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**Vote 1: The Presidency**

**Introduction: Policy Priorities for 2010/11**

The key aim of the Presidency is to lead, manage and develop the strategic agenda of Government and oversee its realisation by Government as a whole.<sup>1</sup> The Presidency realises this mandate through priorities set out by the President. These key priorities include taking a leadership role in accelerating economic growth, ensuring that planned infrastructure projects are implemented and developing and implementing an integrated approach to rural development. Other key priorities include the following:

- Positioning South Africa globally.
- Strengthening South Africa's skills and education base.
- Improving the health profile of all South Africans, including the development of a National Health Insurance Scheme and improving healthcare services.
- Improving the capacity and efficiency of the criminal justice system.
- Promoting nation building and social cohesion.
- Promoting regional integration and peace and security.
- Ensuring that Government's 2010 FIFA World Cup commitments are implemented and that South Africa is well marketed beyond the event.
- Encouraging sustainable development and the use of alternative energy.<sup>2</sup>

These priorities are in line with the issues raised by President Zuma in the 2010 State of the Nation Address. President Zuma mentioned five broad priorities that Government is committed to which include education, health, rural development and land reform, employment and crime.<sup>3</sup>

Government has recognised the lack of integrated and aligned national planning and programmes across the Administration; Communications and Executive co-ordination functions. The Presidency has therefore established the National Planning Commission and the Ministry of Performance Management and Evaluation as measures to address the above-mentioned issues. The establishment of these Ministries are a starting point to meeting at least two 2009/2010 priorities. These are:

- To develop a national vision and coherent strategic plan with the associated political, technical and administrative capacity.
- To lead and facilitate the development, implementation and maintenance of a Government-wide monitoring and evaluation system.<sup>4</sup>

<sup>1</sup> National Treasury (2010)

<sup>2</sup> National Treasury (2010)

<sup>3</sup> President Zuma, J. (2010)

<sup>4</sup> National Treasury (2009)



In addition, the executive authority in the Presidency now resides with the Minister of Performance Monitoring and Evaluation, as well as with the Administration Programme.<sup>5</sup>

Over and above the development of the two ministries within the Presidency, the National Youth Commission previously located in the Presidency and the Umsobomvu Youth Fund, which was previously located in the Department of Labour, have both been dissolved and combined to create the new National Youth Development Agency.<sup>6</sup> Another monumental shift is that the functions of the Gender, Disability and Children sub-programmes previously located within the Presidency, have now been established into its own department with a dedicated budget.

While it is necessary to monitor the progress of these new establishments, it is still premature to conduct any in-depth analysis or draw inferences on their expenditure trends. Instead, this paper will look at the Presidency's budget as a whole and comment on the new structures, particularly the National Youth Development Agency, and its budget allocation.

To give effect to the strategic objectives articulated in the electoral mandate, the ten priority areas identified in the Medium Term Strategic Framework for 2009 – 2014, which have become the foundation for The Presidency strategy for the same period, include:

- Speeding up growth and transforming the economy to create decent work and sustainable livelihoods.
- Developing a massive programme to build economic and social infrastructure.
- Developing a comprehensive rural development strategy linked to land and agrarian reform and food security.
- Strengthening the skills and human resource base.
- Improving the health profile of all South Africans.
- Intensifying the fight against crime and corruption.
- Building cohesive, caring and sustainable communities.
- Pursuing African advancement and enhanced international co-operation.
- Ensuring sustainable resource management and use.
- Building a developmental state including improvement of public services and strengthening democratic institutions.<sup>7</sup>

Notwithstanding that the importance of the aforementioned priorities, the National Health Insurance Scheme bears particular relevance to youth in South Africa. Given that youth account for a significant proportion of the population many of whom are unemployed, and are therefore reliant on public health services. It is therefore important to develop a National Health Insurance Scheme that would accommodate for persons who do not have private medical aid. As such, improving the health profile of all South Africans through a National Health Insurance Scheme is a key priority mentioned in both the Estimates of National Expenditure as well as the 2010 State of the Nation Address. The National Health Insurance

<sup>5</sup> National Treasury (2010)

<sup>6</sup> National Treasury (2010)

<sup>7</sup> Medium Term Strategic Framework (MTSF) (2009).



system proposed by Government is another crucial initiative that will have a direct bearing on the survival and development of all South Africans. With a large unemployed workforce that is not on private medical aid schemes as is the case with youth, this sector of society relies heavily on the public health sector. Hence the proposed National Health Insurance scheme has the potential to positively impact on South Africans' access to good quality medical care. However, at this point neither the State of the Nation for 2010 nor the 2010 budget has clarified what such a scheme would entail, how it would be implemented and how it would be financed. It has been argued by the Minister of Health, Mr Motsoaledi that National Health Insurance is unaffordable if it is based on the current public health system, which leans heavily towards curative services and an expensive private healthcare service.<sup>8</sup> Furthermore, the Minister also indicated that prevention programmes needs to be up-scaled. A focus on both curative and preventative services is crucial for addressing some of the leading healthcare challenges facing youth whether it is in relation to the HIV/AIDS pandemic or issues of violence.

### Performance and Service Delivery Information

Many of the priorities in the Presidency highlighted last year have been reiterated this year. While it is understandable that some priorities need longer periods of time to be implemented, only three of the priorities set out in the Presidency vote appear to have been addressed. These are:

- To lead and facilitate the development, implementation and maintenance of a coordinated Government-wide monitoring and evaluation system.
- To develop a national vision and coherent national strategic plan with the associated political, technical and administrative capacity. These two priorities were addressed through the National Planning Commission and the Monitoring and Evaluation programmes established by the Presidency.
- To set up the National Youth Development Agency (NYDA). The NYDA derives its mandate from the NYDA Act 54 of 2008, the National Youth Policy (2009-2014) and the draft Integrated Youth Development Strategy as adopted by the Youth Convention of 2006.

The National Youth Development Agency plays a key role in speeding up growth and transformation of the economy to create decent work and sustainable livelihoods. This key priority outlined by the Presidency should be achieved through the National Youth Development Agency's mandate that is to initiative, design, coordinate, evaluate and monitor all programmes aimed at integrating the youth into the economy and society in general.<sup>9</sup> While monitoring and evaluating programmes is part of the National Youth Development Agency's mandate, it is limited to youth. The Monitoring and Evaluation Ministry on the other

<sup>8</sup> Thom A (2010)

<sup>9</sup> National Youth Development Agency Act No. 54 of 2008.





hand provides this role nationally and should work closely with the National Youth Development agency to keep abreast on issues as it relates to youth.

The Presidency has set out to build a developmental state that includes the improvement of public services and strengthening democratic institutions.<sup>10</sup> The Planning Commission, in its national mandate to drive Vision 2025 can therefore play an integral role in the aforementioned.

This priority will be achieved through the monitoring and evaluation system lead by the Presidency. Its core function is designed to improve the quality of government services and help remove obstacles of implementation.

## Budget Analysis

For the purposes of analysis and comparison, this paper utilises the 2009/10 adjusted appropriation and the main appropriation for 2010/11. Moreover, unless otherwise stated, the referral to growth is in real terms, i.e. taking into account the impact of inflation. The table below represents an overview of the appropriations to the Presidency per programme.

**Table 1: Programme Budget**

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
	R million	2009/10	2010/11	2011/12				
Administration	240.7	227.5	249.9	276.3	- 13.2	- 27.5	-5.48 per cent	-11.42 per cent
Communications	35.6	30.0	32.9	37.6	- 5.6	- 7.5	-15.73 per cent	-21.02 per cent
Executive Coordination	418.4	465.1	489.4	496.6	46.7	17.5	11.16 per cent	4.18 per cent
<b>TOTAL</b>	<b>694.7</b>	<b>722.6</b>	<b>772.2</b>	<b>810.5</b>	<b>27.9</b>	<b>- 17.5</b>	<b>4.02 per cent</b>	<b>-2.52 per cent</b>

\* Source: The Estimates of National Expenditure, 2010.

The budget allocated to the Presidency to accomplish its stated strategic priorities for 2010/11 is R722.6 million. This represents a nominal increase of 4.02 per cent, which is a real decrease of 2.52 percent from the 2009/10 adjusted appropriation of R694.8 million. This marginal decrease could be attributed to the removal of Office of the Rights of the Child, Office of the Status of Women and the Office on the Status of Disabled Persons.

The Presidency carries out its mandate through three programmes, namely, Administration, Communications and Executive Coordination. The highest programme allocation goes to the Executive Coordination Programme, which receives 64.36 per cent of the programme budget, followed by the Administration Programme. In addition, 51.46 per cent of the budget will be

<sup>10</sup> Medium Term Strategic Framework (MTSF) (2009).



spent through Transfers and Subsidies, while 46.84 per cent will be spent through Current Expenditure.

## Programme Analysis

### Programme 1: Administration

The Administration Programme aims to provide effective leadership, management and administrative support to the principals and branches of the Presidency.<sup>11</sup> The programme consists of four main sub-programmes namely:

- Management
- Support Services to the President
- Support Services to the Deputy President
- Support Services to the Ministers in the Presidency<sup>12</sup>

These sub-programmes are aligned with three branches of the Presidency, these are; Private Offices of the President, Private Office of the Deputy President, and Strategy and Operations. Firstly, the Private Office of the President is responsible for providing effective and efficient strategic executive and administrative support services to the President to enable him to execute his responsibilities. Secondly, the Private Office of the Deputy President is responsible for facilitating efficient and responsive execution of the Deputy President's delegated functions thus enabling him to play a strategic role as "Chief Operations Officer of South Africa Incorporated." The Private Office of the Deputy President focuses on formalising functions and responsibilities, improving coordinating and oversight mechanisms, institutionalising systems and processes and aligning and enhancing the structure of the office. The Strategy and Operations branch is responsible for the overall strategic management and administration of the Presidency. It is divided into six units: Corporate Services, Financial Management, Legal and Executive Services, Protocol and Ceremonial Services, Spousal Office and Corporate Information Management.<sup>13</sup>

The programme budget has decreased by 5.5 per cent in nominal terms and by 11.42 per cent in real terms from the 2009/10 adjusted appropriation of R240.7 million to the R227.5 million allocated for the 2010/11 financial year. The programme previously reflected strong increases between 2006/2007 and 2009/2010 mainly due to funds allocated in 2009/2010 for additional capacity to support the new Ministries and principals.<sup>14</sup> However, all sub-programmes, with the exception of the Minister Sub-programme, decreased both in real and nominal terms. The Minister Sub-programme increased by 3.03 per cent in nominal terms, but still recorded a 3.44 per cent real decrease. The bulk of the programme budget goes to

<sup>11</sup> National Treasury (2010)

<sup>12</sup> Presidency of the Republic of South Africa (2010)

<sup>13</sup> Presidency of the Republic of South Africa (2010)

<sup>14</sup> Ibid



the Management Sub-programme, which receives 70.32 per cent of the programme budget and the Support Services to President Sub-programme, which receives 21.80 per cent of the programme budget. The Management Sub-programme is expected to grow at an average of annual rate of 3.9 per cent over the medium period, mainly due to the increase in the operational costs to support the new principals and Ministries<sup>15</sup>.

Most of the programme budget is consumed through Current Expenditure (93.89 per cent), most of which goes to Compensation of Employees (59.78 per cent), Goods and Services (34.1 per cent), and Travel and Subsistence (10.24 per cent).

## Programme 2: Communications

The Communications Programme provides communication services to the Presidency by assisting the President and other principals to communicate effectively with the public and within Government.<sup>16</sup> Communication in this programme is achieved through research, speech writing, media liaison and the imbizo programmes. The functions of this programme are as follows:

- Research, writing services and monitoring external communication
- Media liaison
- Management of public participation and public relations
- Internal communication services
- Public liaison through mechanisms such as the Presidential Hotline<sup>17</sup>

The Communications Programme allocation decreased from R35.6 million in 2009/10 to R30 million in 2010/11. This represents a nominal decrease of 15.73 per cent, which translates to a real decrease of 21.02 per cent. The Estimates of National Expenditure for 2010 does not clarify the reasons for the decrease. Programme expenditure is mainly used for Compensation of Employees, which takes up 71.66 per cent of the programme budget while only 1.33 per cent of the budget goes to Communication, which is located under the Goods and Services Budget.

It is concerning to see such a decline in an already seemingly small budget for Communications. However, while current communication initiatives such as the Presidential Hotline are still up and running, most new initiatives are electronic and rely primarily on applications such as Facebook, Twitter and mobile technology all of which require minimal budgetary allocations.

<sup>15</sup> National Treasury (2010)

<sup>16</sup> National Treasury (2010)

<sup>17</sup> National Treasury. (2010).





### Programme 3: Executive Coordination

The Executive Co-ordination Programme aims to strengthen the strategic management and leadership capability of Government through facilitating the alignment of the strategies of all spheres of Government and state-owned enterprises.<sup>18</sup> Even though the programme purpose has not changed from the 2009/10 financial year, the Executive Coordination Programme underwent a complete change in focus in terms of its sub-programmes and strategic objectives. With the exception of the Cabinet Office Sub-programme, all other Sub-programmes have either changed partially or completely. The Sub-programmes within this programme have also been reduced from four to three with the removal of the Gender, Disability and Children Sub-programme. The following changes are evident within the other two Sub-programmes:

- *Policy Co-ordination*: oversees the development and implementation of policy in Government through engaging with the clusters of Directors General, provincial Directors-General, and other top officials; providing strategic support and advice to the principals in the Presidency; and overseeing the Government-wide monitoring and evaluation system and the national spatial development perspective. In addition to this mandate which was carried forward from 2009/10, Policy Coordination is also in the process of expanding its responsibilities with the creation of the new National Planning Commission and Performance and Monitoring and Evaluation sub-programmes.
- *National Youth Development Agency* initiates, implements, facilitates and monitors youth development interventions, with a focussed aim of reducing unemployment and promoting social cohesion amongst youth. The National Youth Development Agency exists as a result of the merging of the National Youth Commission and the Umsobomvu Youth Fund.<sup>19</sup> The role of NYDA is to initiate, implement, facilitate and monitor youth development interventions aimed at reducing youth unemployment and promoting social cohesion.<sup>20</sup> This new structure deals partly with the priority of promoting nation building and social cohesion. However, the National Youth Development Agency excludes a large population of children and an even larger population of South Africans older than 35 years and therefore the priority of nation building and social cohesion cannot be fully realised through this structure. At the time of writing this paper it was too soon to provide insight on the performance and service delivery of the aforementioned new Ministries and structures. While they were established to achieve some of the aforementioned priorities, it is too soon to assess whether they have achieved their purpose.

As was the case in the 2009/10 financial year, funding in all Sub-programmes is still mainly used for compensation of employees, and related expenditure in goods and services.

<sup>18</sup> Ibid

<sup>19</sup> Medium Term Strategic Framework (MTSF) (2009).

<sup>20</sup> National Youth Development Agency (2010)



In terms of the medium-term objectives of the Presidency, the Medium Term Strategic Framework (MTSF) defines its core objectives as increasing employment and reducing poverty.<sup>21</sup> The National Youth Development Agency mandate is to partly address the issue of youth unemployment. To this extent, it is important that appropriations meet these strategic goals to co-ordinate Government action.

The table 2 represents an overview of the appropriations to the Sub-programme located within the Executive Coordination Programme, which receives 64.36 per cent of the total budget. In terms of the policy priorities for the Presidency, the importance attributed to national and strategic priorities of the Department can only be determined through the appropriations dedicated to them.

Table 2 indicates that the Cabinet Office Sub-programme is the only sub-programme whose budget decreased marginally by 4.65 per cent in nominal terms and 10.64 per cent in real terms. Cabinet Office also receives the smallest allocation of the programme budget at 2.64 per cent.

**Table 2: Executive Coordination Programme**

Programme	Budget		Nominal Increase / Decrease in 2010/11	Real Increase / Decrease in 2010/11	Nominal Percent change in 2010/11	Real Percent change in 2010/11
	R million	2009/10				
Policy Coordination	76.6	82.8	6.2	1.0	8.09 per cent	1.31 per cent
Cabinet Office	12.9	12.3	- 0.6	- 1.4	-4.65 per cent	-10.64 per cent
National Youth Development Agency	328.9	370.0	41.1	17.9	12.50 per cent	5.43 per cent
<b>TOTAL</b>	<b>418.4</b>	<b>465.1</b>	<b>46.7</b>	<b>17.5</b>	<b>11.2 per cent</b>	<b>4.18 per cent</b>

\*Source: Estimates of National Expenditure 2010.

The Policy Coordination Sub-programme, which takes up 17.80 per cent of the Programme budget, increased by R 6.2 million from the 2009/10 financial year, which is a nominal increase of 8.09 per cent and a real increase of 1.31 per cent. The National Planning Commission and the Ministry on Monitoring and Evaluation have impacted on the slight growth of expenditure in this programme.<sup>22</sup> Funding for the Performance Monitoring and Evaluation Ministry has been set at R30 million for the 2010/11 financial year, the bulk of the programme budget, which is R370 million (79.56 per cent of the programme budget) will be transferred to the National Youth Development Agency. Initially the National Youth Development Agency submitted a request of R 930 million<sup>23</sup>, this included the baselines of the former youth entities amounting to R 370 million, the baseline of the Provincial Youth Commissions amounting to R 177 million and an additional R 383 million.<sup>24</sup> The Agency,

<sup>21</sup> National Treasury (2010)

<sup>22</sup> National Treasury (2010)

<sup>23</sup> National Youth Development Agency (2010)

<sup>24</sup> National Youth Development Agency (2010)





however, only received 39.78 per cent of its initial requested; this could potentially affect service delivery of the programme. It appears that the Presidency has simply combined the budgets allocated for the Umsobomvu Youth Fund and the National Youth Commission from last year. The 2009/10 medium-term expenditure estimates reflected a budget of R 25.9 million for the National Youth Commission and R 303 million for the Umsobomvu Youth Fund. This amounts to R 328.9 million which is the total budget for the National Youth Development Agency. The allocation to the National Youth Development Agency however, has increased by 12.50 per cent and 5.43 per cent in real terms from the 2009/10 financial year. Although the National Youth Development Agency did not receive its entire requested budget it has certainly received vastly more than that allocated to Department for Women, Children, and Persons with Disabilities.

It should be borne in mind that the mandate of the National Youth Development Agency covers an array of activities from implementation to service delivery to monitoring and evaluation and advocacy. It is crucial for the NYDA to have the requisite infrastructure to deliver on such an extensive mandate given the lessons learnt from its predecessors; the National Youth Commission and Umsobomvu Youth Fund who had poor visibility on the ground. It is there imperative that the National Youth Development Agency have the capacity to interface with all organs and platforms of national, provincial and local development.

### **Key Considerations for Parliament**

A key area of intervention for the 4<sup>th</sup> Parliament is to ascertain what the reasons were, if any, why the Presidency had not provided Parliament with an annual report for the 2008/09 financial year, and to what extent any achievements have been made in its strategic objectives and what gaps exist. The Presidency should also provide Parliament with clarification of how it will fulfil its future reporting requirements in compliance to the Public Finance Management Act, No. 1 of 1999, as amended and Treasury Regulations.

It is pivotal for Parliament to examine the ability of the Presidency to fulfil its Communications Programme given the marginal decline in its budget.

In terms of oversight, it would be important for Parliament to ascertain the manner in which the Presidency will monitor the funds that are transferred to the National Youth Development Agency. It is imperative that this agency, which takes up the bulk of the programme budget, be monitored on an ongoing basis in order to account for the use of the funds that are transferred to it. The Presidency should, early on, inform Parliament of its monitoring systems that are in place to monitor the expenditure and service delivery performance of this Agency.



- Parliament should consistently evaluate the new Ministries against their stipulated aims and allocated budgets, close monitoring is imperative especially in the early stages of these Ministries. Furthermore, Parliament should request regular reports that will assist in assessing the impact of the new Ministries in terms of improving service delivery measures and better planning and coordination throughout Government. This will assist Parliament to assess the effectiveness of the Ministries and whether they have indeed led to improved service delivery through better and longer-term planning, as well as a focus on outcomes as the preferred performance measure.
- Parliament should ensure that the National Youth Development Agency takes heed from the lessons learnt of its predecessors, namely the National Youth Commission and the Umsobomvu Youth Fund regarding their visibility and effectiveness in delivering on their mandates. The mainstreaming of youth development cannot be undertaken without the appropriate infrastructure at a national, provincial and local level of Government. Youth development must be undertaken in a co-ordinated and coherent manner. To this end, the National Youth Development Agency would need to work in close collaboration with relevant Government departments such as the Department of Public Works that leads the Expanded Public Works Programme to ensure that youth development is mainstreamed into the core business of Government.