**5. Report of the Portfolio Committee Public Service and Administration on consideration of the Second and Third quarter performance of 2019/20 financial year: Statistics South Africa, dated 11 March 2020**

1. **BACKGROUND**

The Portfolio Committee on Public Service and Administration (hereinafter referred to as the Committee) having considered second and third quarter performance of 2019/20 financial year of Statistics South Africa, reports as follows:

1. **INTRODUCTION**

Parliament through its Committees has a constitutional responsibility to oversee quarterly programme performance information of the departments and its entities throughout financial year. The Money Bills Amendment and Related Matters Act (2009) describe the process of exercising this responsibility. The Act states that portfolio committees of parliament must conduct reviews of the finances of their respective departments and entities and if required, issue recommendations on the forward use of resources.

Programme performance information focuses on information that is collected by government departments in the course of fulfilling their mandates and implementing policies. Quarterly performance reports serve as a vital tool used by parliamentary committees to ensure accountability, transparency and oversight on how government resources are spent. Committees are expected to monitor both financial and non-financial performance of the departments. The Public Finance Management Regulations compel departments and their entities to prepare quarterly report within 30 days after the end of each quarter. Committees conduct oversight over performance reports to fulfil Parliament’s oversight and accountability mandates as enshrined in the Constitution and under the rules established by the National Assembly.

On February 19, 2020, the Committee considered the second and third quarter performance of 2019/20 financial year of Stats SA. Performance information was in accordance with their Strategic Plans, Annual Performance Plan and Medium Term Strategic Framework. The report provides an overview of the presentation made before the Committee primarily focusing on the achievements, output in respect of the performance indicators and targets set for above-mentioned financial year. The report outlines the findings/observations of the Committee relating to the quarterly financial and non-financial performance of the Department.

1. **PROGRAMME PERFORMANCE**

Stats SA has achieved 36,0% of its annual targets as at 30 September 2019, of which 32,4% were achieved as scheduled, 2,8% were achieved earlier than scheduled and 0,8% were achieved later than scheduled. 61,3% of targets are on track to be achieved as scheduled, and 2,7% have been delayed. On the third quarter, Stats SA has achieved 55,3% of its annual targets as at 31 December 2019, of which 50,7% were achieved as scheduled; 3,5% were achieved earlier than scheduled and 1,2% were achieved later than scheduled. 40,5% of targets are on track to be achieved as scheduled, and 4,0% have been delayed.

Stats SA’s adjusted baseline allocation for the 2019/20 financial year is R2,514 billion. Of the baseline allocation, R1,460 billion is allocated for compensation of employees (CoE), representing 58,1%; R681,021 million is for goods and services, representing 27,1%; R370,634 million is for payments of capital assets, representing 14,7%; and R2, 612 million is allocated for payments of transfers and subsidies, representing 0,1% of the allocation.

The department’s actual spending as at 30 September 2019 amounted to R1,141 billion, representing 45,4% of the baseline allocation. The available budget, excluding commitments, amounts to R1,374 billion. During the third quarter period, the department’s actual spending as at 31 December 2019 amounted to R1, 778 billion, representing 70,7% of the baseline allocation. The available budget, excluding commitments, amounts to R736 million. The compensation of employees’ budget was reduced and the department is projecting an overspending on the CoE budget for the 2019/20 financial year due to budget reductions that resulted in the costs of filled permanent positions not being affordable.

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.

Programme 1, 100% of targets scheduled for quarter 2 and 3 were achieved in 2019/20 financial year.

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.

Programme 2 has achieved 50,0% of its annual targets as scheduled during second quarter 2019/20 financial year, 49,6% of targets are on track to be achieved as scheduled and 0,4% have been delayed.

In the third quarter 2019/20 financial year, programme 2 has achieved 74,4% of its annual targets as scheduled and 24,8% of targets are on track to be achieved as scheduled. 0,8% of targets have been delayed.

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.

Programme 3 has achieved 35,7% of its annual targets as scheduled during second quarter 2019/20 financial year; 58,9% are on track to be achieved as scheduled and 5,4% have been delayed.

In the third quarter 2019/20 financial year, programme 3 has achieved 74,4% of its annual targets as scheduled and 24,8% of targets are on track to be achieved as scheduled. 0,8% of targets have been delayed.

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.

Programme 4 has achieved 0% of its annual targets and 100% are on track to be achieved as scheduled during second quarter 2019/20 financial year.

In the third quarter 2019/20 financial year, programme 4 has achieved 55,4% of its annual targets as scheduled and 37,5% are on track to be achieved as scheduled. 7,1% of targets have been delayed.

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.

Programme 5 has achieved 40,0% of its annual targets, of which 33,3% were achieved as scheduled and 6,7% later than scheduled. 56,7% are on track to be achieved as scheduled and 3,3% have been delayed during second quarter 2019/ 20 financial year.

In the third quarter 2019/20 financial year, programme 5 has achieved 53,3% of its annual targets of which 43,3% were achieved as scheduled and 10,0% were achieved later than scheduled. 43,4% are on track to be achieved as scheduled and 3,3% have been delayed.

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.

Programme 6 has achieved 30,3% of its annual targets of which 19,4% were achieved as scheduled and 9,7% were achieved earlier than scheduled and 1,3% were achieved late. 65,2% are on track to be achieved as scheduled and 4,5% have been delayed during second quarter 2019/0 financial year.

In the third quarter 2019/20 financial year, programme 6 has achieved 50,3% of its annual targets of which 38,7% were achieved as scheduled; 10,3% were achieved earlier than scheduled and 1,3% were achieved later than scheduled. 41,3% are on track to be achieved as scheduled and 8,4% have been delayed.

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.

Programme 7 100% of targets scheduled for quarter 2 were achieved in the 2019/20 financial year.

In the third quarter 2019/20 financial year, programme 7 has achieved 23,8% of its annual targets as scheduled and 71,4% are on track to be achieved as scheduled. 4,8% of targets have been delayed.

1. **FINDINGS AND OBSERVATIONS**

The Portfolio Committee made the following observations and findings:

* 1. The Committee welcomed report for second and third quarter financial and non-financial performance of Statistics South Africa in producing reliable statistics under dire funding constraints. Stats SA achieved 90% of the set targets in both quarters and spent 70.7% of allocated budget.
	2. The Committee continued to raise concerns of high vacancy rate of Stats SA as a result of budget cuts experienced on Compensation of Employees and high turnover due to inability to retain staff as well as lack of prospects for promotion in the department. This situation has resulted into Stats SA employees particularly in middle and senior management being overstretched with additional workload. The situation poses a high risk that might hamper data collection and analysis impacting on the reliability and quality of statistics.
	3. The Committee resolved to extend an invitation to the Minister of Finance and Minister of Department of Planning, Monitoring and Evaluation to brief the Portfolio Committee on the persistent budget shortfalls experienced by Stats SA. Moreover, the Committee notes media statement released by Statistics Council of possibility to resign as Council if financial challenges experienced by Stats SA are not resolved or improved.
	4. Stats SA raised concerns with regard to the major events happening concurrently with Census 2021 such as Local Government Elections 2021. Stats SA advised the Committee of a risk of some enumerators be viewed to be campaigning for a particular political party. However, the Committee encouraged Stats SA to ensure its enumerators operate within professional code of conduct with the aim of maintaining and protecting its independence.

**5. Recommendations**

5.1 The Committee urged the Minister to urgently meet with Statistics Council in order to reach an amicable solution to avoid a collapse of activities due to challenges of funding.

5.2 The Committee encouraged Stats SA to work on its equity targets and empower women as Stats SA continued to fail in meeting the set target of 50% of women in senior management and 2% of people with disabilities.

5.3 The Committee requested that the amendments to the Statistical Act of 1999, particularly with regard to the frequency of Census be conducted every 10 years as is the case, but ensure that the period does not coincide with the election period.

**The Portfolio Committee recommends as follows:**

5.1 That the House adopts and approve second and third quarter performance report for 2019/20 financial year of the Budget Vote 12 of Statistics South Africa.

Report to be considered