**Policy Assessment and Recommendations Report of the Select Committee on Health and Social Services on the Annual Performance Plan and Budget of Statistics South Africa - Vote 14, Dated 16 May 2023**

The Select Committee on Health and Social Services (henceforth, the Committee), having considered and deliberated on Budget Vote 14 and the Annual Performance Plan (APP) of Statistics South Africa on 05 May 2023, reports as follows:

1. **INTRODUCTION**

Section 5(2) of the Constitution of South Africa and Section 27(4) of the Public Finance Management Act (No.1 of 1999) set out the role of Parliamentary committees in overseeing the performance of government departments, public entities as well as Chapter 9 and 10 institutions. As part of conducting Parliamentary oversight, Committees have the constitutional mandate to scrutinise the budgets of the Executive. In this regard, the Committee considered the Statistics South Africa (Stats SA) Annual Performance Plan (APP) and budget allocation.

In considering the strategic plan and APP, the Committee ensured that Stats SA plans and budget allocation serve the needs and aspirations of the users of the statistics. Budget allocation serves as a key instrument for the government to promote socio-economic development. Budget allocation plays a critical role as an economic instrument of the government to reflect on the country's socio-economic policy priorities by translating priorities and political commitments into expenditures. The budget serves as a vital tool to operationalise government activities towards the achievement of its intended priorities. Further, the budget highlights the constraints and trade-offs in policy choices.

On 05 May 2023, the Committee considered a presentation on the APP and budget allocation of Stats SA. This report summarises the presentation received from Stats SA focusing on the 2023/24 APP and budget allocations over the medium-term expenditure framework (MTEF) period. This report details the deliberations, observations and recommendations made by the Committee relating to Budget Vote 18.

1. **STRATEGIC PRIORITIES**

## **2.1 Mandate**

Stats SA 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 Department of Planning, Monitoring and Evaluation (DPME). Stats SA activities 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 first, 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 a 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.

The main responsibility of Stats SA is thus to provide relevant and accurate statistics by using internationally approved practices 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 from organs of state, the private sector and 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 function.

Stats SA is committed to using scarce resources to deliver quality basic statistics as it invests in and strengthens partnerships with various stakeholders within the data ecosystem.

## **2.2 Policy Priorities for 2023/24 Financial Year**

The National Development Plan (NDP): Vision 2030 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 2019-2024 Medium Term Strategic Framework (MTSF) are informed by statistical information provided by Stats SA, which publishes more than 250 statistical releases per annum. 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 frequent 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.

The key priorities for 2023/24 are as follows:

* Tabling the draft amendment Bill (Statistics Act) in Parliament;
* Sustaining the quality of national indicators;
* Driving a transformation and change agenda;
* Dissemination of Census 2022 results to the nation; and
* Conducting the Income and Expenditure Household Survey.
1. **BUDGET ANALYSIS**

Stats SA releases over 250 surveys every year on employment, labour, poverty and other socio-economic statistics. Such statistics are aimed at providing evidence-based information to policymakers, the private sector, academics and non-governmental organisations as well as planners across all spheres of government. This work is fulfilled through the following budgeted programmes: Administration (Programme 1); Economic Statistics (Programme 2); Population and Social Statistics (Programme 3); Methodology and Statistical Infrastructure (Programme 4); Statistical Support and Informatics (Programme 5); Statistical Operations and Provincial Coordination (Programme 6) and the South African National Statistics System (Programme 7).

## **3.1 Financial Assessment**

This budget analysis described the Department’s linkages between policy priorities, performance outcomes, budget allocations and expenditure trends.

The overall budget allocation in the 2023/24 financial year is R2 691.7 billion, which is a decrease compared to R2 999.4 billion allocated in the 2022/23 financial year. See Table 1.

**Table 1: Budget per programme**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Programme | Budget | Nominal Increase/Decrease | Real Increase/ Decrease | Nominal Percent change | Real Percent change |
| R million | **2022/23** | **2023/24** | **2023/24** | **2023/24** |
| Programme 1: Administration | 740.8 | 744.9 | 4.1 | -28.0 | 0.55% | -3.78% |
| Programme 2: Economic Statistics | 288.0 | 288.6 | 0.6 | -11.8 | 0.21% | -4.11% |
| Programme 3: Population and Social Statistics | 283.4 | 291.1 | 7.7 | -4.8 | 2.72% | -1.71% |
| Programme 4: Methodology and Statistical Infrastructure | 145.0 | 155.7 | 10.7 | 4.0 | 7.28% | 2.76% |
| Programme 5: Statistical Support and Informatics | 310.9 | 324.2 | 13.3 | -0.7 | 4.28% | -0.21% |
| Programme 6: Statistical Operations and Provincial Coordination | 1 185.8 | 842.7 | -343.1 | -379.4 | -28.93% | -31.99% |
| Programme 7: South African National Statistics System | 45.5 | 44.5 | -1.0 | -2.9 | -2.20% | -6.41% |
| Total | **2 999.4** | **2 691.7** | **-307.7** | **-423.6** | **-16.09%** | **-45.45%** |

*Source: Estimates of National Expenditure 2023*

The budget allocated represents a decrease of -45.54 per cent in nominal terms due to the Census budget which was a once-off project. However, in real terms, the total budget for Stats SA decreased by -16.09 per cent in the 2023/24 financial year. Over the medium term, the department will continue to focus on modernising its operating model, implementing a continuous population survey and releasing the results of Census 2022 in 2023/24 and strengthening statistical reforms. Expenditure is expected to decrease at an average annual rate of 0.6 per cent from R3 billion in 2022/23 to R2.9 billion in 2025/26 as allocations for Census 2022 get phased out.

Stats SA will be modernising the operating model to deliver its product and service better, faster and more cost-effectively. This includes introducing and implementing various innovative technologies over the medium term to optimise and automate operations, including digital data collection methods for household surveys such as the census. To carry out the modernisation project, R186.5 million is allocated over the MTEF period. Stats SA will utilise the budget to conduct a national income and expenditure survey to measure living conditions by collecting data on household income and expenditure patterns. A budget of R492 million is allocated over the MTEF in the Poverty and Inequality Statistics.

Stats SA concluded Census 2022 and plans to publish and disseminate the results in July 2023. This will be done through media campaigns and electronic tools at the national, provincial and district levels. Stats SA has budgeted R18 million for the publishing of the results.

**3.2 Programme Analysis**

***3.2.1 Programme 1: Administration***

The purpose of the programme is to provide strategic leadership, management and services to the department. The Administration programme has four sub-programmes, which are: Department Management, Corporate Services, Financial Management Services, Internal Audit and Office Accommodation. The strategic intention of the programme is focused on driving the outcome of transformed capability. The programme will align itself with the strategy of digitisation through the automation of processes. The provision of support to projects, including the Census 2022 project, will utilise all facets of automated processes. A cost-effective strategy to reduce the major cost driver in surveys, which, apart from the compensation of employees is the utilisation of vehicles, will be explored.

The programme is allocated R744.9 million for the 2023/24 financial year. Programme 1 budget intends to achieve the production of a report on support provided to the Income and Expenditure Survey (IES) 2022/23 compiled, 25% phase 2 of prioritised Management Information Repository (MIR) functionalities developed, three business process mapped, one transformation and change management plan (2024/25) compiled and one digital business transformation plan implemented. Stats SA will also conduct one business impact analysis and report on risk, anti-corruption and integrity management support to IES 2022/23. The Department planned to increase by 3% in women's representation at the SMS level, by 2% increase in youth employment and 0.2% in people with disabilities. The Department intends to reduce fruitless and wasteful expenditures by 75% in this financial year.

*Personnel expenditure*

The primary cost driver is the compensation of employees. Within the remaining goods and services budget, the primary cost drivers related to fleet management services, travel and subsistence, and communication. Office accommodation is funded from programme 1. Previously, Cabinet approved a total of R44.1 million in relation to the Compensation of Employees (CoE) in the 2022/23 financial year. In addition, an allocation of R132.3 million over the medium term has been made, for filling critical positions within the organisation, which have been outstanding for several years.

***3.2.2 Programme 2: Economic Statistics***

This programme aims to produce 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. There are six sub-programmes, which are as follows: business cycle indicators, structural industry statistics, price statistics, private sector financial statistics, government financial statistics and national accounts.

The objective of the programme is to produce economic indicators to inform evidence-based planning, monitoring, evaluation and decision-making for use by the public and private sectors by publishing monthly, quarterly, annual and periodic statistical releases on various industries in the private and public sectors.

The programme is allocated R288.6 million in the 2023/24 financial year. The programme focuses on providing insightful data. It produces a range of statistics describing the dynamics of the economy and its links to job creation, economic growth, the environment and society. The programme is considering different approaches to ensure that the business operating model becomes more agile. This is possible through an increase in the use of technology during the data collection phase of the statistical value chain, aimed at improving efficiency. The intention is to reduce the costs of the current operating model and broaden the scope of available data.

***3.2.3 Programme 3: Population and Social Statistics***

The purpose of the programme is to produce population, demographic, labour market and social statistics to inform socio-economic development. Programme 3 contributes to the strategic objective to sustain national population and social indicators to inform evidence-based planning, monitoring and decision-making for use by the public and private sectors through publishing numerous series such as labour market and employment surveys.

The programme is allocated a budget of R291.1 million for the 2023/24 financial year. In real terms, the budget allocated has increased by 2.72 per cent as compared to the previous financial year of R283.4 million.

The programme will ensure that the ever-increasing demand for data and information in the country is met by increasing its responsiveness to user needs. The programme will continue to sustain the quality of key national indicators and to increase responsiveness to users’ basic statistical needs and demands. This will be achieved by collecting and analysing data across a range of themes including domestic tourism, transport, governance, crime and safety, employment, poverty and inequality, and the demographic profile of the country.

The outputs produced under this programme contribute immensely towards the monitoring of the MTSF 2020-2024, the NDP goals and indicators, Agenda 2063 and the Sustainable Development Goals (SDGs).

***Programme 4: Methodology and Statistical Infrastructure***

The purpose of the programme is to set standards, statistical frames, and methodologies and conduct statistical research. The main objective of the Programme is to improve the quality and methodological soundness of statistical information by researching, developing, reviewing and applying statistical methods, standards, classification and procedures in the statistical value chain annually. Further, this programme monitors and evaluates the methodological compliance of statistical operations by conducting independent evaluations of statistical practices annually. In addition, it ensures complete and accurate sampling frames to enhance the quality of economic and social statistics by maintaining and updating frames for business and geographic information annually.

The programme is allocated a budget of R155.7 million for the 2023/24 financial year. In nominal terms, the programme’s budget has increased by 7.38 per cent as compared to R145.0 million in the 2022/23 financial year. The programme contributes towards achieving the organisational strategic outcomes of the agile operating model and interconnected statistical system. The programme’s main intent is to ensure the availability of and access to relevant statistical standards and classification for Stats SA and SANSS partners. Geo-enabled statistical frames and geospatial support services to Stats SA and the external stakeholder community enable the creation and use of geospatial frames, the application of geospatial tools and support on geo-statistical analyses.

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

This programme enables service delivery programmes by using technology in the production and use of official statistics. The main objective is to modernise business processes by building enterprise architecture and applying emerging technologies for data collection, processing and the dissemination of statistical information over the medium term. The Programme further aims to enable the department’s production of official statistics by providing a technology infrastructure that is reliable, sustainable and cost-effective over the medium term to inform policy through the use of statistical geography.

The programme promotes and provides better access to official statistics. The programme contributes to 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. In addition, it increases awareness of and the use of official statistics by the government and the public on an ongoing basis by reaching out to stakeholders and responding to user queries, educating users and improving accessibility to and the ease of use of statistical information.

The programme is allocated a budget of R324.2 million for the 2023/24 financial year. In nominal terms, the budget has increased by 4.28 per cent as compared to the 2022/23 financial year. The programme exists to utilise technology to optimise the data ecosystem to service current user needs and to meet unmet user needs as defined in the Integrated Indicator Framework (IIF) from potential users. The programme intends to achieve the implementation of the branding strategy which aims to place stakeholders at the centre of operations by delivering products and services that are in line with user requirements. Furthermore, the programme aims to position Stats SA as a leader within the data ecosystem, to innovate interactive platforms by re-engineering the website to improve accessibility and use of statistical products and services.

***Programme 6: Statistical Operations and Provincial Coordination***

The purpose of the programme is to collect and process data and interact with stakeholders and users at provincial and local levels to inform policy implementation and support decision-making through statistical information. It engages stakeholders through platforms and provides effective communication services.

The programme is allocated R842.7 million in the 2023/24 financial year. The budget decreased from R1 185.9 billion compared to R842.7 million in the current financial year. The decrease in the budget was due to the ring-fenced budget intended to deliver Census 2022 project. The Department has implemented the fourth South African population census in the democratic era and will be disseminating results at all levels in the 2023/24 financial year. The implementation of the multi-modal approach for surveys will be tested in the year under review. The statistical outputs of the census form the baseline of the statistical information system in the country and provide the most comprehensive statistics at the lowest geographic level to provide insights on various socio-economic phenomena, including District Development Model. The programme plays a key role over the medium term to disseminate and promote the use of statistical information for informed decision-making at provincial and local levels.

***Programme 7: South African National Statistics System***

The purpose of the programme is to develop and coordinate the national system in South Africa. The objective of the Programme is to ensure that national statistics are produced based on common statistical standards and principles by providing statistical support and advice on an ongoing basis and certifying statistics as official annually. It manages the distribution of statistical information by establishing and providing mechanisms, platforms and criteria for sharing data annually. It drives statistical reporting by coordinating the compilation of statistical reports in line with the integrated indicator framework annually.

The programme is allocated R44.5 million in the 2023/24 financial year. In nominal terms, the budget decreased by -3.28 per cent compared to R25.5 million in the 2022/23 financial year. The focus of the programme is to table the Statistical Amendment Bill in Parliament in the 2023/24 financial year thereafter implementation and rollout will commence. The development and implementation of the National Strategy for Development of Statistics (NSDS) will build capacity and strengthen coordination amongst entities of the National Statistics System (NSS). Through the NSDS, NSS entities will be able to set up statistical plans informed by the Integrated Indicator Framework (IIF). All data that will be used to report on the IIF will be taken through a quality assessment process using the South African Statistical Quality Assessment Framework (SASQAF).

1. **MEASURING SERVICE DELIVERY AND FINANCIAL PERFORMANCE**

As the National Statistical Coordinator, Stats SA promotes coordination among producers of official and other statistics 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. **Overall Performance Targets**

Stats SA has a vacancy rate of 20.7% as of the end of September 2022, which continues to increase due to declining financial resources in the budget allocation of the compensation of employees (CoE). It has embarked on a comprehensive reprioritisation process, which continues and highlights the need to fill critical posts. Females represent more than 54% of the total staff complement. The inability to fill vacancies over the last five years has impacted negatively meeting employment equity targets, especially at senior management levels. Women in SMS posts represent 41.3% of filled SMS posts.

The coronavirus (COVID-19) pandemic has compelled the organisation to assess and test the use of a multi-modal approach (that is, the use of Computer-Assisted Web interviews (CAWI), computer-assisted telephone interviews (CATI) and computer-assisted personal interviews (CAPI)) for data collection to minimize contact between fieldworkers and respondents. The use of a multi-modal approach provides respondents with an option to be enumerated without any physical contact with a Stats SA official should they wish so. Census 2022 was the first multi-modal Census in South Africa and will form the proof of concept for all other surveys in Stats SA. This requires reskilling staff to be able to meet the new requirements of work methods in a digital and/or agile operating environment, and investing in the statistical infrastructure at a provincial and local level.

**4.2 Legislation**

The cabinet approved the Statistics Amendment Bill in September 2022. The Bill will be tabled in Parliament. The cost related to the legislative reform and other activities concerning statistical reforms is budgeted at R144.8 million over the medium term.

1. **COMMITTEE DELIBERATIONS**

Having considered the APP and the budget of Stats SA, this section summarises the Committee deliberations.

The Committee enquired about which recruitment strategies Stats SA is implementing to attract statisticians. In addition, the Committee asked about the types of skills training and bursaries it offers.

*Skills training partnerships have been developed with the Universities of Stellenbosch and Cape Town. Stats SA is looking into potential partnerships. Stats SA developed a marketing and communication programme to introduce statistics to various stakeholders including ambassadors living on diplomatic missions, provincial departments and the media. There are trainers in the nine provinces and 52 districts and statistics packages loaded on government systems. With this Stats SA has the mechanism of empowering departments.* *Stats SA is also developing and recruiting interns so that they can be data scientists and analysts. Stats SA is looking at acquiring 54 interns for the current financial year. There is a mathematics skills programme at the provincial level. Stats SA will be more active in disseminating the Census report.*

The Committee enquired when Stats SA (and the Ministry in the Presidency) will finalise the amendments to the Statistical Act to drive statistical coordination in the country.

*The Amendment Bill was discussed at a Cabinet level. It has been approved and will be submitted to Parliament. Stats SA is waiting to see whether it will be introduced as a priority ill for 2023/2024.*

The Committee enquired as to whether Stats SA has a staff retention program.

*Stats SA relies on the DPME/DPSA strategy. The DPSA package strategy only allows for promotion within the level that the employee is at, for example, a notch increase. It is thus very restrictive. The focus is on short-term training programmes.*

The Committee enquired as to why Stats SA has so many Acting positions, and how long it would take to fill the existing senior vacant positions.

*There was no recruitment for five years, only internal promotions. There is currently a huge recruitment drive and continuous meetings with National Treasury to look at the vacancy rate. The current forecast is that Stats SA will exceed expenditure due to the recruitment drive and increases in levels 11 and 12. Two acting senior positions will be finalised shortly, and two will be concluded at a later stage, in consultation with National Treasury.*

1. **RECOMMENDATIONS**

The Select Committee recommends that Stats SA, through the Minister in the Presidency, gives attention to the following activities:

*Finalise the legislative process*: Stats SA should expeditiously finalise and table amendments to the Statistics Act (1999) to drive statistical reform in the country timeously to Parliament. The amendments of the Act should firmly respond to the evolving environment, with particular emphasis on statistical coordination, the data revolution, state-wide statistical service and institutional arrangements.

*Strengthen capacity building and inter-governmental relations*: Stats SA should consider adopting a programme aimed at capacitating all government departments and local government on key statistical findings to assist all spheres in planning, policy-making, evidence-based decision-making and budgeting.

*Reduce vacancies*: The vacancy rate of 20.7% has to be drastically reduced by undertaking a recruitment drive to strengthen the departmental workforce to continue producing quality, reliable and timeous statistics for the nation and the international world.

*Initiate gender mainstreaming and development internally:* Stats SA should prioritise balancing its employment equity targets by ensuring capable women are appointed to senior management positions.

*Contribute to youth economic development:* Stats SA should commit to a certain percentage of youth being equipped with the necessary skills and employed.

*Find plausible funding strategies*: Stats SA should develop and/or find plausible and cost-effective funding strategies for implementing surveys.

*Explore efficient data collection and dissemination tools:* Stats SA should explore efficient ways of collecting data and disseminating it to the relevant sectors and the public. However, it should ensure that the efficient methods are effective and do not compromise data quality and the capacity of employees. In addition, Stats SA should use systems that do not compromise the reliability and validity of collected data.

1. **CONCLUSION**

The Committee recognises that statistics are a vital source that should be used for evidence-based policy-making, planning, monitoring, evaluation and reporting. The Committee commends Stats SA for producing reliable and accessible statistics; and hopes to see official statistics used to plan and allocate fiscal resources. Further, the Committee encourages Stats SA to work closely with both the private and public sectors in developing and utilising the required skills in this field.

Unless otherwise indicated, Stats SA should respond to the Committee's recommendations within three months from the day the report is adopted by the House.

The Select Committee on Health and Social Services support Budget Vote 14.

**Report to be considered**