**2.       BUDGETARY REVIEW AND RECOMMENDATIONS REPORT (BRRR) OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION AS WELL AS PERFORMANCE MONITORING AND EVALUATION ON STATISTICS SOUTH AFRICA**

**DATED 17 OCTOBER 2018**

1. **BACKGROUND**

The Portfolio Committee on Public Service as well as Planning, Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly, which is in line with Section 5 of the Money Bills Amendment Procedures and Related Matters Act, No. 9 of 2009 to consider and report on the Annual Report of the Statistics South Africa. It should be noted that Statistics South operates independently from the Executive. The BRR Report is tabled as follows:

1. **INTRODUCTION**

Parliament derives its mandate from the Constitution of the Republic of South Africa. The strategic objectives of the Portfolio Committee are informed by five strategic goals of Parliament. The functions of the Portfolio Committee on Public Service and Administration as well as Monitoring and Evaluation are as follows:

* Participating and providing strategic direction in the development of the legislation and thereafter passing the laws,
* Conducting oversight over the Executive to ensure accountability to the Portfolio Committee towards achieving an effective, efficient, developmental and professional public service,
* Conducting public participation and engaging citizens regularly with the aim to strengthen service delivery; oversee and review all matters of public interest relating to the public sector,
* Monitoring the financial and non-financial aspects of departments and its entities and ensuring regular reporting to the Committee, within the scope of accountability and transparency,
* Supporting and ensuring the implementation of the PSC recommendations in the entire public service
* Participating in the international treaties which impact on the work of the Committee.

1. **PURPOSE OF THE BUDGETARY REVIEW AND RECOMMENDATIONS REPORT**

Section 5 of the Money Bills Amendment Procedures and Related Matters Act, No. 9 of 2009 the National Assembly, through its Committees, must annually compile Budgetary Review and Recommendations reports (BRRR) that assesses service delivery and financial performance of departments and may make recommendations on forward use of resources. The BRRR is also a source document for the Committees on Appropriations when considering and making recommendations on the Medium Term.

Moreover, the Money Bills Amendment Procedures and Related Matters Act, section 5 (3) highlights focus areas on the budgetary review and recommendation report as:

* Providing an assessment of the department’s service delivery performance given available resources;
* Providing an assessment of the effectiveness and efficiency of the departments use and forward allocation of available resources; and
* Including recommendations on the forward use of resources

**3.1** **Method**

The Portfolio Committee on Public Service and Administration as well as Monitoring and Evaluation compiled the 2017/18 BRRR using the following documents:

* The National Development Plan: Vision for 2030.
* Medium Term Strategic Framework 2015-2020.
* State of the Nation Address 2017.
* Strategic Plans of the Statistics South Africa 2015-2020.
* National Treasury (2018) 4th Quarter Expenditure Report 2017/18 Financial Year
* Annual Performance Plans 2017/18 of the Statistics South Africa.
* Annual Report 2017/18 of the Statistics South Africa.
* Auditor-General South Africa’s outcomes of audit findings 2017/18.
* The Portfolio Committee met with the leadership of the Statistics of South Africa

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 year. The publications present statistical research that measures the development and transformation of the economy and society in a range of context.

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. **MANDATE** **OF THE STATISTICS SOUTH AFRICA**

Statistics South Africa is a national government department accountable to the Minister in the Presidency: Planning, Monitoring and Evaluation. The department’s activities are regulated by the Statistics Act (1999), which mandates the department to advance the production, dissemination, use and coordination of official and other statistics to assist organs of state, businesses, other organisations and the public planning, monitoring and decision making. The Act also requires that the department coordinate statistical production among organs of state in line with the purpose of official statistics and statistical principles.

However, there is a legislation reform on the cards for the institution. This legislative reform will inform the full planning cycle of government, from planning to evaluation, including the implementation of the Spatial Data Infrastructure Act. Stats SA has started the legislative review process.

1. **STRATEGIC PRIORITIES**

Statistics South Africa aims to contribute towards realisation of the ideals of the National Development Plan (NDP) by providing accurate data policy implementation to overcome social challenges such as inequality, poverty and unemployment. Stats SA works in conjunction with all stakeholders in the country to provide accurate statistical information on economic, demographic, social and environmental factors for proper NDP implementation. The institution has identified the following strategic priorities, which are:

1. To promote and ***inform the nation*** through an expansion of statistical products and services.
2. To ***increase statistical trust*** through sound quality principles that are in line with international standards. This will ensure that users of statistics products have confidence and trust official statistics.
3. To promote ***partners in statistics,*** international cooperation and participation in statistics.
4. To invest in the learning and ***capable organisation***.
5. To promote ***statistical leadership*** through investment in schools and tertiary programmes to increase statistical skills at grass roots level.
6. **DEPARTMENT PROGRAMME PERFORMANCE**

**8.1 Statistics South Africa**

**8.1.1 Budget Allocated and Expenditure 2017/18**

The budget appropriated to the Statistics South Africa for the 2017/18 financial year was R2 178 billion. Actual expenditure was R2 196 billion for all the programmes which is 100.8 per cent of the adjusted appropriation. This is R17 957 million higher than projected spending for the fourth quarter, mainly due to overspending on compensation of employees by R57 270 million. The bulk of the budget was allocated to the administration programme with R706 719 million, followed by Statistical Collection and Outreach with R615 904 million and Statistics Support with R249 118 million. Stats SA had been severely affected by the National Treasury budget cuts which might put quality of the statistics at risk. Budget for Programme; Survey Operations was R185.7 million, which was drastically reduced in 2017/18 financial year as compared to budget allocated of R529.8 million in 2016/17 financial year.

The overspending was mainly due to budget reductions on compensation of employees, which resulted in Stats SA being unable to afford the costs of filled positions notwithstanding the fact that recruitment for vacancies was halted since October 2016 except for the Statistician-General post.

**Appropriation per programme (R’000)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **2017/18** | | | | |
| **Final Appropriation**  **(R'000)** | **Actual Expenditure**  **(R'000)** | **Variance**  **(R’000)** | **Virement**  **(R’000)** | **Expenditure as % of final appropriation %** |
| **Programme 1**:Administration | 706 719 | 700 822 | 5 897 | (12 057) | 99.2% |
| **Programme 2:** Economic Statistics | 228 837 | 240 669 | (11 832) | - | 105.2% |
| **Programme 3:** Population and Social Statistics | 118 360 | 116 943 | 1 417 | (9 878) | 98.8% |
| **Programme 4:** Methodology, Standards and Research | 72 922 | 72 424 | 498 | 6 075 | 99.3% |
| **Programme 5:** Statistical Support and Informatics | 249 118 | 237 045 | 12 073 | (9 295) | 95.2% |
| **Programme 6:** Statistical Collection and Outreach | 615 904 | 641 914 | (26 010) | 30 844 | 104.2% |
| **Programme 7:** Survey Operations | 185 702 | 185 702 | - | (5 689) | 100.0% |
| **TOTAL** | **2 177 562** | **2 195 519** | **(17 957)** | **-** | **100.8%** |

**Source: Stats SA Annual Report**

1. **BUDGET ALLOCATION 2018/19**

The budget appropriated to the Statistics South Africa in 2018/19 financial year is R2 271 billion. The budget allocated has been drastically reduced in the current financial year as compared to allocated budget of R2 489.1 in 2016/17 financial year. Stats SA targets 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. Moreover, Stats SA’s spending focus over the medium term will be on the preparation of Census 2021. The services provided by Stats SA contribute towards enhanced planning, policy responsiveness and effectiveness and promote evidence-based decision making.

Cabinet has approved budget reductions of R14.2 million in 2018/19, R15.1 million in 2019/20 and R15,9 million in 2020/21 on the Administration programme in line with government’s objectives. These reductions are not expected to have a negative effect on the department’s planned outputs over the MTEF period, as the department intends adjusting its operations and delaying the implementation of various new projects and initiatives. Stats SA has approximately a staff complement of 1 352 in 2018/19 as compared to 1 408 employees in the previous years. There is a significant decrease of funded posts in the current financial year.

**Table 1: Budget per programme**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme R'000** | **Revised**  **Estimates**  **2017/18** | **Medium Term Expenditure Estimates** | | |
| **2018/19** | **2019/20** | **2020/21** |
| 1. Administration | 687.5 | 695.3 | 737.7 | 783.0 |
| 2.Economic Statistics | 228.8 | 236.9 | 254.4 | 272.8 |
| 3. Population and Social Statistics | 128.2 | 202.3 | 141.8 | 151.9 |
| 4. Methodology, Standard and Research | 66.8 | 67.4 | 72.4 | 77.8 |
| 5. Statistical Support and Informatics | 258.1 | 267.1 | 284.8 | 303.3 |
| 1. Statistical Collection and Outreach | 585.1 | 608.0 | 651.9 | 698.3 |
| 1. Survey Operations | 191.4 | 194.7 | 296.5 | 1 017.1 |
| **Total** | **2 146.3** | **2 271.7** | **2 439.4** | **3 304.1** |

**Estimates of National Expenditure 2018**

**8.1.2 Programme Performance**

Statistic South Africa has seven programmes, namely:

1. **Programme 1: Administration**

The purpose of the programme is to provide strategic leadership management and support services to the department, and capacity building. This programme aims to lead the development and coordination of the statistical production system among organs of state. Secondly, the programme provides direction and leadership through driving strategic and operational planning and monitoring. It also provides corporate support services on an ongoing basis.

The programme has achieved 83.4% of its targets as scheduled in the Work Programme and 16.7% were not achieved. The programme has contributed to providing strategic direction to the organisation, planning and monitoring its performance, leading the development and coordination of the national statistics system and to enhancing corporate governance and administration.

Having noted enormous budget cuts on the programme, Stats SA has spent R700.822 million of the total allocated funds of R706.719 million. Of the total expenditure, an amount of R236 720 million was spent on compensation of employees, whilst an amount of R198 215 million was spent on goods and service, operating leases and R36 909 million was spent on property payments. An amount of R247 549 million was spent on building and other fixed structures relating to the ISIbalo House unitary fee payments. The main cost drivers on the programme are compensation of employees, good and services, and property payments. The programme spent 99,2% of its allocated budget.

Challenges for not achieving the 100% targets was attributed to the budget cuts, which had an impact on the vacancy rate of 13.9% as at 31 March 2018. Since October 2016, Stats SA has never filled positions, except the one for the Statistician-General, as result of the severe budget cuts in the institutions which hinders the attainment of set targets. In addition, Stats SA was unable to achieve targets for addressing 85% of grievance cases within 30 days and 85% of disciplinary cases within 60 days. A client satisfaction survey scheduled for the year was prioritised with an Employment Equity Survey. The piloting and testing of HRM was not achieved due to resource constraints. Stats SA has deferred most of the implementation of the set targets in the 2018/19 financial year, such as reskilling of staff in preparation for the rollout of the Computer-Assisted Personal Interview (CAPI) project. The piloting of an e-learning system and the realigning of training initiatives were not achieved due to human resource constraints.

The overall programme performance has contributed to leading the development and coordination of National Statistics System (SANSS) by providing technical support and advice to SANSS partners, providing South African Statistical Quality Assessment Framework (SASQAF) and coordinating quality assessments against SASQAF. A compilation of clearance reports on the assessment of the Research and Development (R&D) Survey from the Department of Science and Technology and Crime Statistics from the South African Police Service and a country report on Sustainable Development Goals baseline indicators. Furthermore, Stats SA compiled a diagnostic assessment report and implementation plan for the Department of Energy, SASQAF training was conducted for the DPME, Department of Social Development and Gauteng Province.

A National Strategy for the Development of Statistics was not completed during 2017/18. Consultations around the amendments of the Statistics Act, 1999 are ongoing. The legislative reform will be the enabling vehicle necessary for the development of the National Strategy for the Development of Statistics (NSDS) for better coordination within the national statistics system.

1. **Programme 2: Economic Statistics**

The Economics Statistics programme aims to produce economic statistics to inform evidence-based economic development and transformation in line with internationally recognised practices. Its main objectives are to expand the economic statistics information base by increasing the depth, breadth and geographic spread for evidence based planning. Programme Management for Economic Statistics provides strategic direction and leadership.

The programme has spent R240 669 million of the allocated funds. Of the total expenditure, an amount of R219 947 million was spent on compensation of employees whilst an amount of R20 398 million was spent on goods and services items such as consultants (R4 043 million), travel and subsistence (R6 929) and operating payments (R4 071 million). The programme overspent on compensation of employees by R18 291 million due to budget reductions. The programme spent 105.2% of its allocated budget.

The programme has achieved 98.4% of its annual targets as scheduled in the Work Programme, of which 94.7% were achieved as scheduled, 0.4% were achieved earlier than scheduled and 3.2% were achieved later than scheduled. Only 1.6% of targets were not achieved.

Key achievements included monthly, quarterly and annual releases in line with the international Special Data Dissemination Standards. The programme informed economic planning, monitoring and decision-making by providing accurate, relevant and timely statistical information on the level of economic activity in relation to the primary, secondary and tertiary sectors of the economy, financial information on private sector businesses and government and information on sustainable resource use and management.

The Consumer Price Index is a model for the integration of methodologies and content from existing household survey in order to provide reliable estimates on selected indicators at district and municipal levels at regular intervals between censuses and to provide more regular update on household expenditure and income data for poverty indicators and National Accounts purposes. Stats SA has achieved a monthly series on Consumer Price Index (CPI) and Property Price Index (PPI). Contract Price Adjustment Provision (CPAP) and Construction Input Price Indices (CMPI) were combined into one publication.

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 objective in an effort to expand the statistical information base by increasing its depth, breadth and geographic spread.

The programme spent R116 943 million of its allocated budget. Of the total expenditure, an amount of R100 309 million spent on compensation of employees, whilst an amount of R15 745 was spent on goods and services such as travel and subsistence (R5 443 million) and operating payments (R6 957 million). Actual expenditure compared against the benchmark spending was 98.8%.

Stats SA has achieved 75% of its targets as scheduled in the Annual Performance Plan, of which 54.4% were achieved as scheduled, and 20.6% were achieved later than scheduled. 25.5% targets were not achieved. The programme experienced serious challenges, which included late and incomplete data received from other departments and human resource constraints. The programme contributed to informing social and economic development planning, monitoring and decision-making by providing relevant, timely and accurate statistical information on living conditions, population dynamics, vital events, employment, crime and poverty levels.

The programme achieved targets on the development and testing of modules for the Continuous Population Survey, a report on poverty indicators using Census Survey (CS) data, and a thematic report of men, women and children. Moreover, the programme achieved quarterly releases on employment and earnings and labour market information.

An annual release on documented immigrants was not published due to format changes to the permits reporting system at the Department of Home Affairs (DOHA). An annual release on 2016 marriages and divorces was not published due to system challenges. A report on assessing the availability of additional variables for immigrants was not completed. The target dependent on the signing of an MoU between Stats SA and the DOHA.

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. This will be done by improving the comparability and accuracy of statistical information and by ensuring accurate and reliable statistical information for users. Additionally, this programme conducts policy research and analysis on emerging policy matters. Therefore, this programme provides statistical support and advice to policy makers by annually conducting policy research and analysis.

The programme has spent R72 424 million of the budget allocated. There was a budget increase in this programme as compared to the previous financial year. Of the total expenditure, an amount of R68 583 million was spent on compensation of employees, whilst an amount of R3 707 million was spent on goods and services. The main operational cost drivers are travel and subsistence (R1 901 million), operating and machinery at R608 000. Prior to applying virements, the programme had an overspending of R6 075 million on its Compensation of Employees budget due to budget reductions. The programme spent 99.3% of its allocated budget.

Stats SA achieved 84.4% of its annual targets as scheduled of which 78.8% were achieved earlier than scheduled and 6.1% were achieved later than scheduled. A total of 15.2% of targets were not achieved. The programme contributed to improving the credibility, comparability and accuracy of statistical information by applying appropriate quality criteria, standards, classifications and procedures, providing methodological and system support services.

Amongst key achievement in the year under review include the refinement of the experimental growth accounting framework, outlining of practices and procedures on the quality management system, the provision of 100% methodological support to stakeholders and five research reports on analytical technique. Moreover, Stats SA achieved provision of preliminary and final sampling frames and two reports business register statistics. Two research reports on spatial analysis and three research reports on government’s socioeconomic planning had been produced in the 2017/18 financial year.

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. This includes promoting collaboration with potential stakeholders in building and maintaining reliable household surveys. This programme further assists in modernising business processes and supporting the department’s production of official statistics.

The programme has spent R237 045 million of the allocated budget. Of the total expenditure, an amount of R131 171 million was spent on compensation of employees, whilst an amount of R85 830 million was spent on goods and services, which includes the payment of computer service (R70 709 million), communication (R4 805 million) and contractors (R4 043 million). Other operating expenditure include machinery and equipment at R14 290 million. The main cost drivers on the programme include compensation of employees and payment of computer services. The programme spent 95.2% of the allocated budget.

Stats SA has achieved 85.7% of its targets as scheduled and 14.3% were not achieved.  The programme contributed to improving the measurement of the economy and society by providing and maintaining a frame for accurate sampling of household surveys. The programme provided editing, publishing and distribution services. A key deliverable during the financial year under review was demarcation and maintenance of enumerator area layers in four provinces, and the migration of the master sample dataset to the spatial information frame.

The programme contributed in compilation of multidisciplinary publications and development of two solutions and a report on data and information. Reports on improving publication services were not compiled due to human resource constraints.

1. **Programme 6: Statistical Collection and Outreach**

The purpose of the programme is to provide statistical information to support policymakers. manages stakeholders to provide effective communication services. It also promotes statistical development and cooperation in South Africa, Africa and the World.  The programme contributes in enhancing public confidence and trust in statistics; improving productivity and service delivery; leading the development and coordination of statistical production within the SANSS; investing in the learning and growth of the organisation; and promoting international cooperation and participants in statistics.

The programme has spent R641 914 million of which is equal to 100.2 % of appropriated budget. Of the total expenditure, an amount of R511 938 million was spent on compensation of employees, whilst an amount of R122 568 million was spent on goods and services items such as communication (R18 685 million), fleet services (R15 228 million), operating leases (R64 371 million) and travel and subsistence (R16 763 million), mainly due to surveys such as Crime Survey and Master Sample Survey. The programme overspent on compensation of employees by R28 723 million due to budget reductions. The contributing factor to cost drives was mainly due to surveys such as the Quarterly Labour Force Survey, General Household Survey, Domestic Tourism Survey, the Victims of Crime Survey and the Master Sample Survey.

Stats SA has achieved 86.4% of the targets and 13.6% were not achieved. The programme contributed to increasing awareness and marketing, and communicating and disseminating official statistics to relevant stakeholders through effective stakeholder management, internal communication and public and media relations. In addition, the programme contributed in expanding the statistical information database through integrated fieldwork, continuous data collection, stakeholder management, increased collaboration and strengthening partnership within SANSS, promoting the harmonisation of statistics in Africa, strengthening statistical capacity on the continent, promoting international statistical best practice and building international partnerships.

In terms of the sub-programme on Provincial and District Office, key achievement included data collection, stakeholder workshops, the updating of enumerator areas in municipalities, the rolling out of the spatial information frame, the expansion of partnership with organs of state, statistical support to SANSS, assessment on improving administrative data quality and capacity building in the provinces.

Targets negatively impacted due to human resource constraints and dependencies on internal and external stakeholders included stakeholder workshops, the rolling out of the SIF, the expansion of partnership with organs of state and assessments on improving administrative data quality.

1. **Programme 7: Survey Operations**

The purpose of the programme is to provide collection and processing support to produce official statistics. Conduct independent household survey monitoring and evaluation activities. The programme contributes in improving productivity and service delivery.

Stats SA has achieved 83% of the targets and 17% were not achieved. The programme contributed to informing social and economic development, planning, monitoring and decision-making and to increase the efficiency and effectiveness of survey operations.

The programme has spent R185 702 million of the allocated funds. The programme spent 100% of the allocated budget. Of the total expenditure, an amount of R141 366 million was spent on compensation of employees, whilst an amount of R37 822 million was spent on goods and services. Cost drivers on the programme were mainly due to communication (R7 521 million), venues and facilities (R8 507 million) travel and subsistence (R11 937 million). Prior to applying virements from savings realised on the Community Survey 2016 earmarked funds, the programme had an overspending of R6 929 million on its Compensation of Employee budget due to Compensation of Employees budgets cuts.

1. **AUDITOR-GENERAL OUTCOMES**

The Auditor-General has audited the financial statements of the Statistics South Africa, which comprise appropriation statement, the statement of financial position as at 31 March 2018. The statement of financial performance, statement of changes in net assets and cash flow for the year ended as well as the notes to the financial statements including a summary of significant accounting policies. The Auditor General opinion indicates financial statements are present fairly, in all material respects, the financial position of Statistics South Africa and its financial performance and cash flows for the year are in accordance with the Modified Cash Standard and the requirement of the PFMA.

Statistics South Africa received unqualified audit in consecutive years.

**9.1 Opinion**

The Auditor-General reported that financial statements present fairly in all material respects the financial position of Statistics South Africa as at 31 March 2018. The School’s financial performance and cash flows for the 2017/18 were in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act (PFMA).

**9.2 Emphasis of matter**

***9.2.1 Unauthorised expenditure***

The Department incurred unauthorised expenditure of R57 270 000 on compensation of employees due to budget reductions that exceeded the vacancy rate in the 2017/18 financial year.

***9.2.2 Compliance with legislation***

***Procurement and contract management***

Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1, and the deviation was approved even though it was possible to obtain the quotations. No similar non-compliance was reported in the prior year.

***9.2.3 Internal control deficiencies***

**Compliance monitoring**

Senior management compliance monitoring was not always effective due to inadequate reviews and monitoring of compliance when evaluating reasons for deviating from normal procurement processes and misinterpretation of the SCM prescript as evidenced by non-compliance that was identified during the audit process which resulting in a material non-compliance reported in the audit report.

1. **OBSERVATIONS AND KEY FINDINGS**

The Portfolio Committee made the following observations:

1. The Portfolio Committee commends Statistics South Africa for receiving unqualified audit. The Committee commended Stats SA for sterling performance, although operating under tough financial constraints.
2. Statistics SA experienced significant budget shortfall and overspent budget (R57 million) on compensation of employees in 2017/18 financial year. The overall shortfall of the budget, especially on compensation of employees puts Statistics South Africa at risk concerning its mandate. However, the Committee notes that this is beyond Stats SA’s control as budgets cuts are done by the National Treasury.
3. The Committee raised concerns about the budget cut of R509, million from Stats SA over the medium term. The Committee was of the view that the matter should receive necessary attention.
4. Critical posts in Stats SA have become vacant for a long period as a result of budget cuts. The vacancy rate was at 13.9%. Stats SA can no longer afford to appoint competent and capable personnel, which will in a long term compromise quality of statistical data produced by the department.
5. Stats SA officials are required to take additional tasks due to positions not filled. In some instances, for example, a Chief Director would act in three posts simultaneously, which strains an employee and this might lead to committing technical errors which will compromise the quality, reliability and timely statistics.
6. The Committee advised Stats SA to utilise information technology (Computer-Assisted Personal Interview) to collect data cost-effectively, in relation to enumerators and production of the quality statistics. The new technology presents new opportunities to interview and capture data electronically in the statistical value chain.
7. Stats SA assured the Committee that they will continuously ensure protection of the enumerators in collecting data in farms, especially in light of possible expropriation of land without compensation. Section 15 of the Statistics Act permits the Statistician-General or any authorised officer of Statistics South Africa, acting in terms of section 15 entry on any land or premises. Any failure to grant enumerators access would lead to a fine not exceeding R10 000 or imprisonment.
8. Employment of women in senior positions has to be prioritised in Stats SA. The Committee noted that employment of women in senior management positions was still below 50 %, which is a requisite benchmark.
9. The Committee appreciates that the Census 2021 project will be carried out, in spite of budgetary challenges as the budget set out for the project is ring-fenced by the National Treasury.
10. The Committee compliments Statistics South Africa for gradually migrating from Paper-Assisted Personal Interview (PAPI), during community surveys, to Computer-Assisted Personal Interview (CAPI), as this will go a long way towards cost-saving initiatives.
11. The Committee appreciates the assurance given to it by Statistics South Africa that the basics in undertaking reliable and authentic surveys and executing the organisation’s priorities are not affected by budgetary constraints in terms of quality.
12. **RECOMMENDATIONS**

The Portfolio Committee recommends that:

**Legislative and policy aspects:**

1. Statistics South Africa should speed up the amendments of the Statistics Act (1999) to drive statistical reform in order to strengthen the role of coordination amongst organs of state.  The amendments to the Act should firmly respond to the evolving environment and effect alignment with the objectives of the National Development Plan. Stats SA should brief the Committee on the amendments to the Act in the fourth quarter of 2018/19 financial year.

**Administrative aspects:**

1. In as much as Stats SA continuously strives to produce basic statistics and still maintains its priorities under the current financial constraints. Stats SA has prioritised 147 posts as critical to be filled urgently. The challenge facing Stats SA is that the cuts on CoE budget ceiling implemented by National Treasury actual exceed the vacancy rate.  The National Treasury is, therefore, requested to fund these critical vacancies.

1. A concern was raised concerning the independence of Statistics South Africa vis*-à-vis* operational requirements expected by the Auditor-General. The Committee urges the two organisations to iron out these issues, at their earliest convenience, through a Memorandum of Understanding.
2. The Department should improve on its internal financial controls and comply with Treasury Regulations in order to address concerns raised by the Auditor-General.
3. **CONCLUSION**

The Department was able to spend the entire allocated budgets, and even went beyond the allocation, due to budget cuts by the National Treasury. There must, however, be proper internal controls regarding procurement and contract management process. The Department’s funding must be given urgent attention to prevent the shortfall that occurred during the financial year.

Statistics South Africa continues to play a critical role in South Africa and internationally. Statistical releases give meaning to the evidence-based policy making, decision making, planning and allocation of the budget in the country. Currently, the institution experiences funding challenges which hamper its effectiveness in the production of the quality, reliable and timely statistics.

The institution continues to exercise its mandate of producing basic statistics under inadequate human resource and financial constraints. Without Stats SA being adequately funded, government will not be able to plan and realise the main objective of the National Development Plan, which is to build a capable and developmental state. Funding challenges might erode the independence of the institution. The Committee appeals to the MINCOMBUD to urgently attend to budget shortfalls before the Department loses even more competent and capable statisticians.

Report to be considered.