

PARLEMENT VAN DIE REPUBLIEK VAN SUID-AFRIKA
PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

Telefoon 403-2911
Telephone



Postbus 15
P.O. Box
KAAPSTAD
CAPE TOWN
8000

Verw./Ref.

POLICY ON POLITICAL PARTIES ALLOWANCES

1. Introduction and Background

A "constituency allowance" was paid to political parties since about 1978 as a result of a Cabinet decision. The system of constituency allowances was introduced to enable political parties represented in Parliament to set up an infrastructure for the benefit of constituents.

The Constitution at section 57(1)(b) allows the National Assembly to:

"make rules and orders concerning its business, with due regard to representative and participatory democracy, accountability, transparency and public involvement."

Section 57(2)(c) of the Constitution prescribes that the rules and orders of the National Assembly must provide for:

"financial and administrative assistance to each party represented in the Assembly in proportion to its representation, to enable the party and its leader to perform their functions in the Assembly effectively";

and at section 57(2)(d) provides for

"the recognition of the leader of the largest opposition party in the Assembly as the Leader of the Opposition."

2. Definition of terms

"Assembly" – National Assembly

"National Assembly" – The National Assembly of the South African Parliament as defined in the Constitution of the Republic of South Africa.

"National Council of Provinces" – The National Council of Provinces of the South African Parliament as defined in the Constitution of the Republic of South Africa.

"Party" – A registered political party in South African

"Secretary to Parliament" – The Head of the Administration of Parliament. It also means the Accounting Officer, and includes a person formally acting in that capacity.

"Presiding Officers" – The Speaker of the National Assembly and the Chairperson of the National Council of Provinces appointed in terms of section 52 and 64 of the Constitution 1996 [Act 108]

"Member" – Registered Member of the Parliament of South Africa

"Party Support Staff" – A person who has been appointed to provide support to a party or constituency

"Expenditure" – Spending of allocated funds

"Financial Statements" – means statements consisting of:

- a) a statement of financial position;
- b) a balance sheet;
- c) a cash flow statement;
- d) a statement of financial performance;

"Financial Year" – means a year ending 31 March

"Defray" – Provide money to pay expenses

"Depreciation" - The cost of an asset, or other amount substituted for cost, less its residual value.

3. Policy Statement

Parliament commits itself to provide financial and administrative assistance to each party represented in the Assembly in proportion to its representation; and to enable the party and its leader to perform their functions in the Assembly effectively.

4. Purpose

- 4.1 To make available funds to political parties to enable them to participate effectively in Parliament and provincial legislatures;
- 4.2 To provide guidelines for accountability and usage of the funds;
- 4.3 To regulate the allocation of moneys and the purposes for which allocated moneys may be used;
- 4.4 To regulate the release of funds;
- 4.5 To provide for recovery of allocated moneys irregularly spent by political parties;

5. Scope of Application

This policy applies to:

- 5.1 Registered Political Parties;
- 5.2 Party Leaders;
- 5.4 Party support staff;
- 5.5 Presiding Officers;
- 5.6 Secretary to Parliament.

6. Objectives/Principles

- 6.1 To give effect to Section 57 (2) of the Constitution of the Republic of South Africa, Act 108 of 1996;
- 6.2 To assist leaders of political parties represented in the National Assembly to effectively perform their function;
- 6.3 To enable a party to establish and maintain an infrastructure to serve the interests of constituents and to enable its members to render a service to all their constituents;
- 6.4 To regulate proper financial control of state funds;
- 6.5 To ensure usage is in accordance with the purpose that it was provided for;
- 6.6 To ensure that the allowances are correctly calculated;

- 6.7 To ensure accountability and transparency in the allocation of funds;
- 6.8 To work towards parity in service conditions of the Parliamentary employees and support staff of political parties.

7. Legislative framework

- 7.1 Section 57 of the Constitution of the Republic of South Africa, Act 108 of 1996
- 7.2 Public Finance Management Act 1999
- 7.3 Rules of the National Assembly
- 7.4 Section 6 of the Public Funding Represented Political Parties Act, 1997

8. Policy Provisions

8.1 Political Party Leader Allowance and staff entitlement –

- 8.1.1 The Secretary to Parliament must provide financial assistance to leaders of political parties represented in the Assembly to enable them to perform their functions in the Assembly effectively.
- 8.1.2 Payment must only be made to a registered party and only be paid into a bank account opened in the name of the party for this purpose.
- 8.1.3 The party leaders of political parties other than the leader of the majority party having representation in the National Assembly are entitled to appoint one support staff each at the Parliamentary Service grade of B3.
- 8.1.4 The party leader of the majority political party having representation in the National Assembly is entitled to appoint one support staff each at the Parliamentary Service grade of C1.
- 8.1.5 For each complete ten percent above ten percent of the total percentage vote received by a political party at the last general election, a political party is entitled to appoint another support staff at the Parliamentary Service grade of B3.
- 8.1.6 For each complete ten percent above ten percent of the total percentage vote received by the majority political party at the last general election, the party leader of the majority party is entitled to appoint another support staff at the Parliamentary Service grade of C1 and a senior support staff at D2.
- 8.1.7 For each complete ten percent above ten percent of the total percentage vote received by the largest opposition political party at the last general election, the party leader of the largest opposition party in the National Assembly is entitled to appoint another support staff at the Parliamentary Service grade of B3 and a senior support staff at D1.

8.2 Calculation of Political Party Leader Allowance for each political party represented in the National Assembly –

- 8.2.1 The Secretary to Parliament must make a determination of staff entitlement.
- 8.2.2 The Secretary to Parliament must establish the applicable Parliamentary Service job grade "cost to the employer" value as at 1 April of each financial year.
- 8.2.3 The number of support staff each political party is allowed must be multiplied by the "cost to the employer" value for each category of staff entitlement, to establish component parts of the allowance.
- 8.2.4 The aggregate of all the component values is the annual Political Party Leader Allowance that must be paid over to all parties represented in the National Assembly at the date payment is due.

8.3 Political Party Administration allowance –

- 8.3.1 The Secretary to Parliament must provide financial and administrative assistance to each party represented in the National Assembly in proportion to its representation, to enable the party to effectively perform its functions in the National Assembly.
- 8.3.2 Payment must only be made to a registered party and only be paid into a bank account opened in the name of the party for this purpose.

8.4 Calculation of the Political Party Administration Allowance –

- 8.4.1 The Secretary to Parliament must make a determination of staff and other entitlements.
- 8.4.2 The Secretary to Parliament must establish the applicable Parliamentary Service job grade "cost to the employer" value as at 1 April of each financial year.
- 8.4.3 The number of support staff each political party is allowed must be multiplied by the "cost to the employer" value for each category of staff entitlement established, to determine the component parts of the allowance.
- 8.4.4 The total amount to which a particular party is entitled is determined by multiplying the allocated amount by the number of members of that party.
- 8.4.5 The aggregate of all the component values is the annual Political Party Administration Allowance that must be paid to all parties represented in the National Assembly at the date payment is due.

8.5 Political Party Constituency Allowance –

- 8.5.1 The Secretary to Parliament must, subject to this policy, pay constituency allowances to each party represented in Parliament.
- 8.5.2 The constituency allowance is paid as a total amount to the party concerned and not to individual members.
- 8.5.3 A party must open a bank account with a registered banking institution exclusively for the purposes of income and expenditure in respect of constituency allowances, into which the Secretary to Parliament must pay the party's entitlement.

8.6 Calculation of the Political Party Constituency Allowance –

- 8.6.1 The Presiding Officers must annually, with due regard to national budgetary constraints, determine an amount per member of Parliament to be budgeted for distribution to a political party as a constituency allowance for the ensuing financial year (1 April to 31 March).
- 8.6.2 The total amount to which a particular party is entitled is determined by multiplying the number of members of that party, including the Deputy President, Ministers and Deputy Ministers who are members of the National Assembly with the amount per member as determined by the Presiding Officers.

8.7 Constituency Offices –

- 8.7.1 The services provided at a constituency office must be available equally to all members of the public.
- 8.7.2 A party determines the location of its constituency offices and allocates its members to serve such constituencies.

8.7.3 A party must during March of each year provide the Secretary to Parliament with written information regarding the location of its constituency offices and the names of its members allocated to each constituency.

8.7.4 A party must lease office space for the exclusive use as a constituency office.

8.7.5 The office must be clearly marked as a constituency office.

8.8 Expenditure to be defrayed from Political Party Constituency Allowance –

8.8.1 Money paid to a party as constituency allowance may only be used to defray expenditure with regard to the items listed in Annexure A.

8.8.2 A party may use its constituency allowance to cover reasonable travel and subsistence expenses of a member if –

- (a) The party designated that member to a sector or more than one particular geographical area (constituency); and
- (b) Such expenses are reasonably required to enable the member to render a service to constituents, for example, to visit different areas or constituency offices.

8.8.3 Where any moneys allocated to a party have not been spent in accordance with this policy, the party concerned will be liable to repay Parliament the moneys that were irregularly spent. If the said money is not paid after due written notice to the accounting officer, the Secretary to Parliament must set off the amount against any allocation that is payable to the party, or institute civil action in respect of the amount.

General condition applicable to all political party allowances

8.9 Political party staff recruitment, payment, supervision and termination –

8.9.1 Political parties are to recruit and manage their own support staff in line with applicable legislation.

8.9.2 Contracts of employment must be entered into between the political parties and political support staff before personnel are engaged.

8.9.3 Political parties are responsible for ensuring that support staff is paid timeously and at the contracted rate of remuneration. Parliament cannot be held responsible for the proper remuneration of political party support staff.

8.10 Support from the Secretary to Parliament -

8.10.1 The Secretary to Parliament, if called upon in writing by a Party Leader, will provide the following assistance to political parties free of charge:

- a) Assist with the design of job descriptions;
- b) Provide advice and practical support on all aspects of support staff recruitment, supervision, performance measurement, monitoring, resignation and termination;
- c) Provide advice and practical support on general staff administration and labour relation matters;

8.10.2. The Secretary to Parliament must maintain a register of political party support staff appointments.

8.11 Payment practice –

8.11.1 Constituency allowances may only be paid to political parties and not to individuals.

8.11.2 Subject to the policy and orders governing:

- a) Required reports, employment contracts and certification; and
- b) Retention of membership of the National Assembly after a change of party membership; or, merges between, subdivisions of and subdivision and merger of parties;

Payment of Political Party Allowances are to be effected in a single instalment on the first working day of April unless such day falls in a year in which the provisions for retention of membership of the National Assembly after a change of party membership; or, merges between, subdivisions of and subdivision and merger of parties (Schedule 6A to the Constitution) are applicable. In the latter case payment is to be effected in monthly instalments proportionate to party membership payable on the first working day of each month.

8.11.3 Payments are to be made by electronic payment directly into a banking account facility operated in the name of the political party having representation in the National Assembly.

8.11.4 Where appropriate, payments pertaining to all allowances paid to political parties may be proportioned on a time basis.

8.12 Required reports, statements, contracts and certificates pertaining to all allowances paid to political parties –

8.12.1 A list of names and designation must be submitted to the Secretary to Parliament within 10 working days of the commencement of employment of all political party support staff.

8.12.2 All political parties must provide the Secretary to Parliament with a letter nominating a given banking facility. This letter must be accompanied by an official confirmation by the nominated bank that the bank account is operated in the name of and for the purposes of the named political party only.

8.12.3 By the close of business on 30 April of each financial year the Leader of the Party or the Chief Whip or most senior Whip of every political party represented in Parliament must provide original copies of the following documents to the Secretary to Parliament:

- a) Proof of registration as a political party.
- b) A summary of all party support staff employed at 1 April of the financial year and which must detail:
 - I. The full names of support staff;
 - II. Remuneration paid to support staff;
 - III. Date of service commencement;
 - IV. Termination date, if applicable;
- c) Declarations signed by the Leader of the Party or the Chief Whip or the most senior Whip of each party indicating that their party has in place effective, efficient and transparent financial management and internal control systems.
- d) Financial statements must be prepared for each financial year preceding the financial year to which the current payment of allowance pertains. These financial statements must detail how the allowances received in the previous financial year

was expended and be audited by a registered accountant and auditor who is subject to the Public Accountants' and Auditors' Board. The auditors report must also express an opinion as to whether the allocated moneys were spent for purposes not authorised by this policy. These financial statements together with the audit report signed by the registered accountant and auditor, must be submitted by the Leader of the Party or the Chief Whip or the most senior Whip of each party to the Secretary to Parliament.

8.13 Books and records of account –

8.13.1 All parties must appoint the Leader of the Party or the Chief Whip or the most senior Whip as accounting officer to manage their Party Leader, Party Administration and Constituency Allowance receipts and to properly administer disbursements from these allowances.

8.13.2 Adequate records must account for:

- a) Party Leader Allowance;
- b) Party Administrative Allowance; and
- c) Constituency Allowance;

must be kept by the Leader of the Party or the Chief Whip or the most senior Whip of political parties and these must reflect the receipts into and disbursements made from each allowance paid.

8.13.3 The records must reflect:

- a) Records of all transactions involving allocated moneys;
- b) Records of all assets acquired with allocated moneys;
- c) Records of all commitments entered into in respect of allocated moneys.

8.13.4 The Leader of the Party or the Chief Whip or the most senior Whip of each party must keep and maintain a fixed asset register that reflects all the cost (or value) of non-current assets (less accumulated depreciation) acquired using the Party Administrative and Constituency allowances.

8.14 Financial Statements –

8.14.1 The financial statements must comprise:

- a) A balance sheet as at March 31 of every financial year (or other date if the party ceases to function or be registered);
- b) An income and expenditure statement for the financial year (or other period of time if the party ceases to function or be registered); and
- c) A cash flow statement at the balance sheet date.

8.14.2 The financial statements prepared in relation to the party allowances paid should reflect amounts spent during the financial year (or period under review) under the following descriptive categories, the detail of which is listed in Annexure B.

- a) Party Leader Allowance Expenditure Items & Services
- b) Party Administrative / General Support Allowance Expenditure Items & Services

c) **Constituency Allowance Expenditure Items & Services**

8.14.3 The audited financial statements must indicate:

- a) The unspent amount brought forward;
- b) The amount received in respect of the allowance;
- c) Disbursements made classified by appropriate category;
- d) Interest earned during the financial year (or period) under review;
- e) A list of assets acquired during the financial year (or period) under review having a value exceeding a prescribed amount. The prescribed amount in the 2005/2006 financial year is set at R500.00 per asset. The prescribed amount is to be reset every financial year or increased by the application of the consumer price index every financial year.

8.14.4 The financial statements derived from the books and records reflecting receipts and disbursements of Party Leader, Party Administrative and Constituency Allowances must be prepared in accordance with generally accepted accounting practices.

8.15 Submission of audited financial statements –

8.15.1 A party must, before 30 May of each year, submit audited financial statements in respect of the application of its Constituency Allowance for the year ending 31 March.

8.15.2 The Secretary to Parliament must either in full or in part accept or reject audited financial statements submitted by a party in terms of the policy. A party that feels aggrieved by the decision of the Secretary to Parliament may deal with the matter in terms of paragraph 12 below.

8.15.3 If the Secretary to Parliament rejects certain items included in audited financial statements submitted by a party, he or she must withhold an amount equal to the amount(s) queried until such time as he or she has received satisfactory responses to the queries. Such action by the Secretary to Parliament is also subject to the grievance procedure in paragraph 12 below.

8.16 Retention of membership of the National Assembly after a change of party membership or merges between subdivisions of and subdivision and merger of parties –

- a) Political party allowances must be re-calculated to give effect to retention of membership of the National Assembly after a change of party membership; or, merges between, subdivisions of and subdivision and merger of parties as provided for in Schedule 6A to the Constitution.

9 Roles & Responsibilities

- a) All parties must appoint the Leader of the Party or the Chief Whip or the most senior Whip as accounting officer to manage their Party Leader, Party Administration and Constituency Allowance receipts and to properly administer disbursements from these allowances.

- b) The accounting officer's responsibility is to account for the moneys allocated to the party, and includes the duty to ensure the party's compliance with the requirements of this policy, and in particular, to ensure that the moneys are not spent for purposes not authorised by this policy.

10 Breach of policy

- a) Failure to provide the Secretary to Parliament with any of the information required, will result in the suspension of all party allowances until such time as the applicable documentation in the required format is produced or such other remedial actions as is prescribed by the Presiding Officers is effected.
- b) If a party fails to give the required reports, statements, contracts and certificates pertaining to all allowances paid to political parties, the transfer of these funds to those parties will be subjected to conditions and remedial measures requiring those parties to establish and implement effective, efficient and transparent financial management and internal control systems or such other actions as the Presiding Officers decide. No allowances may be paid to a party in respect of a year until audited financial statements in respect of the previous year have been received.

11 Review of policy

This policy must be reviewed annually.

12 Dispute resolution

- a) If, after any grievance procedure as envisaged in 8.15.2 and 8.15.3 above is completed, and the Secretary to Parliament nevertheless rejects in full audited financial statements submitted by a party, he or she may not make any further payments in respect of the Constituency Allowance to the party concerned until such time as audited financial statements to the Secretary to Parliament's satisfaction are submitted.
- b) A party that feels aggrieved by the decision of the Secretary to Parliament may submit its complaint to the Speaker of the National Assembly, where such complaint relates to political party leader or administrative allowances; or, where the complaint relates to constituency allowances, to Speaker of the National Assembly or the Chairperson of the National Council of Provinces.

13 Date of effect

The effective date for implementation of this policy will be the date of approval of this policy by the Presiding Officers.

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Annexure A

- (a) Payment of remuneration and benefits to staff, including UIF contributions;
- (b) Payment of costs arising from staff training, including travel and accommodation expenditure arising from a training exercise;
- (c) Purchase, rental, maintenance and insurance of office furniture and standard office equipment such as a facsimile machine, photocopier, dictaphone, shredder and computer equipment;
- (d) Costs in connection with the refurbishment of office space, for example, painting, curtains, carpets, etc.;
- (e) General office requirements such as office stationery, stapler, paper punch, computer software, crockery and cutlery;
- (f) Expenditure in respect of telephone, internet and other modem line usage;
- (g) Reasonable catering expenses, excluding alcoholic beverages;
- (h) Advertising, printing and postage costs;
- (i) Production and distribution of bulletins containing information on parliamentary business;
- (j) Subscriptions;
- (k) Travel and parking expenses, except travel expenses incurred by a Member;
- (l) Rental of office space;
- (m) Local government service levies, including water and electricity;
- (n) Bank fees;
- (o) Audit fees; and
- (p) Other items and services that are reasonably required for the normal administration of an office.

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Annexure B

1. Party Leader Allowance

- (a) Personnel expenditure
- (b) Other

2. Party Administrative / General Support Allowance

- (a) Party support staff personnel expenditure
- (b) Computer hardware maintenance
- (c) Computer system & software maintenance
- (d) Depreciation of non current assets
- (e) Office equipment
- (f) Office overhead
- (g) Office supplies and stationery
- (h) Non current assets
- (i) Software costs
- (j) Research

3. Constituency Allowance

- (a) Personnel expenditure
- (b) Advertising and promotional bulletins containing information on Parliamentary business
- (c) Audit fees
- (d) Bank charges
- (e) Computer software
- (f) Daily allowances paid
- (g) Depreciation of non-current assets
- (h) Facsimile costs
- (i) Insurances pertaining to assets
- (j) Insurances pertaining to personnel
- (k) Internet costs
- (l) Local government service levies – electricity
- (m) Local government service levies – water
- (n) Maintenance of office furniture and equipment
- (o) Office accommodation rental costs
- (p) Office supplies and stationery
- (q) Office telephone costs
- (r) Other expenditure items and services by description normally associated with and reasonably spent to ensure adequate administration of the constituency office

- (s) Parking expenses (not incurred by a Member)
- (t) Postage
- (u) Printing
- (v) Purchase of office furniture and equipment
- (w) Refurbishment of office accommodation
- (x) Rental of office furniture and equipment
- (y) Staff accommodation
- (z) Staff catering facilities, excluding alcohol
- (aa) Staff training
- (bb) Staff travel
- (cc) Travel expenditure (not incurred by a Member)
- (dd) Travel expenditure (incurred by a Member)