**Report of the Joint Standing Committee on the Financial Management of Parliament on the Parliament of the Republic of South Africa’s 2022/23 Mid-Year Performance, dated 19 May 2023**

The Joint Standing Committee on the Financial Management of Parliament having considered the Parliament of the Republic of South Africa’s 2022/23 mid-year performance, reports as follows:

**1. Introduction**

1.1 Section 4 of the Financial Management of Parliament and Provincial Legislatures Act, No. 10 of 2009 (the FMPPLA) provides for the establishment of an oversight mechanism to maintain oversight of the financial management of Parliament. The Joint Standing Committee on the Financial Management of Parliament (the Committee) was established in terms of the Joint Rules of Parliament. The Committee has the powers afforded to parliamentary committees under sections 56 and 69 of the Constitution.

1.2 Section 52 of the FMPPLA requires that the accounting officer must, within 30 days of the end of each quarter, report to the Executive Authority on Parliament’s quarterly performance in respect of the implementation of the Annual Performance Plan (APP). The Executive Authority in turn, and in terms of section 54 of the FMPPLA, must table each quarterly report five working days of receiving it for the consideration of the oversight mechanism i.e. the JSC Financial Management of Parliament. The 2022/23 Quarter 2 report was duly tabled, on 2 November 2022, and referred on 3 November 2022.

1.3 Parliament’s 2022/23 mid-year performance report was tabled on 2 November 2022, and referred to the Committee on 3 November 2022 for consideration in terms of section 54(2) of the FMPPLA. The senior management team appeared before the Committee in a meeting held on 2 December 2022 where the institution’s performance in the period under review was interrogated.

1.4 This report should be read along with Parliament’s 2019-2024 Strategic Plan, the 2022/23 Annual Performance Plan (APP) and budget, and the Committee’s reports in respect thereof.

1.5 The report comprises three parts: Part A, containing the background to the mid-year performance report; Part B, the summary of the institution’s financial and performance information for the period under review; Part C, containing the Committee’s observations; and Part D, containing the Committee’s recommendations.

**Part A**

**2. Background**

**2.1 Mandate**

2.1.1 Parliament derives its mandate from:

- Chapter 4 of the Constitution of the Republic of South Africa, No. 108 of 1996, which sets out its composition, powers and functions;

- the FMPPLA which regulates the institution’s financial management;

- the Money Bills Amendment Procedure and Related Matters Act, 2009 No 9 of 2009 which provides procedures to amend money bills; and

- the Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act No 4 of 2004 which defines and declares the national and provincial legislatures’ powers, privileges and immunities.

2.1.2 Section 53 of the FMPPLA provides for Parliament’s mid-year expenditure and performance to be assessed. Section 53(1) requires that the Secretary to Parliament must submit a report assessing the administration’s performance during the first half of the financial year to the Executive Authority by 31 October each year. The report must take into account: the monthly financial statements for the first half of the financial year, the past year’s annual report and progress made in addressing challenges identified in that year, and progress made in the implementation of the current year’s annual performance plan. The Secretary to Parliament should also recommend whether an adjustments budget may be necessary; and whether to revise projections for revenue and expenditure to the extent that this may be necessary.

2.1.3 Section 54 of the FMPPLA requires that the Executive Authority must table the above-mentioned mid-year reports within five days of receiving the reports from the Secretary to Parliament, and that the reports must be referred promptly to the oversight mechanism.

**2.2 Mission and vision**

2.2.1 Parliament has as its vision to be an activist and responsive people’s Parliament that improves the quality of life of South Africans and ensures enduring equality in our society. Its mission is to represent the people and to ensure government by the people in fulfilling its constitutional functions of passing laws and overseeing executive action. To this end, the institution conducts its business in line with the following values: openness, responsiveness, accountability, teamwork, professionalism, and integrity.

**2.3 Strategic Priorities**

2.3.1 Parliament has identified only two strategic priorities for the Sixth Parliament, i.e. to strengthen oversight, and to enhance public involvement in Parliament’s activities.

2.3.2 In order to achieve the above outcome, the Sixth Parliament will:

- *improve committee oversight work* in relation to the budget cycle in particular, through allowing more time in the parliamentary programme for oversight activities and encouraging committees to undertake joint oversight activities. Joint the need for more time allocated to committee oversight activities, and the possibility of holding joint briefings and meetings; and

- *improve the effectiveness of public hearings* through greater public participation by expanding public education, better dissemination of information, effective use of broadcasting, technology and social media, the use of more official languages, and encouraging committees to undertake joint public hearings.

2.3.3 To aid the above activities, the institution will:

- enhance research and legal support in respect of oversight activities;

- improve members’ capacity through capacity-building programmes that will empower parliamentarians to be effective and efficient in executing their oversight responsibilities;

- improve oversight and accountability through better monitoring, tracking and evaluation in respect of Parliament’s own work, as well as the work of the Executive;

- ensure openness and accessibility through the use of modern technology in respect of social media, tools-of-trade, workflows and automation; and

- cut costs to allow for operational sustainability.

**Part B**

**3. Performance at the end of the first half of 2022/23**

**3.1 Overview**

3.1.1 The mid-year performance report is based on the tabled 2022/23 APP which has been aligned to the Strategic Plan of the Sixth Parliament.

3.1.2 Of the twelve indicators for the year, eleven were measured at the end of the first half of the financial year. The performance measures, again, focussed on whether parliamentarians were satisfied with the services provided. Parliamentarians were requested to rate the services provided along five dimensions statistically correlated to client satisfaction. Table 1 below reflects the outcome of the mid-year client satisfaction survey.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator** | **Overall Member Satisfaction %** | **Ease of Access** | **Timeliness** | **Reliability** | **Fairness** | **Usefulness** |
| **ICT Services** | 83,15 | 81,91 | 81,42 | 83,53 | N/A | 84,03 |
| **Facilities Management Services** | 76,96 | 75,78 | 77,03 | 76,87 | N/A | 77,53 |
| **Capacity Building Services** | 72,44 | 72,03 | 72,20 | 71,93 | N/A | 73,25 |
| **Research Services** | 78,11 | 77,48 | 78,47 | 77,89 | 77,68 | 78,61 |
| **Content Advice** | 80,13 | 80,36 | 80,38 | 80,36 | 80,18 | 79,66 |
| **Procedural Advice** | 75,71 | 74,77 | 74,55 | 76,12 | 76,55 | 76,06 |
| **Legal Advice** | 75,42 | 76,59 | 76,37 | 75,44 | 73,96 | 74,82 |
| **Committee Support Services** | 83,77 | 83,28 | 83,68 | 83,97 | 83,25 | 84,03 |
| **Public Participation Support** | 74,69 | 74,86 | 74,27 | 74,96 | 74,56 | 74,57 |

**Table 1: Outcome of Member Satisfaction Survey, Mid-Year 2022/23 (Source: Parliament of the RSA)**

**3.2 Programme-by-programme summary of performance information**

Paragraphs 3.2.1 to 3.2.22 below provide a summary of Parliament’s performance across programmes

***Programme 1: Administration***

3.2.1 Programme 1 providesstrategic leadership, management and corporate services to Parliament, and comprises the following sub-programmes: Executive Authority, Office of the Secretary, and Corporate and Support Services. Performance in respect of this programme is illustrated in Table 2, below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Parliamentary Service** | **Indicator** | **Mid-Year target** | **Mid-Year Performance** | **Variance** | **Status** | **Reasons for Variance/ Mitigation** |
| **Digital service** | % Member satisfaction | 80% | 83,15 |  +3,15 |  |  Useful and reliable service was provided |
| **Facilities management service** | % Member satisfaction | 75% | 76,96 |  +1,96 |  | Useful and timeous service was provided  |

 **Table 2: Programme 1 performance information (Source: Parliament of the RSA)**

3.2.2 According to the table above, sub-programmes *Digital Services* and *Facilities Management* *Service* exceeded their targets by 3,15 per cent, and 1,96 per cent respectively. Key performance trends under this programme are captured in paragraphs 3.2.3 to 3.2.18 below.

 *ICT*

3.2.3 The ICT division is part of the Support Services Branch that provides facilities and support services to Parliament including institutional communication services, human resource management, information communication technology services, institutional support services and Members’ Support services. Its purpose is to improve the provision, usage and management of ICT solutions and infrastructure to meet the information and communication needs of parliamentarians, staff and the public. The division provided support services in respect of oversight, legislation, and public participation.

 *Facilities Management*

3.2.4 The Facilities Management division provides security support, household support (transport and hygiene services), SHE support and catering support to various public hearings, oversight visits and parliamentary events.

 *Parliamentary Communications Service*

3.2.5 The Oversight and Accountability-strategic priority of Parliament is supported by communicating the work of parliamentary committees to internal and external audiences. Support was provided to, amongst others, 32 oversight visits and committee meeting activities, including public hearings.

 *Human Resource Management*

3.2.6 The institution’s human capital strategy strives to make available reliable capacity and skills to support parliamentarians in the execution of their constitutional mandate. The key performance indicators of the Human Capital Strategy include organizational realignment, employee engagement levels and the implementation of the Voluntary Early Retirement Dispensation.

3.2.7 In respect of the organisational re-alignment project, the second phase was underway and entailed the micro-analysis and design of business operating models, processes, and positional structures that will effectively enable a macro-functional design. The following draft job profiles have been designed to support the draft design proposals, and are at various stages of completion: Parliamentary Communication Services (completed); ICT (Completed); Financial Management (In progress); Internal Audit (In progress); Members Support Services (In Progress); and Legislative Support Services (In progress).

3.2.8 In the period under review there were five resignations affecting the Knowledge and Information Service (KIS) division (3), the Parliamentary Budget Office (1) and the Core Business Support (1) division. This represents a turnover rate of 0.38 per cent compared to the targeted five per cent for the financial year.

3.2.9 The implementation of the Voluntary Early Retirement Dispensation (VERD) within the laws and rules of the respective pension schemes, GEPF and PSOP, is one of the measures Parliament has proposed to manage the cost of compensation for employees in line with the deep budget cuts being implemented by the National Treasury, and in light of the overall fiscal challenges faced by the country. By the end of the period under review, the institution had developed an implementation toolkit, and introduced the VERD to employees, explaining the eligibility criteria and procedure to follow to should one be interested in the offer.

 ***Programme 2: Legislation and Oversight***

3.2.10 Programme 2 provides for support services for the effective functioning of the National Assembly (NA) and the National Council of Provinces (NCOP) including procedural, legal and content advice; information services and record keeping; and secretarial and support services for the houses and their committees. The programme covers the core business of Parliament and focusses on the outputs, activities and inputs related to legislation and oversight functions.

3.2.11 The programme comprises the following sub-programmes: National Assembly (House; Committees); National Council of Provinces (House; Committees); Public Participation and External Relations; Shared Services; Sectoral Parliaments and Joint Business.

3.2.12 According to the table below, all targets under this programme were exceeded. Key performance trends under this programme are captured in paragraphs 3.2.13 to 3.2.22 below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Parliamentary Service** | **Indicator** | **Mid-Year target** | **Mid-Year Performance** | **Variance** | **Status** | **Reasons for Variance/ Mitigation** |
| **Programming Service** | **Number of annual parliamentary frameworks adopted** | 0 | 0 | 0 | \_\_\_\_\_ | \_\_\_ |
| **Number of NA programmes adopted** | 1 | 1 | 0 |  | \_\_\_\_\_\_ |
| **Number of NCOP programmes adopted** | 1 | 1 | 0 |  | \_\_\_\_\_\_ |
| **Capacity Building Service** | **Percentage Member Satisfaction** | 70 | 72,44 | +2,24 |  | \_\_\_\_\_ |
| **Research service** | **% Member satisfaction** | 75% | 78,11 | +3,11% |  | Useful and timeous service provided   |
| **Content advice service** | **% Member satisfaction** | 75% | 80,13 | +5,13% |  | Timeous, reliable and easy to access service provided |
| **Procedural advice service** | **% Member satisfaction** | 75% | 75,71 | +0,71% |  | Fair and reliable services provided |
| **Legal advice service** | **% Member satisfaction** | 75% | 75,42 | +0,42% |  | Easy to access and timeous service provided |
| **Committee support service** | **% Member satisfaction** | 75% | 83,77 | +8,77% |  | Reliable and timeous services provided |
| **Public participation service** | **% Member satisfaction** | 75% | 74,69 | -0,31% | x |  Ease of access and timeousness of services must be improved; Communication on public participation needs to be strengthened |

 **Table 3: Programme 2 performance in formation (Source: Parliament of the RSA)**

*Plenary Programming*

3.2.13 Programmes are an essential tool in facilitating the coordination of activities of the National Council of Provinces, National Assembly, Provincial Legislatures and South African Local Government Association (SALGA). The NCOP and NA adopted the second programmes during the 1st half of the financial year. The programmes outline activities of portfolio and select committees, house and other fora in which the NA and NCOP participate.

*Capacity Building*

3.2.14 The following capacity building programmes were implemented for parliamentarians:

 - University of Johannesburg post-graduate diploma virtual classes for 11 registered Members;

 - virtual classes for the post-graduate diploma were offered by the University of Johannesburg for 11 parliamentarians on the following modules – research; industrial policy; transitional justice; and strategic diplomacy;

 - the University of Witwatersrand Postgraduate Diploma was implemented for 19 parliamentarians on the following programmes - orientation programme; international relations and diplomacy; and public policy; and

 - another programme of Masters in Governance and Leadership was offered to 7 parliamentarians.

*Committee Support*

3.2.15 Committee support is focused on supporting the core mandates of Parliament i.e. law making, oversight, public participation, co-operative government and inter-governmental relations, international engagement. In this regard, the support services provided to Members to carry out their constitutional mandate included:

 - the production of fifty 50 Announcement, Tabling and Committee Reports publications;

 - supporting the oversight function of committees through the provision of content and logistical support to committees;

 - the production of legislative reports for reporting in the programming structures;

 - the production of 373 minutes and 127 reports, most of within the prescribed timeframes;

 - the provision of 12 legal opinions to committees; and 18 legal opinions to the administration;

 - the drafting of 14 contracts and 4 private members’ bills, and 3 committee bills;

 - the provision of litigation support and management services in respect of 111 matters relating to pending litigation; and

 - the provision of legislative processing and programming support in respect of four bills introduced.

 *Knowledge Management*

3.2.16 The Knowledge Management (KM) strategy review and revision incorporated an element of parliamentarians’ and officials’ capacity-building. This included discussions on portfolio-specific topics aligned to the programme of the houses and committees, and the oversight plan of the Sixth Parliament. Partnerships are being pursued with Statistics South Africa (StatsSA), the Council for Scientific and Industrial Research (CSIR), the Academy of Science of South Africa (ASSAF), the Human Sciences Research Council (HSRC), the United Nations International Children's Emergency Fund (UNICEF), the University of Venda (UNIVEN), the Public Affairs Research Institute (PARI) and the Department of Military Science at Stellenbosch University.

 *Public Participation*

3.2.17 The Public Education Office, Parliamentary Democracy Offices and the Public Relations Unit together implement interventions focusing on the delivery of public education and information programmes thereby empowering people to participate in parliamentary processes, mobilising public stakeholders, and capitalising on the use of digital and preferred platforms.

3.2.18 In the first Half of the financial year there were there were 496 visitors to the precinct, with virtual tours conducted with the Boland College, Makhanda PCO Back-2-School programme, and Activate. Public engagement with civil society, public participation working group, the South African Women in Law Association and the disability sector through collaboration with the African Network for Evidence-to-Action on Disability (AfriNEAD). Partnerships were forged with departments of Justice and Constitutional Development, Basic Education and the National School of Government.

*Programme 3: Associated Services and Transfers*

3.2.19 Programme 3 provides for the facilities and financial support to political parties including leadership, administrative and constituency support. It also provides for transfer payments to entities in Parliament. It comprises the following sub-programmes: Members’ Facilities, Leadership, Administrative and Constituency support to political parties; Transfer to the PBO, Legislative Sector Support, and Office Supporting ISDs. Performance in respect of this programme was not measured.

 *Members’ Interest*

3.2.20 Members must be supported in a manner that is accessible, effortless, accurate and friendly. It is critical to adopt the appropriate technology solution to enable workflow automation, real time process optimisation, process performance measurement, monitoring and tracking and to give parliamentarians multiple simple ways to engage with staff and each other.

3.2.21 With the disruption resulting from the January 2022 fire the rollout of the online mobile support solution is of even greater priority to ensure parliamentarians can access support and information wherever they are located. The policies and reports informing facilities provided to parliamentarians are continually being assessed and reviewed to ensure that facilities are aligned to the needs.

3.2.22 The policies and reports informing facilities provided to the members are continually being assessed and reviewed to ensure that facilities are aligned with the Members' needs. Matters that have been completed and/or initiated in this period include: upgrading of laptops and tablets; salary adjustment processed and paid; and submissions were prepared for remuneration task team.

**4. Financial Performance in the period under review**

**4.1 Overview**

4.1.1 Table 4 below, illustrates that by the end of the period under review, Parliament had spent 47 percent or R1,304 million of its appropriated budget of R2,757 billion. It is projected that the full appropriated budget of R2,757,383 will be spent by the end of the 2022/23 financial year.

4.1.2 The spending on direct charges was R110, 915 million or 88 per cent of the second quarter budget of R125, 576 million. The overspending is the result of budget reductions and the 3 per cent annual increase backdated from 01 April 2022. There is a projected overspending of R34.1 million at the end of the financial year. This projected overspending will be a direct charge against the National Revenue Fund in line with section 23(4) of the FMPPLA.

|  |  |  |
| --- | --- | --- |
| **Main Division** | **April - September 2022** | **YTD Expenditure and Available Budget** |
| **Annual****Budget****R’000** | **Actuals****1st quarter R’000** | **%** | **Actuals****2nd quarter R’000** | % | **Actuals** **Year to Date****R’000** | **%** | **Budget****Available****R’000** |
| Administration | 776,384 | 176,033 | 99.0 | 160,580 | 93 | 336,613 | 43 | 439,735 |
| Legislation and Oversight | 754,117 | 179,900 | 98.4 | 168,677 | 92 | 348,577 | 46 | 405,540 |
| Associated Services | 755,209 | 181,500 | 99.3 | 187,006 | 100 | 368,506 | 49 | 386,703 |
| **Sub-Total** | **2,285,674** | **537,433** | **98.8** | **516,263** | **95** | **1,053,696** | **46** | 1,213,978 |
| Direct Charges | 471,709 | 139,418 | 114.8 | 110,915 | 88 | 250,333 | 53 | 221,376 |
| **TOTALS** | **2,757,383** | **676,851** | **101.7** | **627,178** | **94** | **1,304,029** | **47** | 1,453,354 |

 **Table 4: Expenditure across programmes (Source: Parliament of the RSA)**

4.1.3 Table 5 below details spending across economic classification.

|  |  |  |
| --- | --- | --- |
|  |  **April to September 2022** | **YTD Expenditure and Available Budget**  |
| **Economic classification** | **Annual****Budget****R’000** | **Actuals****1st quarter R’000** | **%** | **Actuals****2nd quarter R’000** | % | **Actuals** **Year to Date****R’000** | **%** | **Budget****Available****R’000** |
| Compensation of Members | 471,709 | 139,418 | 115 | 110,915 | 88 | 250,333 | 53 | 221,376 |
| Compensation of Employees -PARMED | 88,403 | 18,578 | 97 | 19,703 | 102 | 38,281 | 43 | 50,122 |
| Compensation of Employees | 1,154,541 | 258,459 | 99 | 258,178 | 99 | 516,637 | 45 | 637,903 |
| Goods and Services (APP) | 359,788 | 90,787 | 97 | 73,123 | 80 | 163,910 | 46 | 195,878 |
| Goods and Services (Members’ entitlements) | 131,657 | 35,134 | 99 | 33,372 | 91 | 68,506 | 52 | 63,151 |
| Transfers | 518,572 | 123,805 | 100 | 130,398 | 102 | 254,203 | 49 | 264,369 |
| Capital Expenditure | 32,714 | 10,670 | 99 | 1,489 | 22 | 12,159 | 37 | 20,555 |
| **TOTALS** | **2,757,383** | **676,851** | **102** | **627,178** | **94** | **1,304,029** | **47** | **1,453,354** |

**Table 5: Spending across economic classification (Source: Parliament of the RSA)**

4.1.4 The spending on compensation of members was R110,9 million or 88 per cent of the second quarter budget of R125, 6 million. There is projected overspending for the financial year of R34,1 million as a result of budget reductions. The overspending will be a direct charge against the National Revenue Fund in terms of section 23(4) of the FMPPLA.

4.1.5 The spending on compensation of employees stood at 99 per cent or R258,2 million of the second quarter budget of R260,8 million, and indications are that there will be full spending by the end of the financial year.

4.1.6 Spending in respect of the Parliamentary Medical Aid Scheme (Parmed) stood at 102 per cent or R19,703 million of the second quarter budget of R18,762 million. Indications are that the budget will have been spent in full by the end of the financial year.

4.1.7 The spending on goods and services, which relates to the APP, was at 80 per cent or R73,2 million of the second quarter budget of R91,7 million. Indications are that the full budget will be spent by the end of the financial year.

**Part C**

**5. Observations**

**5.1 Public Participation**

5.1.1 The Committee notes efforts to increase public participation and access to the business of Parliament, however we remain concerned that progress in this regards appears to be slow. Of concern is that not enough is being done to ensure information about the work of Parliament reaches as many citizens as possible despite this being one of the two strategic objectives of the Sixth Parliament.

*5.2 Organisational re-alignment*

5.2.1 As in the previous year’s mid-year report, Parliament reported that the organisational re-alignment project was progressing as planned, and that phase two was underway. Little or no progress appears to have been made, and the Committee has to date not been briefed in detail on what the project entails or its implementation plan.

*5.3 Filling of critical vacancies*

5.3.1 The Committee welcomes the appointment of Mr Xolile George as Secretary to Parliament in the period under review, but remains concerned about other critical vacancies including that of the head of the Parliamentary Protection Service.

*5.4 Performance management in respect of Programme 3*

5.4.1 The Committee remains concerned that there are no performance indicators under this programme especially given the serious challenges experienced as far as services related to this programme. While the Committee has noted the explanation that as the matters provided for under this programme relate to ‘inputs’, and not items against which Parliament was required perform, it is unconvinced that performance could not be measured.

**Part D**

**6. Recommendations**

The Executive Authority should provide the Committee with a response to the recommendations below within 30 days of the adoption of this report by the NA and the NCOP.

*6.1 Public Participation*

6.1.1 In respect of greater public awareness of the business of Parliament, the Committee was still awaiting a project plan for securing licencing through Independent Communications Authority of South Africa (ICASA). The Committee again requests quarterly updates in this regard.

6.1.2 The Committee again cautions against over-reliance on social and broadcast media for the dissemination of information related to the business of Parliament. The Committee reiterates its previous recommendations that each quarterly report should include detailed progress reports on how access to Parliament and its business will be increased to ensure that most citizens are able to have their voices heard.

*6.2 Organisational re-alignment*

6.2.1 The Committee remains concerned about the apparent slow implementation of the organisational re-alignment project, and should receive a detailed briefing/report on the organisational re-alignment project, as well as reasons for the apparent delay in finalising it. We have also noted that some vacant posts cannot be filled until this process has been finalised. This places further urgency on ensuring that the process is finalised.

*6.3 Filling of critical vacancies*

6.3.1 The Committee must be provided with detailed quarterly updates on the slow filling of all vacancies, and specifically those in the senior management of the institution. The reports should detail all actions taken, and obstacles to fill the posts.

*6.4 Performance management in respect of Programme 3*

6.4.1 The Committee should be provided with a detailed clarification of how the performance of those responsible for delivering/facilitating the services that fall under programme 3 will be measured.

**Report to be considered.**