to 100% expenditure, driven largely by the shifting of funds away from CoE due to vacancies.
- Despite the expenditure, the Directorate has continuously underperformed on the achievement of performance targets.
- In 2016/17, the IPID achieved only 35.1% of its targets.

### Auditor-General audit opinions:

- The IPID had 7 consecutive unqualified audit opinions (2009/10 to 201/16)
- In 2016/17 received a qualified audit opinion
- In 2017/18 received an unqualified with matters of emphasis. If the financial statements were not rectified, it would have been qualified.

## Civilian Secretariat for Police Service (CSPS)



- Budget increased from R99.7 million in 2014/15 to R146.7 million in 2019/20, which is an increase of 47.1%
- Poor track-record on expenditure and performance, but is improving.
- Come a long way from a qualified audit opinion in 2014/15 and 2015/16 to clean audit opinion in 2017/18.
- However, the Secretariat is an example that a clean audit does not speak to the overall performance and achievement of departmental mandate.

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## Compensation of Employment (CoE)

- Concerns raised by Committee during the budget process.
- Departments in the Police Portfolio is labour intensive - it needs a large amount of labour to produce its services.
- Peace and security services will spend 67.3% of its allocation on CoE. (R137/R203.5 billion)
- CoE remains the largest category of spending, accounting for an average of 34.4% of the allocated expenditure over the MTEF period. The 2019 Budget introduces measures to contain growth in the wage bill, including natural attrition.
- Portion of expenditure in the Police Portfolio over the medium-term:
  - ✓ SAPS – R78.1% or R316.2 billion
  - ✓ CSPS – 72.3% or R412.5 million
  - ✓ IPID – 67.2% or R935.3 million

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# Thank you

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