Friday, 14 May 2021]

No 61—2021] THIRD SESSION, SIXTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 14 MAY 2021

TABLE OF CONTENTS

COMMITTEE REPORTS

National Assembly

1. Police 3
2. Police 41
3. Police 62
4. Police 81
5. Trade and Industry 105
6. Trade and Industry 110
7. International Relations and Cooperation 144
8. Tourism 163
9. Tourism 180
10. Justice and Correctional Services 191
11. Justice and Correctional Services 192
12. Justice and Correctional Services 193
13. Justice and Correctional Services 195
14. Justice and Correctional Services 198
15. Justice and Correctional Services 199

16. Justice and Correctional Services 212
17. Higher Education, Science and Technology 233
18. Mineral Resources and Energy 263
19. Women, Youth and Persons with Disabilities 344
20. Communications 377
21. Communications 401

COMMITTEE REPORTS

National Assembly

1. REPORT OF THE PORTFOLIO COMMITTEE ON POLICE ON THE 2021/22 BUDGET VOTE 28, ANNUAL PERFORMANCE PLAN (APP) OF THE DEPARTMENT OF POLICE (SAPS), DATED 12 MAY 2021.

The Portfolio Committee on Police examined the Budget Vote of the Police (Vote 28) for the 2021/22 financial year, as well as the projections of the Medium-Term Expenditure Framework (MTEF) for 2020-2024, which were included in the Estimates of National Expenditure (ENE) 2019. The budget was examined in conjunction with the Annual Performance Plan 2021/22 and the Strategic Plan (2020-2025). The Committee reports as follows:

1. INTRODUCTION

1.1 Structure

The Report provides an overview of the 2021/22 Budget Hearings of the Department of Police. The Report is structured as follows:

- Section 1: Introduction. This section provides an introduction to this Report as well as a summary of meetings held during the hearings.
- Section 2: Strategic Priorities of the Department of Police for the 2021/22 financial year. This section highlights the strategic focus areas for the Department of Police for the year under review.
- Section 3: SAPS Budget and Performance targets for 2021/22. This section provides an overall analysis of the budget allocations, spending priorities, current and capital expenditure, additional allocations and earmarked funding of the Department of Police for the 2021/22 financial year. This section also provides a programme analysis of the Department.
- Section 4: Committee observations: SAPS. This section provides selected observations made by the Portfolio Committee on Police in general, on the annual performance targets and programme specific issues during the 2021/22 budget hearings and subsequent responses by the Department of Police.
- Section 5: Recommendations and additional information. This section summarises the recommendations made by the Portfolio Committee on Police, as well as the additional information requested from the Department of Police.

1.2 Meetings Held

The Committee met on 4 and 5 May 2021 to consider the SAPS APP and Budget. The meeting was held on a virtual platform and due to the shortened time of virtual meetings, the Committee was unable to invite any civil society and trade union organisations to make presentations on the budget of the SAPS as is usually done.

2. STRATEGIC PRIORITIES OF THE SAPS FOR 2021/22

2.1 State of the Nation priorities

In his State of the Nation address in February 2021, the President emphasised four key priorities for the state: First, he emphasised that the country should defeat the coronavirus pandemic. Secondly, the economic recovery of South Africa should be accelerated. Thirdly, economic reforms to create sustainable jobs and drive inclusive growth must be implemented. Lastly, the fight against corruption must intensified to strengthen the State.

Corruption: The fight against corruption and strengthening the state was identified by the President as one of the four overriding priorities of 2021. He further stated that the testimony at the Zondo Commission of Inquiry has shown how corruption has compromised and weakened the criminal justice system. Over the past three years, efforts have been made to turn around law enforcement bodies including improved cooperation and sharing of resources between respective law enforcement agencies, enabling a more integrated approach to investigations and prosecutions.

The President noted that he would shortly begin appointing members of the National Anti-Corruption Advisory Council, which is a multi-sectoral body that will oversee the initial implementation of the National Anti-Corruption Strategy and the establishment of an independent statutory anti-corruption body that reports to Parliament.

The Portfolio Committee has received a briefing on the collaborative approaches by the Criminal Justice System to fight corruption by sharing resources through the newly created Fusion Centre. The President indicated that there has been progress with regard to turning around law enforcement agencies and that critical leadership positions have been filled with capable, experienced and trustworthy professionals. In this regard, the Fusion Centre has brought many cases to trial and preserved or recovered millions of rand in public funds.

Crime and violence: The President stated, "Crime and violence continues to undermine people's sense of safety and security" and that tackling crime is central to the success of South Africa's recovery from the Covid-19 pandemic.

Gender based violence: The President repeated his focus on ending gender-based violence as a key priority. He indicated that he has launched the National Strategic Plan on Gender-Based Violence and Femicide in April last year and that Government has made efforts to strengthen the criminal justice system to prevent women from being traumatised again, and to ensure that perpetrators face justice. As part of this initiative, Government has introduced three key pieces of legislation in Parliament last year to realise effective change in combatting gender-based violence.

The President further stated that Government is making progress in reducing the backlog of gender-based violence cases and that Government continues to provide care and support to survivors of gender-based violence. To support these initiatives, the President announced that Government has allocated approximately R12 billion to implement the various components of the National Strategic Plan on Gender-Based Violence over the 2021/22 medium-term.

Economic crimes: The President stated that crimes like cable theft, railway infrastructure vandalism, land invasions, construction site disruptions and attacks on truck drivers hamper economic activity and discourage investment. The President noted that Government has set up task teams in a number of provinces to deal with extortion and violence on sites of economic activity.

2.2 National Development Plan

The Constitution of the Republic of South Africa envisages a public service that is professional, accountable and developmental-orientated. The National Development Plan outlines specific steps that need to be taken to promote the values and principles of public administration in terms of section 195 of the Constitution and build an efficient, effective and developmental oriented public service. The NDP further places particular emphasis on the need to improve the quality on implementation of policies and programmes. This require improvements in medium- and short-term planning, as well as a sustained focus on improving performance. The NDP states that government's ability to achieve its developmental objectives require the building of safer communities (Chapter 12), promoting accountability and fighting corruption (Chapter 14) and transforming society and uniting the country (Chapter 15). Chapters 12, 14 and 15 of the NDP have identified the following sub-outcomes which must be met to achieve the vision 2030 which are as follows:

- Strengthen the criminal justice system;
- Make the police service professional;
- Demilitarise the police;
- Increase rehabilitation of prisoners and reducing recidivism;
- Build safety using an integrated approach; and
- Increase community participation in safety.

There are nine years before the end of the 2030 deadline for reaching these goals and the SAPS should consider how far the Department have come in the face of all the crises it has faced such as the Marikana massacre, the killing of protestors and the failure of the implementation of other goals laid out in the NDP.

2.3 Medium Term Strategic Framework (2019-2024)

The Medium Term Strategic Framework (MTSF) (2019-2024) is the second government strategic framework for delivery to the people of South Africa. The delivery mechanisms and the programmes of government is brought together in the implementation of the MTSF of the National Development Plan (NDP) which has nine remaining years left to 2030.

The MTSF (2019-2024) provides for seven key priorities:

- **Priority 1**: Building a capable, ethical and developmental state;
- **Priority 2**: Economic transformation and job creation;
- **Priority 3**: Education, skills and health;
- **Priority 4**: Consolidating the social wage through reliable and quality basic services;
- **Priority 5**: Spatial integration, human settlements and local government;
- **Priority 6**: Social cohesion and safe communities; and
- **Priority 7**: A better Africa and world.

Of the MTSF specific outcomes, 20 are aligned to the United Nations (UN) Sustainable Development Goals (SDGs) and the African Union (AU) Agenda 2063 goals and priority areas. The MTSF provides that within the next ten years, progress will be made in tackling poverty, unemployment, and inequality. A fundamental goal is that violent crime will be halved.

Priority 6 links Social Cohesion and Safe Communities and suggest that achieving social cohesion and safe communities requires strengthening of criminal justice platforms, police services and community participation in public policing. This cannot be achieved without improving trust in our public sector and its institutions.

The 2021/22 SAPS APP and 2020-2025 Strategic Plan are closely aligned to the 2019-2024 MTSF and include various performance indicators required by the MTSF. In the Minister's Foreword, he places emphasis on the value of cohesive efforts from a society-wide approach to achieve social cohesion and safe communities and acknowledges that the MTSF is a stepping-stone towards the achievement of the NDP. To realise increased police visibility, the SAPS launched the Royal Police Reserve in December 2020, and continued the implementation of the Traditional Policing and Community-in-Blue Concepts, together with the Safer Cities Framework. The SAPS believe that these initiatives will contribute to the reduction of contact crime, particularly crimes against women and children.

2.3.1 Selected MTSF targets

The MTSF has the following selected targets for 2019-2024:

Monitoring Framework: Corruption

Table 1: 2024 IMPACT: IMPROVED INVESTOR PERCEPTION (CONFIDENCE)

Outcomes	Indicator	Target	Outputs	Targets
Improvement in Corruption Perception Index rating	Improved Transparency International ranking	Improvement in Corruption Perception Index ranking by 5 (to 68/100)	Reduced levels of fraud and corruption in the private and public sectors	70% conviction rate for serious fraud and corruption in the private sectors
Reduced organised crime	Percentage of identified organised crime groups/ syndicates neutralised	90% of identified Organised crime groups/ syndicates neutralised.	Reduce drug syndicates through the implementation of the Narcotics	90% identified drug syndicates neutralised with arrests

			Intervention Strategy and the revised National Drug Master Plan	
OUTCOME	**REDUCED ORGANISED CRIME**			
Intervention	**Resourcing (MTEF Budget Allocation)**	**Contribution by DFIs, SOEs and public entities**	**Human capital, skills and technology requirements**	**Spatial planning reference and spatial action area in terms of the NSDF, PSDF and SDF**
Reduce drug syndicates through the implementation of the Narcotics Intervention Strategy and the revised National Drug Master Plan	DPCI: Financial implication – R 96 756 million. Detective Service: Please refer to (Intervention: Reduce levels of contact crime above).	Parliament and Parliamentary Committees	Personnel – 2 669 Infrastructure – dedicated infrastructure required Personnel – 551 (21 additional FCS Units over the short-term and 164 over the medium to long term)	National – Planning direction, policy, standards, partnerships, resourcing and corrective action
Reduce the levels of serious organised crime through the successful closure of serious organised crime project investigations	To be determined	To be determined	To be determined	To be determined
Reduction of organised criminal groups and gangs (incl. implementation of the National Anti-Gang Strategy)	To be determined	To be determined	To be determined	To be determined
OUTCOME	**Increased feelings of safety in communities**			
Intervention	**Resourcing (MTEF Budget Allocation)**	**Contribution by DFIs, SOEs and public entities**	**Human capital, skills and technology requirements**	**Spatial planning reference and spatial action area in terms of the NSDF, PSDF and SDF**
Reduce levels of contact crime	Financial implication: SAPS Personnel: R2.351 billion (MTEF) Financial implication: SAPS new police stations: R1 billion (MTEF) Financial implication: NPA capacity for critical posts R285 412 million Aspirant Prosecutors' Programme R 245.3 million	Parliament and Parliamentary Committees PSIRA PRASA	Personnel – Capacitating existing police stations: 50 959 Personnel – Capacitating new police stations – 576 Infrastructure – 25 police stations Personnel – 551 (21 additional FCS Units over the short-term and 164 over the medium-to-long term) SAPS, NPA, DoJ&CD, Legal Aid SA Ensure that CJS role players are adequately resourced to implement Sexual Offences and Related Matters Act	National – Planning direction, policy, standards, partnerships, resourcing and corrective action
Reduction in violence against	To be determined	To be determined	To be determined	To be determined

women				
Reduction in violence against children	To be determined	To be determined	To be determined	National – Planning direction, policy, standards, partnerships, resourcing and corrective action
OUTPUT:	**REDUCE ORGANISED CRIME**			
2024 IMPACT: ALL PEOPLE IN SOUTH AFRICA ARE SAFE				
Outcomes	**Indicator**	**Target**	**Outputs**	**Targets**
Reduced organised crime	Percentage of identified organised crime groups/ syndicates neutralised	90% of identified organised crime groups/ syndicates neutralised.	Reduce drug syndicates through the implementation of the Narcotics Intervention Strategy and the revised National Drug Master Plan	90% identified drug syndicates neutralised with arrests
OUTPUT:	**INCREASED FEELINGS OF SAFETY IN COMMUNITIES**			
Increased feelings of safety in communities	Percentage increase in households who felt safe walking alone in their areas of residence during the day (SATSSA)	10% increase in percentage of households who felt safe walking alone in their areas of residence during the day	Reduction in levels of contact crime	Reduce by 6.7% (Reduce by 112 157 crimes in 2019/20) per annum1

Source: MTSF 2019-2024

2.4 Ministerial Priorities

In terms of the 2020/21 APP, the Minister has emphasised the following strategic priorities:

- The establishment of a capable, ethical and developmental state;
- Social cohesion and safe communities;
- COVID-19 pandemic has accentuated the role that is required of the SAPS in ensuring that government policy, which is aimed at securing and protecting the people of this country, is implemented;
- Crime and its associated violence against women, in particular, will not be tolerated by this Ministry.
- The SAPS will integrate and fast-track SAPS' efforts with all stakeholders through its Gender-based Violence Action Plan, in support of the GBVF National Strategic Plan;
- Unblocking of hindrances to service delivery by the SAPS and to avail the support that is required by police officers in the frontlines; and
- The identification, analysis and constructive addressing of specific service delivery-related challenges and encompasses both the operational and support environments within the SAPS.

2.5 SAPS Priorities

The SAPS has listed its priorities for 2021/22 in the APP as follows:

Enhancing community safety: The Department "has recognised community safety as integral to creating a safe and secure environment that is conducive to social and economic stability, and supporting a better life for all." The Department will continue its focus on community participation initiative in crime prevention and focus on the effective functioning of Community Policing Forums (CPFs).
Reducing violence against women and children: The Department will target detection rates of 75 per cent and 70 per cent for crimes against women and children, respectively. According to the Department, it will enhance the detective capacity, improve forensic support and optimise the implementation of the integrated criminal justice strategy.

Targeting fraud and corruption: The Department will target fraud and corruption in the public and private sectors through "responsive investigations" that will be facilitated through specialised cybercrime investigative capabilities. The Departments aims to maintain an annual conviction rate of 70 per cent for cases relating to serious fraud and corruption.

Mitigating the impact of baseline reductions: The SAPS indicated that the Department will "explore alternatives to how it renders services in communities" in an effort to mitigate the impact of baseline reductions. This will include increasing the capacity of police stations; redirecting resources towards increasing police visibility; improving access to policing services; and enhancing frontline service delivery. This will be realised through the recruitment of entry-level officers and redeploying senior officers to stabilise areas with high levels of crime. In addition, the Department will continue to conduct virtual meetings that will reduce expenditure on related spending items to ensure that the budget is sufficient.

2.6 Directorate for Priority Crime Investigation

The Directorate for Priority Crime Investigation (DPCI) (commonly known as the Hawks), has also listed their priorities in the 2021/22 APP which includes the following areas:

- Continued investigations of COVID 19 related cases (Solidarity Fund);
- Truth and Reconciliation Cases;
- Clean Audits focusing on Municipalities;
- Expediting the recruitment process in order to capacitate the DPCI;
- Acquiring of suitable accommodation for the DPCI;
- Procuring of Information Technology/Modernisation of systems; and
- Expanding on Training.

2.7 Organisational environment

2.7.1 Leadership

The SAPS is bedevilled by a number of leadership issues that directly affects the ability of the Department to manage the crime problem effectively. Some of the key issues related to the leadership and management facing legal challenges and battles affecting the senior managers of the Department.

The suspension of the senior management of the Crime Intelligence Programme and the uncertainty of their subsequent re-instatement, particularly the Divisional Commissioner for Crime Intelligence has unleashed what has been called a "War of Generals" in the SAPS. Different court cases have beset the National Commissioner with regard to following procedures in the matter between the National Commissioner and the Divisional Commissioner for Crime Intelligence. Since the suspension and the subsequent court case, the Divisional Commissioner has been moved into the position of Divisional Commissioner for the Police Inspectorate. The suspension has been contested by the Minister of Police.

The National Commissioner and two deputies is currently facing a court judgement related to the purchase of a communications interception device called a 'grabber'. The judgement relates to the fact that the National Commissioner and his and the two deputies' refusal to provide the IPID with the necessary documentation surrounding the purchase of the 'grabber' which they claimed was classified. It necessitated the IPID approaching the court for relief. The Court instructed the national Commissioner to hand over the documents to the IPID.

Structural changes to the top leadership of the SAPS has been announced by the National Commissioner, but during the hearings, the Committee questioned why the restructuring plans was not first presented to the Committee. It has since come to light that the Minister has not supported the appointments.

The dispute between the Minister and the Commissioner has the net consequence of creating tensions between the SAPS Command and the Executive Authority and a loss of public confidence in the SAPS leadership.

2.7.1 COVID-19 Pandemic

The President announced a lockdown of the nation on 23 March 2020 in order to prevent further infections of and spread of the Covid-19 (Corona) virus. The lockdown took effect on 26 March 2020. The terms of the lockdown period were declared in terms of the Disaster Management Act (57 of 2002), and the Regulations provides that the South African Police Service (SAPS) is supported by the South African National Defence Force (SANDF) and the Metro Police during the period of the lockdown. The lockdown regulations have been amended a number of times and the country has been placed on different lockdown levels.

At the time of adopting this report, the country is on lockdown level one.

The policing environment has been adversely affected by the COVID-19 pandemic with devastating consequences. As at 31 March 2021, the SAPS had approximately 28741 confirmed COVID-19 cases involving SAPS members and 598 fatalities. There have been

27991 recoveries with 152 active cases with 67 members hospitalised. The DPCI has 488 cases of members being infected. The pandemic has cut across all four departments the Portfolio Committee has oversight over.

2.8 Internal Governance Environment

2.8.1 Gender Based Violence

The SAPS is one of the Departments that has to account for its role and resources towards the implementation of the GBV&F National Action Plan. The SAPS budget must speak to the Action Plan and the Committee should ask the SAPS to provide the budget and its breakdown provincially towards fighting gender based violence and femicide.

There have been reports from civil society organisations that the SAPS is not placing GBV&F squarely at the centre-point of its interventions, particularly at station level.

The Committee had asked the SAPS to provide its implementation plan on the National Emergency Action Plan on gender based violence and femicide and the National Strategic Plan on gender based violence and femicide. In addition, the Parliamentary Cluster on Security and Justice must have joint meetings with all committees responsible for the oversight of the implementation of the National Strategic Framework on GBV&F.

The IPID must also provide key statistics of its interventions and reporting on the GBV&F, domestic violence and crimes against children and how the SAPS have, at station level, implemented the Domestic Violence Act.

2.8.2 Central Firearm Registry (CFR)

The Central Firearms Registry (CFR) have become dysfunctional in the management and implementation of the Firearms Control Act. The Committee has received several complaints from firearm applicants and owners that there is a complete breakdown of communication between the SAPS and the Firearm Owners Associations.

In addition, it appears that the designated firearms officers at the Firearms, Liquor and Alcohol and Second Hand Good (FLASH) units at station, provincial and national level are not providing the same instructions to firearm owners and applicants for firearm licenses. While the SAPS have extended the period to process a firearm license from 90 days (as stipulated in the Firearms Control Act, to 120 days, even this deadline is not being honoured. The licensing software called the Firearm Permit System appears to be part of the dispute between the SAPS and the FDA company.

The Chairperson recently held a meeting with Firearm Owners, Ammunition dealers and Hunting Association and numerous complaints were made against the SAPS management of the CFR. There have been several legal cases that was won against the SAPS and the Committee has asked that the SAPS provide it with a list of the last ten court cases together with its implementation of the court orders. This is after the firearms stakeholders informed that the SAPS was not implementing court orders.

2.8.3 Forensic Sciences Laboratory and DNA Analysis

The Forensic Sciences Laboratory (FSL) has been a source of major discontent amongst victims of crime. The FSL has not been able to effectively deal with its backlogs of processing DNA samples as a result of the shortage of chemicals available to the FSL. The DNA backlog of cases stood at 117 738 cases as at the last meeting between the Portfolio Committee and the SAPS.

The SAPS reported that the processing and analysis of DNA samples from the Eastern Cape were being supported by the Western Cape province. The SAPS used the Forensic Data Analysis (FDA) software PCEM System, to manage and control (track and trace) case files and exhibits handed in for analysis at the SAPS Forensics Science Laboratory.

In its March 2021 report to the Portfolio Committee, the SAPS reported on the dispute with the Forensic Data Analysis (FDA) company and indicated that it was in the process of developing a new forensics exhibit management (FEM) data system with the State Information Technology Agency (SITA). The new system was to go live online on 6 April 2021.

In view of the budget increase of R250 million to the Division: Forensic Services, the Committee has agreed to examine whether the system is indeed working after newspaper reports that it is not working, and ascertain how the budget was spent.

The Committee decided that the SAPS should report on its court cases and the costs thereof in relation to the FSL processing DNA samples.

2.8.4 District Development Model

The District Development Model requires the SAPS to focus on the establishment of safe and secure communities and to collaborate with all spheres of Government in establishing an integrated planning, budgeting, implementation, reporting and monitoring process.

According to the SAPS, the Department will lead the following initiatives:

- The identification of the Top 30 High Contact Crime Weight Stations will ensure a multidisciplinary approach to the significant reduction in the incidence of contact crime at the 30 police stations in the country, at which the majority of the incidents of contact crime are reported annually. The Top 30 High Contact Crime Weight Stations are identified annually, based on the analysis of reported contact crime during the preceding financial year.

- The initiation of the Safer Cities Framework will ensure a collaborative approach by all relevant stakeholders in the public and privates sectors, using a technologically driven approach to integrating all efforts related to safety and security and service delivery.
- The identified GBVF Hotspot Stations are based on the consideration of a number of variables, including, inter alia: the reported incidence of crimes against women, Domestic Violence and GBV-related calls received via the GBVF National Command Centre, the reported incidence of related cases reported to health facilities, and reported cases received by Kgomotso, Khuseleka and Thuthuzela Care Centres.
- The Districts that will benefit from the establishment of a newly built police station.
- Participate in the establishment of Community Safety Forums (CSFs) in all districts and metropolitan areas.

The SAPS will develop and implement a DDM Implementation Plan, within the context of its Departmental Annual Operational Plan (AOP), to structure the planning and budgeting integration during the 2020 to 2025 strategic period.

3. SAPS BUDGET AND PERFORMANCE TARGETS FOR 2021/22

The SAPS received a Main Appropriation of R96.3 billion in 2021/22, which is a nominal decrease of R3.2 billion or 3.2 per cent compared to the previous financial year. In real terms (inflation considered), the Department's allocation decreased with R7 billion, or 7.12 per cent. The largest decrease is in the Department's core service delivery programme, Visible Policing. This Programme's appropriation decreased with R3.8 billion, or 7.24 per cent in nominal terms compared to the previous financial year. Considering inflation, the Programme's appropriation decreased with R5.8 billion, or 10.98 per cent. Despite the decreased allocation, the Programme continues to receive more than half of the Department's total 2021/22 budget allocation (51.4 per cent).

The Detective Services Programme received a Main Appropriation of R19.5 billion in 2021/22, which is a nominal decrease of 0.75 per cent and a real decrease of 4.75 per cent. The Crime Intelligence Programme's 2020/21 allocation of R4.2 billion decreased with R88.6 million to a Main Appropriation of R4.1 billion in 2021/22, which is a nominal decrease of 2.11 per cent and a real decrease of 6.06 per cent. The Protection and Security Services Programme received a Main Appropriation of R3.2 billion in 2021/22, which is a nominal percentage decrease of 0.97 per cent and 4.96 per cent in real terms.

The Administration Programme is the only Departmental Budget Programme that received a slight increased allocation of R929.1 million in 2021/22 compared to the previous financial year. This is a nominal increase of 4.89 per cent and 0.66 per cent in real terms.

Table 2: SAPS Budget summary

Programme	Budget	Nominal Increase/	Real Increase/	Nominal % change in 2021/2022	Real % change in 2021/2022

			Decrease in 2021/22	Decrease in 2021/22		
R million	**2020/21**	**2020/21**				
Administration	19 007.0	19 007.0	929.1	125.5	4.89 per cent	0.66 per cent
Visible Policing	53 401.5	49 534.4	- 3 867.1	- 5 863.7	-7.24 per cent	-10.98 per cent
Detective Services	19 688.5	19 541.6	- 146.9	- 934.6	-0.75 per cent	-4.75 per cent
Crime Intelligence	4 200.1	4 111.5	- 88.6	- 254.3	-2.11 per cent	-6.06 per cent
Protection and Security Services	3 263.7	3 232.0	- 31.7	- 162.0	-0.97 per cent	-4.96 per cent
TOTAL	**99 560.9**	**96 355.5**	**- 3 205.4**	**- 7 089.2**	**-3.2 per cent**	**-7.12 per cent**

Source: National Treasury (2021)

The percent of total budget per Programme normally remains consistent across financial years, with only slight changes. However, in 2021/22, there were noticeable changes. The proportional allocation of the Administration Programme increased by 1.6 per cent, while the proportional allocation of the Visible Policing Programme decreased by 2.23 per cent in 2021/22 compared to the previous financial year. This is a significant shift away from the core service delivery programme of the Department and is largely attributed to a decrease in personnel expenditure.

Table 3: Changes in percent of total budget per Programme

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R million		**2020/21**		**2021/22**	
Administration	19 007.0	19.09 per cent	19 936.1	20.69 per cent	1.60 per cent
Visible Policing	53 401.5	53.64 per cent	49 534.4	51.41 per cent	-2.23 per cent
Detective Services	19 688.5	19.78 per cent	19 541.6	20.28 per cent	0.51 per cent
Crime Intelligence	4 200.1	4.22 per cent	4 111.5	4.27 per cent	0.05 per cent
Protection and Security Services	3 263.7	3.28 per cent	3 232.0	3.35 per cent	0.08 per cent
TOTAL	99 560.9	**100.00 per cent**	96 355.5	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

Expenditure per economic classification

In 2021/22, Current Payments comprise 95.03 per cent of the total Departmental budget, while Transfers and subsidies and Payments for capital assets comprise 1.38 per cent and 3.58 per cent, respectively. Expenditure on Current payments is expected to decrease by 1.2 per cent over the medium term, largely driven by a 0.4 per cent decrease in expenditure on Compensation of employees and a 4.4 per cent decrease on Goods and services.

Table 4: Budget summary per economic classification

	2021/22			
Programmes R' million	**Total**	**Current payments**	**Transfers and subsidies**	**Payments for capital assets**
Administration	19 936.1	17 894.9	697.0	1 344.3
Visible Policing	49 534.4	47 768.6	405.8	1 360.0
Detective Services	19 541.6	18 763.5	177.5	600.6
Crime Intelligence	4 111.5	4 009.6	42.0	59.9
Protection and Security Services	3 232.0	3 134.1	11.3	86.6
Total expenditure estimates	**96 355.5**	**91 570.7**	**1 333.5**	**3 451.3**
% of Total budget allocation	**-**	**95.03%**	**1.38%**	**3.58%**

Source: National Treasury (2021)

The substantial decrease in expenditure on Goods and services will be realised through savings on departmental events, catering, hiring and interprovincial traveling. These are due to COVID-19 lockdown restrictions. The savings will enable the Department to mitigate the impact of baseline reductions over the medium-term.

Personnel expenditure and fixed establishment

Compensation of employees accounts for 77.5 per cent (R225.9 billion) of the Department's expenditure over the medium term. To remain within Government's expenditure ceiling for Compensation of employees, the Department's budget for this item is reduced by R35.8 billion over the medium term. Of this, R15.9 billion is in line with the decision not to implement the third year of the 2018 public sector wage agreement, and freezing salary increases for the next three years. Social benefits are expected to decrease with 12.0 per cent over the medium-term. The number of personnel is expected to decrease from 181 344 in 2020/21 to 162 945 in 2023/24, due to natural attrition. Given the significant impact of the reductions on compensation of employees, non-critical vacant posts will not be filled.

Table 5: Personnel numbers and cost over the medium term

Number of posts estimated for 31 March 2021 (Funded posts)		Actual		Revised estimate		Medium-term expenditure estimate						Ave. growth rate (%)	Ave. Salary level/ Total (%)
		2019/20		2020/21		2021/22		2022/23		2023/24		2020/21 - 2023/24	
		Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost		
Programme 1	**34,981**	35,781	13,590.9	34,641	13,381.7	33,418	13,243.5	32,108	13,219.1	30,801	13,196.1	-3.8%	19.0%
Programme 2	**94,798**	97,598	39,719.9	93,253	39,324.7	89,754	39,013.5	85,863	39,013.3	82,015	39,012.2	-4.2%	50.9%
Programme 3	**38,423**	38,821	16,207.2	38,631	16,654.5	38,080	16,442.6	37,377	16,467.6	36,677	16,492.6	-1.7%	21.9%
Programme 4	**8,762**	8,590	3,817.5	8,373	3,812.7	8,040	3,735.2	7,874	3,735.1	7,676	3,732.8	-2.9%	4.6%
Programme 5	**6,483**	6,568	3,022.2	6,446	2,973.3	6,053	2,865.6	5,918	2,864.5	5,776	2,863.4	-3.6%	3.5%
Total	**183,447**	**187,358**	**76,357.7**	**181,344**	**76,147.0**	**175,345**	**75,300.5**	**169,140**	**75,299.7**	**162,945**	**75,297.1**	**-3.5%**	**100.0%**

Source: National Treasury (2021)

The table above shows that, over the medium-term, expenditure on Compensation of employees will decrease, on average, by 3.5 per cent. As the Visible Policing Programme receives the bulk of the Department's budget, more than half of the total budget is allocated to it and it also shows the largest decrease over the medium-term (4.2 per cent decrease).

3.4 Budget allocation per Programme

3.4.1 Administration Programme

The purpose of the Administration Programme is to provide strategic leadership, management and support services to the South African Police Service.

The Administration Programme received a Main Appropriation of R19.9 billion in 2021/22, which is a nominal increase of 929.1 million or 4.9 per cent compared to the previous financial year. In real terms, the Programme's Appropriation increased with 0.66 per cent. The Administration Programme is the only Programme that received an increased allocation in 2021/22. The increased allocation lies only in the Corporate Services sub-programme, which increased with 4.95 per cent from R18.8 billion in 2020/21 to R19.7 billion in 2021/22. The Ministry and Management sub-programmes' allocations decreased with 2.34 per cent and 3.01 per cent, respectively.

Table 6: Administration Programme: Difference in 2012/21 and 2021/22 budget allocation

Sub-programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal % change in 2021/22	Real % change in 2021/22
R million	**2020/21**	**2021/22**				
Sub-programme 1: Ministry	64.1	62.6	- 1.5	- 4.0	-2.34 per cent	-6.28 per cent
Sub-programme 2: Management	86.4	83.8	- 2.6	- 6.0	-3.01 per cent	-6.92 per cent
Sub-programme 3: Corporate Services	18 856.6	19 789.7	933.1	135.4	4.95 per cent	0.72 per cent
TOTAL	**19 007.0**	**19 936.1**	**929.1**	**125.5**	**4.9 per cent**	**0.66 per cent**

Source: National Treasury (2021)

The table below shows that the Corporate Services sub-programme receives almost the total budget of the Administration Programme at 99.27 per cent, while the Ministry and Management sub-programmes receive 0.31 per cent and 0.42 per cent of the total Programme budget, respectively.

Table 7: Percent of total Administration Programme budget per sub-programme

Sub-programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R' million	**2020/21**		**2021/22**		
Ministry	64.1	0.34 per cent	62.6	0.31 per cent	-0.02 per cent

Management	86.4	0.45 per cent	83.8	0.42 per cent	-0.03 per cent
Corporate Services	18 856.6	99.21 per cent	19 789.7	99.27 per cent	0.06 per cent
TOTAL	19 007.0	**100.00 per cent**	19 936.1	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

In 2021/22, there were only slight changes in the percent allocation made towards the sub-programmes in the Administration Programme, compared to the previous financial year.

Expenditure on infrastructure

The budget for infrastructure development is derived from the Administration Programme's budget. In 2021/22, R946.7 million is allocated for infrastructure development, including the construction and re-establishment of police stations, construction of living quarters and offices, repairs and renovation and improvements to shooting ranges.

The total project cost of these, from 2020/21 to 2023/24 is R3.4 billion, of which the largest portion lies in the construction of new and re-established police stations at R2.21 billion over the same period.

Table 8: Summary of expenditure on infrastructure

Programme	**Project name**	**Service delivery outputs**	**Current project stage**	**Total project cost**	**Audited outcome**	**Adjusted appropriation**	**Medium-term expenditure estimate**		
R million					**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Administration	Police stations	Construction of new and re-established police stations	On-going	2,216.9	464.0	221.0	649.3	658.8	687.8
Administration	Member and office accommodation	Construction of living quarters and offices	Construction	699.8	31.2	162.5	174.7	177.4	185.2
Administration	Small infrastructure projects	Repairs and renovation of infrastructure	Construction	218.9	0.5	50.8	54.6	55.5	57.9
Administration	Forensic science laboratory	Repairs and renovation of infrastructure	Hand over	2.2	–	0.5	0.6	0.6	0.6
Administration	Shooting ranges	Construction of facilities to improve shooting competency of police officers	Construction	244.4	16.3	56.7	61.0	62.0	64.7
Administration	Training facilities	Construction of facilities to improve police personnel capabilities	Construction	9.1	1.3	2.1	2.3	2.3	2.4
Administration	Mobile homes and storage facilities	Implementation of basic services for accommodation and storage	On-going	17.3	–	4.0	4.3	4.4	4.6

Detective Services	Network infrastructure	Installation of network infrastructure	Complete	–	–	–	–	–	–
Total	**Total**			**3,408.4**	**513.3**	**497.7**	**946.7**	**960.9**	**1,003.2**

The Department listed 20 infrastructure projects to be constructed over the medium-term (up to 2024) in their 2021/22 APP (pg. 79-80), to the total cost of R1.124 billion. The table provided by the Department provides the start date, completion date, estimated cost and expenditure for the current year. This table estimates a cost of R2.2 billion, thus there is a difference of R1.09 billion in the projects listed and the available funds stated by National Treasury.
The majority of projects were started in 2016 (7 stations), followed by 2014 (6 station), 2018 (3 stations) and 2015 (1 station) and 2020 (1 station).

Expenditure on infrastructure projects has been notoriously slow over the past financial years. In 2019/20, the Adjusted Appropriation was R870.6 million, of which R321.3 million was shifted during the adjustments period, leaving a Final Appropriation of R512.7 million, of which the Department spent 93.3 per cent at year-end. As at the end of December 2020 (2020/21 financial year), the Department recorded further underspending due to the closure of the construction industry during stages 4 and 5 of the national COVID-19 lockdown. As part of the 2020 Supplementary budget, the allocation made to infrastructure projects was decreased by R400 million (-44.55 per cent) from a Main Appropriation of R897.6 million to an Adjusted Appropriation of R497.6 million.

3.4.2 Visible Policing Programme

The purpose of the *Visible Policing* Programme is to enable police stations to institute and preserve safety and security; and to provide for specialised interventions and the policing of South Africa's borders.

The Visible Policing Programme's Main Appropriation is reduced significantly from R53.4 billion in 2020/21 to R49.5 billion in 2021/22. This is a nominal decrease of R3.8 billion (or 7.2 per cent) and a real decrease of R5.8 billion (or 10.98 per cent) and is largely in the Crime Prevention sub-programme. The sub-programme's allocation is reduced from R42.1 billion in 2020/21 to R38.2 billion in 2021/22, which is a nominal decrease of R3.86 billion or 9.2 per cent and a real decrease of 12.86 per cent. The reduction is almost exclusively in Goods and services in that its allocation decreased by R3.51 billion in 2021/22 compared to the previous financial year.

Table 9: Visible Policing Programme: Difference in 2020/21 and 2021/22 budget allocation

Sub-programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal % change in 2021/22	Real % change in 2021/22
R million	**2020/21**	**2021/22**				
Crime Prevention	42 165.2	38 285.8	- 3 879.4	- 5 422.6	-9.20 per cent	-12.86 per cent
Border Security	2 204.6	2 203.6	- 1.0	- 89.8	-0.05 per cent	-4.07 per cent
Specialised Interventions	4 555.8	4 533.8	- 22.0	- 204.7	-0.48 per cent	-4.49 per cent
Facilities	4 476.0	4 511.2	35.2	- 146.6	0.79 per cent	-3.28 per cent
TOTAL	**53 401.5**	**49 534.4**	**- 3 867.1**	**- 5 863.7**	**-7.2 per cent**	**-10.98 per cent**

Source: Treasury (2021)

The allocation for the Border Security, Specialised Interventions and Facilities sub-programmes decreased only marginally in 2021/22 compared to the previous financial year.

Table 10: Percent of total Visible Policing Programme budget per sub-programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	**2020/21**		**2021/22**		
Crime Prevention	42 165.2	78.96 per cent	38 285.8	77.29 per cent	-1.67 per cent
Border Security	2 204.6	4.13 per cent	2 203.6	4.45 per cent	0.32 per cent
Specialised Interventions	4 555.8	8.53 per cent	4 533.8	9.15 per cent	0.62 per cent
Facilities	4 476.0	8.38 per cent	4 511.2	9.11 per cent	0.73 per cent
TOTAL	53 401.5	**100.00 per cent**	49 534.4	**100.00 per cent**	**0.00 per cent**

Source: Treasury (2021)

The table above shows that the reduction in the allocation of the Crime Prevention sub-programme means that its proportional allocation within the Visible Policing decreased from 78.96 per cent in 2020/21 to 77.29 per cent in 2021/22, which is a decrease of 1.67 per cent. This allowed for a slight proportional increase to the percentage allocation of the Border Security, Specialised Interventions and Facilities sub-programmes.

3.4.3 Detective Services Programme

The purpose of the Detective Services Programme is to enable the investigative work of the SAPS, including providing support to investigators in terms of forensic evidence and criminal records.

The Detective Services Programme's Main Appropriation decreased from R19.68 billion in 2020/21 to R19.54 billion in 2021/22. This represents a nominal decrease of 0.7 per cent and a real decrease (inflation taken into account) of 4.75 per cent. The Crime Investigations sub-programme received R765.1 million less in 2021/22 compared to the previous financial year. This represents a nominal decrease of 1.65 per cent and a real decrease of 5.62 per cent. The Criminal Record Centre and Forensic Science Laboratories sub-programmes received a nominal increase in their allocations of 4.19 per cent and 1.58 per cent respectively.

Although the Forensic Science Laboratories sub-programme receives a nominal increase in 2021/22 compared to the previous financial year, when taking inflation into account, it represents a real decrease of 2.51 per cent. Recently, the Department indicated that R250 million will be set aside to address the massive DNA testing backlog of 117 738 cases. This includes a dedicated overtime budget of R18.5 million. The backlog has been exacerbated by a shortage of processing chemicals and lockdown restrictions. The division has not done any processing in January and February 2021.

Table 11: Detectives Services Programme: Difference in 2020/21 and 2021/22 budget allocation

Sub-programme	**Budget**		**Nominal Increase / Decrease in 2021/22**	**Real Increase / Decrease in 2021/22**	**Nominal Percent change in 2021/22**	**Real Percent change in 2021/22**
R million	**2020/21**	**2021/22**				
Crime Investigations	13 620.6	13 395.4	- 225.2	- 765.1	-1.65 per cent	-5.62 per cent
Criminal Record Centre	2 550.0	2 656.9	106.9	- 0.2	4.19 per cent	-0.01 per cent
Forensic Science Laboratory	1 388.2	1 410.2	22.0	- 34.8	1.58 per cent	-2.51 per cent
Specialised Investigations (DPCI)	1 388.2	1 410.2	22.0	- 34.8	1.58 per cent	-2.51 per cent
TOTAL	19 688.5	19 541.6	**- 146.9**	**- 934.6**	**-0.7 per cent**	**-4.75 per cent**

Source: National Treasury (2021)

3.4.4 Specialised Investigations: Directorate for Priority Crime Investigation (DPCI)

The *Specialised Investigations* sub programme contains the function of the **Directorate for Priority Crime Investigations (DPCI)**, commonly known as the Hawks.

The Specialised Investigations sub-programme, or the Directorate for Priority Crime Investigations (DPCI or "Hawks"), received a decreased allocation from R2.1 billion in 2020/21 to R2.0 billion in 2021/22, which represents a nominal decrease of 2.38 per cent and a real decrease of 6.31 per cent. This is concerning as the Directorate still needs to be fully capacitated in terms of personnel and specialised technological aids and equipment. During 2021/22, the Directorate will focus on: (1) corruption at State Owned Enterprises and municipalities, (2) serious violent crimes, such as cash-in-transit robberies and the murder of police officials, and (3) crimes committed by organised criminal groups who tamper, steal or damage essential infrastructure.

The table below shows that the proportional allocations of the Crime Investigations and Specialised Investigations sub-programmes decreased with 0.63 per cent and 0.18 per cent, respectively while that of the Criminal Record Centre and Forensic Science Laboratories sub-programmes increased with 0.64 per cent and 0.17 per cent, respectively.

Table 12: Percent of total Detective Services Programme budget per sub-programme

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R million	**2020/21**		**2021/22**		
Crime Investigations	13 620.6	69.18 per cent	13 395.4	68.55 per cent	-0.63 per cent
Criminal Record Centre	2 550.0	12.95 per cent	2 656.9	13.60 per cent	0.64 per cent
Forensic Science Laboratories	1 388.2	7.05 per cent	1 410.2	7.22 per cent	0.17 per cent
Specialised Investigations	2 129.7	10.82 per cent	2 079.1	10.64 per cent	-0.18 per cent
TOTAL	**19 688.5**	**100.00 per cent**	**19 541.6**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

3.4.5 Crime Intelligence Programme

The purpose of the *Crime Intelligence* Programme is to manage crime intelligence, analyse crime information, and provide technical support for investigations and crime prevention operations.

The Crime Intelligence Programme received a Main Appropriation of R4.11 billion in 2021/22, which is a nominal decrease of 2.1 per cent from the R4.2 billion Adjusted Appropriation of the previous financial year. In real terms, the Programme's allocation decreased with 6.06 per cent.

The Crime Intelligence Operations sub-programme received a substantial nominal decrease from R1.7 billion in 2020/21 to R1.66 billion in 2021/22, which is a nominal decrease of 4.16

per cent and a real decrease of 8.02 per cent. The Intelligence and Information Management sub-programme's allocation decreased slightly by 0.67 per cent (nominal).

Table 13: Crime Intelligence Programme

Sub-programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R million	**2020/21**	**2021/22**				
Crime Intelligence Operations	1 734.3	1 662.2	- 72.1	- 139.1	-4.16 per cent	-8.02 per cent
Intelligence and Information	2 465.8	2 449.3	- 16.5	- 115.2	-0.67 per cent	-4.67 per cent
TOTAL	4 200.1	4 111.5	**- 88.6**	**- 254.3**	**-2.1 per cent**	**-6.06 per cent**

Source: National Treasury (2021)

The table below shows that the proportional allocation for the Crime Intelligence Operations sub-programme decreased with 0.86 per cent and went to the Intelligence and Information Management sub-programme. The sub-programme receives 60 per cent of the Programme's total budget allocation.

Table 14: Percent of total Crime Intelligence Programme budget per sub-programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	**2020/21**		**2021/22**		
Crime Intelligence Operations	1 734.3	41.29 per cent	1 662.2	40.43 per cent	-0.86 per cent
Intelligence and Information Management	2 465.8	58.71 per cent	2 449.3	59.57 per cent	0.86 per cent
TOTAL	**4 200.1**	**100.00 per cent**	**4 111.5**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

3.4.6 Protection and Security Services Programme

The purpose of the Protection and Security Service Programme is to provide protection and security services to all identified dignitaries and government interests.

The Protection and Security Services Programme received a Main Appropriation of R3.23 billion in 2021/22, which is a nominal decrease of 1 per cent compared to the previous year's allocation of R3.26 billion. In real terms, the allocation decreased by R162 million or 4.96 per cent. The VIP Protection and Operational Support sub-programmes received slight nominal increases of 1.56 per cent and 2.23 per cent, respectively, while the Government Security Regulator sub-programme received a substantial nominal increase of 16.21 per cent. The sub-programme provides for security regulations and evaluation, the administration of national key points, and strategic installations. The Static Protection sub-programme received a substantially deduced allocation from R1.2 billion in 2020/21 to R1.1 billion in 2021/22, which is a nominal decrease of 6.28 per cent and real decrease of 10.06 per cent.

Table 15: Protection and Security Services: Difference between 2020/21 and 2021/22 budget allocation

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R million	2020/21	2021/22				
VIP Protection	1 689.7	1 716.0	26.3	- 42.9	1.56 per cent	-2.54 per cent
Static and Mobile Security	1 224.5	1 147.6	- 76.9	- 123.2	-6.28 per cent	-10.06 per cent
Government Security Regulator	76.5	88.9	12.4	8.8	16.21 per cent	11.53 per cent
Operational Support	273.0	279.4	6.4	- 4.9	2.34 per cent	-1.78 per cent
TOTAL	**3 263.7**	**3 232.0**	**- 31.7**	**- 162.0**	**-1.0 per cent**	**-4.96 per cent**

Source: National Treasury (2021)

The table below shows that the proportional allocation made towards the VIP Protection Services sub-programme increased with 1.32 per cent while that of the Static Protection sub-programme decreased with 2.01 per cent in 2021/22 compared to the previous financial year.

Table 16: Percent of total Protection and Security Services Programme budget per sub-programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	**2020/21**		**2021/22**		
VIP Protection Services	1 689.7	51.77 per cent	1 716.0	53.09 per cent	1.32 per cent
Static Protection	1 224.5	37.52 per cent	1 147.6	35.51 per cent	-2.01 per cent
Government Security Regulator	76.5	2.34 per cent	88.9	2.75 per cent	0.41 per cent
Operational Support	273.0	8.36 per cent	279.4	8.64 per cent	0.28 per cent
TOTAL	**3 263.7**	**100.00 per cent**	**3 232.0**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

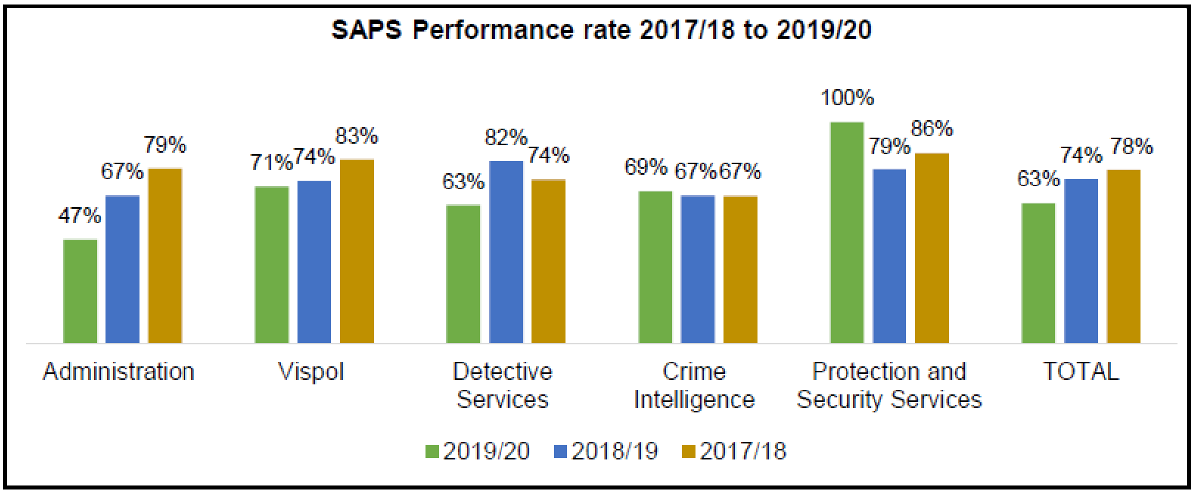
3.5 PERFORMANCE ANALYSIS

3.5.1 Previous performance (2017/18 to 2019/20)

The figure below shows a declining performance rate in the Administration and Visible Policing Programmes over the past three financial years. Similarly, the overall performance of the Department has declined over the past three financial years from an achievement rate of 78% in 2017/18, to 74% in 2018/19 and 63% in 2019/20. The Administration Programme shows the most significant decline. The Detective Services Programme and the Protection and Security Services Programme shows erratic performance over the past three financial years. While the Protection and Security Services Programme's performance increased from 79% in 2018/19 to 86% in 2019/20, the Detective Services recorded a significant decline in performance in 2019/20 compared to the previous financial year (2018/19: 83%; 2019/20: 63%).

The Crime Intelligence Programme is the only programme that recorded steady performance with a slight improvement in 2019/20 from an achievement rate of 67% in 2018/19 to 69% in 2019/20.

Table 17: SAPS Performance Rate 2017/18-2019/20



Annual Performance Plan (APP) performance indicators per Programme

3.5.2 Administration Programme

Programme objective: To regulate the overall management of Department and provide centralised support services

Performance indicators: The Administration Programme has identified 21 performance indicators for the 2021/22 financial year. There are no new performance indicators and few indicators were amended. The performance indicators include:

1) Number of SAPS-owned firearms reported as stolen/lost: Target to reduce by 10% from 564 to 508 in 2021/22.
2) The number of new police stations established, as per the SAPS Infrastructure Development Programme. The target was increased from two police stations to three police stations in 2021/22.
3) The number of mobile contact points procured (a mobile contact point is defined as a structure built on a chassis cab truck for the purpose of being utilised as a mobile access point for the provisioning of policing services) remains unchanged at 15 in 2021/22 compared to the previous financial year.
4) Number of identified digital radio communication infrastructure sites modernised and implemented: The target for the number of identified digital radio communication infrastructure sites modernised and implemented (high sites) was decreased from 129 in 2020/21 to only four in 2021/22.
5) Number of identified National Network Communication Infrastructure sites modernised and implemented: The target for the number of identified National Network Communication Infrastructure sites modernised and implemented – Wide Area Network (WAN) Sites was decreased from an estimated 173 sites to 90 sites. It is important to note that in 2019/20, no WAN Sites were established.
6) Percentage of learners assessed and declared competent upon completion of specified training in prioritised training areas: Crime Prevention: Target of 97% of learners assessed and declared competent.
7) Percentage of learners assessed and declared competent upon completion of specified training in prioritised training areas: Crimes committed against women and children: Target of 97% of learners assessed and declared competent.
8) Percentage of learners assessed and declared competent upon completion of specified training in prioritised training areas: Crime Investigations: Target of 97% of learners assessed and declared competent.
9) Percentage of learners assessed and declared competent upon completion of specified training in specialised capabilities: Public Order Policing: Target of 97% of learners assessed and declared competent.
10) Percentage of learners assessed and declared competent upon completion of specified training in specialised capabilities: Forensic Science: Target of 97% of learners assessed and declared competent.
11) Percentage of learners assessed and declared competent upon completion of specified training in specialised capabilities: Crime Intelligence: Target of 97% of learners assessed and declared competent.
12) Percentage of learners assessed and declared competent upon completion of specified training in specialised capabilities: Cybercrime: Target of 97% of learners assessed and declared competent.

13) Percentage compliance with the SAPS' Ethics and Integrity Plan: Target of 100% compliance within the prescribed timeframes in 2021/22.
14) Percentage of IPID-related cases finalised within the prescribed timeframe. Target remains unchanged in 2021/22 at 90% of cases finalised within 60 calendar days.
15) Number of incidents of unauthorised expenditure: Target to record zero incidents of unauthorised expenditure. In 2019/20, the Department did not report any unauthorised expenditure.
16) Percentage decrease in the number of incidents of confirmed irregular expenditure: In 2020/21, the Department included the reduction in the number of incidents of confirmed irregular expenditure and fruitless and wasteful expenditure by 5 per cent each. However, the targets were increased to 67.5 per cent and 70 per cent, respectively to align to Circular 30 of 2020 as issued by the Department of Public Service and Administrative on 30 August 2020, in order to achieve a 75 per cent reduction by the end of 2024/25.
17) Percentage decrease in the number of incidents of fruitless and wasteful expenditure: In 2020/21, the Department included the reduction in the number of incidents of confirmed irregular expenditure and fruitless and wasteful expenditure by 5 per cent each. However, the targets were increased to 67.5 per cent and 70 per cent, respectively to align to Circular 30 of 2020 as issued by the Department of Public Service and Administrative on 30 August 2020, in order to achieve a 75 per cent reduction by the end of 2024/25.
18) Percentage of audits completed in terms of the Internal Audit Plan: Target remains unchanged at 100%.
19) Percentage of planned forensic investigations finalised: Target remains unchanged at 100%. Note that the forensic investigations are those conducted within the SAPS by the Internal Audit Component.
20) Percentage of inspections executed in terms of the approved Inspection Plan: Target remains unchanged at 100% (231 inspections).
21) Implemented SAPS Corporate Governance Framework: Target to implement the Framework by 31 March 2022.

3.5.3 Visible Policing Programme

Programme objective: Discourage all crimes by providing a proactive and responsive policing service that will reduce the levels of priority crime.

Performance indicators: The Visible Police Programme has identified 24 performance indicators, with no new performance indicators. However, the targets of several performance indicators have been reduced and one indicator, namely the establishment of functional strategic partnerships, was removed in the Crime Prevention sub-programme.

The Crime Prevention sub-programme has 15 performance indicators, including -

1) Number of stolen, lost and illegal firearms recovered: The target for the number of stolen, lost and illegal firearms recovered was reduced from an estimated target of 3 606 to 1 930 in 2021/22, which is ascribed to lockdown levels 5 and 4 during which the movement of persons and goods was severely restricted. According to the SAPS, the

estimated performance has been used to inform target-setting, as the impact of COVID-19 in 2021/22 cannot be predicted. The actual performance on this target in 2019/20 was 4 204 firearms recovered and the estimated performance in 2020/21 is 1 911 recovered firearms.

2) Number of identifiable stolen/lost SAPS-owned firearms recovered: Target to increase the recovery with 10% to 593 firearms.
3) Percentage of applications for new firearm licenses finalised within 120 working days: Target to finalise 90% of applications within 120 working days. There is currently a significant backlog in the finalisation of applications. For instance, the SAPS received 81 318 firearm license applications during the 2019/20 and 2020/21 firearm amnesties, of which only 2 339 applications were finalised, leaving 78 979 applications outstanding.
4) Percentage of identified illegal liquor outlets closed: The target for the percentage of identified illegal liquor outlets closed remains unchanged at 100%. According to the SAPS, the output of this indicator will contribute significantly to the reduction of GBVF at local level.
5) Percentage reduction in the number of reported contact crimes: The target for the percentage reduction in the number of reported contact crimes is set at a reduction of 7.48% over the medium-term. It is expected that the target will be achieved in 2020/21 (575 696 reported cases), which will be largely attributed to the impact of the national lockdown. However, it is unlikely that such reduction will be maintained in 2021/22 (reduced to 532 634 cases), as the target has been repeatedly missed since 2017/18.
6) Percentage reduction in the number of reported contact crimes at the Top 30 High Contact Crime Weight Stations: Target remains unchanged at -7.42%, however in numbers, the aim is to reduce contact crimes to 80 761 in 2021/22.
7) Research Unit | Budget and APP Analysis of SAPS 2021/22 Page 23 of 33
8) Number of escapees from police custody: Target to decrease the number of escapes from custody by 2% from 537 to 526 escapes in 2021/22.
9) Number of stolen/robbed vehicles recovered: The target for the number of stolen/robbed vehicles recovered will be maintained at 25 352 in 2021/22 and across the medium-term. The target and estimated performance in 2020/21 were significantly affected by the national lockdown and restriction in movements during levels 5 and 4.
10) Percentage of police stations rendering a victim friendly service to victims of crime, including GBVF: The target remains at 100% of functional police stations. The SAPS has continuously reported a full achievement of this target, however, in 2020 the Civilian Secretariat for Police Service conducted an audit of police stations and found that only 66% of police stations had Victim Friendly Rooms (VFRs) that are functional and resourced, 24% of stations had VFRs which are functional but not fully resourced and that 10% of stations did not have VFRs or in stations where there was a room, they were not functional as were being used as additional office or storage space.
11) Percentage reduction in the number of reported contact crimes against women (18 years and above): The target remained unchanged at a reduction of 6.9%, however Members should note that although the percentage remains the same, the number of crimes

decreases. In 2021/22, the SAPS aims to reduce the number of contact crimes against women to 148 225.

12) Percentage reduction in the number of reported contact crimes against children (below 18 years): The target remained unchanged at a reduction of 6.73%, however Members should note that although the percentage remains the same, the number of crimes decreases. In 2021/22, the SAPS aims to reduce the number of contact crimes against children to 36 839.
13) Percentage of police stations that have functional Community Police Forums: The target remains unchanged at 99.57% (1 148 of 1 152 police stations).
14) Number of Provinces in which the Community-in-Blue Concept has been initiated: Target increased from implementation in three provinces to six provinces by 31 March 2022. The target forms part of the MTSF.
15) Number of Provinces in which the Traditional Policing Concept has been implemented: In 2021/22, the SAPS will implement the concept in one province.
16) Number of cities and towns in which the implementation of the Safer Cities Framework has been initiated: The Framework will be implemented in 10 cities/towns.

The **Specialised Interventions and Border Security** sub-programme has nine performance indicators. The majority of performance indicators in the Border Security sub-programme revolve around crime-related hits reacted to because of the Movement Control System (MCS) and the Enhanced Movement Control System (EMCS) on wanted persons and circulated stolen or robbed vehicles. The other performance indicators aim to search 100% of profiled vehicles at land ports, containers at sea ports and cargo consignments at airports for illegal facilitation of persons, contraband, illicit goods and/or stolen/robbed property. The Programme's performance indicators include –

1) Percentage of peaceful crowd management incidents policed: Target remains unchanged at 100%.
2) Percentage of unrest crowd management incidents stabilised: Target remains unchanged at 100%.
3) Percentage of medium to high-risk incidents responded to, in relation to requests received: Target remains unchanged at 100%.
4) Percentage of identified illegal mining operations responded to, in relation to medium to high-risk requests received: Target remains unchanged at 100%. The indicator is included in the MTSF and is a priority of the 2021 SONA. The reduction of illegal mining is a joint responsibility between the SAPS and the Department of Minerals and Energy. The output involves other SAPS Divisions, notably the DPCI.
5) Percentage of crime-related hits reacted to as a result of the Movement Control System (MCS) and Enhanced Movement Control System (EMCS) on wanted persons: Target remains unchanged at 100%.
6) Percentage of crime-related hits reacted to as a result of the MCS and EMCS on circulated stolen or robbed vehicles: Target remains unchanged at 100%.
7) Percentage of profiled vehicles at land ports searched for the illegal facilitation of persons, contraband, illicit goods and/or stolen robbed property: Target remains unchanged at 100%.

8) Percentage of profiled containers at sea ports searched for illegal facilitation of persons, contraband, illicit goods and/or stolen robbed property: Target remains unchanged at 100%.
9) Percentage of profiled cargo consignment at airports searched for illegal facilitation of persons, contraband, illicit goods and/or stolen robbed property: Target remains unchanged at 100%.

3.5.4 Detective Services Programme

Purpose: Enable the investigative work of the SAPS, including providing support to investigators in terms of forensic evidence and criminal records.

Programme objective: To contribute to the successful prosecution of offenders by investigating and analysing evidence.

Performance indicators: The Detective Services Programme has 29 performance indicators in total, of which most are located in the Crime Investigations sub-programme (14 indicators).

The Crime Investigation sub-programme has 14 performance indicators, of which most targets have been increased in the 2021/22 financial year. The performance indicators are –

1) Percentage increase in the detection rate for contact crimes: Target increased from 55.47% to 55.7%.
2) Percentage increase in the detection rate for contact crimes at the 30 High Contact Crime Weight Stations: Target increased from 35.5% to 40%.
3) Percentage reduction of outstanding case dockets related to contact crimes older than 3-years finalised: Target increased from 14.7% to 14.97%.
4) Percentage reduction of outstanding wanted persons for contact crimes already circulated at the 30 High Contact Crime Weight Stations finalised: Target increased from 10.25% to 10.5%.
5) Percentage increase in the detection rate for crimes against women (18 years and above): Target increased from 75.15% to 75.25%.
6) Percentage increase in the detection rate for crimes against children (below 18 years): Target increased from 70.1% to 70.15%.
7) Percentage of identified drug syndicates neutralised with arrests: Target increased from 50% to 60% in 2021/22
8) Percentage increase in the number of arrests for dealing in illicit drugs: Target remained unchanged at 5%.
9) Percentage of identified organised criminal groups neutralised with arrests: Target increased from 50% to 60% in 2021/22.
10) Percentage increase in compliance with the taking of buccal samples from schedule 8 arrested offenders: Target increased from 60% to 70%. However, the SAPS APP added a ‘disclaimer’ on this target by stating that the Division Detective Services is reliant on

the availability of buccal sample kits at police stations, which are procured by the Division: Supply Chain Management, for distribution by the offices of the Provincial Commissioners.

11) Percentage reduction of outstanding person-to-crime DNA investigative leads finalised. The target was increased significantly from an estimated performance of 5% in 2020/21 to 17% in 2021/22.
12) Percentage reduction of outstanding crime-to-crime investigative leads finalised: Target increased from 5% to 5.8%.
13) Percentage reduction of outstanding fingerprint investigative leads finalised: Target increased from 5% to 6.7%.
14) Percentage reduction of outstanding Integrated Ballistics Identification System (IBIS) investigative leads finalised: Target increased significantly from 5% to 13.3%.

The **Criminal Record Centre and Forensic Science Laboratory sub-programme** has seven performance indicators to improve the processing of fingerprint searches and maintenance of criminal records, and to enhance the processing of forensic evidence and forensic intelligence case exhibits. None of the targets was increased in 2021/22 compared to the previous financial year. The Programme's indicators are –

1) Percentage of results of trial updated in respect of the following: Guilty verdict: Target remained unchanged at 95% of results updated within 20 calendar days.
2) Percentage of results of trial updated in respect of the following: Not guilty verdict. Target remained unchanged at 95% of results updated within 20 calendar days.
3) Percentage of original previous conviction reports generated: Target remains unchanged at 95% of reports generated within 15 calendar days.
4) Percentage of routine case exhibits (entries) finalised: Target remains unchanged at 75% of exhibits processed within 35 calendar days.
5) Percentage of non-routine case exhibits (entries) finalised: Target remains unchanged at 70% of exhibits processed within 113 calendar days.
6) Percentage of case exhibits (entries) not yet finalized exceeding the prescribed periods: Target remains unchanged for the backlog not exceeding 10% of registered case exhibits.
7) Percentage of Ballistics Intelligence (IBIS) case exhibits (entries) finalised. Target remains unchanged at 95% finalisation within 35 calendar days.
8) Percentage of Biology Deoxyribonucleic Acid (DNA) Intelligence case exhibits (entries) finalised: Target remains unchanged at 80% processed within 90 calendar days.

3.5.5 Directorate for Priority Crime Investigation (DPCI)

The **Directorate for Priority Crime Investigations (DPCI)**, commonly known as the Hawks is located as a Directorate within the SAPS under the Specialised Investigations sub programme.

Performance indicators: The DPCI has seven performance indicators. All targets related to reducing levels of serious corruption in the public and private sectors in order to improve perceptions of fraud and corruption were increased in 2021/22 compared to the previous financial year. The programme's performance indicators include:

1) Percentage of trial-ready case dockets for serious corruption within the public sector: Target increased from 50% to 65%.
2) Percentage of trial-ready case dockets for serious corruption within the private sector: Target increased from 50% to 65%.
3) Percentage of trial-ready case dockets for serious corruption within the JCPS Cluster: Target increased from 50% to 65%.
4) Percentage of registered serious organised crime project investigations successfully closed: The target remained unchanged at 72%.
5) Percentage of identified clandestine laboratories dismantled with arrests: The target remained unchanged at 90%.
6) Percentage of trial-ready case dockets for serious commercial crime: The target remained unchanged at 65%.
7) Percentage of serious cyber-related crime support case files successfully investigated within 90 calendar days: The target increased from 60% to 65% in 2021/22.

3.5.6 Crime Intelligence Programme

Purpose: Manage crime intelligence, analyse crime information, and provide technical support for investigations and crime prevention operations.

Programme objective:

- To gather crime intelligence in support of the prevention, combating and investigation of crime.
- To collate, evaluate, analyse, coordinate and disseminate intelligence for the purpose of tactical, operational and strategic utilisation.
- To institute counter-intelligence measures within the South African Police Service.
- To prevent and fight crime through enhanced international cooperation and innovation on police and security matters.

Performance indicators: The following performance indicators and targets measure the effectiveness of the Crime Intelligence Programme -

The Crime Intelligence Programme has 12 performance indicators to enable intelligence-led policing, effectiveness of counter-intelligence measures instituted by the SAPS and enhanced external cooperation and innovation on police reform and security matters to prevent and fight crime.

The conducting of security assessments, including the vetting of members, is one of the most basic defensive measures in the protection of classified and confidential information and counter-intelligence strategies. However, the targets for the 2021/22 performance indicators were reduced significantly -

- The target for the completion of security clearances finalised, in relation to the total planned annually was reduced from 100 per cent to 50 per cent (577 from 1 154) in 2021/22.
- The target for the percentage of ICT security assessments finalised in relation to the total planned annually was reduced from 100 per cent to 50 per cent (1 185 from 2 370) in 2021/22.
- The target for the finalisation of mandatory physical security assessments finalised was revised to specify that these assessments are "overt", thus done openly.

In terms of the above, a key performance indicator measuring the Percentage of security awareness programmes conducted in the SAPS was removed and not included in the 2021/22 APP.

The Crime Intelligence Programme relies on network operations to enable intelligence-led activities. In 2021/22, the Programme will successfully terminate 60.85 per cent (415 from a total of 876 network operations planned) of network operations. This target was reduced from 65.07 per cent in 2020/21 to 60.85 per cent in 2021/22. Network operations are operations undertaken by Crime Intelligence on Provincial and Cluster level to gather intelligence/information so that a situation can be better understood or to generate intelligence/information on criminal organisations, groups or individuals that could be turned into evidence for use in a court of law. The performance on this indicator has been good in past years.

3.5.7 Protection and Security Services Programme

Purpose: Provide protection and security services to all identified dignitaries and government interests.
Programme Objective: Minimise security violations by protecting foreign and local prominent people and securing strategic interests.

Performance indicators: The following performance indicators and targets measure the effectiveness of the Protection and Security Services Programme of the SAPS –

The Programme has four sub-programmes as per the budget, but the performance indicators are delineated into only two sub-programmes, namely the Protection and Security Services sub-programme and Presidential Protection Services sub-programme. The other two sub-programmes Government Security Regulator and Operational Support, have no performance indicators assigned to them despite the sub-programmes receiving a budget allocation.

The performance indicators of the Protection and Security Services sub-programme aim to have zero security breaches during in-transit protection and at identified government installations and identified VIP residences. VIPs include Ministers, Deputy Ministers, Premiers, Speakers, Deputy Speakers, Members of Executive Councils (MECs), Chief Justice and Deputy Chief Justice, Judge President and ad hoc VIPs, whose status is determined by the Risk Information Administration System (RIMAS) policy.

The sub-programme further measures the percentage of strategic installations audited (49 per cent/122 of 249) and evaluation of National Key Points (NKPs), targeted at 100 per cent (209 evaluations).

The performance indicators of the Presidential Protection Service sub-programme aims to have zero security breaches during physical protection of the President, Deputy President, former Presidents, former Deputy Presidents, their spouses and other identified VIPs including foreign Heads of State and former Heads of State/Government and their spouses. The sub-programme further aims to have zero security breaches at identified government installations occupied by identified protected VIP principals in terms of Cabinet Memorandum 1A of 2004, RIMAS and the Presidential Handbook, by virtue of their public office or strategic importance to the country. The Presidential Protection Service sub-programme will evaluate 10 NKPs during 2021/22.

SERVICE DELIVERY IMPROVEMENT PLAN

Regulation 38 of the Public Service Regulation, 2016 provides that the Minister must establish and maintain a Service Delivery Improvement Plan (SDIP) that is aligned to the Department's Strategic Plan, specifying the main services that must be improved. In 2020/21, the SAPS finalised the development of its five-year SDIP and most areas were incorporated in the APP. The key services, as identified by the SAPS include:

Key Service 1: Provide police assistance to clients who lodge complaints:

- 95% of all Police Stations to display Service Delivery Charters, in the approved format.
- 100% of all Divisions and Components display Service Delivery Charters, in the approved format.
- 80% of all Police Stations to display a Suggestion Box.
- 80% of Police Stations respond to all suggestions in the Suggestion Box, within the prescribed period.
- 80% of all Police Stations to implement the Floor Marshall Concept. This action applies to all police stations and is meant to accommodate all clients' needs by prioritising the services that a client wants from the SAPS. Disabled, pregnant and elderly clients should be afforded priority.

Key Service 2: Provide basic support to the victims of crime:

- Implement the Action Plan for the Policing of People with Disabilities, at 60% of all Police Stations.
- Implement the minimum requirements for Victim Friendly Facilities at one Police Station, per Province, including wheel chair ramp, holding rails, disabled ablution facilities, and disabled parking bay.

Key Service 3: Provide police initiated services to communities:

- 100% of identified SAPS vehicles with SAPS branding and blue lights.
- Establish Satellite Police Stations, in prioritised communities.

Key Service 4: Provide feedback to complainants/victims on reported cases:

- Implementation of ICDMS enhancements to 50% of complainants/victims who report cases.
- Roll-out the MySAPSApp to all stations and CPF structures regarding: Phases 2 and 3 functionality.
- Reduction in the number of categorised service complaints against the SAPS.

Key Service 5: Provide support on service delivery improvement and organisational transformation programmes:

- 100% Frontline Service Delivery Monitoring (FSDM) Improvement Plans finalised
- Map and optimize three identified services for the Community Service Centre
- Implement approved Service Delivery Improvement Plans, at 75% of all Police Stations
- Implement approved Service Delivery Improvement Action Plans at 100% (9 of 9) Provinces
- Implement approved Service Delivery Improvement Action Plans, at 100% (24 of 24) Divisions and Components
- Conduct one learning network, per Province, per year
- Conduct two learning networks, with Divisions and Components, per year.

4. COMMITTEE OBSERVATIONS

The Committee made the following observations during the 2021/22 SAPS budget, APP and Strategic Plan hearing:

Compensation of Employees

The Committee questioned the high percentage of budget allocation on the Compensation of Employees of 78% and stated that it was too high. While police officers should be adequately compensated and such compensation should be market related, as officers worked hard, the figure on the overall budget was much too high. This, as there are other operational areas such as the Visible Policing programme where the budget should be spent.

Budget Cuts
The Committee noted that the core delivery programme of the SAPS will be negatively affected with respect to the Visible Policing programme as far as staffing is concerned. There appears to be a shift from the core service delivery programmes and the Committee pointed out that the SAPS will have problems taking policing to communities as a result. Members wanted to know what plans the SAPS has to make provision for the impact of the budget cuts.

Restructuring of the SAPS
The Committee questioned the announcement by the National Commissioner that the SAPS has engaged in restructuring process. During the announcement by the National Commissioner, he stated that certain units and divisions have merged and he has appointed new people to head these Divisions. The Committee pointed out that the practise was that the SAPS should have first consulted the Committee and provided the details of the restructuring process prior to making the announcement of promotions in the Committee. The Committee questioned why there was no prior information made available to it. The members raised their concerns that the top management structure was top-heavy with too many generals.

New Police Stations
The Committee questioned the pace of the police station building programme and questioned whether new police stations were to be built in the Bethelsdorp in the Eastern Cape, Makapanstad and Ga Moeka in the North West Provinces. Members commented on the slow processes that is unfolding with respect to the building of police stations around the country.

Firearms Permit System
The Committee questioned the fact that the Firearm Permit System was not operational and that the proposed reduced targets of tracking lost or stolen police firearms could therefore not be not reliable. The Committee was concerned that the SAPS did not have a functional system that could detect when lost their firearms, or had it stolen. Members also questioned how the fact that the system was offline impacted on the tracing of stolen firearms.

Central Firearms Registry
The Committee expressed its serious concerns about the dysfunctionality of the Central Firearms Registry (CFR) and the fact that members of the public are waiting for up to two years and more for their licence applications and renewals to be processed. Committee members pointed out that the fact that it was taking so long for firearm applications to be processed created the impression that the SAPS did not want people to own firearms.

SAPS Training Academies
The Committee noted that the SAPS Training Academies were closed and wanted information on the state of the SAPS Training Academies. There were previous reports of people being turned away from the academies and Members wanted to know what the reasons were and whether the training academies were functional with their curriculum, intake and maintenance.

Financial Disclosures
The Committee wanted to know what the compliance level of financial disclosures on remunerated work and outside financial interest for members of the SAPS senior management were. Members questioned what steps were being taken against such senior managers where they failed to comply and whether the Integrity and Ethics regulations applied to all staff.

Perception of crime
The Committee pointed out that even though the levels of certain violent crimes have bene decreasing, the perception of the public was that crime levels were increasing. Members wanted to know whether the SAPS have taken the interactions, priorities and recommendations of the Portfolio Committee on Police into account when formulating their strategies to fight crime.

Auditor General Recommendations
The Committee pointed out that there has been a slow response to the Auditor-General recommendations and the implementation thereof. There were reports of corruption and the SAPS have received qualified audit opinions in the past and the Committee wanted to know to what extent the Internal Audit section was assisting the SAPS in implementing the AG recommendations to prevent further qualified audit opinions. The Committee pointed out that it did not want to see further qualified audit opinions.

Gender Based Violence
The Committee noted that out of 4000 Gender Based Violence cases at the Forensic Science Laboratory, only 130 were attended to. This was concerning and Members questioned what the plans were to address the backlog as GBV cases are a priority and the SAPS should treat it as such.

Declining Training Performance
The Committee noted that the performance of the SAPS, with respect to training, has declined and that the intake of new candidates was suspended the previous year due to the COVID-19 pandemic. However, there were candidates that were absorbed into the permanent ranks of the police without completing the training. Members wanted to know on what basis they were employed as police officers and whether they were going to complete their training and how many were going to be trained.

Shift System at CFR
The Committee proposed that due to the method of rotation systems at the Central Firearms Registry, that the output has been very slow. The Committee proposed that the SAPS considers implementing a shift system that would be more effective. It was clear that the CFR will not catch up with the backlog under the current rotation system and in view of the recent court case on the Green Licences, the SAPS has to implement a better system.

New Police Reservists
The Committee noted that the National Commissioner informed the new reservists uptake plan and the deployment of a special Traditional, Tourist and Royal Reservist units. The Committee

indicated that it wanted a full briefing with all the details on the recruitment, trainings and deployment for such reservist deployments. A special Committee briefing will be arranged for the Committee to receive those details.

SAPS Responses

The SAPS National Commissioner responded by indicating that new police stations will be built in Mabisekraal and Riemvasmaak. The SAPS have employed the Capital Building Strategy, which it uses to build police stations, and the Service Delivery Access Strategy which do not allow the Department to focus on station building. In this regard, the department has repeated the Service Delivery Access Strategy because of the growth of informal settlements. Given the rapid spread of the informal settlements across the country, the department required a swift response as the Service Delivery Access strategy includes satellite and mobile police stations. This will be mitigated by technology solutions.

As far as the structure of the SAPS was concerned, the National Commissioner admitted that the management structure of the Department is top-heavy and they have introduced a turnaround vision. He indicated that the restructuring was already in place when he took office. The department did not have the opportunity to brief the Committee, but that they would do so as it would be an advantage. He agreed with the Committee that the top structure of the SAPS is top heavy and that it should be scaled down.

The Visible Policing Programme budget cuts are the biggest and deepest cut in the Department and this was raised with National Treasury with respect to its impact on policing. A number of interventions have been introduced, such as the reviewing of the personnel plan. The Department has decided to enhance the force-multipliers by increasing reservists. In this respect, the Department has introduced new categories, such as the Royal Reserve Force, the Tourist Police Service and the Community-in-Blue added to the Traditional Policing concept. The investment in the Safer Cities approach was to invest in technology to increase and enhance visibility. The investigations environment has been supported by the re-installation of the Year of Detectives together with the re-introduction of the cold cases unit.

An urgent plan was developed to hold different Divisions and units accountable for the CFR. Given that only 50% of the staff is on duty because of the COVID-19 pandemic, there will be an impact on the processing firearms. The Department stated that during the last two amnesties, firearms were surrendered in big numbers and in the last months, SAPS received in excess of 30 000 firearms.

The processing of firearms takes times because the members must exercise due diligence when processing firearm applications. It requires a lot of work from the Designated Firearm Officers before it could be sent to Head Office. During the last firearm amnesty, for the period 1 April 2020 to 31 March 2021, SAPS received 185 626 applications and finalised 65 082. A total of

5572 are firearms that were handed in during the amnesty period and the 123 544 being processed excludes competency certificates.

The SAPS pointed out that the Firearm Amnesty has come and gone and if there was anyone who could not hand in the firearm during the amnesty, that person is in unlawful possession of the firearm. The Minister has asked for a process of new amnesty, but that they were still capturing the old amnesty applications. As far as the Firearm Permit System was concerned, it was switched off some time ago, but that the Department has resorted to a manual system at each station, which is written into the daily schedule.

The Department acknowledged that there were people waiting for a period of longer than two years for their firearm licenses and that there were various reasons for this. One of the reasons were that people do not submit the correct information; the issue of overtime and rotation at the CFR in view of the shortage of personnel; and the fact that they are using a manual system as the paper has to physically transported the CFR. There are efforts to capacitate the CFR with staff.

The National Commissioner indicated that the SAPS is working with the State Information Technology Agency (SITA) on the Firearms Permit System and that he has issued directives on the semi-centralisation of the DFO offices until the National Head office is able to stabilise the CFR. This will allow the burden of applicants being shifted from the PC on Police. The results of the organisational development study will be received shortly so that the CFR is stabilised.

5. PORTFOLIO COMMITTEE RECOMMENDATIONS

The Portfolio Committee makes the following recommendations:

1. The Committee recommends that the SAPS review the Compensation on Employees budget targets with respect to the retaining the emphasis on core service delivery areas such as visible policing where there is a great decline in the budget. The Committee emphasised that the management structure is top heavy and the budget should be cut in this area.

2. The Committee recommends that the SAPS provide a report on the implementation of AGSA recommendations and the role that the Internal Audit plays with respect to the implementation of AGSA recommendations. The Committee expects the SAPS to have no repeat qualifications in the new AGSA recommendations.

3. The Committee recommends that the SAPS makes available a report on the compliance with all financial disclosures of all SMS members. The report should include the sanctions against those who have not complied.

4. The Committee recommends that the SAPS briefs the Committee with respect to the restructuring process announced in the Committee budget hearings. The required information on the changes must be brought to the Committee for consideration and the Committee calls on the National Commissioner to make available all the necessary information.

5. The Committee recommends that the SAPS speed up the infrastructure programme to establish new police stations, and that the SAPS considers the requests for police stations in the Bethelsdorp, Makapanstad and Ga Moeka communities.

6. The Committee recommends that the SAPS implements an alternative technology solution to the expired Firearm Permit System (FPS) in collaboration with SITA and implement it as soon as possible to end the long waiting periods for applicants for firearm licences and renewals.

7. The Committee recommends that the SAPS capacitates the CFR with the necessary personnel as soon as possible to reduce backlogs and to strengthen the CFR. The Committee further recommends that all licence and renewal applications two years and over be given priority by the CFR.

8. The Committee recommends that the SAPS considers implementing a shift system at the CFR.

9. The Committee recommends that the SAPS provides a comprehensive report on the state of all SAPS training academies around the country. The report should include a breakdown of staff and qualifications, accredited training courses, staff intake numbers, budgets, maintenance and graduate numbers.

10. The Committee recommends that the SAPS provide a report on the reservists that were recruited into the SAPS personnel structure without having completed their training courses. The report should indicate what training modules have not been completed and what plans are for completing such training.

11. The Committee recommends that the SAPS reconsiders shifting budgets to core service delivery such as the Visible Policing programmes in order to deliver maximum services to victims of crime.

12. The Committee recommends that the SAPS provide a comprehensive report on the capacity of the Forensic Science Laboratories, including the backlog in analyses, and why the Gender Based Violence cases are not being processed. Further, the Department must report on the project plans to reduce the backlogs at the FSL.

13. The Committee recommends that the SAPS provide a briefing on the new policing approaches to the reservist police forces, particularly for Royal Reservist, Tourist

Reservists and the Community-in-Blue. The SAPS should provide the policy details to the Committee and indicate where it fits in with the National Strategic Plan.

5.1 Conclusion

The SAPS are experiencing severe challenges during the COVID-19 pandemic and the leadership of the SAPS has to use all available resources in the budget to ensure that crime, especially violent crime, is reduced. It does not augur well for the country when the leaders responsible for the safety of all people in the country are unable to effectively manage resources provided to them. In addition, the budget cuts will exacerbate the problems of resources for the management and the divisions and units that make up the SAPS.

The Committee is grateful for the interaction with the Minister, the Deputy National Minister and the National Commissioner and his team to bring the required co-operation in this time and their contributions are valued. However, much more must be done by the Department to win back public trust in public policing

The Committee will continue to monitor the SAPS implementation of its APP and Strategic Plan together with its budget spending. The Portfolio Committee on Police supports the budget of the Department of Police for 2021/22 and recommends that the Budget Vote 28 be adopted.

The DA and EFF reserved its rights with respect to adoption of the report.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON POLICE ON THE 2021/22 BUDGET VOTE 24, PERFORMANCE PLAN AND 2020 -2025 STRATEGIC PLAN OF THE INDEPENDENT POLICE INVESTIGATIVE DIRECTORATE (IPID), DATED 12 MAY 2021

The Committee examined the Budget and Annual Performance Plan (APP) for the 2021/22 financial year of the Independent Police Investigative Directorate (IPID). The Committee reports as follows:

1. INTRODUCTION

The IPID Act, 2011 (Act No 1 of 2011) gives effect to section 206(6) of the Constitution, which makes provision for the establishment of an independent police complaints body. The objectives of the IPID Act are to:

- Align provincial and national strategic objectives to enhance the functioning of the Directorate;
- Provide for independent and impartial investigation of identified criminal offences allegedly committed by members of the SAPS and the Municipal Police Services (MPS);
- Make disciplinary recommendations to the SAPS resulting from investigations conducted by the Directorate;
- Provide for closer cooperation between the Directorate and the Secretariat; and
- Enhance accountability and transparency of the SAPS and the Municipal Police Services in accordance with the principles of the Constitution.

The IPID Act provides the Directorate with an extended mandate which focuses on more serious crimes committed by members of the SAPS and the MPS. It further obliges the SAPS and the MPS to report on matters that must be investigated by the IPID and regarding the implementation of disciplinary recommendations made by the IPID upon the completion of investigations.

In terms of section 28 (1) of the Act, the Directorate is obliged to investigate:

a) Any deaths in police custody;
b) Deaths as a result of police actions;
c) Complaints relating to the discharge of an official firearm by any police officer;
d) Rape by a police officer, whether the police officer is on or off duty;
e) Rape of any person in police custody;
f) Any complaint of torture or assault against a police officer in the execution of his or her duties;
g) Corruption matters within the police initiated by the Executive Director, or after a complaint from a member of the public or referred to the Directorate by the Minister, a

Member of the Executive Committee (MEC) or the Secretary for the Police Service; and

h) Any other matter referred to the IPID as a result of a decision by the Executive Director or if so requested by the Minister, an MEC or the Secretary for the Police Service as the case may be.

Section 28 (2) further provides that the Directorate may investigate matters relating to systemic corruption involving the police. In terms of Section 30 of the IPID Act, the National Commissioner or the appropriate Provincial Commissioner must:

a) Within 30 days of receipt thereof, initiate disciplinary proceedings in terms of the recommendations made by the Department of Police and inform the Minister in writing, and provide a copy thereof to the Executive Director and the Secretary;

b) Quarterly submit a written report to the Minister on the progress regarding disciplinary matters made in terms of paragraph (a) and provide a copy thereof to the Executive;

c) Immediately on finalisation of any disciplinary matter referred to it by the Department of Police, to inform the Minister in writing of the outcome thereof and provide a copy thereof to the Executive Director and the Secretary.

1.1. Structure of the report

The Report provides an overview of the 2021/22 Budget Hearings of the IPID and is divided into the following sections:

- Section 1: Introduction. This section provides an introduction to this Report as well as a summary of meetings held during the hearings.
- Section 2: Strategic Priorities of the IPID for the 2021/22 financial year. This section provides a summary of the strategic focus areas for the IPID for the year under review.
- Section 3: IPID Budget and Performance targets for 2021/22. This section provides an overall analysis of the estimates of national expenditure of the IPID for the 2021/22 financial year. This section also provides a programme analysis of the IPID.
- Section 4: Committee observations. This section highlights selected observations made by the Portfolio Committee on Police on the annual performance targets and programme specific issues during the 2021/22 budget hearings and subsequent responses by the IPID.
- Section 5: Recommendations and additional information. This section summarises the recommendations made by the Portfolio Committee on Police, as well as the additional information requested from the IPID.
- Section 6: Conclusion. This section provides a conclusion to this Report.

1.2. Meetings held

The Committee received virtual briefings from the IPID on the Annual Performance Plan, Strategic Plan (2020-2025) and 2021/22 Budget on 5 May 2021. In past years, the Committee met with civil society organisations, but due to the short period from the constitution of the Committee in the 6th Parliament the tabling of the APPs and the Budget Vote, a new development with the outbreak of the COVID-19 pandemic changed our operating conditions.

The Committee was unable to meet in Parliament and all the engagements have been from virtual platforms, which limited the quality engagements which it is used to.

In addition, the time constraints under which we met created very little time for the Committee to hear inputs from civil society and academic experts in commenting on the Budget.

1.3 COVID-19 Pandemic

The President announced a lockdown of the nation on 23 March 2020 in order to prevent further infections of and spread of the Covid-19 Corona virus. The lockdown took effect on 26 March 2020. The terms of the lockdown period were declared in terms of the Disaster Management Act (57 of 2002), and the Regulations provides that the South African Police Service (SAPS) is supported by the South African National Defence Force (SANDF) and the Metro Police during the period of the lockdown. The period of the national lockdown was declared from 26 March 2020 - 16 April 2020 in terms of section 27 of the Disaster Management Act announced by the Minister of Co-operative Governance and Traditional Affairs in the Government Notice No. 398, published in the Government Gazette, No. 43148 on 25 March 2020. The lockdown period was subsequently extended by the Minister from month to month under different levels. The budget hearings occur at a time when the country is on Lockdown level 1.

The IPID has the mandate to investigate any police misconduct and that mandate applies even during the State of National Disaster and the lockdown period. The IPID mandate pertains as the lockdown does not presuppose a suspension of the Constitution and all the members of the SAPS and Metro Police are subject to the Constitutional provisions. This means that the rights of the public to human dignity as enshrined in the Constitution, remains intact and the right of people to be treated fairly must be respected. It also means that police officers should be held accountable for their actions during the period of the lockdown.

At the time of writing this report, the IPID has been affected by the COVID -19 pandemic and a total of 58 employees has been infected with the COVID virus with one (1) employee who have succumbed. There are 78 suspected cases with 121 recoveries.

It is clear that the COVID-19 pandemic has already impacted on the IPID operations and investigations as it directly affected the operational functionality of some of the provincial offices.

1.4 IPID Executive Director

The position of the Executive Director of IPID became vacant from 01 March 2019. Since then, the IPID had two acting Executive Directors. After several engagements on the appointment of the Executive Director, the Portfolio Committee adopted its report supporting the nomination of the new Executive Director by the Minister of Police on 22 July 2020. On 05 August 2020, the Minister of Police appointed Ms Jennifer Ntlatseng as the permanent Executive Director of the IPID. The 2021/22 financial year marks the first in year in which the Directorate has a permanent head in three years.

The issue of the leadership of the IPID was a source of instability and non-performance of the IPID during the 2020/21 year and the Committee raised its concerns prior to the appointment of the new Executive Director of the Department. The Committee noted in its Budget Review and Recommendations Report (BRRR) that the post was vacant for more than a year and a half and that the Minister should provide the Committee with a comprehensive report outlining the reasons why it has taken so long to appoint the Executive Director. The Committee is yet to receive the report.

The appointment of the Executive Director has provided IPID with the opportunity to regain lost ground and right the department.

2. KEY STRATEGIC PRIORITIES

IPID has tabled the following key priorities in the 2021/22 Annual Performance Plan:

a) The finalisation of IPID Amendment Bill;
b) Strengthening of investigative capacity and refining processes to improve the quality of investigations;
c) Prioritisation of cases which will include GBV&F, rape, death, corruption and torture;
d) Full implementation of Section 23 of the IPID Act to comply with court orders;
e) Continuous implementation ICT key infrastructure projects;
f) Development and implementation of new strategies in line with the department's ten-point plan;
g) Strengthening of partnership through development and signing of an MoU with key stakeholders; and
h) Strengthening of internal control systems to ensure compliance with applicable legislation.

2.1 IPID Operating Environment

The IPID Act provided the Directorate with an extended mandate, which focuses on serious crimes committed by members of the SAPS and the MPS. It further obliges the SAPS and the MPS to report on matters for investigation by the IPID and the status of implementation of disciplinary recommendations made by the IPID upon the completion of investigations.

Section 28 (2) further provides that the Directorate may investigate matters relating to systemic corruption involving the police.
The Directorate had developed various new strategies for implementation during the 2021/22 financial year (and over the medium-term), including:

GBVF Strategy: The objective of the GBVF Strategy is to broaden access to justice for victims and survivors of violence; change social norms and behaviour through awareness raising and prevention campaigns; strengthen and promote accountability; and possibly create more economic opportunities for women who are vulnerable to abuse due to poverty.

Communications and Stakeholder Management Strategy: The objective of the Strategy is to strengthen relations with various critical stakeholders; educate the public on the Department's mandate; ensure marketing of the Department's mandate; manage perceptions about IPID; restore public trust and confidence on IPID's services and reassure the Department's commitment to promote respect for the rule of law and human dignity.

Youth Development Strategy: The Strategy aims to provide unemployed graduates and students with necessary workplace experience and skills that would contribute positively to their employment opportunities; create a pool of appropriately skilled and experienced prospective employees; create a platform for transfer of knowledge and skills to young people; and contribute towards the national agenda of youth development and creation of work opportunities to alleviate poverty.

Access and Rural Awareness Strategy: The aim of the Strategy is to establish and strengthen relations with rural communities; create awareness on the IPID's legislative mandate; and ensure active participation in the planning and the implementation of initiatives aimed at creating accessibility of IPID services.

According to the Directorate, the implementation of the above-mentioned strategies will amongst others ensure that attention is given to alleged police brutality, rape, torture, assaults, corruption as well as GBVF.

3. IPID BUDGET AND PERFORMANCE TARGETS FOR 2021/22

OVERALL BUDGET ALLOCATION

The IPID received a Main Appropriation of R348.3 million in 2021/22, which is a nominal increase of 2.1 per cent. However, taking into account inflation, the Directorate's allocation decreased by 1.98 per cent. The Administration Programme received an allocation of R101 million in 2021/22, which is a nominal increase of 12.35 per cent, or real increase of 7.82 per cent compared to the previous financial year. The Investigation and Information Management Programme received a Main Appropriation of R227.5 million, which is a nominal decrease of 2.15 per cent compared to the previous financial year. However, when considering inflation, the Programme's allocation decreased with 6.09 per cent. The Programme performs the core service delivery mandate, and as such, the decrease is concerning.

Table 1: Comparative changes in expenditure estimates by programme: 2020/21 to 2021/22

Programme	**Budget**		**Nominal Increase / Decrease in 2021/22**	**Real Increase / Decrease in 2021/22**	**Nominal Percent change in 2021/22**	**Real Percent change in 2021/22**
R million	**2020/21**	**2021/22**				
Administration	89.9	101.0	11.1	7.0	12.35 per cent	7.82 per cent
Investigation and Information Management	232.5	227.5	- 5.0	- 14.2	-2.15 per cent	-6.09 per cent
Legal and Investigation Advisory Services	6.0	6.4	0.4	0.1	6.67 per cent	2.37 per cent
Compliance Monitoring and Stakeholder Management	12.6	13.4	0.8	0.3	6.35 per cent	2.06 per cent
TOTAL	**341.0**	**348.3**	**7.3**	**- 6.7**	**2.1 per cent**	**-1.98 per cent**

Source: National Treasury (2021)

The Legal and Investigation Advisory Services Programme received a Main Appropriation of R6.4 million in 2021/22, which is a nominal increase of 6.67 per cent and real increase of 2.37 per cent compared to the previous financial year. The Compliance Monitoring and Stakeholder Management Programme received a Main Appropriation of R13.4 million in 2021/22, which is a nominal increase of 6.35 per cent and a real increase of 2.06 per cent compared to the previous financial year.

The Department's proportional allocation to Programmes changed in 2021/22 compared to the previous financial year. The most substantial change was an increased proportional allocation to the Administration Programme, which led to a decreased proportional decrease to the Investigation and Information Management Programme. The proportional allocation to the Administration Programme increased with 2.63 per cent, while that of the Investigation and Information Management Programme decreased with 2.86 per cent. Despite the decrease in its proportional allocation, the Investigation and Information Management Programme continues to receive the bulk of the Department's total allocation at 65.32 per cent thereof.

Table 2: Percent of total Department's budget per sub-programme

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R million	**2020/21**		**2021/22**		

Administration	89.9	26.36 per cent	101.0	29.00 per cent	2.63 per cent
Investigation and Information Management	232.5	68.18 per cent	227.5	65.32 per cent	-2.86 per cent
Legal and Investigation Advisory Services	6.0	1.76 per cent	6.4	1.84 per cent	0.08 per cent
Compliance Monitoring and Stakeholder Management	12.6	3.70 per cent	13.4	3.85 per cent	0.15 per cent
TOTAL	**341.0**	**100.00 per cent**	**348.3**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

The proportional allocation of the Legal and Investigation Advisory Services Programme increased slightly with 0.08 per cent and that of the Compliance Monitoring and Stakeholder Management Programme increased slightly with 0.15 per cent.

In terms of economic classification, the largest portion of funds is allocated to Current Payments at R342.4 million or 98.3 per cent of the Department’s total budget allocation for 2021/22. Of the total allocation to Current payments, R233.8 million goes towards Compensation of employees (68.2 per cent) and R108.6 million to Goods and services (31.7 per cent). The allocation for Payments to capital assets (Machinery and equipment) decreased from R5.5 million to R5.2 million in 2021/22. The allocation is expected to decrease with 3.6 per cent over the medium-term.
In 2021/22, R704 000 is allocated to Transfers and subsidies, of which R701 000 was allocated to the Safety and Security Sector Education and Training Authority (SASSETA). The allocation to Transfers and subsidies is expected to decrease with 4.2 per cent over the medium-term.

Table 3: IPID Budget Summary per programme and economic classification

	2021/22			
R million	**Total**	**Current payments**	**Transfers and subsidies**	**Payments for capital assets**
Administration	101.0	97.6	0.7	2.7
Investigation and Information Management	227.5	224.9	0.1	2.5
Legal and Investigation Advisory Services	6.4	6.4	-	-
Compliance Monitoring and Stakeholder Management	13.4	13.4	-	-
Total expenditure estimates	**348.3**	**342.4**	**0.8**	**5.2**

Source: National Treasury (2021)

At the end of December 2020, spending *on payments for capital assets* was below projections by R841 000. This low spending was mainly recorded on *machinery and equipment*, due to the delayed implementation of the ICT Infrastructure Plan experienced in the first half of 2020/21 as a result of lockdown restrictions. Spending related to the ICT infrastructure plan, which entails modernising the current ICT infrastructure to improve security and minimise the risk of cyber infiltration as well as the procurement of ICT equipment, was envisaged to improve in October 2020, but this did not materialise as the process to appoint the service provider was only finalised in January 2021. Therefore, given the late appointment of the service provider, spending in this regard is anticipated to improve in the fourth quarter of 2020/21.

3.1 PROGRAMME PERFORMANCE

Budget allocation per budget programme

3.1.1 Programme 1: Administration

The purpose of the Administration Programme is to provide for the overall management of the Independent Police Investigative Directorate and support services, including strategic support to the Department.

The Administration Programme received a Main Appropriation of R101 million in 2021/22, which is a nominal increase of 12.3 per cent and a real increase of 7.82 per cent compared to the previous financial year. The Department Management sub-programme received a Main Appropriation of R18.6 million in 2021/22, which is a nominal increase of 16.98 per cent. Considering inflation, the allocation increased by 12.27 per cent compared to the previous financial year.

Table 4: Budget allocation per sub-programme of the Administration Programme

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R million	**2020/21**	**2021/22**				
Department Management	15.9	18.6	2.7	2.0	16.98 per cent	12.27 per cent
Corporate Services	34.7	39.3	4.6	3.0	13.26 per cent	8.69 per cent
Office Accommodation	13.9	14.6	0.7	0.1	5.04 per cent	0.80 per cent
Internal Audit	4.9	5.7	0.8	0.6	16.33 per cent	11.64 per cent
Finance Services	20.5	22.7	2.2	1.3	10.73 per cent	6.27 per cent
TOTAL	**89.9**	**101.0**	**11.1**	**7.0**	**12.3 per cent**	**7.82 per cent**

Source: National Treasury (2021)

The Corporate Services sub-programme received a Main Appropriation of R39.3 million in 2021/22, which is a nominal increase of 13.26 per cent and real increase of 8.69 per cent compared to the previous financial year. The Office Accommodation sub-programme received a Main Appropriation of R14.6 million in 2021/22, which is a nominal increase of 5.04 per cent, which is a slight real increase of 0.80 per cent. The Internal Audit sub-programme received a Main Appropriation of R5.7 million in 2021/22, which is a substantial nominal increase of 16.33 per cent compared to the previous financial year. Considering inflation, the sub-programme's budget allocation increased by 11.64 per cent. The Finance Services sub-programme received a Main Appropriation of R22.7 million in 2021/22, which is a nominal increase of 10.73 per cent and a real increase of 6.27 per cent.

The table below shows only slight changes in the proportional allocation towards sub-programmes. The Corporate Services sub-programme continues to receive the bulk of the Programme's allocation (38.91 per cent), followed by the Finance Services sub-programme (22.48 per cent).

Table 5: Percent of total Administration Programme budget per sub-programme

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R million	**2020/21**		**2021/22**		
Department Management	15.9	17.69 per cent	18.6	18.42 per cent	0.73 per cent
Corporate Services	34.7	38.60 per cent	39.3	38.91 per cent	0.31 per cent
Office Accommodation	13.9	15.46 per cent	14.6	14.46 per cent	-1.01 per cent
Internal Audit	4.9	5.45 per cent	5.7	5.64 per cent	0.19 per cent
Finance Services	20.5	22.80 per cent	22.7	22.48 per cent	-0.33 per cent
TOTAL	**89.9**	**100.00 per cent**	**101.0**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

3.1.2 Programme 2: Investigation and Information Management

The purpose of the Investigation and Information Management Programme is to strengthen the Department's oversight role over the police service by conducting investigations, in line with the powers granted by the Independent Police Investigative Directorate Act No. 1 of 2011.

The Investigation and Information Management Programme received a Main Appropriation of R227.5 million in 2021/22, which is a nominal decrease of 2.2 per cent compared to the previous financial year. Considering inflation, the Programme's allocation decreased with 6.09 per cent. The Investigation Management sub-programme received a Main Appropriation of R12.7 million in 2021/22, which is a substantial nominal decrease of 32.45 per cent and a real decrease of 35.17 per cent compared to the previous financial year. The sub-programme's allocation is expected to decrease, on average, with 15.6 per cent over the medium-term. The Investigation sub-programme received a Main Appropriation of R205.5 million in 2021/22, which is a nominal decrease of 1.44 per cent and considering inflation, the allocation decreased with 5.41 per cent.

The Information Management sub-programme received a Main Appropriation of R9.3 million in 2021/22, which is a substantial nominal increase of 82.36 per cent and a real increase of 75 per cent. Over the medium-term, the sub-programme's allocation is expected to increase, on average, with 22.3 per cent.

Table 6: Budget allocation per sub-programme of the Investigation and Information Management Programme

Programme	**Budget**		**Nominal Increase / Decrease in 2021/22**	**Real Increase / Decrease in 2021/22**	**Nominal Percent change in 2021/22**	**Real Percent change in 2021/22**
R million	**2020/21**	**2021/22**				
Investigation Management	18.8	12.7	- 6.1	- 6.6	-32.45 per cent	-35.17 per cent
Investigation Services	208.5	205.5	- 3.0	- 11.3	-1.44 per cent	-5.41 per cent
Information Management	5.1	9.3	4.2	3.8	82.35 per cent	75.00 per cent
TOTAL	**232.5**	**227.5**	**- 5.0**	**- 14.2**	**-2.2 per cent**	**-6.09 per cent**

Source: National Treasury (2021)

The substantial decrease in the Investigation Management sub-programme's allocation led to changes in the proportional allocation of sub-programmes.

Table 7: Percent of total Investigation and Information Management Programme budget per sub-programme

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R million	**2020/21**		**2021/22**		
Investigation Management	18.8	8.09 per cent	12.7	5.58 per cent	-2.50 per cent
Investigation Services	208.5	89.68 per cent	205.5	90.33 per cent	0.65 per cent
Information Management	5.1	2.19 per cent	9.3	4.09 per cent	1.89 per cent
TOTAL	**232.5**	**100.00 per cent**	**227.5**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

The Investigation Management sub-programme's proportional allocation decreased with 2.5 per cent compared to the previous financial year. Although the allocation of the Investigation sub-programme decreased, the sub-programme continues to receive 90.33 per cent of the Programme's total budget allocation.

3.1.3 Programme 3: Legal and Advisory Services

The purpose of the Programme is to manage and facilitate the provision of investigation advisory services and provide legal, civil and labour litigation services.

The Legal and Investigation Advisory Services Programme received a Main Appropriation of R6.4 million in 2021/22, which is a nominal increase of 6.7 per cent and a real increase of 2.37 per cent compared to the previous financial year. The Legal Support and Administration sub-programme received a Main Appropriation of R2.2 million, which is a substantial nominal increase of 22.22 per cent. Considering inflation, the sub-programme's allocation had a real increase of 17.3 per cent. The Litigation Advisory Services sub-programme received a Main Appropriation of R1.8 million in 2021/22, which is a nominal decrease of 5.26 per cent and a real decrease of 9.08 per cent. The Investigation Advisory sub-programme received a Main Appropriation of R2.4 million in 2021/22, which is nominally unchanged compared to the previous financial year. However, considering inflation, the sub-programme's allocation decreases with 4.03 per cent.

Table 8: Budget allocation per sub-programme of the Legal and Investigation Advisory Services Programme

Programme	**Budget**		**Nominal Increase / Decrease in 2021/22**	**Real Increase / Decrease in 2021/22**	**Nominal Percent change in 2021/22**	**Real Percent change in 2021/22**
R million	**2019/20**	**2020/21**				
Legal Support and Administration	1.8	2.2	0.4	0.3	22.22 per cent	17.30 per cent
Litigation Advisory Services	1.9	1.8	- 0.1	- 0.2	-5.26 per cent	-9.08 per cent
Investigation Advisory Services	2.4	2.4	0.0	- 0.1	0.00 per cent	-4.03 per cent
TOTAL	**6.0**	**6.4**	**0.4**	**0.1**	**6.7 per cent**	**2.37 per cent**

Source: National Treasury (2021)

The changes in the allocations to sub-programmes led to substantial changes in their proportional allocations. The proportional allocation of the Legal Support and Administration sub-programme increased with 4.38 per cent compared to the previous financial year. In turn, this led to a decrease in the proportional allocation of the Litigation Advisory Services and Investigation Advisory Services sub-programmes of 3.54 per cent and 2.5 per cent, respectively.

Table 9: Percent of total Legal and Advisory Services Programme budget per sub-programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	**2020/21**		**2021/22**		
Legal Support and Administration	1.8	30.00 per cent	2.2	34.38 per cent	4.38 per cent
Litigation Advisory Services	1.9	31.67 per cent	1.8	28.13 per cent	-3.54 per cent
Investigation Advisory Services	2.4	40.00 per cent	2.4	37.50 per cent	-2.50 per cent
TOTAL	**6.0**	**100.00 per cent**	**6.4**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

3.1.4 Programme 4: Compliance Monitoring and Stakeholder Management

The purpose of the Compliance Monitoring and Stakeholder Management Programme is to safeguard the principles of cooperative governance and stakeholder relations.

The Compliance Monitoring and Stakeholder Management Programme received a Main Appropriation of R13.4 million in 2021/22, which is a nominal increase of 6.3 per cent compared to the previous financial year. Considering inflation, the Programme's allocation increased with 2.06 per cent. The **Compliance Monitoring sub-programme** received a Main Appropriation of R7.9 million in 2021/22, which is a nominal decrease of 3.66 per cent. Considering inflation, the sub-programme's allocation decrease with 7.54 per cent.

The **Stakeholder Management sub-programme** received a Main Appropriation of R5.5 million in 2021/22, which is a substantial nominal increase of 25 per cent compared to the previous financial year.

Table 10: Budget allocation per sub-programme of the Compliance and Stakeholder Management Programme

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R million	**2020/21**	**2021/22**				
Compliance Monitoring	8.2	7.9	- 0.3	- 0.6	-3.66 per cent	-7.54 per cent
Stakeholder Management	4.4	5.5	1.1	0.9	25.00 per cent	19.96 per cent
TOTAL	**12.6**	**13.4**	**0.8**	**0.3**	**6.3 per cent**	**2.06 per cent**

Source: National Treasury (2021)

The changes in the Main Appropriations of the sub-programmes influenced their proportional allocations in 2021/22 compared to the previous financial year. The proportional allocation of the Compliance Monitoring sub-programme decreased with 6.12 per cent, but continued to receive the bulk of the Programme's funding (58.96 per cent). In turn, the Stakeholder Management sub-programme's proportional allocation increased with 6.12 per cent.

Table 11: Percent of total Compliance and Stakeholder Management Programme budget per sub-programme

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R million	**2020/21**		**2021/22**		
Compliance Monitoring	8.2	65.08 per cent	7.9	58.96 per cent	-6.12 per cent
Stakeholder Management	4.4	34.92 per cent	5.5	41.04 per cent	6.12 per cent
TOTAL	**12.6**	**100.00 per cent**	**13.4**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

5.3. Insufficient resourcing

The Portfolio Committee on Police has continuously raised the inadequate resourcing of the IPID as a major concern. The lack of resources has had a significant impact on the effectiveness of the IPID and has led, amongst others, to a significant reduction in its geographic footprint, forcing the closure of various satellite offices countrywide.
In recent years, other role-players have echoed concerns related to inadequate resourcing, notably -

Marikana Commission of Inquiry
Recommendation G4: The staffing and resourcing of IPID should be reviewed to ensure that it is able to carry out its functions effectively.

Panel of Experts Report on Policing and Crowd Management
Recommendation 33: IPID's budget should be increased in order for it to fulfil its mandate of investigating SAPS and MPS crime and misconduct complaints. This is a decision that must be taken by the Parliamentary Portfolio Committee of Police in consultation with IPID and presented to the Minister of Police for implementation.

High Court Judgement Case 21512/2020 "Khosa Judgement"
The judgement handed down on 15 May 2020 dealt with the inadequacy of IPID. Judge Fabricius stated, "I agree with applicants' council that there is no existing mechanism capable of conducting prompt, impartial and effective investigations of lockdown brutality and that I have the duty and power to order the Defence Minister and Police Minister to establish one urgently". The Judge further stated, "Defects in IPID can be gleaned from its own Annual

Performance Plan doe 2019/20. It has simply been provided with insufficient financial and other resources".

5.4. Personnel and expenditure on compensation of employees

Spending on compensation of employees accounts for 67.9 per cent (R233.8 million) of the total budget allocation. As part of Cabinet's decision to stabilise debt, the Department's budget for compensation of employees is reduced by R75.7 million over the MTEF period. To accommodate these reductions and remain within the revised allocated budget, the Department conducted an extensive reprioritisation exercise that includes a review of the establishment to ensure optimal utilisation of the available personnel.

Table 12: Personnel numbers and cost by programme

	Number of funded posts	Actual		Revised estimate		Medium-term expenditure estimate						Average growth rate (%)	Average: Salary level/ Total (%)
		2019/20		2020/21		2021/22		2022/23		2023/24		2020/21 - 2023/24	
Independent Police Investigative Directorate		Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost		
Programme	**398**	**366**	**248.1**	**376**	**243.1**	**391**	**233.8**	**390**	**234.1**	**389**	**239.6**	**1.2%**	**100.0%**
Programme 1	114	102	50.3	85	50.2	114	56.2	114	56.8	114	57.8	10.4%	27.6%
Programme 2	262	242	183.4	269	176.6	254	160.5	254	159.9	253	163.8	-2.0%	66.7%
Programme 3	7	7	4.9	7	5.5	7	6.1	7	6.1	7	6.6	1.6%	1.8%
Programme 4	15	15	9.6	15	10.8	15	11.0	15	11.2	15	11.5	-0.8%	3.9%

Source: National Treasury (2021)

3.2 PROGRAMME PERFORMANCE

In 2021/22, the Directorate has 32 performance indicators, of which six are new indicators. The majority of the 2021/22 performance targets remained unchanged compared to the previous financial year. The majority of the Investigation and Information Management Programme's performance targets decreased compared to the previous financial year, which is concerning as this is the Department's core service delivery programme. For instance, the target for the investigations of rape by a police officer decreased from 130 in 2020/21 to 70 in 2021/22, which is a decrease of 53.8 per cent. Similarly, the target for investigations of deaths in police custody decreased from 180 to 120 in 2021/22 and investigations of death as a result of police action decreased from 280 to 220.

These decreases are especially concerning in the context of increased instances of police brutality in the enforcement of lockdown restrictions. According to the Department, despite the decrease of performance targets, the Department has begun an organisational realignment process to prioritise frontline services and convert vacant posts in non-core areas into the appointment of 13 additional investigators over the medium-term. This additional capacity is expected to enable the Department to ensure that backlog cases are prioritised and that service delivery improves, particularly in "hotspot" provinces (Eastern Cape, Gauteng, KwaZulu-Natal and Western Cape) that have seen a large number of police misconduct cases reported in recent months

3.2.1 Administration Programme

The purpose of the Administration Programme is to provide for the overall management of the Independent Police Investigative Directorate and support services, including strategic support to the Department.

The table below provides a summary of the programme performance indicators and targets of the Administration Programme for the 2019/20 financial year:

Table 13: Programme Performance Indicators and Targets Performance indicators

	2020/21 Target	2021/22 Target	Comments
1) Percentage vacancy rate per year	<10%	10%	Unchanged
2) Percentage implementation of Annual Internal Audit Plan	90%	90%	Unchanged
3) Percentage implementation of risk mitigating strategies	60%	60%	Unchanged
4) Percentage of compliance of SMS financial interests submitted through e-disclosures	100%	100%	Unchanged
5) Percentage implementation of ICT Infrastructure Plan	90%	70%	Decreased
6) Percentage implementation of Youth Development Strategy per year	*New*	80%	New indicator
7) Percentage implementation of Gender Based Violence and Femicide Strategy per year	*New*	70%	New Indicator

Source: 2021/22 IPID APP

3.2.1 Investigation and Information Management Programme

The purpose of the Investigation and Information Management Programme is to strengthen the Department's oversight role over the police service by conducting investigations, in line with the powers granted by the Independent Police Investigative Directorate Act No. 1 of 2011. This includes making appropriate recommendations on investigations in the various investigation categories and submitting feedback to complainants. The Programme will also enhance efficiency in case management and maintain relationships with other state security agencies, such as the SAPS, the National Prosecuting Authority (NPA), Civilian Secretariat for Police Service (CSPS) and community stakeholders, through on-going national and provincial engagement forums.

According to the APP, the Programme coordinates and facilitates the Department's investigation processes through the development of policy and strategic frameworks that guide and report on investigations. The programme consists of the following three sub-programmes:

- Investigation Management develops and maintains investigation systems, procedures, norms, standards and policies in line with the IPID Act (2011) and other relevant prescripts.
- Investigation Services manages and conducts investigations in line with provisions in the IPID Act (2011).
- Information Management manages information and knowledge-management services through the development and maintenance of a Case Flow Management System and database, analyses and compiles.

The table below summarises the programme performance indicators and targets of the Investigation and Information Management Programme. In 2021/22, the majority of targets were decreased or remained unchanged. No targets were increased.

Table 14: Programme Performance Indicators and Targets

Performance indicators	**Targets**		**Comments**
	2020/21	**2021/22**	
1) Number of investigations of deaths in police custody that are decision ready	180	120	Decreased
2) Number of investigations of death as a result of police action that are decision ready	280	220	Decreased
3) Number of cases for investigation of the discharge of an official firearm by a police officer that are decision ready	370	370	Unchanged
4) Number of investigations of rape by a police officer that are decision ready	130	70	Decreased
5) Number of investigations of rape while in police custody that are decision ready	15	6	Decreased
6) Number of investigations of torture that are decision ready	80	80	Decreased
7) Number of investigations of assault that are decision ready	2 000	2 000	Unchanged
8) Number of investigations of corruption that are decision ready	85	70	Decreased
9) Number of investigations of other criminal and misconduct matters referred to the Directorate in terms of s28(1)(h) and s35(1)(c) of the IPID Act that are decision read	10	10	Unchanged
10) Number of investigations of offences referred to in section 33 of the IPID Act that are decision ready	25	5	Decreased
11) Number of approved systemic corruption cases that are decision ready	3	2	Decreased
12) Percentage of criminal recommendation reports referred to the NPA within 30 days of recommendation report being signed off	90%	90%	Unchanged
13) Percentage of disciplinary recommendation reports referred to the SAPS or MPS within 30 days of recommendation report being signed	90%	90%	Unchanged

Source: IPID 2021/22 APP

According to the Department, the Programme will also be contributing towards implementation of the GBVF Strategy by prioritising crimes committed against vulnerable groups such as women, children and people living with disability i.e., death related cases, rape, assault and torture.

In 2015, the Marikana Commission of Inquiry recommended (G5) that the forms used by IPID for recording statements from members of the SAPS should be amended so as to draw the attention of the members concerned to the provisions of section 24 (5)2 of the IPID Act No. 1 of 2011, and thereby encourage them to give full information about the events forming the subject of an IPID investigation without fear that they might incriminate themselves. The recently released Panel of Experts Report on Policing and Crowd Control recommended (recommendation 24) that the IPID should implement Marikana Commission Recommendation G5. The provision should be understood as referring to 'police or other persons interviewed by IPID' and not just to 'the members concerned'.

3.2.2 Legal and Investigation Advisory Services Programme

The purpose of the Programme is to manage and facilitate the provision of investigation advisory services and to provide legal, civil and labour litigation services. The programme consists of the following three sub-programmes:

- Legal Support and Administration: The sub-programme manages the Directorate's legal obligations by developing and maintaining systems, procedures and standards to assist, guide and direct legal support within the Directorate.
- Litigation Advisory Services: The sub-programme coordinates civil and labour litigation, and grants policing powers. Other key activities and outputs include finalising contracts and service level agreements.

The table below summarises the programme performance indicators and targets of the Legal and Advisory Services Programme:

Table 15: Programme Performance Indicators and Targets

Performance Indicator	2020/21 Target	2021/22 Target	Comments
1) Percentage of written legal advice provided to the Department within 30 working days of the request	70%	70%	Unchanged
2) Percentage of written legal advice provided to investigators within 2 working days of request	95%	95%	Unchanged
3) Percentage of contracts/service level agreements finalised within 30 working days of the request per year.	90%	90%	Unchanged
4) Percentage of litigation matters referred with instructions to the State Attorney within 10 working days of receipt per year	100%	100%	Unchanged

Source: IPID 2021/22 APP

3.2.3 Compliance Monitoring and Stakeholder Management Programme

The purpose of the Compliance Monitoring and Stakeholder Management Programme is to safeguard the principles of cooperative governance and stakeholder relations and to monitor and evaluate the relevance and appropriateness of recommendations made to the South African Police Service and Municipal Police Services in terms of the Independent Police Investigative Directorate Act, 2011. The programme consists of the following two sub-programmes:

Compliance Monitoring: The Sub-programme monitors and evaluates the quality of recommendations made and responses received from on such recommendations from the South African Police Service, Municipal Police Services and National Prosecuting Authority in compliance with the reporting obligations in terms of the IPID Act, 2011.

Stakeholder Management: The Sub-programme manages relations and liaises with the Directorate's key stakeholders such as the South African Police Service, Municipal Police Services, Civilian Secretariat for Police, National Prosecuting Authority, the Special Investigating Unit, the Public Protector of South Africa, the State Security Agency and civil society organisations, in line with the requirements of the IPID Act.

The table below summarises the programme performance indicators and targets of the Programme:

Table 16: Programme Performance Indicators and Targets

Performance Indicator	2020/21 Target	2021/22 Target	Comments
1) Number of formal engagements held with key stakeholders	136	166	Target increased with 30 engagements
2) Number of media programmes held per year	New	4	New indicator
3) Percentage of recommendations referred to the SAPS and MPS that are analysed per year	New	80%	Changed from number to percentage
4) Percentage of criminal referrals forwarded to the NPA that are analysed per year	New	80%	Changed from number to percentage
5) Percentage of responses from SAPS and MPS that are analysed	60%	60%	Unchanged
6) Percentage of responses from NPA that are analysed	50%	60%	Unchanged
7) Number of case docket inspections conducted per year	5	5	Unchanged
8) Percentage implementation of Access and Awareness Rural Strategy per year	New	60%	New indicator

Source: IPID 2021/22 APP

4. Committee Observations

The Committee made the following observations during the 2021/22 budget hearings:

4.1 The Committee Member welcomed the appointment of the Executive Director and noted that sometimes people are very scared when a woman is appointed in an executive position but that the IPID is now more accessible and was very impressed with the work of IPID now

4.2 The Committee noted the decreased budget allocation coupled with significant decreases in performance targets was problematic. The Administration programme budget increased but the Investigations programme decreased with 2.86%. Members wanted to know where the emphasis of the IPID should be.

4.3 The Committee questioned how the IPID intends to strengthen of internal control systems with compliance on legislation. Members wanted to know how the IPID was going to achieve this with the reduced budgets.

4.4 The Committee questioned why the percentage implementation of internal audit plan per year was at 78% and whether the IPID was fully implementing internal audit plan.

4.5 The Committee wanted more information on the IPID relocation to the new building and required an update. The IPID was asked to provide an update with details.

4.6 The Committee noted the reductions in the targets of the Investigations and Information Management programme and wanted to know why these targets has been reduced.

4.7 The Committee questioned the indicators on the percentage of access and awareness on the rural strategy per year and the number of stakeholder engagements with key stakeholders.

4.8 The Committee questioned the backlog of investigations and pointed to eight cases in particular in Port Shepstone, Johannesburg Central and Pretoria Central. The Committee questioned what progress was made on those cases in particular.

4.9 The Committee noted that some of the backlogs was dependent on different reports and wanted to know what percentage of cases were as a result of toxicology reports and post-mortem reports.

4.10 The Committee questioned why the Department found it necessary to remove the indicators for community outreach events. It was unclear whether this was as a result of the COVID-19 pandemic.

4.11 The Committee questioned the impact of the Gender Based Violence strategy on the internal and external environment of the Department.

4.2 IPID Responses

The IPID confirmed that the Department has moved offices to the situated in Arcadia, Pretoria. The Department started the move in April and has completed it. The acting Executive Director stated that the IPID appreciated all the efforts towards the budget issues and that the Department received additional funds. The budget reductions on Programme 2 was as a result of the relocation, as the bulk of the expenditure is in the Administration programme. The Department has since reprioritised its budget for relocation from Programme 2.

The Department was complying with all internal controls and are planning for a clean audit, and have committed to strengthening the internal control.

The IPID was implementing the Gender Based Violence strategy through its implementation plan and some of the deliverables was more focussed internally such as the training of the investigators, particularly matters relating to rape.

The Department was also implementing the Men's Dialogues and reviewed internal policies such as Supply Chain Management processes. The Department is prioritising GBVF matters as a certain percentage that is achieved in a financial year.

The Department indicated that as far as investigations were concerned, there were issues that came up in relation to the review of targets. These include the dependencies from outside stakeholders and the IPID is dependent on the reports for these cases. The Department has engaged the Director General of Health and the SAPS Divisional Commissioners and they have committed working with the IPID.

The IPID has a breakdown of 166 events and they are a compilation of three issues with respect to the community engagement indicators. The Department will look at this and how it can improve the implementation and cost management through its Case Management System. The IPID has engaged in processes and in the short term that would allow it to improve.

5. Committee Recommendations

The Committee made the following recommendations

5.1 The Committee welcomes the appointment of the Executive Director of the IPID and notes that the Department is showing some progress. However, the Committee has asked the Executive Authority for a comprehensive report on why the process of appointment has taken almost two years. The Committee recommends that the Executive Authority provides the report to the Committee within three weeks after adoption of this report.

5.2 The Committee recommends that in view of budget cuts, the IPID realigns its budget priorities to strengthen its core service delivery programme, Investigation and Information Management programme.

5.3 The Committee recommends that the IPID management strengthen internal control systems and implement the Auditor General's recommendations with the support of the Internal Audit unit.

5.4 The Committee recommends that the IPID reviews its decreased target indicators in Programme 2.

5.5 The Committee recommends that the IPID develop an action plan on addressing investigations backlogs as a result of outstanding toxicology and post-mortem reports.

5.6 The Committee recommends that the IPID reviews all its low APP targets.

5.7 The Committee recommends that the IPID provides a report on the outstanding investigations in Pretoria Central, Johannesburg Central and Port Shepstone.

5.8 The Committee recommends that the IPID consider other government funding sources to recover the areas where funding shortfalls exist.

6. Conclusion

The Committee notes that there are serious capacity challenges with respect to budget cuts in the national budget and this has impacted IPID. The COVID-19 pandemic has affected the ability of all government departments to deliver services in the face of risks associated with the pandemic. All communities across the country require a guarantee that where there is police criminality, the IPID will investigate without fear or favour. That guarantee must be unconditional and the IPID must find ways and means to deliver on its mandate.

The IPID cannot be allowed to fail when it comes to oversight over the police. The Portfolio Committee on Police will support all efforts by the IPID to find the necessary resources to implement its mandate.

The Portfolio Committee on Police supports the budget of the Independent Police Investigative Directorate (IPID) for 2021/22 and recommends that the Budget Vote 24 be adopted.

The DA and EFF reserved its rights with respect to the adoption of the report.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON POLICE ON THE 2021/22 BUDGET, ANNUAL PERFORMANCE PLAN AND 2020-2025 STRATEGIC PLAN OF THE PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY (PSIRA), dated 12 MAY 2021.

The Committee examined the Budget, Annual Performance Plan for the 2021/22 financial year and the 2020-2025 Strategic Plan of the Private Security Industry Regulatory Authority (PSIRA) and reports as follows:

1. INTRODUCTION

The Private Security Industry Regulatory Authority was established in terms of section 2 of the Private Security Industry Regulation Act (2001), which replaced the Security Officers Act (1987). The Authority is mandated to regulate the private security industry, and exercise control over the practice of the occupation of security service providers in the public and national interest, as well as in the interest of the private security industry itself.

1.1 Structure of the report

- The Report provides an overview of the 2021/22 Budget Hearings of the PSIRA and is divided into the following sections:
- Section 1: Introduction. This section provides an introduction to this Report as well as a summary of the meeting held during the hearing.
- Section 2: Impact of Covid -19
- Section 3: Policy and Legislative Mandate
- Section 4: Strategic Priorities of the PSIRA for the 2021/22 financial year. This section provides a summary of the strategic focus areas for the Authority for the year under review.
- Section 5: PSIRA Budget and Performance targets for 2021/22. This section provides an overall analysis of the operating expenditure and revenue of the PSIRA for the 2021/22 financial year. This section also provides a programme analysis of the Authority.
- Section 6: Performance Indicators and Targets per programme
- Section 7: Committee observations. This section highlights selected observations made by the Portfolio Committee on Police on the annual performance targets and programme specific issues during the 2021/22 budget hearings and subsequent responses by the Authority
- Section 9: Recommendations. This section summarises the recommendations made by the Portfolio Committee on Police.
- Section 8: Conclusion. This section provides a conclusion to this Report.

1.2 Meetings held

The Committee received a virtual briefing from PSIRA’s Annual Performance Plan (2021/22) and Strategic Plan (2020/25) on 7 May 2021.

2. IMPACT OF COVID-19

On the 15 March 2020, President Ramaphosa declared COVID-19 pandemic a national disaster and on 23 of March 2020, he further announced a national lockdown that commenced on 26 of March 2020 midnight and has since continued on an adjusted risk strategy.

As part of the lockdown regulations, private security services were identified as an essential service. In the Authority's 2021/22 APP, the Minister of Police acknowledged the key role played by the private security industry in curbing the spread of COVID-19, through protecting and safeguarding property and persons, and assisting businesses by ensuring they observe health protocols. During lockdown levels 4 and 5, there was in increased need for the protection of shops, businesses and assets. Many security businesses were unable to supply compliance certificates, which necessitated a response from PSIRA despite many of its offices being closed. This highlighted the need for digital systems, including:

- Bulk renewals: To minimise contact, one representative from a security business was allowed to bring all relevant renewal documents to be certified instead of several individuals.
- Online appointment bookings: Reduced waiting times and congregation of persons outside PSIRA offices.
- Mobile platforms: The use of PSIRA's mobile app has increased.

3. POLICY AND LEGISLATIVE MANDATE

3.1. Constitutional mandate

The Bill of Rights as contained in Chapter 2 of the Constitution, 1996, enshrines the rights of all people in South Africa and affirms the democratic values of human dignity, equality and freedom. The adequate protection of fundamental rights to life and security of a person as well as the right not to be deprived of property is fundamental to the well-being and to the social and economic development of every person. The protection of these rights is afforded to state security agencies established in terms of the Constitution, but the private security industry in general also plays an important role in protecting and safeguarding these rights.
Section 199 of the Constitution provides for the establishment of security services which includes a single police service, single defence force and any intelligence services established in terms of the Constitution. In terms of section 199(3) of the Constitution, any other armed organisations of services may only be established in terms of national legislation.

3.2. Legislative and policy mandates

The PSIRA was established in terms of Section 2 of the Private Security Industry Regulation Act, 2001 (Act No. 56 of 2001). The Authority's mandate is to regulate the private security industry and to exercise effective control over the practice of the security service providers in the public and national interest, and in the interest of the private security industry itself.

The Private Security Industry Regulation Amendment Bill [B27D-2012] takes a stronger regulatory position on the involvement of private security outside the South African border. The Amendment Bill provides for far greater restrictions and detailed prohibitions/requirements imposed on security services rendered outside the Republic The most heavily contested provision of the Bill centred on the issue of foreign ownership of private security companies. The Amendment Bill if a company can only be registered as a security provider "if 51 percent of the ownership and control is exercised by South African citizens". The Amendment Bill was introduced in Parliament during September 2012 and only adopted and submitted to the President for assent in March 2014.

Regarding the progress of the PSIRA Amendment Bill, there is still an exchange of information between the Civilian Secretariat for Police Service and other stakeholders. The stakeholders are still deciding whether the Bill should be sent back to Parliament or sent to the President to sign.

The Authority's funding model based on annual fees and the growth of the private security industry in relation to employment levels, has become redundant. In this regard, the Authority intends implementing the Private Security Industry Levies Act, 2002 (Act No. 23, 2002) and is engaging National Treasury on this matter. These engagements continue for reviewing the Act into a Money Bill in terms of section 77 of the Constitution to be re-introduced in Parliament by National Treasury as the custodian of Money Bills. The Committee should engage the Ministers of Police and Finance to encourage the reintroduction of the Levies Act as a matter of urgency.

The establishment of an industry guarantee fund is a priority of the PSIR Act, which aims to provide limited liability cover for industry clients. However, the fund is reliant on the implementation of the Private Security Industry Levies Act, 2002 insofar as initial capitalisation of the fund is concerned.

4. STRATEGIC PRIORITIES OF PSIRA

The 2020-2025 Strategic Plan highlights six key outcomes for the Authority during this period:

- Maintain financial sustainability, accountability, relevance and performance;
- A professional, accountable and trustworthy private security industry;
- A capable and trained private security industry;
- Enhance relations and collaborations with stakeholders;
- The private security industry is vetted and efficiently registered; and
- The private security industry is transformed.

The Authority's five-year Strategic Plan is aligned to Government's MTSF 2019-2024 priorities with a specific focus on the following key outcomes:

- Strengthened relationships with all stakeholders, especially other entities of the Justice, Crime Prevention and Security (JCPS) cluster;
- Improved overall organisational performance;
- Effective implementation of the compliance and law enforcement strategy which is aimed at changing behaviour in the industry and improving industry compliance;
- Protection of the public interest through a more professional and trustworthy private security industry;
- A legitimate private security industry that contributes to improved relationships with state law enforcement agencies in the fight against crime;
- Build capacity through industry research and continuous stakeholder engagements;
- Improved IT infrastructure to enhance organisational efficiencies and service delivery mandate; and

- Improved industry-training standards to ensure industry professionalisation and attracting the youth to consider a career in one or more of the growing sectors of the industry.

National Economic Reconstruction and Recovery Plan
The growth in the private security industry contributes to economic growth and the National Economic Reconstruction and Recovery Plan, which the President tabled on 15 October 2020. According to PSIRA, the following is of specific relevance:

1) Job creation; and
2) Fast tracking the reduction of the cost of doing business and lowering the barriers to entry (digitisation).

Organisational review and redesign
PSIRA concluded an organisational review and redesign process in 2019/20, and developed a new organisational structure that will be implemented through a phased approach over the next five years. The core of the new structure is decentralisation aimed to improve decision-making, reducing process complexity, and balancing centralised policy development and decentralised implementation. The reasons for decentralisation include (amongst others):

- Ensuring improved business performance and PSIRA customer focus and management
- Improving co-ordination between operational teams
- Simplifying systems and processes to ensure efficiency and to improve service delivery while reducing costs
- Reducing duplication
- Simplifying and linking the new organisational structure with the activities in the value chain and support functions
- Improved risk management

According to PSIRA, this will create a larger span of control through new operational processes, which calls for new management practices, and supporting processes.

5. PSIRA BUDGET AND PERFORMANCE TARGETS FOR 2021/22

5.1. Overall Analysis

The budget analysis of the PSIRA is different to that of government departments. PSIRA, as a schedule 3 public entity, does not receive funds from Government, but generates revenue through the collection of annual and registration fees from private security businesses and security officers, as mandated in section 3 of the Private Security Industry Regulation Act (2001). The financial position of PSIRA is measured on potential revenue. National and provincial governments are on a modified cash basis of accounting, while local authorities and public entities use accrual accounting. Accrual accounting is best defined as “when transactions are recorded in the books of accounts as they occur even if the payment for that particular product or service has not been received or made. This method is more appropriate in assessing the health of the organisation in financial terms”.[1] Furthermore, accrual accounting records revenues and expenses when they are incurred, regardless of when cash is exchanged. The term "accrual" refers to any individual entry recording revenue or expense in the absence of a cash transaction.

National Treasury (2021)

5.2. Expenditure estimates per programme

In 2021/22, the Authority estimates a budget of R354 million, which is a nominal increase of 10.8 per cent compared to the previous financial year. Expenditure is expected to increase at an average annual rate of 9.8 per cent, from R319.5 million in 2020/21 to R423.2 million in 2023/24. The Administration Programme has a budget of R176.4 million in 2021/22, which is a nominal increase of 12.43 per cent compared to the previous financial year.

Table 1: PSIRA expenditure trends and estimates by programme

Programme	**Budget**		**Nominal Increase / Decrease in 2021/22**	**Real Increase / Decrease in 2021/22**	**Nominal Percent change in 2021/22**	**Real Percent change in 2021/22**
R million	**2020/21**	**2021/22**				
Administration	156.9	176.4	19.5	12.4	12.43 per cent	7.90 per cent
Law Enforcement	120.8	130.9	10.1	4.8	8.36 per cent	3.99 per cent
Communication and Training	23.3	25.5	2.2	1.2	9.44 per cent	5.03 per cent
Registration	18.2	21.0	2.8	2.0	15.38 per cent	10.73 per cent
TOTAL	**319.4**	**354.0**	**34.6**	**20.3**	**10.8 per cent**	**6.37 per cent**

Source: National Treasury (2021)

The Law Enforcement Programme has a budget of R130.9 million, which is a nominal increase of 8.36 per cent. The Communication and Training Programme has a budget of R25.5 million in 2021/22, which is a nominal increase of 9.44 per cent. The Registration Programme’s budget increased from R18.2 million in 2020/21 to R21 million in 2021/22, which is a nominal increase of 15.38 per cent, representing the largest increase of all Programmes. Considering inflation, the Registration Programme’s budget increased with 10.73 per cent compared to the previous financial year.

In terms of proportional allocations, there were not much change in that of individual Programmes. The proportional allocations of the Law Enforcement Programme decreased with 0.84 per cent. Although this is not a significant decrease, it should be noted as the Programme performs a core service. The Programme continues to receive the second largest proportional allocation at 36.98 per cent. Similarly, the proportional allocation of the Communication and Training Programme decreased slightly. The proportional allocations of the Administration and Registration Programmes increased with 0.71 per cent and 0.23 per cent respectively. The Administration Programme continues to receive the bulk of the Authority’s budget at 49.83 per cent.

Table 2: Percent of total budget per sub-programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	**2020/21**		**2021/22**		
Administration	156.9	49.12 per cent	176.4	49.83 per cent	0.71 per cent
Law Enforcement	120.8	37.82 per cent	130.9	36.98 per cent	-0.84 per cent
Communication and Training	23.3	7.29 per cent	25.5	7.20 per cent	-0.09 per cent
Registration	18.2	5.70 per cent	21.0	5.93 per cent	0.23 per cent
TOTAL	**319.4**	**100.00 per cent**	**354.0**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

5.3. Programme 1: Administration

In 2021/22, the Administration Programme has a budget of R176.4 million, which is a nominal increase of 12.4 per cent. Considering inflation, the budget increased with 7.88 per cent. The increased allocation is driven by a significant increase in *Consultancy and professional fees.* The allocation increased from R4.04 million in 2020/21 to R8.64 million in 2021/22, which is a nominal increase of 113.78 per cent and a real increase of 105.16 per cent. The increased trend continues from the previous financial year, in which the allocation increased from R2.3 million in 2019/20 to R4 million in 2020/21, which was a nominal increase of 75.65 per cent.

Personnel expenditure is expected to increase from R82.8 million in 2020/21 to R93 million in 2021/22, which is a nominal increase of 12.37 per cent. Expenditure on *Travel and subsistence* is expected to decrease from R3.9 million in 2020/21 to R3.6 million in 2021/22, which is a nominal decrease of 5.79 per cent. Considering inflation, this is a real decrease of 9.59 per cent. The budget for Repairs and maintenance increased from R1.15 million in 2020/21 to R1.26 million in 2021/22, which is a nominal increase of 9.47 per cent.

Table 3: Operating expenditure for 2021/22 - Administration Programme

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R'000	**2020/21**	**2021/22**				
Personnel Expenditure	82 821.0	93 068.0	10 247.0	6 495.7	12.37 per cent	7.84 per cent
Administrative Expenditure	44 305.0	47 266.0	2 961.0	1 055.8	6.68 per cent	2.38 per cent
Repairs and Maintenance	1 151.0	1 260.0	109.0	58.2	9.47 per cent	5.06 per cent

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R'000	2020/21	2021/22				
Travel and Subsistence	3 904.0	3 678.0	- 226.0	- 374.2	-5.79 per cent	-9.59 per cent
Lease Payments	20 765.0	22 555.0	1 790.0	880.9	8.62 per cent	4.24 per cent
Consultancy and Professional Fees	4 042.0	8 641.0	4 599.0	4 250.7	113.78 per cent	105.16 per cent
TOTAL	**156 988.0**	**176 467.0**	**19 479.0**	**12 366.1**	**12.4 per cent**	**7.88 per cent**

Source: PSIRA 2021/22 APP

Proportionally, the significant increase in *Consultancy and professional fees* had a significant impact on the proportional allocation within the Administration Programme. Compared to the previous financial year, the allocation increased with 2.32 per cent. Expenditure on *personnel* continues to receive the bulk of the Programme's allocation at 52.74 per cent, followed by *administrative expenditure* at 26.78 per cent of the Programme's total budget allocation.

Table 4: Percent of total Administration Programme budget per sub-programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R'000	2020/21		2021/22		
Personnel Expenditure	82 821.0	52.76 per cent	93 068.0	52.74 per cent	-0.02 per cent
Administrative Expenditure	44 305.0	28.22 per cent	47 266.0	26.78 per cent	-1.44 per cent
Repairs and Maintenance	1 151.0	0.73 per cent	1 260.0	0.71 per cent	-0.02 per cent
Travel and Subsistence	3 904.0	2.49 per cent	3 678.0	2.08 per cent	-0.40 per cent
Lease Payments	20 765.0	13.23 per cent	22 555.0	12.78 per cent	-0.45 per cent
Consultancy and Professional Fees	4 042.0	2.57 per cent	8 641.0	4.90 per cent	2.32 per cent
TOTAL	**156 988.0**	**100.00 per cent**	**176 467.0**	**100.00 per cent**	**0.00 per cent**

Source: PSIRA 2021/22 APP

5.4. Programme 2: Law Enforcement

In 2021/22, the budget for the Law Enforcement Programme increased from R120.6 million in 2020/21 to R130.9 million, which is a nominal increase of 8.5 per cent. Considering inflation, the Programme's allocation increased with 4.12 per cent. The budget for personnel increased from R85.2 million in 2020/21 to R91.3 million, which is a nominal increase of 7.12 per cent.

In contrast to the significant increase in the allocation to *consultancy and professional fees* in the Administration Programme, the allocation thereof in the Law Enforcement Programme decreased from R38 000 in 2020/21 to R24 000 in 2021/22, which is a nominal decrease of 36.84 per cent. The 2021/22 allocation for *travel and subsistence* increased from R5.4 million in 2021/22 to R7.23 million, which is a nominal increase of 33.01 per cent. In light of significant reductions in the number of inspections that will be conducted in 2021/22.

Table 5: Operating Expenditure for 2021/22 - Law Enforcement Programme

Programme	**Budget**		**Nominal Increase / Decrease in 2021/22**	**Real Increase / Decrease in 2021/22**	**Nominal Percent change in 2021/22**	**Real Percent change in 2021/22**
R'000	**2020/21**	**2021/22**				
Personnel Expenditure	85 277.0	91 347.0	6 070.0	2 388.1	7.12 per cent	2.80 per cent
Administrative Expenditure	15 524.0	17 206.0	1 682.0	988.5	10.83 per cent	6.37 per cent
Repairs and Maintenance	585.0	561.0	- 24.0	- 46.6	-4.10 per cent	-7.97 per cent
Travel and Subsistence	5 441.0	7 237.0	1 796.0	1 504.3	33.01 per cent	27.65 per cent
Lease Payments	14 003.0	14 562.0	559.0	- 28.0	3.99 per cent	-0.20 per cent
Consultancy and Professional Fees	38.0	24.0	- 14.0	- 15.0	-36.84 per cent	-39.39 per cent
TOTAL	**120 686.0**	**130 938.0**	**10 252.0**	**4 974.3**	**8.5 per cent**	**4.12 per cent**

Source: PSIRA 2021/22 APP

Proportionally, the allocations within the Law Enforcement Programme did not change significantly. The significant increase in the allocation for *travel and subsistence* caused the proportional allocation to increase by 1.02 per cent. Personnel expenditure continues to receive the bulk of the Programme's budget allocation at 69.76 per cent, followed by administrative expenditure (13.14 per cent of the Programme's total budget) and *lease payments* (11.12 per cent of the Programme's total budget).

Table 6: Percent of total Law Enforcement Programme budget per economic classification

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R'000	**2020/21**		**2021/22**		
Personnel Expenditure	85 277.0	70.66 per cent	91 347.0	69.76 per cent	-0.90 per cent

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R'000	2020/21		2021/22		
Administrative Expenditure	15 524.0	12.86 per cent	17 206.0	13.14 per cent	0.28 per cent
Repairs and Maintenance	585.0	0.48 per cent	561.0	0.43 per cent	-0.06 per cent
Travel and Subsistence	5 441.0	4.51 per cent	7 237.0	5.53 per cent	1.02 per cent
Lease Payments	14 003.0	11.60 per cent	14 562.0	11.12 per cent	-0.48 per cent
Consultancy and Professional Fees	38.0	0.03 per cent	24.0	0.02 per cent	-0.01 per cent
TOTAL	**120 686.0**	**100.00 per cent**	**130 938.0**	**100.00 per cent**	**0.00 per cent**

Source: PSIRA 2021/22 APP

5.5. Programme 3: Training and Communications

In 2021/22, the budget allocation for the Training and Communications Programme increased from R23.3 million to R25.57 million, which is a nominal increase of 9.6 per cent. The allocation for *administrative expenses* increased from R6.6 million in 2020/21 to R7.38 million in 2021/22, representing a nominal increase of 11.71 per cent and a real increase of 7.21 per cent. Similar to that of the Law Enforcement Programme, the allocation for *travel and subsistence* increased compared to the previous financial year. The item received R1.55 million in 2021/22, which is a nominal increase of 27.09 per cent compared to 2020/21.

Table 7: Operating expenditure for 2021/22 - Training and Communications Programme

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R'000	2020/21	2021/22				
Personnel Expenditure	14 191.0	15 332.0	1 141.0	523.0	8.04 per cent	3.69 per cent
Administrative Expenditure	6 610.0	7 384.0	774.0	476.4	11.71 per cent	7.21 per cent
Repairs and Maintenance	2.0	2.0	0.0	- 0.1	0.00 per cent	-4.03 per cent
Travel and Subsistence	1 222.0	1 553.0	331.0	268.4	27.09 per cent	21.96 per cent
Consultancy and Professional Fees	1 300.0	1 300.0	0.0	- 52.4	0.00 per cent	-4.03 per cent
TOTAL	**23 325.0**	**25 570.0**	**2 245.0**	**1 214.3**	**9.6 per cent**	**5.21 per cent**

Source: PSIRA 2021/22 APP

In terms of proportional allocations, there was no significant shifts within the Training and Communication Programme. *Personnel expenditure* continues to receive the bulk of the Programme's budget allocation at 59.96 per cent, followed by *administrative expenses* at 28.88 per cent of the total budget allocation.

Table 8: Percent of total Training and Communication Programme budget per economic classification

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	**2020/21**		**2021/22**		
Personnel Expenditure	14 191.0	60.84 per cent	15 332.0	59.96 per cent	-0.88 per cent
Administrative Expenditure	6 610.0	28.34 per cent	7 384.0	28.88 per cent	0.54 per cent
Repairs and Maintenance	2.0	0.01 per cent	2.0	0.01 per cent	0.00 per cent
Travel and Subsistence	1 222.0	5.24 per cent	1 553.0	6.07 per cent	0.83 per cent
Lease Payments	0.0	0.00 per cent	0.0	0.00 per cent	0.00 per cent
Consultancy and Professional Fees	1 300.0	5.57 per cent	1 300.0	5.08 per cent	-0.49 per cent
TOTAL	**23 325.0**	**100.00 per cent**	**25 570.0**	**100.00 per cent**	**0.00 per cent**

Source: PSIRA 2021/22 APP

5.6. Programme 4: Registration

In 2021/22, the Registration Programme received a budget allocation of R21.03 million, which is a substantial nominal increase of 15 per cent compared to the previous financial year. The Programme received the largest comparative increased of all the Authority's budget Programmes Considering inflation, the Programme's allocation had a real increase of 10.38 per cent. The allocation for *administrative expenditure* increased from R12.5 million in 2020/21 to R14.8 million in 2021/22, which is a nominal increase of 18.58 per cent and a real increase of 13.75 per cent. The allocation for personnel expenditure increased from R5.08 million in 2020/21 to R5.47 million in 2021/22, which is a nominal increase of 7.81 per cent. In contrast to other Programmes, the allocation for *travel and subsistence* received only a slight nominal increase of 4.08 per cent, which is a real decrease of 0.11 per cent compared to the previous financial year.

Table 9: Operating expenditure for 2021/22 – Registration Programme

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R'000	**2020/21**	**2021/22**				

Personnel Expenditure	5 080.0	5 477.0	397.0	176.2	7.81 per cent	3.47 per cent
Administrative Expenditure	12 520.0	14 840.0	2 320.0	1 721.8	18.53 per cent	13.75 per cent
Travel and Subsistence	686.0	714.0	28.0	- 0.8	4.08 per cent	-0.11 per cent
TOTAL	**18 286.0**	**21 031.0**	**2 745.0**	**1 897.3**	**15.0 per cent**	**10.38 per cent**

Source: PSIRA 2021/22 APP

The increased allocation for *administration expenses* had a significant effect on the proportional allocations of items in the Programme. Unlike other Programmes, *administrative expenditure* receives the bulk of the Programme's total budget allocation at 70.56 per cent, followed by *personnel expenditure* at 26.04 per cent of the total allocation. It should be noted that the Programme has only 26 staff from a total staff complement of 379 staff (6.8 per cent).

Table 10: Percent of total Registration Programme budget per economic classification

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R million	**2020/21**		**2021/22**		
Personnel Expenditure	5 080.0	27.78 per cent	5 477.0	26.04 per cent	-1.74 per cent
Administrative Expenditure	12 520.0	68.47 per cent	14 840.0	70.56 per cent	2.09 per cent
Repairs and Maintenance	0.0	0.00 per cent	0.0	0.00 per cent	0.00 per cent
Travel and Subsistence	686.0	3.75 per cent	714.0	3.39 per cent	-0.36 per cent
Lease Payments	0.0	0.00 per cent	0.0	0.00 per cent	0.00 per cent
Consultancy and Professional Fees	0.0	0.00 per cent	0.0	0.00 per cent	0.00 per cent
TOTAL	**18 286.0**	**100.00 per cent**	**21 031.0**	**100.00 per cent**	**0.00 per cent**

Source: PSIRA 2021/22 APP

6. PERFORMANCE INDICATORS AND TARGETS

6.1. Programme 1: Administration

This programme is responsible for the overall coordination of all efforts and activities of the Authority towards the achievement of the strategic goals and achieving organisational success, the financial management of the Authority and providing institutional support and services to the other programmes. It is also responsible for institutional reporting, management processes and systems to track performance against each of the strategic objectives.

This programme has the following sub-programmes:

1) ***Finance sub-programme:*** Provides financial management, support and reporting. Facilitation and coordination of internal audit and risk management.
2) ***Corporate Services sub-programme:*** Provides human resource management services and support; Provides business and information technology services and support; and Provides legal services and support, and ensures legislative compliance.
3) ***Operations sub-programme:*** Conducts research about private security to inform development of policy, regulations and standards.

The table below summarises the performance indicators and targets for the Administration Programme.

Table 11: Programme Performance Indicators and Targets: Administration Programme

Outputs	Performance Indicator	2020/21 Target	2021/22 Target
Sub-programme: Finance			
Unqualified audit opinion	*Unqualified audit opinion with no significant findings*	*Unqualified audit opinion*	*Removed*
Increased revenue collection	% Revenue collected	75% revenue collected on billed annual fees	78% revenue collected on billed annual fees ***Target increased***
Established Guarantee Fund	*Establish and Implementation of the Guarantee Fund*	*Guarantee Fund product designed and approved*	*Removed The Fund was established.*
Audit Action Plan (AGSA) and Internal Audit findings	Percentage implementation of the Audit Action Plan	**New indicator**	100% implementation
Statutory tabling and reporting	Percentage compliance with statutory reporting requirements	**New indicator**	100% compliance
Risk Management	Percentage implementation of the approved Strategic Risk Mitigation Plan	**New Indicator**	100% implementation
Sub-programme: Corporate Services			
Training interventions implemented	*% of employee training interventions implemented as per Annual Training Plan*	*85%*	*Removed*
Developed digital business strategy	*Date for the development of a digital business strategy*	*30 June 2020*	*Removed The Strategy was developed*
Business process digitised	% implementation of digital business strategy and implementation plan	20%	40% implementation ***Target increased***
Human Resources management and development	Percentage of the vacancy rate against the approved funded positions	**New indicator**	Not more than 7%
	Percentage of employee performance rating assessed at 3 and above as per	**New indicator**	90% of assessed employees perform on rating of 3 and above

Outputs	Performance Indicator	2020/21 Target	2021/22 Target
	Performance Management System		
Developed security sector regulations and standards	Number of security sector regulations and standards developed	3 regulations and standards	Remained unchanged at 3 regulations and standards
Achieved service standards on appeals and exemptions	*Average turnaround time of finalising exemptions/appeals*	*30 days*	*Removed*
Sub-programme: Research and Development			
Completed research reports, surveys and policy documents	Number of relevant research reports completed	5	Remained unchanged at 5 research reports
	Number of completed surveys	4	Remained unchanged at 4 surveys
	Number of policy documents developed	*3*	*Removed*
Private Security Industry Charter and Transformation Index	Draft Transformation Charter and Transformation Index for the Private Security Industry developed	Approval of the concept model for a Transformation for the Private Security Industry developed	Draft Transformation Charter and Transformation Index for the Private Security Industry developed

6.2. Programme 2: Law Enforcement

This programme is responsible for ensuring that industry players operate and comply with regulations and standards and take appropriate action where violations occur. This programme consists of the following sub-programmes:

- *Compliance and Enforcement sub-programme:* Provides inspections and investigations to verify whether the industry complies with regulations and standards.
- *Prosecutions sub-programme:* Prepares and presents evidence about improper conduct by the industry participants.
- *Operational management sub-programme:* Provides regional capacity.

Table 12: Programme Performance Indicators and Targets: Law Enforcement Programme

Outputs	Performance Indicator	2020/21 Target	2021/22 Target
Sub-programme: Compliance and Enforcement			
Security businesses inspected	Number of security businesses inspected to enforce compliance with applicable legislation	6 725	5 000 ***Decrease***

Outputs	Performance Indicator	2020/21 Target	2021/22 Target
Sub-programme: Compliance and Enforcement			
	Percentage of registered active businesses completing industry compliance self-assessments	New indicator	40%
Security officers inspected	Number of security officers inspected to enforce compliance with applicable legislation	35 940	26 220 ***Decrease***
Investigations finalised	% of investigations finalised against non-compliant Security Service Providers (SSPs)	90%	90% Unchanged
Registered criminal cases	% of criminal cases opened against non-compliant Security Service Providers (SSPs)	95%	95% Unchanged
Security businesses licenced for firearms inspected	Number of security businesses licensed to possess firearms inspected	1 500	1 575 ***Increase***
Sub-programme: Prosecutions			
Security service provider cases prosecuted	% of cases of non-compliant Security Service Providers (SSPs) prosecuted per year	92%	92% Unchanged

PSIRA 2021/22 APP

6.3. Programme 3: Training and Communications

This programme is responsible for the content and quality of the training offered in the industry and for communicating knowledge about the industry and sharing consistent information, results and relevance of the Authority. The programme consists of the following sub-programmes:

1. *Industry Training programme:* Provides development of sector-based training, accreditation services and standards.
2. *Marketing, Brand Management and Communications sub-programme:* Ensures that PSIRA's functions and services are adequately promoted.
3. *Stakeholder Relations sub-programme:* It ensures that the promotion and advocacy mandate of PSIRA are realised.
4. *Customer Care- Complaints Management.*
5. *Corporate Social Responsibility.*

Table 13: Programme Performance Indicators and Targets: Training and Communication Programme

Outputs	Performance Indicator	2020/21 Target	2021/22 Target
Sub programme: Training			
Accredited training centres	Average turnaround time to finalise applications for accreditation of training institutions	20 days	15 days ***Improved***
Accredited training instructors	Average turnaround time to finalise instructor applications for accreditation	7 days	7 days Unchanged

Outputs	Performance Indicator	2020/21 Target	2021/22 Target
	Number of accredited instructors audited	***New indicator***	100 instructors
Accredited courses	Number of new accredited courses developed	3 qualifications	2 qualifications ***Decreased***
Training assessment centres	*Number of external training assessments centres established*	*2*	*Removed*
External assessment	Percentage of learners completing online external assessments	Approval of concept document	20% of learners
Sub programme: Marketing, Communications and Stakeholder relations			
Cooperation agreement	Number of new co-operation agreements entered into with international industry regulatory bodies	1	1 Unchanged
Marketing and communication	Number of external stakeholder awareness workshops conducted	***New indicator***	60 stakeholder awareness workshops conducted
Marketing and communication	Number of external stakeholder awareness campaigns held	***New indicator***	10 stakeholder awareness campaigns

Source: PSIRA 2021/22 APP

6.4. Programme 4: Registration

In 2020/21, the Registration Programme appeared as a separate Programme. In 2019/20, it was part of the Communication, Registration and Training Programme.

The Registration Programme is responsible for the registration of industry businesses and security officers and has no sub-programmes.

Table 14: Programme Performance Indicators and Targets: Registration Programme

Outputs	Performance Indicator	2020/21 Target	2021/22 Target
An efficient online registration process	Average turnaround time of applications for registration meeting all the requirements for security businesses (working days)	Average of 8 days	Average of 5 days ***Improved***
	Average turnaround time of applications for registration meeting all the requirements for security officers (working days)	Average of 14 days	Average of 12 days ***Improved***

Outputs	Performance Indicator	2020/21 Target	2021/22 Target
	Implementation of online registrations	Online registrations implemented	30% of applicants Registered through the online registration platform

Source: PSIRA 2021/22 APP

7. COMMITTEE OBSERVATIONS

The Committee made the following observations during the 2021/22 budget hearings:

Self-assessment: The Committee was satisfied that the security service providers are conducting self-assessments. The Authority should explain what percentage of businesses implemented self-assessments. A Member of the Committee wanted to know if the Authority believes that the self-assessment is the only sufficient way to conduct assessments. A member raised a concern about security companies for not being enough as they were unable to decrease numbers as people were giving themselves high scores which they did not deserve. The Authority stated that it had implemented online self-assessments in their previous financial year in order to bring forward their strategic plan although they were supposed to start implementing it in this current financial year. In view of Covid-19 they have seen it as an important tool to ensure implementation of industry regulation under difficult environment.

The Authority Highlighted the importance of self-assessments as it is not just a questionnaire that talks of businesses and submit it to them. It is a self-verification information on compliance but the businesses are required to submit everything they are reporting with supporting evidence, which evidence the Authority then evaluates. The Authority reported that they have a lot of information on their database, as far as compliance with the industry is concerned. The Authority matches and verifies information that is submitted against their own database, information and access to compliance. The Authority stated that if they discover irregularities they conduct an enquiry and investigation in order to better improve their enforcement. If the business fails to submit its report that will lead to a site inspection. The regulatory scope is increasing with the self-assessment in order to be in line with their law enforcement strategy.

Inspections: The Committee wanted to know how often does the Authority visit the security officers on sites to obtain information relating to rates, hours and leaves. A Member reported on a complaint received about the company that deducted funds from its employees and did not deposit those funds to the pension fund for the employees at an early stage. The company contract was lapsing in December 2021. The Authority should explain the decrease in the number of inspections planned for 2021/22. The Authority confirmed that there are site inspections that form part of the inspection programmes and also output indicator talks about the number of inspections that are completed by their own inspectors at the sites. The Inspectors visit different sites to verify the security officer’s employment information pertaining to minimum payment, rate, hours and leaves. All of those matters are addressed during the site inspections. If something is found to be irregular, it will trigger a process of site investigation and enforcement against the business in order for the business to comply.

Awareness campaign: The Committee noted that a large proportion of the public is unaware of a regulatory authority for the private security industry. As such, it is possible that the public awareness campaigns run by the PSIRA are not effective. The Committee wanted to know what is the Authority target audience of campaigns? The Authority responded to that it can never say that they are doing enough as they need to do more work in that area. The Authority have an operational plan that supports the Annual Performance target within which there are different targets audience. The security officers are part of the targeted audience as well as the businesses, consumers and the public in general. The Authority is using different platforms to communicate its services. They are active on social media such as twitter and Instagram where they are continuously posting information to educate the industry.

Consultancy and Professional Fees: The Committee wanted an explanation from the Authority about the significant increase in the allocation for Consultancy and Professional Fees. The Committee also asked if the Authority have no sufficient internal capacity to perform the work. The Committee noted that the Authority is currently working on the turnaround strategy of fingerprints. The Committee advised the Authority to look at in-house capacitation with regards to fingerprints and consultancy. The Authority conducts a gap analysis before they have consultancy in place to determine whether they have sufficient resources for what they are intending to do, it is an online automation of service which looks inside to find if they don't have the capacity. The other key driver in their consultancy is the training curriculum to be revised in terms of specialised training. These are some of the areas that are going to affect the consultancy. The Authority explained that before consultancy services are procured, they conduct an assessment before approval in order to find out if they don't have capacity internally.

The Authority reported on the items that were flagged as top five. They are constantly monitoring them to ensure that there is cost saving. The Authority is looking at exploring methods of ensuring that the fingerprints are reduced. The fingerprints are required to verify the registration revenue.

Training: The Committee asked the Authority to indicate whether the training of inspectors has improved and whether inspectors are trained in areas of cybercrime. The Authority stated they are currently not offering a cybercrime training for inspectors although they have identified it as a need in the industry. They intend working together with Media Information Communication Technologies (MICT) and Sector Education and Training Authority (SETA) for Information Technology. The Authority had an engagement with the Chief Executive Officer (CEO) of State Information Technology Agency (SITA). The Authority have a draft memorandum of understanding to develop qualification for cybercrime that will bring awareness to the industry. The Authority will follow-up on that and report on it in the near future. The Inspectors have undergone training programs on the security docks and firearm competency test in respect of all different types of firearms. The Inspectors are competent in conducting inspections on the use of firearms.

Regulation of Firearms: The Committee raised a concern about the regulation of firearms by private security providers which should be strengthened, especially in terms of the types of firearms used. The Committee also raised dysfunctionality of the Central Firearms Registry (CFR) which is affecting the ability of the Authority to inspect firearm licenses and usage. The Authority reported that the cooperation between CRF and them is unpleasant. In general, they have a good relationship with SAPS although there are some areas that need to be improved for example the Authority has been requesting access to CFR database for security service providers. The Authority is providing reports to the CFR on the challenges that have been identified in order for them to take action. The Authority and CFR have an arrangement that for any security service providers that apply for firearm licenses, they should notify them first before they issue the firearm license. The Authority will compile a report on whether the business is compliant or whether the business have qualified security officers.

Employment of Foreign Nationals: The Committee noted with concern that the majority of people who are employed by security companies are foreigners who are earning a low income. The Committee provided instructed the Authority to provide a list of all the companies that are employing all foreign nationals. The Committee also observed that some of the foreign nationals who are deported to their countries for being in possession of illegal documentation. The Authority explained that the Act states that a person must be a South African citizen and it also provides that if a person is a foreigner who has a permanent residence status in the country, they may operate. The Authority have developed a good working relationship with other government entities, for example a unit in the South African Police Service (SAPS) for Government Security Regulator and Government Security Council which the Authority forms part of. In that forum and structure the Authority continuously advises the government on compliance. It is also represented and responsible for implementation of National Key Point Act for strategic installation. It gives them an extra assurance when it comes to their strategic installation for those security service providers that are deployed in that area are legally registered with Authority.

8. RECOMMENDATIONS

The Committee made the following recommendations during the 2021/22 budget hearings:

- The Committee recommends that the Authority should explore other methods that can be used together with self-assessment.
- The Committee recommends that the Authority should improve their awareness campaigns so that the public can understand their roles and functions.
- The Committee recommends that the Authority should empower and capacitate their own employees to do the work instead of using external consultants.
- The Committee recommends that the Authority should fast-track the training of cybercrime.
- The Committee recommends that the Authority should improve working relations with Central Firearm Registry (CFR) for the purpose of cooperation and good service delivery.
- The Committee recommends that the Authority should strengthen the regulations of firearms especially in terms of the types of the firearms that can be used by private security providers.
- The Committee recommends that the Authority should ensure that South African citizens are given preferential employment opportunities in the security industry in order to bridge the gap of the high unemployment rate in the country.

9. CONCLUSION

The Committee welcomed the Authority's report and expressed appreciation for its continuous outstanding performance. The Committee further appreciated the Authority for receiving unqualified audit opinion in their previous financial year. The Committee encouraged the

Authority to continue to uphold high standard and performance and should not drop the ball. The Authority should focus on the areas that were raised by the Committee in order to resolve all the outstanding matters.

Report to be considered

4. REPORT OF THE PORTFOLIO COMMITTEE ON POLICE ON THE 2021/22 BUDGET, ANNUAL PERFORMANCE PLAN OF THE CIVILIAN SECRETARIAT FOR POLICE SERVICES (CSPS) VOTE 21, DATED 12 MAY 2021

The Portfolio Committee on Police examined the Budget, Annual Performance Plan of the Civilian Secretariat for Police Services (CSPS) for the 2021/22 financial year as well as the Strategic Plan 2020-25. The Committee reports as follows:

1. INTRODUCTION

The Civilian Secretariat for Police Services (CSPS) derives its mandate from section 208 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), which states that a Civilian Secretariat for the police must be established by national legislation to function under the direction of the Cabinet member responsible for policing.

The legislative mandate of the Civilian Secretariat is laid out in the Civilian Secretariat for Police Services Service Act, 2011 (Act No. 2 of 2011). The Act was promulgated on 01 December 2011 and provides for the Secretariat to provide advice to the Minister of Police. The Civilian Secretariat became a designated department on 1 April 2014 in terms of the Act, and previously the budget was being presented as part of the SAPS budget in the Estimate of National Expenditure 2019. This is the first time that the Civilian Secretariat has its own Budget Vote 21 published in the Estimates of National Expenditure, independent from the SAPS.

1.1 Structure

The Report provides an overview of the 2021/22 Budget Hearings of the CSPS and is divided into the following sections:

Section 1: Introduction. This section provides an introduction to this Report as well as a summary of meetings held during the hearings.
Section 2: Key concerns of the Committee during the 2020/21 financial year. This section provides a summary of the key concerns raised by the Committee during the previous financial year.
Section 3: Strategic Priorities of the CSPS for the 2021/22 financial year. This section provides a summary of the strategic focus areas for the Secretariat for the year under review.
Section 4: CSPS Budget and Performance targets for 2021/22. This section provides an overall analysis of the estimates of national expenditure of the CSPS for the 2020/21 financial year. This section also provides a programme analysis of the CSPS.
Section 5: Committee observations. This section highlights selected observations made by the Portfolio Committee on Police on the annual performance targets and programme specific issues during the 2021/22 budget hearings and subsequent responses by the CSPS.

Section 6: Recommendations and additional information. This section summarises the recommendations made by the Portfolio Committee on Police, as well as the additional information requested from the CSPS.
Section 7: Conclusion. This section provides a conclusion to this Report.

1.2 Committee Meeting

The Committee received a briefing by CSPS on the 2021/22 Annual Performance Plan, and Budget, together with the 2020-25 Strategic Plan on 7 May 2021. The meeting was held on virtual platform because of the lockdown due to the COVID-19 pandemic. The Committee was unable to, in the allocated time, receive civil society and academic expert opinions on the budget.

1.3 Impact of COVID-19 pandemic

South Africa has been adversely affected by COVID-19 pandemic including Parliament and its committees. The Department of Civilian Secretariat for Police have also been affected and it resulted in a national lockdown being declared by the President from 26 March 2020.

The President announced a lockdown of the nation on 23 March 2020 in order to prevent further infections of and spread of the Covid-19 pandemic. The lockdown took effect on 26 March 2020. The terms of the lockdown period were declared in terms of the Disaster Management Act (57 of 2002), and the Regulations provides that the South African Police Service (SAPS) is supported by the South African National Defence Force (SANDF) and the Metro Police during the period of the lockdown. The period of the national lockdown was declared from 26 March 2020 - 16 April 2020 in terms section 27 of the Disaster Management Act announced by the Minister of Co-operative Governance and Traditional Affairs in the Government Notice No. 398, published in the Government Gazette, No. 43148 on 25 March 2020. The lockdown period was subsequently extended by the Minister from month to month on different lockdown levels. The country is currently on lockdown level one.

The National Regulations provides for the police to enforce the provisions of the lockdown. This includes for the SAPS, SANDF and Metro Police to amongst others, makes sure that the movement of people and goods are restricted and people are confined to their homes; public transport on the public streets are prohibited with the exception of emergency and health workers; businesses that are not essential services are closed and public places such as taxi ranks remain closed.

The provisions of the Disaster Management Act (2002) together with the Lockdown Regulations places certain obligations on the police to enforce the regulations for the duration of the period of the Lockdown

The Civilian Secretariat as the technical adviser to the Minister of Police has a policy-related role with respect to the monitoring of the implementation of the Disaster Management Act (2002) Regulations.

2. KEY CONCERNS RAISED BY THE COMMITTEE DURING THE 2020/21 FINANCIAL YEAR (HISTORIC CHALLENGES)

The matters listed below are some of the key concerns raised by the Committee during the 2020/21 budget hearings with the Civilian Secretariat of Police. These observations and key issues are included in this report to re-emphasise the areas that Committee noted at the time.

Provincial budgets

Members questioned the Department on the levels of cooperation with Provincial Secretariats and the budgets of the Provincial Secretariats. Of concern was the efficacy of the Civilian Secretariat in implementing its programme and mandate in the provinces. Members also questioned what training was provided in Provincial Secretariats on Community Safety Forums (CSFs).

Police Inspectorate

Members of the Committee wanted to know if the Civilian Secretariat has drafted any policy document that deals with the independence of the Police Inspectorate, given its oversight role over the police.

DNA Board

Members questioned the fact that the DNA Board has come to the end of its term and wanted assurances from the Civilian Secretariat that a new board would be instituted, or that the Secretariat would assume the function of the Board. It was pointed out that there was no mention of the DNA Board in the presentation and Members wanted the Secretariat to provide reasons why this was the case.

Use of CPFs during Lockdown

The Committee questioned why the CPFs were not classified as emergency personnel by the Regulations. This was cause for concern because there was confusion with some provinces using CPFs and SAPS indicating that they were not emergency personnel. Given the fact that the mission of the Civilian Secretariat was effective civilian oversight, the Department was asked to explain how they were going to change the situation to allow CPFs to assist during the lockdown.

Community partnerships

The Committee noted that it appeared that there are some challenges that are experienced by the Secretariat in relation to sustainable community partnerships. Members wanted to know what the outcome, risks and mitigations were in relation to community partnerships were and what challenges the Department was experiencing with community partnerships.

Re-prioritisation of the budget

Committee Members raised concerns about the intended R13.5 million cut in the budget of the Secretariat and wanted to know how the Department was going to re-prioritise the budget under the circumstances. An example of this would be fact of the loss of public trust in the SAPS as a result of the flood of public complaints. Members wanted to know how the Secretariat would advise about changing this perception.

Attainment of Strategic Focus and Vision

The Committee noted that the strategic focus and vision of the Civilian Secretariat are a transformed and accountable police service. Members questioned how the Department would achieve that in view of the fact that the Department only had three or four meetings with the SAPS per year since the 2016/17 financial year. Members wanted to know whether the Department was going to develop a report and if there was going to be survey or census at police stations. In addition, the Crime Prevention Strategy was not implemented. Members wanted answers why the Secretariat was not achieving its focus areas and strategies and the department was asked to indicate which government departments were not co-operating.

Domestic Violence indicators

The Committee questioned why there was no sign language interpreters at police stations when people wanted to report Domestic Violence. There was no indicator in the APP of the capacity of the Department for people with disabilities. The Civilian Secretariat should take the monitoring of the Domestic Violence Act, 1998 (Act No 116 of 1998) (DVA) seriously as it is managed at police stations. Members questioned what indicators on monitoring reports of DVA are being put in place given that domestic violence is a critical area, and there have been increased reporting of domestic violence.

Implementation of Audit Findings

The Committee noted that there was a decline in the audit implementation since the 2018/19 financial year and that the Auditor General (AG) audit findings were not implemented. Members wanted the Secretariat to provide reasons for the non-implementation of audit findings. The Committee also expressed its dissatisfaction with the removal of the of 100% implementation audit findings performance target and the Department was asked to provide an explanation.

COVID-19 pandemic

The Committee questioned what measures the Secretariat have put in place to mitigate the effects of the COVID-19 pandemic on the Department. This was important as there were intended budget cuts on Goods and Services by National Treasury, and there would be implications and consequences for the Department. The Department was asked to provide a report on such measures.

DPCI Judge

The Committee questioned what the relationship between the DPCI Judge and the SAPS was and why the DPCI Judge decided to cancel four community engagements. This was concerning in view of the fact that the public was required to have access to the DPCI Judge and needed to know about his role and function in order to have effective oversight over the DPCI. The Department was asked to explain the reason for this.

SAPS Misconduct
The Committee wanted the Department to play its role with respect to SAPS officials that become involved in disciplinary cases. The members appealed to the Department to make sure that the number of officials who become involved in misconduct is reduced.

Litigation Management database
Members questioned whether the Department had access to the SAPS' litigation management database so that it could be used to do proper oversight, monitoring and evaluation with respect to civil claims against the police. The Department was asked if they did not have access to the database, why they did not have access to it.

Firearms Control Amendment Bill
Members wanted to know what progress was made with respect to amendments of the Firearms Control Act and when such an Amendment Bill will be tabled.

3. STRATEGIC PRIORITIES OF THE CSPS FOR 2021/22

The overall strategic goal of the Secretariat is to conduct civilian oversight over the police and provide the Minister of Police with strategic support (police advice, legislative support, public participation and monitoring and evaluation of the SAPS).

3.1 Ministerial Priorities

The Minister of Police highlighted the following priorities for the 2020/21 financial year and over the medium term:

- Institutionalise integration, coordination and collaboration as the most effective approach to building safer communities;
- Implementation of, amongst other policy instruments, the Integrated Crime and Violence Prevention Strategy and the Integrated Model of Policing Policy Framework
- Focusing on strengthening community partnerships to improve participation in the fight against crime;
- To improve community police relations and restore trust in the police;
- To advance the agenda of a transformed and accountable police service;
- To tackle crime and corruption as barriers to economic growth,
- To deal with pertinent issues such as acts of economic sabotage and violent protest action,
- To strengthen by-law enforcement so that municipalities can effectively focus on those functional areas within their purview that promote safety and security;
- The finalisation of priority legislation that will contribute to economic recovery efforts;
- Addressing the issue of gender-based violence (GBV) and the CSPS will leverage on its strategic partnerships with CBOs, NGOs, FBOs and the business sector to mobilise communities in the fight against the scourge of GBV; and

- The implementation of the CSPS' Partnership Strategy and Framework

3.2 State of the Nation Address

In his State of the Nation address in February 2021, the President emphasised four key priorities for the state: First, he emphasised that the country should defeat the coronavirus pandemic. Secondly, the economic recovery of South Africa should be accelerated. Thirdly, economic reforms to create sustainable jobs and drive inclusive growth must be implemented. Lastly, the fight against corruption must intensified to strengthen the State.

Corruption: The fight against corruption and strengthening the state was identified by the President as one of the four overriding priorities of 2021. He further stated that the testimony at the Zondo Commission of Inquiry has shown how corruption has compromised and weakened the criminal justice system. Over the past three years, efforts have been made to turn around law enforcement bodies including improved cooperation and sharing of resources between respective law enforcement agencies, enabling a more integrated approach to investigations and prosecutions.

Crime and violence: The President stated, "Crime and violence continues to undermine people's sense of safety and security" and that tackling crime is central to the success of South Africa's recovery from the Covid-19 pandemic.

Gender based violence: The President repeated his focus on ending gender-based violence as a key priority. He indicated that he has launched the National Strategic Plan on Gender-Based Violence and Femicide in April last year and that Government has made efforts to strengthen the criminal justice system to prevent women from being traumatised again, and to ensure that perpetrators face justice. As part of this initiative, Government has introduced three key pieces of legislation in Parliament last year to realise effective change in combatting gender-based violence.

The President further stated that Government is making progress in reducing the backlog of gender-based violence cases and that Government continues to provide care and support to survivors of gender-based violence. To support these initiatives, the President announced that Government has allocated approximately R12 billion to implement the various components of the National Strategic Plan on Gender-Based Violence over the 2021/22 medium-term.

Economic crimes: The President stated that crimes like cable theft, railway infrastructure vandalism, land invasions, construction site disruptions and attacks on truck drivers hamper economic activity and discourage investment. The President noted that Government has set up task teams in a number of provinces to deal with extortion and violence on sites of economic activity.

3.3 Civilian Secretariat Priorities

The Civilian Secretariat has indicated that their priorities for the 2021/22 financial year and over the medium term includes the following priorities:
Addressing the lack of trust in the police and improving police service delivery;

- The need for a localised approach to addressing crime concerns;
- Targeted implementation of the Provincial and Local Crime Prevention Frameworks and District Action Plans, in line with the District Development Model (DDM);
- The implementation of the 2016 White Paper on Safety and Security;
- Improving detective service and forensics, as well as facilitating the modernisation of the SAPS through an e-Policing Policy;
- Focus on the finalisation and implementation of an Integrated Crime and Violence Prevention Strategy (ICVPS); and
- Ensuring the implementation of a Partnership Strategy and Framework which seeks to mobilise key role-players and harness the social capital in communities by facilitating greater involvement of various community safety structures in the fight against crime.

In 2021/22, the Department will focus on the following priorities:

- Strengthening community participation in the fight against crime, by
    - Implementing crime prevention campaigns,
    - Hosting provincial imbizos and establishing additional community safety forums at the municipal level;
- Drafting and promoting constitutionally sound legislation to give effect to government policies related to policing.
- Regulating and monitoring compliance by the police service with relevant legal prescripts.

3.4 Medium Term Strategic Priorities

In the 2020-2025 Strategic Plan of the Civilian Secretariat for Police, the Secretariat has committed to the implementation of the following priorities during the next five years:

- Facilitating the implementation of the 2016 White Paper on Safety and Security and the Integrated Crime and Violence Prevention Strategy.
- Drafting and promoting constitutionally sound legislation to give effect to government policies related to policing.
- Repositioning of the Civilian Secretariat for Police Service as a new Department of Police and the primary policy advisor to the Minister, which requires a review of the current organisational structure.
- Organisational renewal, strategic leadership and the enforcement of the Civilian Secretariat for Police Service Act and Regulations.
- Strengthening the capacity of the Department to influence international developments for the Ministry of Police.
- Facilitating the creation of a smart or e-policing environment.

- Strengthening the Heads of Departments (HoDs) Forum and Senior Management Forum to monitor the progress of the Department's oversight functions.
- Establishing a Knowledge Information Management System as a nerve centre to drive the policy and strategic mandate of the Department.
- Implementing the Departmental Communication Strategy.
- Implementing a Partnership Strategy and Framework to strengthen engagements with key stakeholders and galvanise communities on crime prevention initiatives.
- Building strong ICT infrastructure for the department.
- Implementing an integrated Human Capital Strategy and the related operational excellence strategies.

3.5 Impact of COVID-19

On 15 March 2020, President Ramaphosa declared the COVID-19 pandemic a national disaster and on 23 March 2020, announced a national lockdown that started from midnight on 26 March 2020 and has since continued on an adjusted risk strategy. The continued role of the police in the lockdown and greater COVID-19 response effort will have a significant impact on the achievement of the Secretariat's performance and expenditure during the 2021/22 financial year and over the medium-term.

According to the Department, a number of internal operational challenges were experienced because of COVID-19 and its impact on the Department. These included the following:

- The CSPS had to adopt a different method of data collection for monitoring reports, which required the use of virtual communication and required SAPS to self-administer the data collection tools. This had a negative impact on verification of information resulting in inaccurate and incomplete data / information for the development of reports.
- Delays were experienced in terms of the finalisation of legislation due to unavailability of key stakeholders and few comments received on proposed legislation, in spite of utilisation of virtual platforms.
- The legislative programme was also severely affected because of changed priorities on the legislative programme, and as such, legislation, which would have been introduced in 2020, will now only be introduced in 2021.
- Timeframes for the delivery of projects were hampered overall, given that only a limited number of staff were permitted on-site in order to minimise the spread of COVID-19.

4. CSPS BUDGET ANALYSIS AND PERFORMANCE TARGETS FOR 2021/22

4.1. Overall budget allocation

The CSPS received a Main Appropriation of R149 million in 2021/22, which is a nominal increase of 8.68 per cent compared to the previous financial year. In real terms (inflation considered), the Department's allocation increased with R5.8 million, or 4.22 per cent.

Table 1: Comparative changes in expenditure estimates by programme: 2020/21 to 2021/22

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R million	**2020/21**	**2020/21**				
Administration	60.9	66.5	5.6	2.9	9.20 per cent	4.79 per cent
Intersectoral Coordination and Strategic Partnerships	23.3	25.7	2.4	1.4	10.30 per cent	5.85 per cent
Legislation and Policy Development	22.2	23.2	1.0	0.1	4.50 per cent	0.29 per cent
Civilian Oversight, Monitoring and Evaluations	30.7	33.6	2.9	1.5	9.45 per cent	5.03 per cent
TOTAL	**137.2**	**149.0**	**11.8**	**5.8**	**8.6 per cent**	**4.22 per cent**

Source: National Treasury (2021)

The Administration Programme received a Main Appropriation of R66.5 million in 2021/22, which is a nominal increase of 9.2 per cent (considering inflation, it is a real increase of 4.79 per cent) compared to the previous financial year. The Intersectoral Coordination and Strategic Partnerships Programme received a Main Appropriation of R25.7 million in 2021/22, which is a nominal increase of 10.3 per cent compared to the previous financial year, which is the most substantial increase in the Department's budget programmes. Considering inflation, the Programme received a real increase of 5.85 per cent.

Table 2: Percent of total Department's budget per sub-programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	**2020/21**		**2021/22**		
Administration	60.9	44.39 per cent	66.5	44.63 per cent	0.24 per cent
Intersectoral Coordination and Strategic Partnerships	23.3	16.98 per cent	25.7	17.25 per cent	0.27 per cent
Legislation and Policy Development	22.2	16.18 per cent	23.2	15.57 per cent	-0.61 per cent
Civilian Oversight, Monitoring and Evaluations	30.7	22.38 per cent	33.6	22.55 per cent	0.17 per cent
TOTAL	**137.2**	**100.00 per cent**	**149.0**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

The Legislation and Policy Development Programme received a Main Appropriation of R23.2 million in 2021/22, which is a nominal increase of 4.5 per cent and a real increase of only 0.29 per cent compared to the previous financial year. The Civilian Oversight, Monitoring and Evaluation Programme received a Main Appropriation of R33.6 million in 2021/22, which is a nominal increase of 9.45 per cent and a real increase of 5.03 per cent compared to the previous financial year.

In 2021/22, the percentages of the total Departmental budget remained relatively similar compared to the previous financial year. The Administration Programme continues to receive the bulk of the Department's total budget allocation at 44.63 per cent, which is an increase of 0.24 per cent compared to the previous financial year. The Civilian Oversight, Monitoring and Evaluations Programme continues to receive the second largest proportional allocation from the total Departmental budget at 22.55 per cent. Compared to the previous financial year, the Programme's proportional allocation increased with 0.17 per cent.

The Intersectoral Coordination and Strategic Partnerships Programme continues to receive the third largest proportional allocation of the total Departmental budget at 17.25 per cent. This is a slight increase of 0.27 per cent compared to the previous financial year. The Legislation and Policy Development Programme continues to receive the smallest proportional allocation at 15.57 per cent. The Programme's proportional allocation decreased with 0.61 per cent in 2021/22 compared to the previous financial year.

4.2. Budget allocation per economic classification

In terms of economic classification, the bulk of the Department's budget is located in Current payments, of which 70.6 per cent (R103.7 million) goes towards compensation of employees and the remainder goes towards Goods and services (R43.1 million). The largest cost driver in Goods and services remains Travel and subsistence (R14.5 million) consisting of 33.64 per cent of the Goods and services' budget.

Table 3: CSPS 2021/22 Budget summary per economic classification

	2021/22			
R million	**Total**	**Current payments**	**Transfers and subsidies**	**Payments for capital assets**
Administration	66.5	65.5	0.21	0.8
Intersectoral Coordination and Strategic Partnerships	25.7	25.3	-	0.3
Legislation and Policy Development	23.2	22.9	-	0.3
Civilian Oversight, Monitoring and Evaluations	33.6	33.1	-	0.5
Total expenditure estimates	**149.0**	**146.8**	**0.21**	**1.9**

Source: National Treasury (2021)

Transfers and subsidies account for R210 000 of the 2021/22 financial year (0.13 per cent). The bulk of which is allocated to the Safety and Security Sector Education and Training Authority (SASSETA) at R204 000 (97.1 per cent of the total). This item received an Adjusted Appropriation of R700 000 in 2020/21, thus the 2021/22 allocation is a significant reduction. Over the medium-term, the allocation is expected to decrease with 31 per cent. The remaining funds in Transfers and subsidies (R6 0000) goes towards vehicle licences. In 2021/22, the Department has allocated R1.9 million towards Payments for capital assets, of which R1.6 million is allocation to Machinery and equipment. This allocation is expected to increase with 12.0 per cent over the medium-term.

4.3 Budget allocation per programme

4.3.1. Programme 1: Administration

The Administration Programme's budget allocation increased from R60 million in 2020/21 to R66.5 million in 2020/21, which is a nominal increase of 10.8 per cent. Considering inflation, the Programme's allocation increased with 6.37 per cent compared to the previous financial year.

The Department Management sub-programme received a Main Allocation of R12.3 million in 2021/22, which is a nominal increase of 5.13 per cent and real increase of 0.89 per cent compared to the previous financial year. The Corporate Services sub-programme's allocation increased from R23.2 million in 2021/21 to R24 million in 2021/22, which is a nominal increase of 3.45 per cent. However, considering inflation, the allocation showed a real decrease of 0.72 per cent. Similarly, the Finance Administration sub-programme received a nominal increase of 3.45 per cent from R17.4 million in 2020/21 to R18 million in 2021/22. While this is a nominal increase, considering inflation, the allocation decreased with 0.72 per cent.

Table 4: Budget allocation: Administration Programme per sub-programme

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R million	**2020/21**	**2021/22**				
Department Management	11.7	12.3	0.6	0.1	5.13 per cent	0.89 per cent
Corporate Services	23.2	24.0	0.8	- 0.2	3.45 per cent	-0.72 per cent
Finance Administration	17.4	18.0	0.6	- 0.1	3.45 per cent	-0.72 per cent
Office Accommodation	4.1	7.5	3.4	3.1	82.93 per cent	75.55 per cent
Internal Audit	4.7	4.7	0.0	- 0.2	0.00 per cent	-4.03 per cent
TOTAL	**60.0**	**66.5**	**6.5**	**3.8**	**10.8 per cent**	**6.37 per cent**

Source: National Treasury (2021)

The Department is in the process of relocating to new offices, as the current office space cannot accommodate the Department's personnel. This accounts for the significant increase in the budget allocation of the Office Accommodation sub-programme from R4.1 million in 2020/21 to R7.5 million in 2021/22. The allocation increased nominally with 82.93 percent (R3.4 million) compared to the previous financial year.

The Internal Audit sub-programme received a Main Appropriation of R4.7 million in 2021/22, which remained unchanged compared to the previous financial year. Although the allocation remained unchanged nominally, the allocation decreased with 4.03 per cent in real terms when considering the impact of inflation.

Table 5: Percent of total Administration Programme budget per sub-programme

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R million	**2020/21**		**2021/22**		
Sub-programme 1: Department Management	11.7	19.50 per cent	12.3	18.50 per cent	-1.00 per cent
Sub-programme 2: Corporate Services	23.2	38.67 per cent	24.0	36.09 per cent	-2.58 per cent
Sub-programme 3: Finance Administration	17.4	29.00 per cent	18.0	27.07 per cent	-1.93 per cent
Sub-programme 4: Office Accommodation	4.1	6.83 per cent	7.5	11.28 per cent	4.44 per cent
Sub-programme 5: Internal Audit	4.7	7.83 per cent	4.7	7.07 per cent	-0.77 per cent
TOTAL	**60.0**	**100.00 per cent**	**66.5**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

The significant increase in the Office Accommodation sub-programme's budget allocation affected the proportional allocations of the sub-programmes of the Administration Programme. The Corporate services sub-programme continues to receive the bulk of the Programme's budget allocation at 36.09 per cent. However, the proportional allocation decreased with 2.58 per cent in 2021/22 compared to the previous financial year. The proportional allocations of the Departmental Management, the Financial Management and the Internal Audit sub-programmes decreased with 1 per cent, 1.93 per cent and 0.77 per cent, respectively. The Office Accommodation sub-programme now receives a substantial portion of the Programme's total budget allocation at 11.28 per cent. The proportional allocation increased with 4.44 per cent compared to the previous financial year.

4.3.2 Programme 2: Intersectoral Coordination and Strategic Partnerships

The Intersectoral Coordination and Strategic Partnerships Programme received a Main Appropriation of R25.7 million in 2021/22, which is a nominal increase of 10.3 per cent.

Considering inflation, the Programme received a real increase of 5.85 per cent. The Intergovernmental, Civil Society and Public-Private Partnerships sub-programme received a Main Appropriation of R21.7 million in 2021/22, which is a nominal increase of 10.15 per cent compared to the previous financial year. Considering inflation, the sub-programme's allocation increased with 5.71 per cent compared to the previous financial year.

Table 6: Budget allocation: Intersectoral Coordination and Strategic Partnerships Programme per sub-programme

Programme	**Budget**		**Nominal Increase / Decrease in 2021/22**	**Real Increase / Decrease in 2021/22**	**Nominal Percent change in 2021/22**	**Real Percent change in 2021/22**
R million	**2020/21**	**2021/22**				
Intergovernmental, Civil Society and Public-Private Partnerships	19.7	21.7	2.0	1.1	10.15 per cent	5.71 per cent
Community Outreach	3.6	4.0	0.4	0.2	11.11 per cent	6.63 per cent
TOTAL	**23.3**	**25.7**	**2.4**	**1.4**	**10.3 per cent**	**5.85 per cent**

Source: National Treasury (2021)

The Community Outreach sub-programme received a Main Appropriation of R4 million in 2021/22, which is a nominal increase of 11.11 per cent and real increase of 6.63 per cent compared to the previous financial year.

Proportionally, the Intergovernmental, Civil Society and Public-Private Partnerships sub-programme receives 84.44 per cent of the Programme's total budget allocation, which decreased with 0.11 per cent in 2021/22 compared to the previous financial year. The Community Outreach sub-programme receives the remainder of the Programme's allocation at 15.56 per cent of the total.

Table 7: Percent of total Intersectoral Coordination and Strategic Partnerships Programme budget per sub-programme

Programme	**Budget**	**Percent of total budget per programme**	**Budget**	**Percent of total budget per programme**	**Change in percent allocation**
R million	**2020/21**		**2021/22**		
Intergovernmental, Civil Society and Public-Private Partnerships	19.7	84.55 per cent	21.7	84.44 per cent	-0.11 per cent
Community Outreach	3.6	15.45 per cent	4.0	15.56 per cent	0.11 per cent
TOTAL	**23.3**	**100.00 per cent**	**25.7**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

4.3.3. Programme 3: Legislation and Policy Development

The Legislation and Policy Development Programme received a Main Appropriation of R23.2 million in 2021/22, which is a nominal increase of 4.5 per cent compared to the previous financial year. Considering inflation, the Programme's allocation shows a real increase of only 0.29 per cent.

Table 8: Budget allocation: Legislation and Police Development Programme per sub-programme

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R million	**2020/21**	**2021/22**				
Policy Development and Research	15.0	15.8	0.8	0.2	5.33 per cent	1.09 per cent
Legislation	7.2	7.5	0.3	0.0	4.17 per cent	-0.03 per cent
TOTAL	**22.2**	**23.2**	**1.0**	**0.1**	**4.5 per cent**	**0.29 per cent**

Source: National Treasury (2021)

The Policy Development and Research sub-programme received a Main Appropriation of R15.8 million, which is a nominal increase of 5.33 per cent in 2021/22. Considering inflation, the sub-programme's allocation increased with 1.09 per cent.

The Legislation sub-programme received a Main Appropriation of R7.5 million in 2021/22, which is a nominal increase of 4.17 per cent. However, considering inflation, the allocation decreased slightly with 0.03 per cent compared to the previous financial year.

The proportional allocations towards sub-programmes did not change substantially in 2021/22 compared to the previous financial year. The Policy Development and Research sub-programme continues to receive the bulk of the Programme's allocation at 68.10 per cent, which increased slightly with 0.54 per cent.

The Legislation sub-programme received the remainder of the Programme's budget allocation (32.33 per cent). The sub-programme's proportional allocation decreased slightly with 0.10 per cent in 2021/22 compared to the previous financial year.

Table 9: Percent of total Legislation and Police Development Programme budget per sub-programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	**2020/21**		**2021/22**		
Sub-programme 1: Policy Development and Research	15.0	67.57 per cent	15.8	68.10 per cent	0.54 per cent
Sub-programme 2: Legislation	7.2	32.43 per cent	7.5	32.33 per cent	-0.10 per cent
TOTAL	**22.2**	**100.00 per cent**	**23.2**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

4.3.4. Programme 4: Civilian Oversight, Monitoring and Evaluation

The Civilian Oversight, Monitoring and Evaluation Programme received a Main Appropriation of R33.6 million in 2021/22, which is a nominal increase of 9.4 per cent. The Police Performance, Conduct and Compliance sub-programme received a Main Appropriation of R16 million in 2021/22, which is a nominal increase of 5.26 per cent or real increase of 1.02 per cent compared to the previous financial year.

Table 10: Budget allocation: Civilian Oversight, Monitoring and Evaluation Programme per sub-programme

Programme	**Budget**		**Nominal Increase / Decrease in 2021/22**	**Real Increase / Decrease in 2021/22**	**Nominal Percent change in 2021/22**	**Real Percent change in 2021/22**
R million	**2020/21**	**2021/22**				
Police Performance, Conduct and Compliance	15.2	16.0	0.8	0.2	5.26 per cent	1.02 per cent
Policy and Programme Evaluations	5.6	7.1	1.5	1.2	26.79 per cent	21.68 per cent
Office of the Directorate for Priority Crime Investigation Judge	6.5	6.8	0.3	0.0	4.62 per cent	0.40 per cent
National Forensic Oversight and Ethics Board	3.4	3.7	0.3	0.2	8.82 per cent	4.44 per cent
TOTAL	**30.7**	**33.6**	**2.9**	**1.5**	**9.4 per cent**	**5.03 per cent**

Source: National Treasury (2021)

The Police and Programme Evaluations sub-programme received a substantial increase in its budget allocation in 2021/22. The sub-programme received a Main Appropriation of R7.1 million compared to an Adjusted Appropriation of R5.6 million in 2020/21. The 2021/22 allocation represents a nominal increase of 26.79 per cent compared to the previous financial year. Considering inflation, the sub-programme's allocation increased with 21.68 per cent.

The Office of the Directorate for Priority Crime Investigation Judge sub-programme received a Main Appropriation of R6.8 million in 2021/22, which is a nominal increase of 4.62 per cent or 0.44 per cent real increase. The National Forensic Oversight and Ethics Board sub-programme received a Main Appropriation of R3.7 million in 2021/22, which is a nominal increase of 8.82 per cent and real increase of 4.44 per cent compared to the previous financial year.

The proportional allocations towards the sub-programmes shifted slightly in 2021/22 compared to the previous financial year. The substantially increased allocation of the Policy and Programme Evaluations sub-programme resulted in a 2.89 per cent increase of its proportional allocation from 18.24 per cent in 2020/21 to 21.13 per cent in 2021/22. The rest of the sub-programme's proportional allocations decreased to accommodate the increased allocation of the Policy and Programme Evaluations sub-programme.

Table 11: Percent of total Civilian Oversight, Monitoring and Evaluation Programme budget per sub-programme

Programme	Budget	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	**2020/21**		**2021/22**		
Police Performance, Conduct and Compliance	15.2	49.51 per cent	16.0	47.62 per cent	-1.89 per cent
Policy and Programme Evaluations	5.6	18.24 per cent	7.1	21.13 per cent	2.89 per cent
Office of the Directorate for Priority Crime Investigation Judge	6.5	21.17 per cent	6.8	20.24 per cent	-0.93 per cent
National Forensic Oversight and Ethics Board	3.4	11.07 per cent	3.7	11.01 per cent	-0.06 per cent
TOTAL	**30.7**	**100.00 per cent**	**33.6**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2021)

4.4. Expenditure on personnel/compensation of employees

Compensation of employees remains the Department's largest cost driver, accounting for 70.9 per cent (R311.2 million) of its expenditure over the medium-term. The Department's budget for compensation of employees is reduced by R50.1 million over the same period. Of this, R21.9 million is in line with the freeze on salary increases over the medium term and the decision not to implement the 2018 public sector wage agreement. These reductions have made it necessary for the Department to revise its number of personnel from 160 in 2020/21 to 153 in 2023/24. To ensure that the Department remains within the expenditure ceiling for compensation of employees, eight (8) posts will not be filled following contract terminations and natural attrition.

Table 12: Personnel numbers and cost by programme

	Funded posts March 2021	**Actual**	**Revised estimate**	**Medium-term expenditure estimate**							**Average growth rate (%)**	**Average: Salary level/ Total (%)**	
		2019/20	**2020/21**	**2021/22**		**2022/23**		**2023/24**			**2020/21 - 2023/24**		
Civilian Secretariat for the Police Service		No.	Cost	No.	Cost	No.	Cost	No.	Cost	No.	Cost		
Programme	**160**	**148**	**98.0**	**161**	**104.8**	**158**	**103.7**	**157**	**103.7**	**153**	**103.7**	**-1.7%**	**100.0%**
Programme 1	77	73	42.0	77	45.1	76	44.0	76	44.0	74	44.0	-1.6%	48.1%
Programme 2	22	21	18.1	23	17.8	22	17.5	22	17.5	20	17.5	-3.5%	13.8%
Programme 3	21	20	15.7	21	16.3	22	17.4	22	17.4	21	17.4	0.8%	13.7%

Programme 4	40	34	22.2	40	25.6	38	24.8	38	24.9	37	24.9	-2.3%	24.4%

Source: National Treasury (2021)

The table above shows that, over the medium-term, compensation of employees will decrease on average with 1.7 per cent in total. The reduction in most pronounced in the Intersectoral Coordination and Strategic Partnerships Programme, which is expected to decrease with 3.6 per cent on average between 2020/21 and 2023/24, followed by the Civilian Oversight, Monitoring and Evaluations Programme (-2.3 per cent).

4.4 PERFORMANCE ANALYSIS

This section provides a summary of the performance indicators and targets of the four budget programmes of the Department. The section further highlights key concerns for consideration of Parliament during the 2021/22 budget hearings of the Department.

4.4.1 Programme 1: Administration

The purpose of the Administration Programme is to provide strategic leadership, management and support services to the Department. For the 2020/21 financial year, six performance indicators were identified. The Programme has two new performance indicators and removed two indicators that were included in the 2019/20 financial year.

Programme purpose: The purpose of the Administration Programme is to provide strategic leadership, management and support services to the Department.

Performance indicators: For the 2021/22 financial year, the Department identified six performance indicators for the Administration Programme, of which all targets remained unchanged.

Sub-programme: Department Management

1) Number of joint consultative IPID/Secretariat forum meetings held per year in compliance with the Civilian Secretariat for Police Service Act, 2011: Target remains unchanged at four meetings annually.

Sub-programme: Corporate Services

2) Vacancy rate of not more than 7% of the total post establishment: Target remains unchanged at not more than 7% in 2021/22.
3) Percentage of implementation of the Human Capital Strategy: Target remains unchanged at 100% implementation.
4) Percentage implementation of the Information and Communication Technology (ICT) Strategy: Target remains unchanged at 100%.

Sub-programme: Finance Administration

5) Percentage of payments made to creditors within 30 days: Target remains unchanged at 100%.
6) Percentage of expenditure in relation to the allocated budget: Target remains unchanged at 98%.

4.4.2 Programme 2: Intersectoral Coordination and Strategic Partnerships

Programme purpose: The purpose of the Intersectoral Coordination and Strategic Partnerships Programme is to manage and encourage national dialogue on community safety and crime prevention.

Performance indicators: For the 2021/22 financial year, the Programme identified six performance indicators.

Sub-programme: Intergovernmental, Civil Society and Public-Private Partnerships

1) Number of memoranda of understanding (MoUs) signed with stakeholders in order to build safer communities: Target remains unchanged at two MOUs for 2021/22.
2) Number of workshops facilitated with Provincial Secretariats and municipalities on the establishment of Community Safety Forums (CSFs): Target remains unchanged at nine workshops.
3) Number of provincial capacity-building sessions held on crime prevention policies per year: Target remains unchanged at nine sessions.
4) Number of anti-crime campaigns conducted per year: Target remains unchanged at three campaigns.
5) Number of monitoring reports on implementing Community Policing Forum (CPF) regulations/standards approved by the Secretary: Target remains unchanged at two reports.

Sub-programme: Community Outreach

6) Number of izimbizo/public participation programmes held with communities to promote community safety: Target increased from four in 2020/21 to eight in 2021/22.

4.4.3 Programme 3: Legislation and Policy Development

Programme purpose: The purpose of the Legislation and Policy Development Programme is to develop policy and legislation for the police sector and to conduct research on policing and crime.

Performance indicators: For the 2021/22 financial year, the Programme identified four performance indicators.
Sub-programme: Policy Development and Research

1) Number of draft national policing polices submitted to the Secretary for approval per year: Target remains unchanged at one policy.

2) Number of research reports on policing approved by the Secretary per year: Target increased from one research report to two research reports.
3) Number of newsletter (gazettes) published on SaferSpaces per year: Target remains unchanged at one newsletter.

Sub-programme: Legislation

4) Number of Bills submitted to the Minister for Cabinet approval per year: Target remains unchanged at two bills.

4.4.4 Programme 4: Civilian Oversight, Monitoring and Evaluation

Programme purpose: The purpose of the Civilian Oversight, Monitoring and Evaluation Programme is to oversee, monitor and report on the performance of the SAPS.

Performance indicators: For the 2021/22 financial year, the Programme identified 10 performance indicators.

Sub-programme: Police Performance, Conduct and Compliance Monitoring

1) Number of Police Station Oversight Reports approved by the Secretary: Target decreases from four reports in 2020/21 to three in 2021/22.
2) Number of SAPS Budget and Programme Performance Assessment Reports approved by the Secretary for Police Service per year: Target remains unchanged at one report.
3) Number of Assessments Reports on Complaints Management approved by the Secretary for Police Service per year: Target remains unchanged at two reports.
4) Number reports on SAPS Implementation of IPID Recommendations approved by the Secretary for Police Service per year: Target remains unchanged at two reports.
5) Number of Compliance Monitoring Reports on the implementation of the Domestic Violence Act, 1998 by SAPS approved by the Secretary for Police Service per year: Target remains unchanged at two reports.
6) Number of reports on the implementation and compliance to legislation and policies approved by the Secretary: Target increased from one to two reports.
7) Number of assessment reports in police conduct and integrity approved by the Secretary per year: Target remains unchanged at one report.
8) Number of reports on the functioning of the National Forensic DNA Database assessed per year: Target remains unchanged at four reports.

Sub-programme: Policy and Programme Evaluations

9) Number of assessment reports on SAPS programmes approved by the Secretary: Target remains unchanged at one report.
10) Number of evaluation reports on legislation and policies approved by the Secretary per year: Target remains unchanged at one report.

5. COMMITTEE OBSERVATIONS

The Committee made the following observations on the strategic priorities of the Civilian Secretariat during the 2021/22 budget hearings:

Lack of trust in the police

The Committee noted that the strategic focus of the Civilian Secretariat should be revisited with respect to the Department's impact on the SAPS. In particular, the levels of public trust in the police has significantly declined and Members wanted to know what the Civilian Secretariat would be doing to assist the SAPS in changing this perception and improving levels of public trust. Members pointed out that bogus police officers involved in robberies and other crimes has contributed to the lack of public trust in the police and wanted to know how the Department would be contributing to changing the lack of trust.

Restructuring of the Civilian Secretariat as the Department of Police

The Committee questioned what the purpose of the White Paper on Policing stated with respect to policy on the independence of the Civilian Secretariat for Police. Members questioned why the Civilian Secretariat would want to migrate back to be called the Department of Police when it took time to move out of the SAPS. The policy provides for the Civilian Secretariat to have independent oversight over the SAPS. Members wanted details on the proposed Department of Police.

Relationships with Community Police Forums (CPFs)

The Committee wanted to know whether there still was a working relationship between the police and CPFs and whether the CPFs were functional and operational. The lifespan of CPFs was questioned and Members wanted to know if the Department knew how many CPF members were involved in and who have been convicted crime.

Panel of Experts Report and Accountability Mechanisms

In reference to the recommendation that there was a need for a review of internal and external accountability mechanisms the SAPS, in the Panel of Experts on Policing and Crowd Control report, the Committee questioned whether the review will be conducted. According to the recommendation, the review must be carried out by the CSP and findings reported to the Minister, National Commissioner and the Portfolio Committee on Police. The Committee wanted to know when the Secretariat would be conducting the review.

Policy Development

The Committee noted that there were various policy papers developed and the wanted an indication of the status of the White Papers on Policing and Safety and Security and how it will be implemented in coming legislation and other papers developed for the 2021/22 financial year.

Communication Strategy

The Committee noted that the Civilian Secretariat was one of the most one of the most important departments, despite its size. However, its communication strategy was not very good as the Portfolio Committee was on the receiving end of numerous complaints. Complaints meant for the Department was not being responded to and we have made a commitment to the public to deal with their complaints. The Committee was now receiving public complaints that was meant for the Civilian Secretariat and this should be remedied.

Legislation

The Committee was concerned about the lack of legislation placed before it and noted that the Committee has just over two years in its term. It was distressed that legislation on the IPID Amendment Bill, the SAPS Amendment Bill and the Firearms Control Amendment Bill was priorities for the Committee. The Department was not prioritising what the Portfolio Committee has prioritised. A decision was made to place the Department under scrutiny as the Committee will leave no legislation to the 7^{th} Administration and insisted that the Department tables the legislation.

Performance of the DPCI Judge

The Committee questioned why the APP does not include any performance indicators to measure the performance of the Office of the DPCI Judge despite there being a budget allocation. This prevents the Committee from performing adequate oversight on the economic spending of public funds.

Oversight Mandate of the Civilian Secretariat for Police

The Committee reminded the Department that its mandate is oversight over the SAPS and when considering how the SAPS management are progressing and managing its affairs, then the Department was not doing enough when it comes to monitoring the processes and decisions of the SAPS. The Committee noted that the Portfolio Committee also has a similar mandate and there was a need to work closely together in ensuring that the SAPS deliver better services to the public.

Promotions policy

The Committee noted that the promotions policy of the SAPS is seeing too many generals being promoted and wanted the Civilian Secretariat to review the application of the SAPS Promotions Policy as many of the staff at lower levels (1-9) were not being promoted, but levels 12 upwards were being promoted. Included in the review should be a list of all generals in all provinces and whether they have been disciplined or have charges against them.

CIVILIAN SECRETARIAT RESPONSES

The Civilian Secretariat noted the questions and comments and stated that in terms of the programme, the Firearms Control Amendment Bill will be published for comment. Two bills were presented to the Cabinet Committee for processing and this was the Protection of Constitutional Democracy against Terrorist Related Attacks (POCDATRA) and the Firearms

Control Amendment Bill. The Department has published the SAPS Amendment Bill and they were finalising the inputs of the public for processing in Cabinet, so that it can be introduced. The DNA Bill briefing to the Minister will take place on 17 May 2021.

The White Paper on Safety and Security (2016) was used to develop the integrity, crime and violence strategy and that was the implementing tool. The department noted that it had taken into account the loss of public trust in the SAPS and it had published a State of Policing Report and it had identified areas of trust in the police. The Secretariat will undertake a customer satisfaction survey.

The impact of the COVID – 19 pandemic has taken its toll on the Department and they believed that the Civilian Secretariat was not out of the woods yet. The third wave has now struck just as the department was going to catch up with their programme. Some of the mid-term targets were reduced as a result. The current targets were based on the assumption that all will be normal in this financial year.

The Department indicated that it would fast-track vacancies, but there are financial constraints and the programme will addresses the issues, including the impact of the COVID-19 pandemic. As far as planning was concerned, in the last quarter of the last financial year needs to be finished in the third quarter, so that it can be implemented. Police brutality is addressed through the quarterly joint management forum meetings with the IPID who has the responsibility to investigate.

The Department did not keep statistics on criminality of CPF members but noted that generally the leadership of CPFs are stable, except in the Western Cape Province where there are some challenges.

The Civilian Secretariat indicated that the Panel of Experts report was completed and the Department has developed an action plan for implementation. They requested an opportunity to present the report to the Committee. The Police Employee Health and Welfare programme will be evaluated by the Department to ensure that there is well being of police officers, and would make recommendations for improvement.

The Department reported that it does have access to the SAPS litigation database and two reports has already been shared with the Portfolio Committee.

The Department reported that the budget for the Critical Infrastructure Protection Council would be funded and most of the budget would be used for the expenses of the five civil society and private members appointed to the Council. These would principally be for travelling and attendance. The Council has been allocated R250 000 for their budget.

The Department reported that the repositioning of the Civilian Secretariat of Police into the SAPS, is not accurate. It will be repositioned into the Department of Police which is part of the 1998 White Paper on Safety and Security, where the Department manages the budget of the

SAPS. This is similar to the arrangement with the Secretary of Defence managing the budget of the SA National Defence Force. The Department has commenced a business case in the Department of Public Service and Administration, but it was cut short due to the Covid-19 pandemic.

The National Policing Policy is progressing with letters that have bene sent to the MECs and the National Commissioner. This had been done with Heads of Departments as the Department must take into account the policing priorities and needs. A research project on the analysis of SAPS murder dockets has started and the investigations are rigorous. The project will also look at conviction rates.
The Civilian Secretariat also reported that the head of research in SAPS informed that they were looking at the SAPS basic training and she asked the Civilian Secretariat to look at the value chain in the SAPS which hampers a professional police service.

6. RECOMMENDATIONS AND ADDITIONAL INFORMATION

The Committee made several recommendations to the CSPS during the 2020/21 budget hearings. These included the following:

1) The Committee recommends that the CSPS develop an action plan to assist the SAPS management to increase public trust in the police.
2) The Committee recommends that the Secretariat should finalise the support to the community police forums (CPFs) and provide a report on the relationship between the SAPS and CPFs nationally. The report should also provide details on the level of criminality associated with CPF members.
3) The Committee recommends that the Civilian Secretariat implements the review of internal and external accountability mechanisms of the SAPS and make the report available to the Minister of Police, the National Commissioner and the Portfolio Committee on Police.
4) The Committee recommends that the Civilian Secretariat reviews its communication strategy on its operations and how it processes public complaints.
5) The CSPS must submit a written copy of its revised legislative schedule with respect to the SAPS Amendment Bill, the IPID Amendment Bill and the Firearms Control Amendment Bill.
6) The CSPS must provide the Committee with a report on the progress of the migration of the Civilian Secretariat for Police to the Department of Police and the implications of this change. The report should be provided by the end of June 2021.
7) The Committee recommends that the Civilian Secretariat provide a list of policies that will be developed together with already developed policies and make it available to the

Committee by no later than June 2021. The Committee also recommends that the Civilian Secretariat provides the specific areas where the two White Papers will feed into the proposed SAPS Amendment Bill.

8) The Committee recommends that the CSPS should provide the Committee with an updated legislative schedule submitted to the office of the Leader of Government Business in the National Assembly by no later than June 2021. The Committee expects the Department to prioritise the SAPS Amendment Bill.

9) The Committee recommends that the Secretariat explores ways and means to implement its oversight mandate more tightly over the SAPS and strengthen its monitoring of the SAPS management processes in order to improve its effectiveness.

10) The Committee recommends that the Secretariat improves co-operation with the DPCI Judge and works towards improving the performance and output of the Office of the DPCI Judge.

11) The Committee recommends that the Secretariat investigates compliance with the SAPS Promotions Policy and provide the Committee with a report by end July 2021.

7. CONCLUSION

The Portfolio Committee on Police has considered the Budget, APP and Strategic Plan (2020-2025) of the Civilian Secretariat for Police during the effects of the COVID-19 pandemic. The Civilian Secretariat has at the time of the budget hearings had a total of 13 employees that has been infected with the COVID-19 virus and since the start of the pandemic, all who have recovered and had one fatality. The Department, like all other government departments had to review its operations as a result and make contingency plans to combat the pandemic, while performing its operations.

The Committee was pleased with its engagement with the Department and encouraged it to strengthen the community partnerships with the police, particularly CPFs.

The Committee looks forward to a greater commitment on the part of the Civilian Secretariat to table the Committee priorities in terms of legislation. The Portfolio Committee on Police supports Budget Vote 21 of the Civilian Secretariat for Police Services and recommends the budget be adopted.

The DA and EFF reserved its rights with respect to the adoption of the report.

Report to be considered.

5. Report of the Portfolio Committee on Trade and Industry on the President's reservations regarding the Copyright Amendment Bill and the Performers' Protection Amendment Bill, dated 14 May 2021

The Portfolio Committee on Trade and Industry, having reconsidered the **Copyright Amendment Bill** (CAB) ***[B13B-2017] and the Performers' Protection Amendment Bill (PPAB) [B24B-2016]*** (introduced in the National Assembly as sec 75 Bills), as well as the President's reservations on the constitutionality thereof (Announcements, Tablings and Committee Reports, 24 June 2020), and having conferred with the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour, reports as follows:

1. In a letter dated 16 June 2020, the President of the Republic of South Africa informed the National Assembly that he had reservations about the constitutionality of the **Copyright Amendment Bill** [B13B-2017] and the **Performers' Protection Amendment Bill** [B24B-2016] (National Assembly –sec 75) and that, consequently, he was referring both Bills back to the National Assembly for reconsideration in terms of section 79(1) of the Constitution of the Republic of South Africa, 1996 (Constitution).

2. The President's reservations related to the following, that:

2.1 The Bills had been incorrectly tagged as section 75 Bills. He was of the view that they should be section 76 Bills because of provisions that substantially affect two areas listed in schedule 4 to the Constitution, namely cultural matters and trade. Specific areas where this might have been the case were:

2.1.1 In the CAB, sections 6A, 7A, 8A, 39(cG) and (cI), 22(3), 7B-F and 22A provide for how copyright may be traded.

2.1.2 The CAB further affects cultural matters since indigenous works will become eligible for payment of royalties. The definition of "indigenous work" and the fact that the CAB was referred to the House of Traditional Leaders for comments support the view that the CAB deals with cultural matters.

2.1.3 The PPAB affects performances and performers of "traditional works" including cultural expressions or knowledge, and the rights in these performances. It further regulates the manner in which related performances are made and shared.

2.2 The retrospective provisions contained in the CAB may constitute arbitrary deprivation of property. This specifically related to clauses 5, 7 and 9 inserting sub-sections 6A(7), 7A(7) and 8A(5) into the CAB. These provisions applied retrospectively resulting in copyright owners being entitled to a lesser share of the fruits of their property than was previously the case. The impact of these provisions reaches far beyond the authors it seeks to protect – those that live in poverty as a result of not having been fairly protected in the past. The retrospective provisions would deprive copyright owners of property without sufficient reason and would therefore result in substantial and arbitrary deprivation of property. In addition, the uncertainty created by its unlimited retrospective operation, how assignment by multiple authors would work or what would happen if the owner of the copyright was a non-profit organisation aggravates the situation.

2.3 The "fair use" provisions as amended had not been put out for further public comment. The President referred to the substantial amendments that had been effected to various sections of the CAB following public hearings in August 2017, including section 12A, which deals with fair use of a work or a performance of a work. These amendments had not been put out for public comment before the final version of the CAB had been published. The changes made to this particular section were material to the scheme as a whole and the failure to consult, in the face of such materiality of the amendments, could render the provisions constitutionally invalid.

2.4 The CAB conferred substantial discretionary powers on the Minister in sub-sections 6A(7)(b), 7A(7)(b) and 8A(5)(b), which could well constitute an impermissible delegation of legislative authority. These sections permit the Minister to make key decisions regarding the deprivation of property (copyright) from those to whom it was assigned in the past. It also has the effect that there is no participation process to which legislation is generally subjected. The CAB in this regard also failed to provide for an oversight role for the National Council of Provinces (NCOP). The decision-making process in the CAB is in fact within the domain of the National Assembly and is therefore impermissible delegation.

2.5 The copyright exceptions might constitute reasonable grounds for constitutional challenges. This related to the following:

2.5.1 The CAB introduces copyright exceptions in the new sections 12A to 12D, 19B and 19C. These sections may encounter constitutional challenges for the following reasons:

2.5.1.1 Sections 12A, 12B(1)(a)(i), 12B(1)(c), 12B(1)(e)(i), 12B(1)(f), 12D, 19C(3), 19C(4), 19C(5)(b) and 19C(9) may constitute deprivation of property.

2.5.1.2 Sections 12A and 12D may further violate the right to freedom of trade, occupation and profession.

2.5.2 These sections may also be in conflict with the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performance and Phonograms Treaty, both of which had been signed by South Africa, although they are yet to be acceded to.

2.5.3 There was also a contention that the CAB breached the Three-Step test, first established under article 9(2) of the Berne Convention, to which South Africa is bound in terms of section 231(5) of the Constitution. This test involves that an exception or limitation shall only cover special cases; shall not conflict with the normal exploitation of the work; and shall not unreasonably prejudice the legitimate interests of the rights-holder.

2.6 The remitted Bills might not comply with international treaty obligations specifically in relation to the WIPO Copyright Treaty, the WIPO Performance and Phonograms Treaty, and the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled.

3. The Committee, having considered the President's reservations, reports as follows:

3.1 The Committee, after due consideration and having decided to rather err on the side of caution, agrees with the President's reservation that both Bills should have been tagged as section 76 legislations and resolved that it would request the House to submit the Bills to the Joint Tagging Mechanism for reconsideration of its classification and to specifically consider whether both Bills should be dealt with in terms of section 76 of the Constitution.

3.2 With respect to the President's reservation regarding public participation in relation to sections of the CAB, including section 12A, which deals with the fair use of a work or the performance of a work, the Committee agrees with the President's reservation and would accordingly request further submissions and that the relevant clauses be advertised for public comment.

3.3 With respect to the President's reservation that clauses 5, 7 and 9 of the CAB, inserting sub-sections 6A(7), 7A(7) and 8A(5) with retrospective effect, may constitute arbitrary deprivation of property, the Committee agrees with the President's reservation and would accordingly amend the affected clauses to provide for prospective operation only.

3.4 With regard to the President's reservations that the CAB confers substantial discretionary powers on the Minister, which may well constitute an impermissible delegation of legislative authority, the Committee was of the view that with the deletion of sub-section 6A(7) in clause 5, sub-section 7A(7) in clause 7 and sub-section 8A(5) in clause 9, the reservation becomes moot. The Committee accordingly does not have to agree or disagree with the President's reservation related to impermissible delegations as the delegations are already deleted.

3.5 With regard to the President's reservation that the copyright exceptions may constitute reasonable grounds for constitutional challenges, the Committee does not have to agree or disagree with the President's reservation as it is recommending a call for further comments. Constitutionality of these clauses will thus in any event be revisited and any necessary amendments effected.

3.6 With respect to the President's reservations that the remitted Bills may not comply with international treaty obligations specifically in relation to the WIPO Copyright Treaty, the WIPO Performance and Phonograms Treaty, and the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled, the Committee is of the view that the reservation related to international treaties can be dealt with in conjunction with the call for public comments to be done on other reservations. In considering such inputs, the Committee may then appraise itself of whether the Bills do indeed comply with these treaties or not and, if necessary, effect amendments to the Bills.

4. After deliberations, the Committee recommends: That the National Assembly should consider–

4.1 rescinding its decision, on 5 December 2018, to pass the **Copyright Amendment Bill** [B13B-2017] and the **Performers' Protection Amendment Bill** [B24B-2016] as section 75 Bills;

4.2 referring the Bills [B13B-2017] and [B24B-2016] referred to in 4.1 above to the Joint Tagging Mechanism to consider whether it agrees with the President's reservation that the Bills should have been tagged as section 76 Bills;

4.3 referring the Bills [B13-2017] and [B24-2016] to the Portfolio Committee on Trade and Industry to correct the procedural and substantive concerns in the manner proposed by it, and for report; and

4.4 agreeing to the Committee, in addressing the reservations it supports and how it intends correcting it, incorporating in its work the proceedings and all the previous work of the Committee up to the Second Reading of the Bill.

Report to be considered.

6. Report of the Portfolio Committee on Trade and Industry on Budget Vote 39: Trade, Industry and Competition, dated 14 May 2021

The Portfolio Committee having considered Budget Vote 39: Trade, Industry and Competition, reports as follows:

1. Introduction

In the State of the Nation Address (SONA) in February 2021, the President emphasised the need to focus on economic reconstruction and recovery. This would require addressing existing structural challenges, which has been exacerbated by the COVID-19 pandemic, to ensure more inclusive economic growth. The Department of Trade, Industry and Competition (DTIC) plays an important role in contributing towards the implementation of the Economic Reconstruction and Recovery Plan (ERRP). Its emphasis is on creating a conducive environment for the continued development of the productive sectors of the economy. The sectoral master plans, localisation and beneficiation, regional and global trade, and the creation of a conducive regulatory framework are some of the mechanisms that are available to the DTIC to implement the ERRP.

While the allocated budget for the 2021/22 financial year has been reduced as a result of fiscal constraints, the DTIC has added seven Joint Key Performance Indicators (J-KPIs) to enhance coordination between its programmes and entities, as well as to leverage the balance sheets of the development finance institutions (DFIs) to expand off-budget financing opportunities. In addition, the DTIC will seek to utilise its non-financial policy tools and support measures to maximise its impact. These interventions form part of its measures to increase resource efficiencies.

1.1. Constitutional Mandate of the Committee

Portfolio Committees exercise oversight over their respective departments and agencies in line with their Constitutional mandate set out in section 55(2) of the Constitution of the Republic of South Africa, 1996 and section 27(4) of the Public Finance Management Act (No. 1 of 1999). In addition, the Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009) also requires committees to consider and report on their department's strategic plan and APP. Portfolio committees may also advise the Standing Committee on Appropriations in the National Assembly regarding possible amendments, within a budget vote, for its consideration.

1.2. Purpose

The purpose of this report is for the Portfolio Committee on Trade and Industry to report on its deliberations and consideration of the DTIC's strategic plan, annual performance plan (APP) and budget vote. Furthermore, to make recommendations regarding the approval, amendment or rejection of Budget Vote 39, as well as any other recommendation regarding the implementation of the strategic and APPs of the DTIC.

1.3. Process

The Committee's consideration of Vote 39 involved an engagement with Mr E Patel, the Minister of Trade, Industry and Competition, and Ms M Mabitje-Thompson, the acting Director-General of Trade, Industry and Competition, on 2 March and 4 May 2021. Mr Patel engaged the Committee on the implications of the 2021 SONA and Budget Vote in relation to the mandate of the DTIC and provided an overview of the Economic Recovery Plan, given the economic context of the country since the advent of the COVID-19 pandemic. The acting Director-General then presented the DTIC's Strategic and APPs and an overview of Budget Vote 39.

2. Policy priorities for the 2021/22 financial year

The DTIC's Strategic Plan for 2020 - 2025 and Annual Performance Plan for the 2020/21 financial year outlines its strategic priorities, which are aligned to the national priorities as reflected in the National Development Plan (NDP), the Medium-Term Strategic Framework (MTSF) and the SONA. These national policy priorities are unpacked below.

2.1. State of the Nation Address

Delivering the SONA on 11 February 2021, President M C Ramaphosa highlighted four priorities for the government for this financial year. These priorities are informed by the state of the South African economy, which is characterized by high unemployment, low levels of economic growth, and high levels of inequality. These have been exacerbated by COVID-19, which has had a devastating effect on lives and distressed the economy since March 2020.

The four priorities that the President outlined in the SONA for reviving South Africa were[1]:

- winning the fight against the COVID-19 pandemic;
- accelerating economic recovery;
- inclusive economic reforms to drive inclusive growth; and
- fighting corruption and strengthening the state.

Priorities that the Portfolio Committee on Trade and Industry is directly responsible to oversee in the DTIC and its entities are Priority 2: *Accelerating economic recovery* and Priority 3: *Inclusive economic reforms to drive inclusive growth*.

These priorities relate directly to the mandate of the DTIC and its entities including:

- the facilitation of economic transformation;
- the promotion of industrial development, investment, competitiveness, and employment creation;
- facilitating broad-based black economic participation; and
- strengthening regional and global trade relations.

In terms of accelerating economic recovery, the DTIC is the custodian of the ERRP, which needs to be implemented to address the high levels of unemployment and inequality, as well as low economic growth. Implementing this plan would revive businesses; create jobs for South Africans and consequently reduce poverty levels.

In accelerating economic recovery, the President alluded to several interventions that are being used. These include:

- *Increasing local production*: This has been one of the interventions to drive industrialisation in the country. However, now more than ever there is a need to accelerate those efforts even further.

[1] Ramaphosa (2021)

Producing goods locally leads to the expansion of businesses, creates opportunities for Small and Medium Enterprises and consequently creates job opportunities.

- *Inclusive economic participation*: As the custodian of the Broad-based Black Economic Empowerment (B-BBEE) regulatory framework, the DTIC and the B-BBEE Commission are working with the private sector to build more effective ownership agreements, including worker ownership schemes. The amended Competition Act is one of the tools the DTIC uses to foster such inclusive economic participation by requiring the competition authorities to consider the impact on worker ownership during the merger approval process.
- *The implementation of Master Plans to support industrialisation and economic recovery*: The DTIC has been facilitating the development and implementation of Master Plans since the start of 2019. Thus far, the Sugar; Retail Clothing, Textiles, Leather and Footwear; and Automotive sector master plans had begun to be implemented.

In terms of inclusive growth, interventions include:

- The continued development and support of Special Economic Zones (SEZs);
- The continued support of the Black Industrialist Programme through the Black Industrialist Fund;
- Further improvement regarding the ease of doing business, in particular, company registration through the Bizportal; and
- Increasing access to markets for South Africa's exports, particularly in Africa through the African Continental Free Trade Agreement (AfCFTA) which came into force on 1 January 2021.

2.2. Medium-term Strategic Framework

The MTSF for 2019 – 2024 outlines seven priorities of government for the five-year term which are anchored in three pillars, namely; "driving a strong and inclusive economy, building and strengthening capabilities of South Africans, and achieving a more capable state"[2]. These priorities are as follows[3]:

- Priority 1: Economic Transformation and Job Creation,
- Priority 2: Education and Skills Development,
- Priority 3: Consolidating the Social Wage through reliable and quality Basic Service,

[2] Department of Planning, Monitoring and Evaluation (2020: 6)
[3] Department of Planning, Monitoring and Evaluation (2020: 5)

- Priority 4: Spatial Integration, Human Settlements and Local Government,
- Priority 5: Social Cohesion and Safe Communities,
- Priority 6: Building a capable, ethical and developmental State, and
- Priority 7: A better Africa and World.

The DTIC is the coordinating department in the implementation of interventions in Priority 2: *Economic Transformation and Job Creation* and a supporting department in Priority 7: *A Better Africa and World*. These are priorities from which the mandate of the DTIC is derived, in particular; facilitating the creation of an inclusive economy, broadening economic participation, contributing to regional integration, and creating a fair regulatory environment that enables investment, trade, enterprise development, and competition.

2.3. Sustainable Development Goals

The DTIC would be primarily responsible for the second target of Sustainable Development Goal (SDG) 9: *Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*, namely to "promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries"[4]. In this regard, one of the DTIC's core mandates is to facilitate structural transformation of the economy to promote dynamic industrial development, investment, competitiveness and employment creation. It develops industrial strategies and provides incentives to improve the competitiveness of the manufacturing sector and increase market access and demands for locally manufactured goods.

Furthermore, in terms of SDG 8: *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*[5], the DTIC can support the improved access of black women and youth to employment and entrepreneurship opportunities. In addition, in terms of SDG 10: *Reduce inequality within and among countries*[6], the DTIC through its trade negotiations, initiatives to promote and facilitate investment, and the role of the International Trade Administration Commission of South Africa's (ITAC) tariff line investigations and determinations plays a critical role to achieve this goal.

[4] United National Development Programme (n.d.)
[5] Ibid
[6] Ibid

2.4. Agenda 2063

The work of the DTIC is aligned to aspiration 1 of the African Union's (AU) Agenda 2063: "*A prosperous Africa based on inclusive growth and sustainable development"*[7]. In line with this aspiration, the African continent committed to "eradicating poverty in one generation and build shared prosperity through social and economic transformation…."[8]. One of the DTIC's mandates is to facilitate structural transformation through broad-based economic participation and spatial industrial development. It implements this mainly through Programme 3: Spatial Industrial Development and Economic Transformation and Programme 6: Industrial Financing. Programme 3 has been allocated a budget of R183,4 million. Incentives have also been allocated towards this for the development of SEZs and for black participation. However, the DTIC's incentives also have transformation criteria, which further facilitates this at a broader level.

2.5. Reimagined Industrial Strategy (RIS) and the Southern African Development Community (SADC) Industrialisation Strategy

The SADC Regional Infrastructure Development Master Plan (RIDMP) aims to "catalyze industrial development and reduce current high costs of doing business, including those related to Non-Tariff Barriers and local procurement of inputs for infrastructure development"[9]. As a Member of SADC, South Africa has to align its national policies and strategies to complement that of the regional community. The NDP 2030 and the RIS therefore are broadly complementary policies to the SADC industrialisation strategy. The RIS is the country's plan involving the development of Master Plans for 12 priority sectors. This sets out commitments and actions by government, organised business and organised labour in these sectors. Similar to the SADC-RIDMP, the RIS aims to ensure industrialisation through its interventions, one of which is developmental tariff reform. In the current budget, the DTIC provides for the development and implementation of seven Master Plans that it is the lead on, as well as participation in the development of other Master Plans.

---

[7] AU Commission (2015)
[8] Ibid
[9] SADC (2015)

3. Department of Trade, Industry and Competition's Strategic Plan, Annual Performance Plan and Budget

The DTIC, as the lead department on economic development in South Africa, is the custodian of economic development policy formulation and planning.[10] The DTIC's mandate is to[11]:

- Promote structural transformation, towards a dynamic industrial and globally competitive economy;
- Provide a predictable, competitive, equitable, and socially responsible environment, conducive to investment, trade, and enterprise development;
- Broaden participation in the economy to strengthen economic development;
- Continually improve the skills and capabilities of the department to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens;
- Coordinate the contributions of government departments, state entities, and civil society to affect economic development; and
- Improve alignment between economic policies, plans of the state, its agencies, government's political and economic objectives, and mandate.

The DTIC executes by focusing on the three economic areas of industry, trade, and competition through its ten programmes, namely:

- Administration;
- Trade Policy, Negotiations, and Cooperation;
- Spatial Industrial Development and Economic Transformation;
- Industrial Competitiveness and Growth;
- Consumer and Corporate Regulation;
- Industrial Financing;
- Export Development, Promotion and Outward Investments;
- Inward Investment Attraction, Facilitation, and Aftercare;
- Competition Policy and Economic Planning, and
- Economic Research and Coordination.

[10] National Treasury (2021)
[11] DTIC (2020)

These programmes are collectively responsible for administering 45 pieces of legislation mainly in the areas of consumer protection, companies (corporate regulation), competition, industrial development, black economic empowerment, and international trade; and overseeing 16 entities and the B-BBEE Commission.

In line with its mandate, the DTIC's policy and strategic priorities for the period from 2020 to 2025, as set out in its Strategic Plan are the[12]:

- *RIS*: A strategy for South Africa's industrial development through partnerships with the private sector to unleash job-creating investment in various productive sectors. Sector masterplans are one tool that has been used to implement the re-imagined industrial strategy, where partnerships have been built between government, labour, and the private sector to drive long-term sustainable growth and job creation. The priority sectors are the automotive industry; clothing, textiles, leather and footwear; gas; chemicals and plastics; renewable energy; steel and metal fabrication; tourism; high-tech industries; the creative industry; the oceans economy; and agriculture and agro-processing[13].

- *SEZ Policy and Strategy*: A strategy, which aims to promote trade, economic growth, and industrialisation through identifying opportunities and attracting investment into designated areas and designated sectors of the economy[14].

- *Industrial Parks Revitalisation Programme*: A programme focusing on broad and inclusive economic development by revitalising old industrial parks in rural and township areas by building infrastructure that will make the areas more attractive for investment. Investment into these areas will consequently lead to the creation of job opportunities[15].

- *B-BBEE Policy*: A policy for meaningful and transformative participation of black people in the mainstream of the economy.

[12] DTIC (2020)
[13] Ramaphosa (2019)
[14] Department of Trade and Industry (2012)
[15] Department of Trade and Industry (2016)

- *Black Industrialist Programme*: Promotes support to Black Industrialists in the country through financial and non-financial support to broaden participation in the key sectors of the economy[16].

- *Consumer Protection Policy*: The purpose of which is to promote a fair, accessible, and sustainable marketplace for consumer products and services and development of national norms and standards for consumer protection[17].

- *Companies Policy*: A corporate regulation policy focusing on management and registration of companies.

- *National Credit Policy*: The purpose of which is to create and promote a fair and non-discriminatory credit market, accessible to consumers of credit.

- *Regional Integration using the AfCFTA*: An instrument for driving industrial development in Africa through increasing trade among the African countries.

For the financial year, the DTIC's work and budget will be divided among its ten programmes. These programmes are in line with the DTIC's mandate and strategic areas, namely: "providing industrial finance, developing industrial infrastructure, strengthening export capabilities and enhancing competition regulation"[18]. The purpose of each programme is highlighted below.[19]

- *Programme 1: Administration*: Responsible for providing strategic leadership, support and management to the Department and its entities. It is focused on achieving the following key outcomes, namely: (i) implementation of transformation through employment equity and B-BBEE; (ii) youth empowerment through internships; and (iii) promotion of a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.

- *Programme 2: Trade Policy, Negotiations and Cooperation*: Responsible for facilitating the building of an equitable global trading system by strengthening trading and investment relations

[16] DTIC (2020)
[17] Ibid
[18] National Treasury (2020a: 640)
[19] DTIC (2020: 37, 40, 41, 43, 45, 46, 47, 49, 50 and 52)

with key markets globally. Furthermore, in line with the Africa Union Agenda 2063, developing and promoting regional and continental integration and development co-operation. It is focused on achieving increased intra-African trade to support Africa regional development.

- *Programme 3: Spatial Industrial Development and Economic Transformation*: Responsible for promoting inclusive economic transformation and increasing industrial participation through development and funding of SEZs, revitalisation of Industrial Parks and support for Black Industrialists. It is focused on achieving the following key outcomes, namely: (i) increased and enhanced instruments for spatial development of targeted regions and economic transformation in SEZs and industrial parks; (ii) industrialisation, localisation and exports through the revitalisation of industrial parks; and (iii) investing for accelerated inclusive growth through the mainstreaming of black-owned businesses and participation of black people in the formal economy.

- *Programme 4: Industrial Competitiveness and Growth*: Responsible for designing and implementing policies, strategies and programmes to develop the manufacturing and related sectors of the economy with the aim of contributing to the creation of decent jobs, adding value to manufactured products and enhancing competitiveness in the domestic and export markets. It is focused on achieving the following key outcomes, namely: (i) increased industrialisation through the development of Master Plans in National Priority sectors; and (ii) increased localisation through the designation of products.

- *Programme 5: Consumer and Corporate Regulation*: Responsible for developing and implementing coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens. It is focused on achieving an improved regulatory environment conducive for consumers and companies as well as providing access to redress.

- *Programme 6: Industrial Financing*: Responsible for stimulating and facilitating the development of sustainable and competitive enterprises, through the efficient provision of effective and accessible incentive measures that support national priorities. It is focused on achieving more accessible industrial finance measures to support investment in priority sectors in line with approved masterplans.

- *Programme 7: Export Development, Promotion and Outward Investments*: Responsible for increasing export capacity and supporting direct investment flows, through targeted. strategies, and an effectively managed network of foreign trade office. It is focused on achieving the following key outcomes, namely: (i) promoting the growth of exports in the economy as a generator of jobs and contributor to gross domestic product growth; and (ii) diversifying the export bundle, by promoting export growth in priority sectors.

- *Programme 8: Inward Investment Attraction, Facilitation and Aftercare*: Responsible for supporting foreign direct investment flows and domestic investment by providing a one-stop shop for investment promotion, investor facilitation and aftercare support for investors. It is focused on achieving increased strategic investment.

- *Programme 9: Competition Policy and Economic Planning*: Responsible for developing and implementing policy interventions that promote competition. It is focused on achieving policy tools and implementation strategies which contribute to an efficient, competitive economic environment, balancing the interests of workers, owners and consumers and focused on economic development.

- *Programme 10: Economic Research and Coordination*: Responsible for socio-economic research, assessing policy options and engaging stakeholders to facilitate inclusive economic growth. It is focused on achieving the following key outcomes, namely: (i) socio-, macro- and micro-economic policy options developed and assessed to promote inclusive growth; and (ii) policymakers and stakeholders have access to policy-relevant, high quality economic analysis.

3.1. Performance targets for the 2021/22 financial year

The section below details the purpose of each programme and its planned performance for the 2021/22 financial year as set out in its APP. For the financial year, the DTIC has a total of 80 Key Performance Indicators (KPIs)[20]. In the previous financial year, it had 35 KPIs. Therefore, most of the performance targets for the 2021/22 financial are new.

[20] DTIC (2021)

Furthermore, the DTIC introduced the concept of J-KPIs. These are indicators whose achievement is a contribution of more than one structure (the DTIC, its entities and/or more than one work stream contribute towards the achievement of the respective J-KPI. The DTIC noted that the reason for introducing J-KPIs is to maximise the use of financial and human resources, as well as fostering collaboration and coordination between the DTIC and its entities. The table below outlines the seven J-KPIs, their lead programmes and their contributing work streams.

Table 1: Joint Key Performance Indicators

J-KPI	Lead Programme	Work streams
1. Report on integrated support to industrialisation in support economic recovery	Industrial Competitiveness & Growth	Master plans, Localisation, Beneficiation, COVID-19 industrial interventions, Partnerships with distressed industries, and New industrial opportunities
2. The completion of the AfCFTA export plan by product, sector, and market	Export Development, Promotion & Outward Investments	Master plans, Industrialisation, Trade policy, and Investment, Industrial finance, and SEZs
3. Report on Investment facilitation and growth: Steps taken to support new investment in key sectors of the economy	Inward Investment Attraction, Facilitation, & Aftercare	Master plans, Localisation, Beneficiation, COVID-19 industrial interventions, Partnerships with distressed industries, and New industrial opportunities
4. An integrated report detailing the economic analysis, challenges, and opportunities, geo-localisation of projects and implementation progress	Spatial Industrial Development & Economic Transformation	SEZs, Industrialisation, Consumer and corporate regulation, Export and exporter development, Investment facilitation, and Industrial finance
5. Report on actions to promote transformation through structural changes in the economy to enable greater inclusion and growth, and empowerment of designated groups	Spatial Industrial Development & Economic Transformation	Master plans, Localisation, New industrial opportunities, Industrialisation, Investment, Industrial finance, SEZs, Structural reforms, Empowerment policy, Legislation, and Implementation of amendments to the Competition Act
6. Report on growing the Green Economy and greening the economy	Industrial Competitiveness & Growth	Master plans, Localisation, Beneficiation, Partnerships with distress industries, and Investments

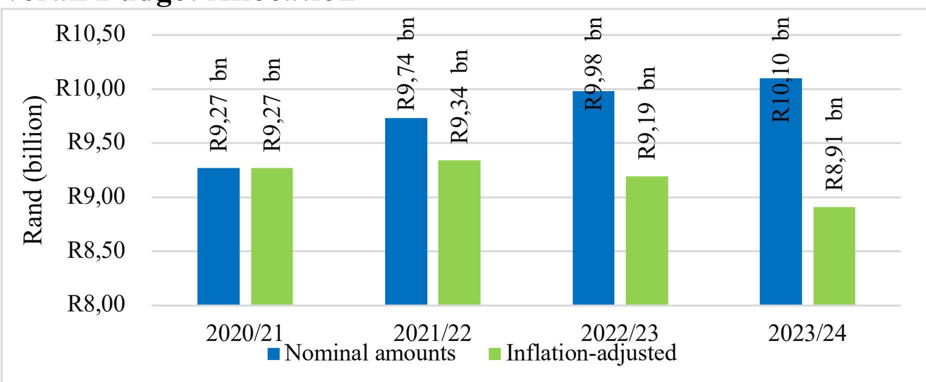
J-KPI	Lead Programme	Work streams
7. Report on strengthening and building capabilities and agility of the DTIC and its entities, to improve efficiencies in programmes and entities thereby contribute to economic development and ease of doing business	Inward Investment Attraction, Facilitation, & Aftercare	Review of unnecessary red tape, Development of monitoring systems, Innovation to improve service delivery, and Review of legislation to remove unnecessary procedures and requirements

Source: DTIC (2021: 33-45)

3.2. Budget Vote 39: Analysis of the 2021/22 – 2023/24 financial period[21]

The allocated budget for the DTIC has increased to approximately R9,7 billion in 2021/22 from R9,27 billion in the 2020/21 financial year. While the budget has increased by 5% in nominal terms, it has merely increased by 0,7% (R70,9 million) in real terms[22]. While there is seemingly an increase in the DTIC's budget over the next three years to R10,0 billion in 2023/24, there is a decrease in the budget in real terms. The DTIC's budget is expected to decrease to R9,19 billion in 2022/23 and R8,9 billion in 2023/24 in real terms. Figure 1 below shows the DTIC's budget over the medium-term in both nominal and real terms.

Figure 1: Overall Budget Allocation



Source: National Treasury (2021a: 787) and Madalane (2021a)

3.2.1. Programme Analysis

The increase in the budget from the 2020/21 financial year to the 2021/22 financial year is R463,3 million in nominal terms. This increase has filtered through all the programmes except

[21] National Treasury (2021a: 785-854)

[22] Real terms refer to the inflation-adjusted figures. Inflation estimates are 4,2%, 4,2% and 4,4% respectively for the three years from 2021/22 to 2023/24 (National Treasury (2021b: 28)).

the Industrial Financing Programme. Its budget will decrease by R44 million or 0,89% of the programme's budget while all other programme's budget will increase.

Table 2 below shows the budget for the 2020/21 and 2021/22 financial year as well as changes in each of the programmes. The largest budgetary increase is in the Competition Policy and Economic Planning Programme where the budget will increase by R183,6 million or 32% of the budget. This is followed by the increase in the Industrial Competitiveness and Growth (R37,6 million); Spatial Industrial Development and Economic Transformation (R34,8 million); and Economic Research and Coordination programmes (R20,5 million).

Table 2: Overall Budget Allocation by Programme

Programme (R'million)	**Budget**		**Nominal Rand change**	**Real Rand change**	**Nominal % change**	**Real % change**
	2020/21	**2021/22**	**2020/21-2021/22**		**2020/21-2021/22**	
Administration	829,9	857,7	27,7	-6,9	3,34%	-0,83%
Trade Policy, Negotiations and Cooperation	213,2	233,1	19,8	10,5	9,31%	4,90%
Spatial Industrial Development and Economic Transformation	141,1	183,4	42,2	34,8	29,92%	24,68%
Industrial Competitiveness and Growth	1 650,5	1 759,0	108,5	37,6	6,58%	2,28%
Consumer and Corporate Regulation	304,2	333,3	29,1	15,7	9,56%	5,15%
Industrial Financing	4 915,0	4 871,1	-44,0	-240,3	-0,89%	-4,89%
Export Development, Promotion and Outward Investments	420,8	443,9	23,1	5,2	5,48%	1,23%
Inward Investment Attraction, Facilitation and Aftercare	57,2	70,2	12,9	10,1	22,62%	17,67%
Competition Policy and Economic Planning	686,1	906,3	220,1	183,6	32,08%	26,76%
Economic Research and Coordination	55,2	78,9	23,7	20,5	42,96%	37,20%
TOTAL	**9 273,3**	**9 736,6**	**463,3**	**70,8**	**5,00%**	**0,76%**

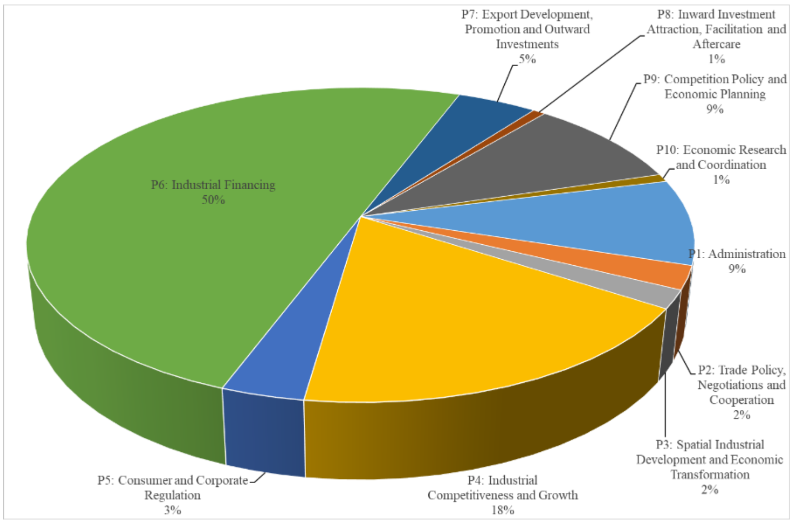
Source: National Treasury (2021a: 787) and Madalane (2021)

Over the strategic five-year period from 2020 to 2025 and for the 2021/22 financial year, the DTIC's budget is focused on the implementation of policies, strategies, programmes and incentives aimed at promoting industrial development and broadening participation in the economy. These are implemented through Programme 6: Industrial Financing, and Programme 4: Industrial Competitiveness and Growth, as this is where the bulk of its budget is allocated.

For the financial year under review, the two abovementioned programmes account for more than 68% of the total DTIC budget with Programme 6 accounting for 50% and Programme 4 approximately 18%.

Shown in the figure below are budget allocations per programmes.

Figure 2: Budget Share per programme



Source: National Treasury (2021a: 787) and Madalane (2021)

3.2.1.1. Administration

The Administration Programme is responsible for providing strategic support and management to the DTIC and its entities. The programme accounts for approximately 9% of the total budget. The programme budget will increase by 3,34% in nominal terms from R829,9 million in 2020/21 to R857,7 million in 2021/22. However, in real terms, the budget will decrease by 0,83%.

The sub-programmes of the Administration Programme are the Ministry, Office of the Director-General, Corporate Management Services, Office Accommodation, Financial Management Services, and the Marketing Communication and Media Relations.

3.2.1.2. Trade Policy, Negotiations and Cooperation

The purpose of the Programme is to facilitate the building of an equitable global trading system by strengthening trading and investment relations with key markets globally. Furthermore, in line with the New Partnership for Africa's Development, the Programme will promote the development of the African continent through regional and continental integration. This Programme accounts for 2% of the total budget. The Programme's main appropriation was R213,2 million in the previous financial year, it has increased by R19,9 million to R233,1 million in the year under review. The sub-programmes of this programme are International Trade Development, and African Multilateral Economic Development.

3.2.1.3. Spatial Industrial Development and Economic Transformation

The purpose of the Programme is to promote inclusive economic transformation and to industrialise the economy through developing and funding SEZs and Black Industrialists. Similar to the previous programme, this programme accounts for 2% of the total budget. The Programme's main appropriation was R141,1 million in 2020/21, which has increased by R42,3 million or 30% to R183,4 million.

Within this Programme, the sub-programmes are Enterprise Competitiveness, Equity and Empowerment, and Regional Industrial Development.

3.2.1.4. Industrial Competitiveness and Growth

The Industrial Development Programme is the second largest of DTIC's programmes. It is responsible for the design and implementation of policies, strategies and programmes to develop the manufacturing and related sectors of the economy to contribute to the creation of decent jobs, adding value to manufactured products and enhancing competitiveness in the domestic and export markets. The Programme accounts for approximately 18% of the total budget. The main appropriation was R1,65 billion in 2020/21, it has increased by 6,6% to R1,75 billion in 2021/22. This budget funds two significant sub-programmes, namely: the Industrial Competitiveness and the Customised Sector Programmes.

3.2.1.5. Consumer and Corporate Regulation

The Consumer and Corporate Regulation Programme is aimed at developing and implementing coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens. With an increase of 9,6%, the budget increased from R304,2 million in 2020/21 to R333,3 million in the 2021/22 financial year. Within this Programme, there are three sub-programmes, namely: Policy and Legislative Development; Enforcement and Compliance; and Regulatory Services.

The Regulatory Services sub-programme is the largest of the three sub-programmes in terms of budget allocation as it comprised transfers to the regulatory entities. The Consumer and Corporate Regulation Programme is supported and partly implemented through the Department's regulatory entities, namely: the National Credit Regulator, the National Gambling Board, the National Lotteries Commission (NLC), the National Consumer Tribunal, the National Consumer Commission, the Companies and Intellectual Property Commission (CIPC) and the Companies Tribunal.

3.2.1.6. Industrial Financing

The Industrial Financing Programme is responsible for improving administration of the DTIC's incentive through designing and implementing incentives and programmes that support investment, competitiveness, employment creation, and equity. This Programme captures the core mandate of the DTIC, it is the largest programme accounting for approximately 50% of the total budget. The Industrial Financing budget is the only programme budget that has decreased in comparison to the previous financial year. It has decreased by R240,2 million or 0,9% from R4,91 billion to R4,87 billion in the current financial year.

The sub-programmes of the Industrial Financing Programme are Broadening Participation and Industrial Incentives; Manufacturing Incentives; Services Investment Incentives; Infrastructure Investment Support; Product and Systems Development; and Strategic Partnership and Customer Care.

3.2.1.7. Export Development, Promotion and Outward Investments

The Export Development, Promotion, and Outward Investments Programme is aimed at promoting South African exports in high growth markets; identifying new markets for South African manufactured products; and enhancing the ongoing promotion of exports. Furthermore, the programme supports the building of trade and investment relationships with other African countries. The Export Development, Promotion and Outward Investments budget will increase by R23,1 million (or 5,5% in nominal terms) from R420,8 million to R443,9 million. This programme's sub-programmes are Trade Invest Africa; Export Promotion and Marketing; Trade and Investment; Foreign Services Management Unit; and Export Development and Support.

3.2.1.8. Inward Investment Attraction, Facilitation and Aftercare

The purpose of the Programme is to "support foreign direct investment flows and domestic investment by providing a one-stop-shop for investment promotion, investor facilitation and aftercare support for investors"[23]. The previous financial year's budget of R57,2 million will increase by 22,6% to R70,2 million.

3.2.1.9. Competition Policy and Economic Planning

The Programme focuses on developing and implementing policy interventions that promote competition. Key areas addressed under this Programme are market inquiries, mergers and acquisitions, and investigations regarding the prohibition of abuse of dominance on cases that are of public interest. Furthermore, the implementation of recommendations of market inquiries, mergers and acquisitions, and investigations regarding the prohibition of abuse of dominance to maximise redress on the affected parties. The programme budget for the 2021/22 financial year is R906,3 million, an increase of 32,1% from the previous financial year's budget.

3.2.1.10. Economic Research and Coordination

The purpose of the Programme is to "undertake economic research, develop trade and industrial policies, and guide legislative processes to facilitate inclusive growth through interventions to increase competitiveness in the economy"[24]. The programme budget of R78,9 million for the 2021/22 financial year shows a 43% increase from the previous year's budget of R55,2 million.

3.2.2. Economic classification

Of the total budget of R9,73 billion for the 2021/22 financial year, approximately R1,8 billion (19,3% of the total budget) is the operational budget of the DTIC; R36,4 million (0,4% of the total budget allocation) is allocated to payments for capital assets and the bulk of the budget R7,8 billion (80,4% of the total budget) is allocated to transfers and subsidies to departmental entities and private enterprises, among others. A large proportion of the DTIC's operational budget is for compensation of employees (R1,0 billion or 55,8% of the operational budget or 10,7% of the DTIC's total budget). It is worth noting that over the medium-term, the compensation of employees' budget will decrease by 3,7% between the 2020/21 and the 2023/24 financial years due to the estimated reduction in the number of employees. It is

---

[23] National Treasury (2021a: 806)

[24] National Treasury (2021a: 809)

estimated that employees will decrease by 58 employees, 30 employees, and 63 employees over the next three financial years respectively to 1 264 employees in 2023/24. The DTIC's budget by economic classification is shown in the table below.

Table 3: Budget by Economic Classification

Economic classification (R'million)	**Adjusted appropriation 2020/21**	**Appropriation 2021/22**	**Share of the 2021/22 Appropriation**
Current payments	**1 759,5**	**1 875,4**	**19,3%**
Compensation of employees	1 093,0	1 046,6	10,7%
Goods and services	666,5	828,8	8,5%
Transfers and subsidies	**7 497,0**	**7 824,8**	**80,4%**
Departmental agencies and accounts	1 041,3	1 280,8	13,2%
Foreign governments and international organisations	39,9	43,6	0,4%
Public corporations and private enterprises	6 273,8	6 345,2	65,2%
Non-profit institutions	140,9	154,3	1,6%
Households	1,2	1,0	0,0%
Payments for capital assets	**16,7**	**36,4**	**0,4%**
Total	**9 273,3**	**9 736,6**	**100,0%**

Source: National Treasury (2021a: 787) and Madalane (2021)

The R7,8 billion of transfers and subsidies will be distributed as follows:

- Public corporations and private enterprises (81% of transfers and subsidies or R6,3 billion);
- Departmental agencies and accounts (16% of transfers and subsidies or R1,28 million);
- Non-profit institutions (1% of transfers and subsidies or R154,3 million);
- International institutions for membership fees (0,4% of transfers and subsidies or R43,6 million); and
- Households for employee social benefits (0,01% of transfers and subsidies or R1,0 million).

3.2.2.1. Transfers to Entities

The DTIC has 16 entities. Of the 16 entities, three are self-funded, these are the CIPC, the National Empowerment Fund (NEF) and the NLC. While the Industrial Development

Corporation (IDC) is self-funded, the DTIC makes transfers for incentive programmes to it, which the IDC administers on its behalf. Transfers to the DTIC's entities are as follows[25]:

Table 4: Transfers to entities

Entities (R'000)	**Adjusted appropriation 2020/21**	**Appropriation 2021/22**	**Change (2020/21 - 2021/22)**
Companies Tribunal	20 752	17 313	-16,6%
Competition Commission	302 586	439 550	45,3%
Competition Tribunal	32 342	36 970	14,3%
Export Credit Insurance Corporation of South Africa	162 710	162 710	0,0%
Industrial Development Corporation: Industrial financing	760 228	718 840	-5,4%
International Trade Administration Commission	94 306	106 978	13,4%
National Consumer Commission	51 530	58 505	13,5%
National Consumer Tribunal	47 492	53 515	12,7%
National Credit Regulator	71 272	81 432	14,3%
National Gambling Board	31 027	35 928	15,8%
National Metrology Institute of South Africa: Operations	103 550	121 061	16,9%
National Regulator for Compulsory Specifications	126 126	144 099	14,3%
Small Enterprise Finance Agency	196 786	251 706	27,9%
South African Bureau of Standards	270 421	270 421	0,0%
South African National Accreditation System	28 748	32 967	14,7%
Capital			
National Metrology Institute of South Africa	119 741	140 655	17,5%

Source: National Treasury (2021a: 788) and Madalane (2021)

The National Metrology Institute of South Africa will continue to receive funding for its infrastructure upgrades over the medium-term. This was approved in the 2016/17 financial year.

4. Key issues raised by the Committee during its deliberations

The Committee raised a number of concerns during its deliberations, including:

4.1 ***Ease of doing business:*** Ease of doing business relates to the regulatory environment that either enables or impedes the process of starting, operating and expanding a business in a particular country. According to the 2020 World Bank's Ease of doing business ranking[26], South Africa was ranked at 84. Given that the President in his SONA had committed to improving this

[25] Transfers to entities are denominated in nominal terms.
[26] World Bank (2021)

ranking, the Committee enquired whether this should not have been included as a KPI in the 2021/22 APP of the DTIC. The Minister informed the Committee that South Africa is seeking to improve its Ease of doing business ranking. Government has made an effort to improve its ranking by identifying four indicators for reform. However, improving the ranking is not solely the responsibility of the DTIC, other departments had a shared responsibility in ensuring that South Africa becomes more attractive to both domestic and foreign investors. As part of government reforms to improve the ease of doing business ranking, he noted that the DTIC is specifically responsible for the Starting a Business Indicator which is included in its APP. InvestSA co-ordinates the working of the inter-governmental Technical Working Groups on the Ease of Doing Business Program namely:

- Starting a Business;
- Dealing with Construction Permits;
- Registering a Property;
- Paying Taxes; and
- Trading Across Borders.

The development of an online biz-portal by the CIPC made registration of companies much easier. As this is part of an integrated approach, the DTIC, according to the Minister, also facilitated the registration for income tax (namely, Pay As You Earn), and withholding of taxes (namely Unemployment Income Fund). According to the Minister, the South African Revenue Service (SARS) had improved their Value Added Tax and Corporate Income Tax audit processes which in turn contributed to easier payment of taxes as well as reducing the audit turnaround times. With respect to the registration of property, the DTIC had made the registration more transparent through the publication of the list of documents required for this process. This also included providing support and collaborating with municipalities among others, such as the City of Johannesburg with the registration of its properties. Furthermore, the Minister informed the Committee that obtaining a construction permit had been made easier as companies do not require approval stamps from four different agencies any longer. InvestSA, through its coordinating role, ensures that public entities understand their roles in ensuring that they positively contribute to improving South Africa's ease of doing business ranking.

4.2 ***Regulations***: The importance of a well-regulated environment to protect business interests as well as that of society cannot be overstated. However, finding the right balance with regard to regulation is critical. This should ensure the optimal functioning of the economy and stimulate business innovation, while meeting national socio-economic priorities, and protecting society, and the environment. The Committee welcomed the undertaking by the Minister to monitor the impact of regulations on economic growth, but enquired whether this would include the impact of over-regulation on the economy and how this would be measured. In his response, the Minister acknowledged the negative impact of over-regulation on the broader economy. He informed the Committee that the DTIC would be instituting reviews to monitor the impact of the implementation of legislation and regulations. Through this process, the DTIC would be able to assess its impact and determine whether any amendments would be required. The Minister was of the view that smarter and more effective regulations are essential to ensure that the perverse effect of it is contained and that unintended consequences would be eliminated.

The regulations play an important role to create an enabling environment in the economy. The concern about over-regulation in the economy is important to monitor. The DTIC conducts regulatory impact assessments on various laws from time-to-time. Focused regulatory impact assessments on specific laws will ensure that the over-regulation of the economy is monitored. A key objective of regulation would be to ensure that the public objective would be met and that it did not impose any undue costs beyond the legitimate public purpose that it should pursue.

4.3 ***Covid-19 regulations***: A view was expressed that the implementation of the COVID-19 regulations appeared to have been overzealous and onerous resulting in a negative impact on the economy, especially for the liquor and tobacco industries and their upstream and downstream value chains. Furthermore, that the advice from the Ministerial Advisory Council had not been followed by the National Coronavirus Command Council (NCCC). The Committee enquired what role the Minister and the DTIC had played in the setting of these regulations. The Minister informed the Committee that the recent release of the reports of the Ministerial Advisory Council, showed that the government had implemented the majority of its recommendations. However, in some instances, through a process of consultation with provinces, business and labour, government had to take into account other factors to ensure that it maintained the balance between lives and livelihoods. With respect to alcoholic beverages, through a process of consultation with liquor stakeholders at National Economic Development and Labour Council, with provinces and the medical fraternity, the impact of alcohol on the behaviour of consumers was a major contributing factor that resulted in the delayed lifting of restrictions to avoid a surge in infections. Consultation with the liquor industry on the liquor regulations was ongoing throughout the COVID-19 pandemic. The Minister informed the Committee that it was the Advisory Council's responsibility to assist the President and Cabinet to make informed decisions, based on scientific evidence, to achieve the overall outcomes of effective management of the COVID-19 pandemic to mitigate against the negative impact on the economy and to limit the loss of lives. Furthermore, the DTIC informed the Committee that the COVID-19 Regulations are determined by the NCCC and form part of an inter-governmental consultative process at the National Joint Operational and Intelligence Structure. The DTIC is consulted and engages with stakeholders in government and industry as part of that process. It also participates in consultative meetings and makes comments on the possible measures proposed in the liquor Regulations. However, the final decision on the Regulations lies with Cabinet and the NCCC.

4.4 ***Impact of poor governance, corruption and state capture on industrialisation***: The APP clearly promotes an industrialisation agenda, which highlights economic inclusion as a critical component. Besides the emphasis on the domestically inequitable economy due to former discriminatory policies and structural challenges to growth, the Committee enquired whether a third focus area should not be added with specific reference to poor governance, state capture and corruption as impediments in achieving its industrialisation goals. The Minister informed the Committee that the Annual Report makes reference to ethical and effective leadership, corruption and state capture challenges and the fact that leadership plays a crucial role in influencing an ethical environment in an organisation. While recognising the impact of poor governance, corruption and state capture, the Minister was of the view that the impact of South Africa's divisive history and the structural challenges facing the country could not be ignored. He informed the Committee that in 2017 he had commissioned research on the impact of corruption in infrastructure development procurement which had been presented to the Cabinet. The research concluded that based on an assumption of 10% of over-payment on infrastructure contracts as a result of corruption, it would have cost the government R1 billion from the GDP[27] per year. He was further of the view that as a society one needed to unite against the corrosive

[27] Gross domestic product

and damaging effects of corruption, but also to recognise the damaging effect of past discriminatory practices on the majority of South Africans and the structural challenges facing the country.

The DTIC was of the view that the challenges of poor governance, state capture and corruption required a whole of government approach and is not limited to its mandate. The government was cognisant of the fact that corruption and non-compliance undermined the localisation programme, which would have a negative impact on economic development, industrialisation, job losses, transformation, and has led to import leakages, which unnecessarily weakened the trade balance. Policies and institutions dealing with this challenge must be amplified and there should be consequences for those affected. Remedies such as criminal and civil punishment, damages and penalties, cancellation of contracts and debarment should also be made public. This would assist in improving public confidence, transparency and accountability in government programmes and services by both South Africans and the international community.

In this regard, the DTIC informed the Committee that it would work closely with the National Treasury to develop an effective system of monitoring adherence to localisation regulations and compliance with existing designations. This would include engagements with various sectors to gather information in order to provide concrete evidence on the level of compliance with localisation prescripts. Furthermore, the DTIC would be monitoring the processes with respect to the Procurement Bill to ensure that its proposed provisions entrench and support the localisation ecosystem.

4.5 ***Policy implementation***: The lack of coherence in planning and implementation of policies resulted in the failure to address the triple threat of poverty, inequality and employment. The District Development Model seeks to promote and support local businesses and ensure job creation by addressing challenges faced by businesses such as poor service delivery, failing public infrastructure, and access to markets including localised government procurement. The Committee enquired, that given these challenges arising from ineffective governance, whether it would be realistic to expect the successful implementation of the ERRP. According to the DTIC, it would be important to acknowledge from the outset that Government had made meaningful progress in reducing poverty through providing basic services such as housing, water, electricity and education to poor households, as well as income support through various social grants. According to Statistics SA, employment has increased from 13,6 million in the third quarter of 2010 to 16,3 million in the first quarter of 2020. The impact of COVID-19 had severely impacted employment in South Africa, as it has done in most countries across the globe. In terms of inequality, it is indisputable that this remains a key impediment to social development and stronger economic growth as growing empirical evidence indicates that more equitable economies tend to grow faster[28].

The current Administration has placed significant emphasis on policy coordination. This is reflected in the introduction of the Presidential Coordinating Council which brings together Cabinet and provincial Premiers, which has worked successfully during the COVID-19 period. In addition, the DTIC has continued to convene Ministers and Members of Executive Councils (MECs) meetings which involve meetings of the Minister and the provincial MECs, as the meetings of the DTIC Director-General and provincial Heads of Departments. The ERRP has been presented to these structures.

These structures are expected to contribute to the implementation of the District Development Model and therefore improve economic planning, policy coordination and impact, including of the ERRP.

4.6 ***South Africa's policy approach to African regional trade***: A view was expressed that South Africa's approach to African regional trade was to protect its industrial base while promoting a free market in the rest of Africa. The Committee requested that the Minister should clarify and expand on the country's policy for and view of the role of African economic integration and regional trade in South Africa's economic growth and development. Furthermore, it enquired whether there were any plans to strengthen small businesses to access trade and/or investment opportunities through the AfCFTA. In addition, the Committee queried what plans were in place for Africa to leverage the AfCFTA as a platform to improve its global competitiveness.

The Minister expressed a view that there was broad recognition that trade policy could be a vehicle to enhance domestic industrial development, with sufficient protection for critical local industries. Therefore, it would be critical to strike a balance between sufficient protection to

[28] Cingano (2014)

support industry, as well as ensuring access to markets that would encourage competition and innovation. On the African continent, South Africa's goal would be to facilitate free trade but also to facilitate the development of industrial sectors within these African countries. This would be to ensure a bigger market to further drive and increase the level of local production and create more jobs.

South Africa's policy approach to African regional trade has been to advance the development integration approach contained in the AU *Agenda 2063: The Africa We Want*. Development integration combines work on infrastructure development and industrial development co-operation with market integration. These processes are interlinked and mutually reinforcing.

Firstly, the AfCFTA constitutes the market integration pillar that aims to reduce tariffs among AU Members and customs unions, boost intra-Africa trade and create conditions for greater investment in Africa as firms seek to take advantage of an increasingly open and integrated African market. Secondly, infrastructure development on the African continent is driven through the Programme for Infrastructure Development in Africa (PIDA). The PIDA Action Plan is being implemented through the Presidential Infrastructure Championing Initiative and seeks to integrate the continent's rail, road and ports infrastructure to facilitate the flow of goods across Africa. Apart from the obvious benefits of having well-developed infrastructure, infrastructural development also provides opportunities for African firms to supply a range of industrial inputs for construction and maintenance of rail, road and port developments. Thirdly, industrialisation is at the heart of transformation of the African economy and there is some evidence showing that, since 1990, manufacturing employment share has grown in a number of African countries, but with modest value-added growth. Countries can build on their acquired manufacturing experience to produce both for the region and the rest of the world. Industries like basic metals, chemicals and cement production can benefit from regional markets and there is considerable scope for processing agricultural output into food and beverage products. New opportunities to expand participation in value chains in apparel, automotive assembly, and pharmaceutical and medical products are also emerging.

While intra-African trade is comparatively small, covering around 16%-18% of South Africa's total trade, this trade is predominantly in value-added manufactured products within existing regional trading arrangement, such as SADC. Implementation of the AfCFTA will widen the market, assist in boosting trade in such higher value-added, manufacturing products and underpin further industrialisation. In this respect, effective rules of origin are increasing levels of African produced inputs into the products traded under the preferential terms of the AfCFTA. These rules will contribute to protect, diversify and grow the industrial base in all African countries, including South Africa, and ensure that a greater share of the benefits of intra-African trade accrue to African producers.

To seize all opportunities brought by the AfCFTA – not only through market access but also through the infrastructure and industrial development pillars – South Africa is incorporating an AfCFTA Chapter in all the sectoral Master Plans and in the district development strategy. In addition, South Africa has begun consultations with other African countries on the development of cross-border value chains covering a range of industries, including automotives, iron and steel, agro-processing, clothing and textiles, chemicals and pharmaceuticals, ICT infrastructure, transportation and logistics, and financial sectors. Dedicated discussions focusing on these sectors are already underway with SACU Member states and we will expand the discussion with others over time.

In terms of strengthening small businesses to be able to capitalise on the opportunities presented through the AfCFTA, the DTIC will be leveraging a series of measures and programmes, namely:

- The Export Marketing and Investment Assistance (EMIA) fund provides dedicated support, including to SMMEs, to market their products and services in targeted markets, conduct market research and business intelligence as well as participate in outward trade and investment missions. The EMIA fund also supports inward buying missions from other African countries who wish to interact and engage South African suppliers.
- The Export Barriers Monitoring Mechanisms has been established as a single channel to resolve barriers to trade and investment faced by South African companies across the continent.

- The National Exporters Development Programme will be leveraged to boost the capacity and knowledge base of existing and emerging exporters by running targeted training, information sharing and trade missions.

In addition, the above measures and programmes will be further strengthened through the development of the AfCFTA Export Plan and the District AfCFTA Strategy Helper. Both the AfCFTA Export Plan and the District AfCFTA Strategy Helper will be assessing and targeting export and investment opportunities that South African SMMEs and their counterparts across the continent can derive benefits from.

With regards to outward investment, the focus will be through public and private sector coordination to leverage existing and upcoming South African investments to pull along a significant portion of the South African supply chain, further opening up opportunities for SMMEs to supply goods and services to clients across the continent. To this end, the DTIC will be working closely with DFIs and financiers (such as Development Bank of Southern Africa (DBSA), Export Credit Insurance Corporation (ECIC), IDC, Public Investment Corporation and commercial banks) to support greater participation of SMMEs in projects financed by them. It will also be working collaboratively with its African counterparts to ensure that local content and national economic empowerment policies are considered.

In the area of improving competitiveness, SACU has launched initiatives for member states to start developing and integrating their industrial value chains in a number of key sectors, to leverage export opportunities on the continent through the AfCFTA, as well as in other global markets.

4.7 ***Skewed trade patterns***: The Committee welcomed the initiative by the DTIC to address the challenges of the composition of South Africa's trade patterns, particularly with China. The Committee enquired whether the DTIC is considering a trade agreement with China to address access to markets and provide for dispute settlement mechanisms to allow legal recourse for challenges such as dumping in the clothing and textile industry. The Minister informed the Committee that it would not be in South Africa's interest to have a free trade agreement (FTA) with China. According to the DTIC, a FTA, which must be reciprocal and result in the reduction of import tariffs to zero on substantially all products, would pose considerable danger to the South African manufacturing sector. China is the world's largest manufacturer and is highly competitive across a broad range of products/industries. Opening up the South African manufacturing sector, which does not enjoy the same economies of scale or competitiveness, could result in significant de-industrialisation and neutralise the initiatives implemented in recent years to grow the manufacturing sector and create jobs. Any gains into the Chinese market through a FTA would not offset the losses, as most South African manufacturers are unlikely to be competitive in that market, nor be able to supply the required volumes. An FTA would essentially expand and "lock in" the current pattern of trade where South Africa primarily exports minerals to China, while importing higher value-added manufactured products. Therefore, the focus is on finding niche markets in value chains at advanced/high-skill levels of manufacturing in the Chinese and other developing country markets. Export promotion initiatives are key in this respect.

With regard to recourse in the event of unfair trade practices, the trade remedy provisions of the WTO agreements have been domesticated through South Africa's International Trade Administration Act, administered by the ITAC. Anti-dumping, safeguard and countervailing duties can be implemented following a successful application to, and investigation by, the ITAC.

4.8 ***Access to the Black Industrialist Programme***: There was a view expressed that access to the Black Industrialist Programme has been limited to well-connected individuals rather than promoting the development of black industrialists especially among women- and youth-owned enterprises. The Committee enquired what the selection and adjudication process was for companies, and whether gender and other demographics played a role in this process. The Minister was of the view that it would be very unfortunate that the many hard-working South Africans who started their respective business with their life savings would, by receiving support from government, be viewed as being corrupt and that the support were provided as a result of their connections. The DTIC informed the Committee that access to the Black Industrialists Scheme is open to all Black-owned enterprises that apply and comply with the requirements as stipulated in the Black Industrialists Scheme guidelines. Part of the requirements is that the company that applies for grant funding should provide evidence of co-funding from either commercial banks or DFIs or any other recognised third party funding, where applicable. The governance and decision-making processes lies with the Black Industrialist Funding Forum, which is comprised of members from the DTIC, IDC, DBSA, ECIC, NEF and Small Enterprise Finance Agency, duly appointed by the Minister. Approved entities with more than 50% Black Female Ownership constituted 20% (27 entities) of the total approved projects to the value of R825 million. Approved entities with more than 50% Youth Ownership constituted 7% (nine entities) to an amount of R221 million.

4.9 ***Policy framework for illegal imports***: Illegal imports have a detrimental impact on especially the manufacturing sector, such as the clothing and textile, and sugar industries. The Committee enquired whether the DTIC had any policy framework to address these challenges. The DTIC informed the Committee that the Inter-Agency Working Group was established to combat illicit trade that imposes enormous costs to the South African economy by eroding domestic industrial capacity, revenue and employment. Addressing illicit imports is vital to meeting the objectives of the various Master Plans that the DTIC is implementing. A Rapid Response Team between SARS, the DTIC and the Chinese Embassy was established to deal with illegal imports and trade facilitation issues. Improved control and elimination of illegal imports is key in the efforts to reclaim domestic market share lost to illegal imports.

5. Conclusions

Having considered the information shared and reports from the DTIC with respect to its strategic and annual performance plans, the Committee has reached the following conclusions:

5.1 The Committee welcomed the introduction of Joint Key Performance Indicators, which should ensure better coordination between programmes of the department and entities to support industrialisation, trade under the African Continental Free Trade Agreement, economic recovery, and building a capable state.

5.2 The Committee supported the DTIC’s efforts to maximise its reduced budget by leveraging non-financial tools and its development finance institutions’ balance sheets to support inclusive economic growth. In particular, the Committee noted the introduction of monitoring systems for localisation and beneficiation; implementation of the Economic Reconstruction and Recovery Plan; and export barriers.

5.3 The Committee was encouraged by the DTIC's processes to ensure equity and fairness in the adjudication of incentives and non-financial support offered to businesses including those under the Black Industrialists Programme.

5.4 The Committee welcomed the DTIC's plan to contribute to the District Development Model, which is a government-wide integrated district-based approach aimed at addressing service delivery challenges, improving localisation and job creation, promoting and supporting local businesses, while ensuring the participation of local communities.

5.5 The Committee remained concerned about the impact of the COVID-19 regulations on various sectors and highlighted the need for the DTIC to monitor the protracted impact on these sectors.

5.6 The Committee raised concerns about South Africa's skewed trade relations with countries. It requested the DTIC to consider measures to manage such trading relationships to promote more balanced trade.

5.7 The Committee welcomed measures to improve South Africa's Ease of Doing Business ranking such as the development and upkeep of the Ease of Doing Business website.

5.8 While the DTIC has measures to improve the Ease of Doing Business and there are inter-governmental Technical Working Groups, the Committee noted the need for improved coordinated efforts with other departments to further improve the Ease of Doing Business.

5.9 The Committee welcomed the implementation of the African Continental Free Trade Agreement, as it presents an opportunity for South Africa to strengthen regional integration and trading relations, attract and facilitate investment, and improve access to markets for African goods.

5.10 The Committee commended the continued contribution of the DTIC and its entities to the implementation of the Economic Recovery and Reconstruction Plan.

5.11 The Master Plans for the sugar value chain; retail clothing, textiles, leather and footwear; automotive; steel and metal fabrication; furniture; and poultry sectors have been developed and are being implemented by the DTIC. The Committee welcomed this and called on the DTIC to fast track the development of the remaining Master Plans to assist the chemicals; and plastic sectors.

5.12 The Committee is encouraged by the DTIC's progress on broadening participation through ownership. It particularly supports the DTIC facilitating the design and implementation of worker ownership schemes by the private sector.

6. Acknowledgements

The Committee would like to thank Mr E Patel, the Minister of Trade, Industry and Competition, and Ms M Mabitje-Thompson, the acting Director-General of the DTIC, for their cooperation and transparency during this process. The Chairperson wishes to thank all Members of the Committee for their active participation during the process of engagement and deliberations and their constructive recommendations reflected in this report. The Committee also wishes to thank its support staff, in particular Mr A Hermans, the Committee Secretary, Ms M Sheldon, the Content Advisor, Ms Z Madalane, the Researcher, Ms Y Manakaza, the Committee Assistant, and Ms T Macanda, the Executive Secretary, for their professional support.

7. Recommendations

The Portfolio Committee on Trade and Industry, having considered the 2021 proposed Budget Vote 39: Trade, Industry and Competition, recommends that the House adopts Budget Vote 39: Trade, Industry and Competition.

The Democratic Alliance abstained.

Report to be considered.

References

African Union Commission (2015). *Agenda 2063: The Africa We Want*. [Internet]. Available from < https://au.int/en/agenda2063>.

Cingano, F. (2014) “Trends in Income Inequality and its Impact on Economic Growth”, *Organisation for Economic Co-operation Development (OECD) Social, Employment and Migration Working Papers*, No. 163, OECD Publishing. [Internet]. Available from: <http://dx.doi.org/10.1787/5jxrjncwxv6j-en>.

Department of Monitoring, Planning and Evaluation (2020) *Medium Term Strategic Framework 2019 – 2024*. Government Printers: Pretoria.

Department of Trade and Industry. (2012). *The Policy on the Development of Special Economic Zones in South Africa*. [Internet]. Available from: <http://www.thedtic.gov.za/wp-content/uploads/Policy_SEZ.pdf>.

Department of Trade and Industry (2016) *Industrial Parks Revitalization Programme.* [PowerPoint presentation]. 7 September. Select Committee on Trade and International Relations, Parliament of the Republic of South Africa, Cape Town.

Department of Trade, Industry and Competition (2020) *Strategic Plan for 2020 – 2025*. Government Printers: Pretoria.

Department of Trade, Industry and Competition (2021) *Annual Performance Plan 2021/22*. Government Printers: Pretoria.

Madalane, Z. (2021) *Budget Analysis: Vote 39: Department of Trade, Industry, and Competition*. Research brief. Parliament of the Republic of South Africa.

National Treasury (2021a) *Estimates of National Expenditure: Vote 39 – Trade, Industry, and Competition*. Government Printers: Pretoria.

National Treasury (2021b) *Budget Review 2021*. Government Printers: Pretoria.

Ramaphosa, M. C. (2019) *State of the Nation Address by His Excellency Cyril Ramaphosa, President of the Republic of South Africa in the Joint Sitting of Parliament*. Cape Town, 20 June.

Ramaphosa, C.M. (2021) *State of the Nation Address by His Excellency Cyril Ramaphosa, President of the Republic of South Africa in the Joint Sitting of Parliament*. Cape Town, 11 February.

Southern African Development Community (2015). *SADC Industrialization Strategy and Roadmap 2015 – 2063*.

United Nations Development Programme (n.d.) *Sustainable Development Goals*. [Internet]. Available from: <http://www.za.undp.org/>.

World Bank Group (2021) *Ease of Doing Business in South Africa*. [Internet]. Available from: <https://www.doingbusiness.org/en/data/exploreeconomies/south-africa>.

7. Report of the Portfolio Committee on International Relations and Cooperation on the 1st and 2nd quarters 2020/21 expenditure performance of the Department of International Relations and Cooperation and the African Renaissance and International Cooperation Fund, dated 12 May 2021

The Portfolio Committee on International Relations and Cooperation (the Committee), having considered the 1st and 2nd quarters 2020/21 performance and submission to National Treasury, of the Department of International Relations and Cooperation (the Department), and the African Renaissance and International Cooperation Fund (ARF) on 10 February 2021, reports as follows:

1. Introduction

1.1 Mandate of the Committee

The Portfolio Committee on International Relations and Cooperation is a committee of Parliament mandated by the sections 55 and 92 of the Constitution of South Africa,[1] to oversee and ensure accountability in the formulation and conduct of South African foreign policy. Consequently, the Committee conducts oversight on activities of the Department of International Relations and Cooperation, and its entity, the African Renaissance and International Cooperation Fund (ARF), on policies, financial spending patterns, administrative issues, and it holds the Department and entity accountable for their operations and functions. The Committee is an important mechanism for ensuring oversight over the conduct of South Africa's international relations and cooperation policy.

1.2 Purpose of the quarterly performance report

The quarterly performance report is a building bloc towards the Committee's annual Budgetary Review and Recommendation Report (BRRR). In accordance with section 5 of the Money Bills Procedures and Related Matters Amendment Act 2009 (Act No.9 of 2009), the National Assembly, through its committees, must assess service delivery performance of each national department and submit the BRR Report for each department, for tabling in the National Assembly. The process allows the National Assembly to evaluate the effective and efficient use and forward allocation of resources; and may make recommendations on forward use of resources. These reports will be considered by the Standing/Select Committees on Appropriations and Finance respectively when they make recommendations to the Houses of Parliament on the Medium Term Budget Policy Statement (MTBPS).

In compiling this report, the Committee based its assessment of the Department and its entity, on tabled service delivery plans as outlined in the Annual Performance Plans 2020/21 of both; and the 2020 State of the Nation Address. The Committee linked domestic priorities to the Department's Strategic Plan 2020 – 2025 and aligned the information to priorities and measurable objectives as set out in the National Development Plan (NDP).

---

[1] Constitution of the Republic of South Africa 1996

The Committee also examined the expenditure report as published by the National Treasury. These reports are commonly known as section 32 Reports[2].

The report further gives an overview of the presentations made by the Department and its entity, focusing mainly on its achievements, output in respect of the performance indicators and targets set for 2020/21 and the financial performance. The report also provides the Committee's key deliberations and recommendations relating to the performance of the Department and its entity.

1.3 Mandate of the Department

The overall mandate of the Department is to work for the realization of South Africa's international relations policy objectives. In terms of the provisions of the Constitution, the President of the Republic of South Africa bears the overall responsibility for the country's foreign policy and international relations[3]. However, the Department is entrusted with the formulation, application and implementation of South Africa's foreign policy which is derived from South Africa's domestic priorities[4]. The Minister of International Relations and Cooperation (the Minister) assumes overall responsibility for all aspects of South Africa's international relations, albeit in consultation with the President. The Minister also liaises and consults with members of the Cabinet on overlapping issues and on the priorities and programmes of other departments that bear an international relations element. In the same breath, other Cabinet ministers are required to consult the Minister on their international role.

1.4 Measurable objectives of the Department

The Department had identified the following strategic objectives for implementation during the reporting quarter, aimed at responding to the domestic priorities as announced by government for the reporting year as follows:

- Provide strategic leadership, management and support services to the Department,
- promote relations with foreign countries,
- participate in international organisations and institutions in line with South Africa's national values and foreign policy objectives, and
- communicate South Africa's role and position in international relations in the domestic and international arenas as well as to provide Protocol Services.

2. Performance of the Department in general

The quarterly report reflects the high level highlights of a number of diplomatic activities carried out by the Department including its Missions abroad. At the time of reporting, South Africa's

[2] Public Finance Management Act (PFMA) 1999 (Act 1 of 1999).

[3] Department of International Relations and Cooperation Annual Performance Plan 2020/21

[4] Department of International Relations and Cooperation Strategic Plan 2020-2025

representative footprint had grown from 34 in 1994 to 125 diplomatic missions in 2020, situated in 109 countries throughout the world.

True to the fact that the Department operates in an ever changing international landscape, its work during the 1st and 2nd quarters was influenced by these events. The international turbulence was due to the rapid weakening of the rand against major currencies; the resultant impact on the global economic outlook, the plummeting oil prices and the advent of the Coronavirus pandemic.

The activities of the Department remained structured into the five programmes as elaborated in its Annual Performance Plan 2020/21. These are as follows:

- Programme 1: Administration
- Programme 2: International Relations
- Programme 3: International Cooperation
- Programme 4: Public Diplomacy and Protocol Services and
- Programme 5: International Transfers

2.1 Non-financial performance of the Department per programme: Achievements

2.1.1 Programme 1: Administration: It is aimed to provide strategic leadership, management and support services to the Department.

Within this programme, the Department was able to extend consular services to South Africans in 30477 cases reported to the missions abroad. These included assisting citizens in distress; visiting new detainees/prisoners in places of detention; facilitating the repatriation of mortal remains; assisting in locating the whereabouts of missing South Africans; assisting in the recovery of children under parental abduction; repatriating citizens due to the pandemic and facilitating extraditions where requested.

In terms of compliance with maintaining an ISO certified quality management system, ISO certificate was issued and is valid until September 2021. The Department undertook a gap analysis and developed an implementation plan on building institutional capacity to deliver the AU/UN languages, which was supposed to have been completed in quarter 1. Two outreach initiatives to support gender mainstreaming were undertaken. In this regard, the Department hosted a Roundtable discussion for Promoting Women's Empowerment and Gender Equality in the Public Service on 31 August 2020. A session/workshop on Sexual Harassment in the Workplace was facilitated and hosted on 30 September 2020. The Department also hosted an International Youth Day under the Theme “Youth Engagement for Global Action” on 12 August 2020.

In terms of legal services, it was reported that 100% (41) legal advice and services rendered 100% (41) legal advice and services rendered related to international law. 100% (59) legal advice and services rendered related to domestic law.

The drafting of codes, directives and regulations as may be appropriate for the implementation of the Foreign Service Act 2019 was not achieved. Some of the designated five work streams, charged with developing draft codes, directives and regulations in support of the FSA, did not complete their work. During its performance reporting in 4th quarter 2019/20, the Department indicated that it has established five work streams to develop draft codes, directives and regulations in support of the FSA, namely:

i. Personnel Management Work Stream
ii. Property Management Work Stream
iii. Protocol and Consular Work Stream
iv. Diplomatic Academy and Training Work Stream
v. Foreign Service Coordination Work Stream.

The Department had meantime planned for the promulgation of the Foreign Service Act in April 2021.

2.1.2 Programme 2: International Relations

The programme is aimed to promote relations with foreign countries to strengthen South Africa's political, economic and social relations with targeted countries. This is achieved through the outcomes of structured bilateral mechanisms and high-level visits reflecting national priorities, the African Agenda and the Agenda of the South. These remain important vehicles for cooperation and promoting South Africa's national priorities. The national priorities of government as well as the needs of Africa (such as the New Partnership for Africa's Development (NEPAD) as espoused in the National Development Plan (NDP), are also pursued in bilateral relations. Focus is also placed on the strengthening of economic diplomacy initiatives undertaken by Missions for the promotion of South Africa's trade, investment and tourism potential and opportunities.

The review of structured bilateral mechanisms to align it to the achievement of the NDP and MTSF, was not achieved. Progress reported reflected on 90 of 139 (65%) structured mechanisms at different stages of the review process. The process was to be finalised in quarter 4.

Three regional reports on outcomes of structured bilateral mechanism showing delivery against NDP and MTSF were completed. Three regional reports were from the Americas and Europe region where engagements focussed on, amongst others:

- Repatriation and expatriation of nationals;
- A Cuban Medical Brigade of 217 medical specialists arrived in South Africa, to support the efforts against COVID-19;
- Germany, through a partnership involving the German Government and German automotive companies, constructed field hospitals in Gauteng and the Eastern Cape.
- The United Kingdom made a R50 million contribution to the Solidarity Fund, in addition to numerous other projects that they have.
- Denmark donated PPE, Mobile Units and free shipment of PPE into South Africa.
- Sweden prioritized the South African order for test-kits that were being manufactured by Cepheid in Sweden.

- Further contributions for PPEs and test kits were secured from the US, Turkey, Lithuania, Russia and many others.
- COVID-19 response efforts and the adjustment of priorities showed the need to shift from the immediate crisis response to cooperation regarding access, production and procurement of vaccines for South Africa.

Engagements with the SADC Region revealed that:

- The term of Office of the current Executive Secretary and Deputy Executive Secretary is coming to an end August 2021.
- South Africa did not have enough points to compete for the position of the Executive Secretary and is disqualified to compete for the position of the Deputy Executive Secretary given that the incumbent is a South African national.
- South Africa would not be represented at executive management level of SADC for the coming eight (8) years.

Three regional investment quarterly progress reports achieved. They were from Asia and Middle East; Africa; America and Europe. Progress on the 2019 Presidential Investment Conference was such that**:**

Toyota South Africa Motors (TSAM) announced in July 2020 that including the original pledge they would invest R4,28-billion in its local operations up to the end of 2020. The lion's share of the investment, the originally pledged R2,43 billion has been earmarked for gearing up for the production of a new passenger-car model at the Prospecton plant, in Durban commencing in October 2021. Production of the Corolla Quest would continue and would also include production of a Toyota hybrid synergy drive model.

At a time characterised by economic contraction due to the COVID-19 pandemic, South Africa's promotional activities in the Asia and the Middle East focused on specific areas of opportunities, which included:

- South Africa's rising production volumes for nuts and fruit - the fastest growing market for new volumes is Asia and the Middle East;
- South Africa's efforts through BRICS to establish the National Development Bank (NDB) continues to pay dividends through the provision of USD 1 billion Emergency Support Programme to South Africa in the dealing with the COVID-19 pandemic.

The impact of the pandemic has highlighted the need for greater cooperation in the areas of health, technology and cyber-security. The existing focus of cooperation in BRICS is well established in science and technology with development of an innovation platform underway. The NDB is also actively contributing to the efforts of BRICS countries to combat the economic consequences of the COVID-19 Pandemic. It was also agreed to fast track the establishment of the BRICS Vaccine Development and Research Centre as agreed in the 2018 Johannesburg Declaration.

The Africa region:

The outbreak of the global COVID-19 pandemic has severely constrained trade promotion efforts in the continent. International travel restrictions and lockdown measures introduced throughout the continent limited the implementation of planned trade promotion events and initiatives.

As SADC Facilitator to the Kingdom of Lesotho, South Africa participated in a peace mission to address issues with regard to peace, security and political stability in the Kingdom.The Ministerial Committee of the Organ (MCO), amongst others, reviewed the political and security situation in the Region, specifically in the Kingdom of Lesotho, the Democratic Republic of Congo (DRC) and the Republic of Mozambique.

The 40th SADC Ordinary Summit of Heads of State and Government, held on 17 August 2020 approved the SADC Vision 2050 and the Regional Indicative Strategic Development Plan (RSIDP) 2020 – 2030. To operationalise the strategic documents; Member States were requested to undertake national consultations on the draft RISDP 2020-30 Implementation Plan and provide inputs to the Secretariat.

2.1.3 Programme 3: International Cooperation

Through this programme, the Department participates in international organisations and institutions. This was reported as in line with South Africa’s national values and foreign policy objectives. The programme assists the Department to enhance international responsiveness to the needs of developing countries and Africa. This is achieved through negotiation and influencing processes in the Global Governance System; towards a reformed, strengthened and equitable rules-based multilateral system. The Department continued to participate in various multilateral meetings to influence the outcomes of such meetings and remain an active member of the international community as espoused by the NDP.

The activities of the Department under this programme included participation in the following:

- Discussions on the development of the vaccine strategy for the continent;
- The establishment of the COVID-19 African Vaccine Acquisition Task Team (AVATT), in support of Africa Vaccine Strategy;
- The adoption of the Declaration on the AfCFTA, which forms the basis of inter-trade agreement with effect from 1 January 2021; and
- The adoption of the Declaration on Silencing the Guns, which extended the implementation of the AU Master Roadmap of Practical Steps for Silencing the Guns in Africa for a period of ten years (2021-2030), with periodic reviews every two years and further decide to extend the commemoration and conduct of the Africa Month during September of each year for a period of ten years (2020-2030).

The key focus areas remained on South Africa’s role as Chair of the African Union with the main focus on the Continent's response to the COVID -19 pandemic. The Chair of the African Union also facilitated the following key areas:

- The appointment of Special Envoys to mobilise the international support for the Continental fight against COVID-19;
- The Establishment of the African Medical Supplies Platform (AMSP): a platform developed to assist the AU Member States to tackle issues on the supply side of continent's response to COVID-19 and access to medical supplies and equipment;
- The initiative of the Chair of the AU to engage international partners and financial institutions such as the International Monetary Fund (IMF), World Bank, European Union (EU), G20 Member States and others to support the issue of debt relief for African countries whose economies have been devastated by the pandemic;

South Africa prepared for and participated at the UNGA75 General Debate, 22 September 2020**.** Owing to the COVID-19 pandemic, the General Debate and high-level meetings of the 75th session of the UN General Assembly (UNGA75) took place virtually from 18 September to 02 October 2020, under the theme: "The Future We Want, the UN We Need: Reaffirming our Collective Commitment to Multilateralism."

South Africa's period on the Council was guided by the chosen theme: *"Continuing the Legacy: Working for a Just and Peaceful World"*. During South Africa's term, there were some issues where the Council was active on and has been able to take actions, including support for political processes primarily through UN Special Political Missions, deployments and renewals of UN peacekeeping Missions and the implementation of sanctions.

As an elected member, South Africa forged close links with the other two African countries serving on the Council, the so-called A3, which in 2020 comprised of Niger, Tunisia and South Africa. The country has also worked with other developing countries that are part of the Non-Aligned Movement and has attempted to work with other elected members in the E10 formation.

The overarching issues that dominated the General Debate and of relevance to South Africa during UNGA75 included: the COVID-19 pandemic, the global fight and post-pandemic recovery; the 75th anniversary of the UN and past gains and challenges ahead. The other items included the maintenance of global peace and security; promotion of human rights and advancing development; the Decade of Action towards the implementation of the 2030 Agenda on the Sustainable Development Goals (SDGs); and the Paris Agreement on Climate Change, the need to transition to green growth.

President Ramaphosa's statement to the General Debate, as well as his interventions during various UNGA75 high-level meetings, addressed key issues facing the country, in particular the plans for the recovery from COVID-19. The President, in his capacity as the Chairperson of the African Union, also used UNGA75 to champion critical priorities of the Continent, reflecting on health, as well as broader socio-economic and political issues. The key message was of an African continent continuing with its strides to silence the guns and bring about peace and sustainable development to all countries.

The UNGA75 high-level segment reaffirmed the importance of multilateralism. It was an opportunity for the international community to display solidarity in fighting the COVID-19 pandemic. COVID-19 brought to the fore, the reality that contemporary global challenges require global solutions and that no country acting alone is capable of resolving them.

The 6th meeting of the BRICS Deputy Ministers/Special Envoys on the Middle East & North Africa (MENA) took place from 25-26 August 2020. The meeting exchanged views and shaped consensus on:

- the current political and security situation and the humanitarian impact of the on-going conflicts affecting the two regions, focusing on developments regarding the situation in Libya and Eastern Mediterranean; Syria, Lebanon; the Middle East Peace Process (MEPP);
- the situation in the Gulf; the conflict in Yemen; and the situation in Iraq. They reaffirmed that the crises in these regions should be addressed through political mechanisms and in accordance with international law and the UN Charter;

Underlying their deliberations was the principle that lasting peace could only be achieved with due respect for the independence, territorial integrity and sovereignty of the countries involved.

South Africa prepared for, and participated in the Virtual 14th South Africa-European Union Ministerial Political Dialogue on 14 July 2020. The 14th MPD discussed a range of issues relating to further enhancing the South Africa-EU Strategic Partnership within the challenging context of the COVID-19 pandemic and its political and socio-economic impact on South Africa and the EU.

2.1.4 Programme 4: Public Diplomacy and Protocol Services

The programme is meant to communicate South Africa's role and position in international relations in the domestic and international arenas. It is also aimed to provide protocol services.
Public Diplomacy
Ten (10) opinion pieces were targeted and achieved; and they were on the following topics:

- "Ten (10) were achieved, including the following:
- Middle East peace plan must guarantee sovereign equality between Palestine and Israel", The Daily Maverick
- Let's work together to create a just global order that radiates the values of Nelson Mandela" The Daily Maverick
- SA agreement with South East Asian bloc opens up a host of opportunities" The Daily Maverick

Protocol Services
Within this programme, the Department provided protocol services per requests that were received. During the reporting period, no requests were received for international conferences.

2.1.5 Programme 5: International Transfers

Spending under the International Transfers programme has decreased however, mainly due to lower spending on goods and services. Transfers were made to the ARF and also to international organisations to which South Africa is a state party.

3. Financial performance of the Department

3.1 Quarter 1 expenditure

The Department's actual expenditure for the first quarter amounted to R1. 880 billion or 29% of the programme's total appropriation. Expenditure is 14% lower than projected expenditure of R2. 178 billion for the period.

Programme 1:
This programme recorded expenditure of 20% lower than projected expenditure for the period. This was reported mainly due to delays in the procurement of computers as well as non-travel due to pandemic induced lockdown.
Programme 2:
Under this programme, expenditure was reported 6% lower than projected expenditure for the period mainly due to missions' expenditure that did not interface into the Basic Accounting System (BAS).
Programme 3:
The expenditure was reported to be 12% higher than expected due to challenges experienced keeping within the ceiling on the compensation of employees.
Programme 4:
The expenditure was reported to be 44 % lower than projected for the period. This was mainly due to invoices for municipal services for foreign missions based in South Africa which were not received; as well as no travelling expenditure due to the pandemic related lockdown.
Programme 5:
The expenditure was reported 23% lower than projected for the period. This was mainly due to non-payment of the outstanding payments for SADC and the AU due to insufficient approved budget.

3.2 Quarter 2 expenditure

The spending for Quarter 2 amounted to R1. 464 billion compared to the projected expenditure of R1. 588 billion representing a variance of 8%.

Programme 1
The actual expenditure was 25% below the projection. The low spending was attributable to lockdown restrictions that affected travel for final and interim audit of missions, transfer of officials to and from missions, international travel by internal audit section, delay in the procurement of computers and laptops and delays in the implementation of infrastructure plan.
Programme 2: The actual expenditure was 3% higher than what had been projected. The high spending was experienced under the compensation of employees.
Programme 3

The actual expenditure was 16% lower than what had been projected. The low spending was due to the delay in the June 2020 placement cycle, as well as lesser activities performed by Missions and Head Office due to COVID-19 pandemic restrictions.

Programme 4

The actual expenditure was at 14% lower than what had been projected. The low spending was due to no travel as a result of lockdown restrictions.

Programme 5

The actual expenditure was 11% higher than what had been projected. High spending was due to South Africa's assessed contribution to the United Nations for Peacekeeping and Peace Support operations.

It was noted that spending trend on compensation of employees (CoE) depicted a higher expenditure trend by R21 million per month above the CoE ceiling. The projected expenditure for the year would increase to R3. 157 billion based on the current prevailing trend which would result in a projected budget shortfall of R276 million, subject to foreign exchange fluctuation.

4. African Renaissance and International Cooperation Fund (ARF)

During the 1st and 2nd quarter reporting, the African Renaissance and International Cooperation Fund has continued to be an important instrument in pursuit of South Africa's foreign policy, particularly the African Agenda and, more critically South Africa's term as the Chairperson of the AU.

During the period under review, the focus of the ARF was on the funding of projects to assist countries in the continent, particularly with the fight against COVD-19, this was done through the different organs of the AU and directly to the recipient countries. The Secretariat has continued to monitor the active projects in collaboration with Missions abroad to ensure that funds are utilised for what they were intended and in South Africa's national interest.

During the reporting period, the ARF supported disbursements, among others, for the following:

1. South Africa's contribution to the COVID-19 Special Fund for R 35 600 000.
2. South Africa's contribution towards the Africa Centre for Disease Control for R 71 200 000.
3. Provision of Personal Protective Equipment to 21 African countries for R 288 566 900.
4. Pledge by President Ramaphosa at EU pledging Conference for the access of COVID-19 tools.
5. Presidential and legislative elections in the Central African Republic was supported.

5. Findings by the Committee

After due deliberations on the contents of the 1st and 2nd quarter reports for 2020/21 of the Department and its entity, the Committee made the following findings:

5.1 The Committee needed more information on the role that South Africa had played at the United Nations Security Council. The Committee also commended South Africa's efforts in tapping into emerging markets and increasing its trade relations with Asia and Latin America.

5.2 The Committee became aware from the media, that some diplomats refused to return home after the end of their tour of duty. The Committee sought clarity on how those situations were handled and resolved.

5.3 The Department was instructed to give an update on the progress towards the entering into force of the Foreign Service Act 2019.

5.4 Clarity was sought on why the gap analysis to determine institutional capacity to deliver the African Union (AU) and United Nations (UN) languages, had been achieved only in Quarter 2, but not in Quarter 1 as anticipated.

5.5 Clarity was further sought on why the stakeholders' consultation on regulations and directives had not been achieved in Quarter 1.

5.6 The Committee noted the importance of the review of structural bilateral relations in quarter 2. It was noted as imperative to align those bilateral relations to address domestic challenges, and this could not be neglected.

5.7 Clarity was sought on the reasons for the delay in commencing processes towards the strategic review of South Africa's membership to international organisations.

5.8 A concern was raised regarding the collapse of the information communication technology (ICT) systems in the Department. As the Department handled sensitive diplomatic information, this situation should not continue.

5.9 The Committee asked about the Department's approach to the newly elected Biden administration in the United States, and noted that South Africa had not had a good relationship with the Trump administration. The Committee was curious to know what the Department's plans were with the Biden Administration, to mend and promote the relationship between South Africa and America.

5.10 The Committee noted that the Department of Planning, Monitoring and Evaluation (DPME) had welcomed the idea of government departments moving targets over to the next quarter if targets were not achieved in the current one. However, although moving over un-achieved targets related to COVID-19 was justifiable, moving over targets to the next quarter for reasons such as lack of performance should not be condoned, therefore the Department was urged to stick to those targets and achieve what should be achieved.

5.11 The Committee pointed out that non-disclosure of information in the missions should be regulated by relevant laws and bilateral agreements. It should not be at the manager's discretion to decide what information to withhold and what to release. In the past, the Committee had noted situations related to misconduct in the missions where such information was not shared with the Committee.

5.12 The Committee sought clarity on the promulgation of the Foreign Service Act. The Committee asked the Department to indicate if the Act still could be operationalised in two months' time (April 2021). The COVID-19 excuse would not suffice, as the Act would resolve a lot of issues once it came into effect.

5.13 Regarding developments in Myanmar, the Committee asked the Director-General to explain the extent to which South Africa had been involved in monitoring the situation, and whether it was engaging with the Myanmar government directly. The Committee also observed that the former National Party chief negotiator, Roelf Meyer, had been actively engaging with the government of Myanmar to build peace, so the Department's stance on the matter was required.

5.14 The Committee noted the ARF's efforts in providing humanitarian assistance to help combat COVID-19 in battling African countries. Clarity was sought on the measures in place to make sure that South Africa's financial assistance to those countries did not fall prey to corruption and looting.

5.15 Clarity was sought on why tax payers should pay for the damage to rented properties that diplomats and their staff had caused. The Committee recommended that all diplomats and their working staff should in future sign an agreement to be responsible for all damage caused to leased properties. Currently the Department had to pay about R10 million in damages to rented properties abroad.

5.16 The Committee said that the IT system in the Department had been a prolonged issue, the longer the issue remained unresolved, the more compromised South Africa would find itself. The processing of a tender for the Department's IT system should be a priority.

5.17 More detail was requested about the R140 million loan to Cuba which had been referred to in the ARF's presentation.

5.18 The Committee sought more details about the points system in SADC. This was revealed in the presentation that South Africa did not have sufficient points to compete for the Executive Secretary position at the SADC. Clarity was sought on the minimum points required to compete for that position, and the points that South Africa currently had.

5.19 Clarity was sought on why the 'silencing of the guns in Africa' project had been extended to 2030, and whether this initiative had encountered any failures or challenges. The situation in the Northern Mozambique was cited as a case in the region where there is instability.

5.20 Clarity was sought on the ARF's provision of personal protective equipment (PPE) to the value of R288 million to 21 countries, and the Committee requested a more detailed breakdown of the allocation of funding for each country.

5.21 A view was expressed that under the theme of silencing the guns, there had been a 43% rise in Islamist insurgency on the continent, and nothing had been done about it in response to such a situation. It was said that people on the continent had begged the African Union to intercede where human rights abuse issues were carried out by their own governments, but the AU had remained indifferent and kept silent, despite these calls.

5.22 The Committee commended South Africa's effort in negotiating with the countries to the North, to increase business growth in agricultural products such as in wine exports, as well as the automotive sector. It was also pointed out that not enough emphasis was placed on infrastructure, such as the Programme for Infrastructure Development in Africa (PIDA).

5.23 Clarity was sought on the progress within SADC on the commitment to free movement within the region. It was the understanding that free trade presupposed the free movement of African people. By November 2019, there had only been four countries which had acceded to the Protocol on Free Movement. It had also been envisaged that an African passport would emerge in 2016, and was meant to be implemented in 2019. Disappointment was expressed over the lack of achievement on this issue.

5.24 The Committee pointed out that there were overlapping areas that needed clarity in terms of international treaties. For instance, both the Committee on Mineral Resources and Energy and the Committee on Trade and Industry had signed international treaties which should be under the auspices of this Committee.

5.25 Concern was raised on the issue of the students who were stuck abroad, with fees not having been paid. At the time, no one was taking responsibility for getting them home.

5.26 The Committee asked for a list of the positions which South Africa held at international organisations.

5.27 The Committee expressed concern about the ARF's procurement process, as it was heavily dependent on the Department. It was noted that it was well known that the supply chain management (SCM) at the Department was ineffective, and frequently incurred irregular expenditure. Therefore, clarity was sought on why the ARF did not develop its own procurement capacity. It was noted that the Department took almost three years to act to provide humanitarian assistance to affected countries because of the incapacity in the Department's supply chain.

5.28 The Committee emphasised the importance of updates from the Department on its role and actions on the international stage. For instance, the issue of lobbying for candidates was regarded important.

6. **Responses by the Department**

6.1 The Department explained that the briefing on the annual performance report (APP) covered the period from April 2020 to September 2020. Due to COVID-19, the Department was not able to present quarter by quarter in 2020.

6.2 It was reported that building institutional capacity to deliver AU and UN languages was well under way. Since the Department had just begun to adapt to working remotely during the period which the report covered, it had just undertaken a deep analysis to provide more accurate information on what needed to be improved. As for Members' question around why this target had not been achieved, the purpose then had been to ensure that this capacity would be developed by the end of 2020. The Committee would definitely receive a subsequent report on progress against this target, when the Department presented its third quarter progress report.

6.3 Regarding the delay in processes towards the entry into force of the Foreign Service Act, the Department would have to make a detailed presentation to keep Members more informed. The Department was working very hard on the Act. The next day, there would be a meeting chaired by the Minister to present the actual processes of the Act, and to determine the readiness and the areas which the Department should be targeting. He would be sharing the information from the meeting with the Committee.

6.4 It was said the country currently had 139 bilateral agreements. A review of South Africa's bilateral agreements would have to take a country to country and level to level approach due to their complex nature, since they were spread across all regions and were done by different line branches. The Department was determined to complete them despite the impediments. It was aware of the importance of having structured bilateral agreements, and had agreed to prioritise certain agreements and to re-negotiate some of them. As the Department had now mastered working remotely, he was optimistic that most of the delayed work would be fast tracked and completed.

6.5 The Department had embarked upon a review of South Africa's international multi-lateral membership process, which would result in a detailed report which would be presented to the Committee in due course. This issue was highly relevant. The issue of South Africa's membership in the Commonwealth had also been examined, and the process was still under way.

6.6 One of the key indicators in the Department's APP annual targets was digital transformation. It enabled the Department to be aligned to its responsibilities. In terms of the Department's progress to achieve that target, so far the strategy had been devised and concluded well ahead of time. However, there had been some delays in the roll out and implementation of the plan. The Department had experienced several delays in acquiring the equipment it needed to fast track procurement.

6.7 It was said that the procurement of the R288 million for PPE by the African Renaissance Fund had adhered to the standard procurement process that was prescribed to prevent irregular expenditure. Despite the irregular expenditure on PPE in other governmental Departments, the Department had so far managed to prevent it.

6.8 It was explained to Members how the points system at SADC worked. Every SADC member state was given 157 quota points in total. South Africa had currently utilised 155 points, leaving it with only two outstanding points not having been used. Among the various positions at the SADC Secretariat, the Executive Secretary position accounted for 30 points, the Deputy Secretary for 23 points, Director level positions for 19 points, Senior Officers for 16 points and Officers for 13 points. A member state was not allowed to have both a secretarial and director position. Hence South Africa had a Deputy Secretary, six Senior Officers and three officers at SADC.

6.9 In response to the question on the rental deposit in Los Angeles, the lease agreement had come to an end at the end of October. The standard process was that any cost arising from damage to the property should be covered by officials. The Department was therefore reviewing its options to enforce those rules and seeking legal opinions on the issue as well. It would also begin to insert such legal clauses in the conditions of officials' service, to tie up the loose ends.

6.10 It was clarified that the ARF's mandate was to work with other countries from an overall perspective. The ARF's particular focus is on African countries. The assistance provided to Cuba also benefited South Africa, as it gave Cuba a chance to open its market to South Africa and purchase goods from South Africa, placing South Africa in the position of a supplier.

6.11 The ARF has a consultative process with those affected countries. As a result, an inventory list of 10 items, which consisted mainly of drugs and masks, had been made. The recipients had been mainly SADC countries. The ARF had also gone out to the market to do pricing research and measured the prices against the available funding. Once the procurement process was concluded, the distribution process would begin.

6.12 The ARF was involved in monitoring all of the COVID-19 projects. It acted very much in an oversight role in the projects for which the organisation had provided funds. It released funds only according to what objectives and outcomes were to be achieved.

6.13 It was said that Members' questions on the membership at the African Union and the UN Security Council could not be explained and adequately responded to in one answer. He therefore proposed that Members allow the Department to brief the Committee on the issues in a comprehensive report.

6.14 The Department was learning to work under non-contact circumstances. Some issues which Members had raised would have been resolved if a contact working environment had been permitted.

6.15 The Department was still undertaking a comprehensive analysis of what was coming out of South Africa's bilateral relations, and re-navigating its approach to those countries. It was commendable that the Department had been one of the first 18 countries that had been called by the Secretary of State in the new Biden Administration. It was believed that this was re-setting the tone for cordial relations between the two countries. The Strategy Dialogue would be revived, as it was the most important bilateral strategy between the two countries.

6.16 It was said that many of the targets could not be achieved from April to September due to the lockdown. Members were reminded that it was the time when the whole country was moving from Level 5 to Level 3 of the lockdown. He was sure that had the situation been different, those targets would have been achieved.

6.17 Regarding the disclosure of legal opinions, Members were reminded to understand labour relations within its own context. Some legal opinions might be related to a particular matter under international law. It was not possible to provide Members with a generic response on what could or could not be disclosed, as it was really a case-by-case matter.

6.18 The Department said that it had noted the comment on Deparment's handling of COVID-19 repatriations, as well as the different lines of functions. It was explained that during the lockdown and repatriation period, NATJOINTS was performing most of the responsibilities around travel restrictions. As for overseas missions, there were functions that were jointly provided by other government departments, such as Home Affairs. It was agreed that those duties and different work streams needed to be clarified for different departments.

6.19 As to whether the South Africa's President was serving on too many positions at various international and regional organisations, it was said that the Department was glad that his tenure at the SADC had come to an end. The Department would not comment further on whether the Department could let former heads of state to deputise for the incumbent president on those positions. However, this question would be dealt with in the Department's next briefing.

6.20 The Department commented on the 'silencing of the guns' matter, and said that it would be included in the next presentation. The Committee was assured that the target would be monitored on a two-year basis.

6.21 It was said South Africa had reacted quickly after the military coup occurred in Myanmar. The government had issued a stern press statement expressing its deep concern over the Myanmar military removing the duly elected government. It had called for the immediate release of government leaders and to let the country return to constitutional democracy. It was said Myanmar had a history of military rule, having been ruled by the military for 50 of the 72 years since its independence. Following Myanmar's 2007 Saffron Revolution coup, the South African government had approached Myanmar and shared its own experience in transiting from an apartheid regime to a democratic state, as well as its own process of developing its constitution. Mr Roelf Meyer, through his own organisation, had also worked with State Counsellor Aung San Suu Kyi. The Department had also sent a stern message to the Myanmar ambassador in South Africa.

6.22 It was said that the difficulty in Myanmar was that the military held too much power. The country had its first democratic election in 2015, but the agreement had been that 25%

of the legislature seats were still reserved for military. The country was indeed progressing towards a democracy and had been holding transparent and fair elections with the support of the military regime. Under Aung San Suu Kyi, it had been proposed that the percentage reserved for the military in the legislature would be gradually reduced to five percent. It was also mooted that the country's economic model would begin to move from a centralised planned economy to a free market one.

6.23 An assessment on the matter was that the coup was because the head of the military, Min Aung Hlaing, was due to retire. In terms of the constitution, he could not continue to serve as head of government. The party which he headed, the Union Solidarity and Development Party (USDP), had been severely defeated in the general election in 2020, so the military had declared the election fraudulent and had staged the coup. At the earlier stages of the coup, the military had imposed a curfew and there was a blackout on the internet. Both the European Union (EU) and the United States had issued strong statements condemning the coup and pressurising the military general to return the country back to its constitutional democracy.

6.24 It was reported that all treaty obligations were reported to Cabinet twice a year. Also, all the processes for the signing of treaties was followed in close contact with the line department. This was done to ensure that all decisions were approved and responsible departments were well informed. It was a standardised process.

6.25 The Department referred to the diplomats who had refused to come home. It was believed that a response had been submitted in writing to the Committee.

7. Conclusions

The Committee is of the opinion that despite some challenges, overall the Department was able to perform according to the goals it had set itself for the 1st and 2nd quarter of 2020/21 reporting period. The 2020/21 budgetary allocations of the Department were generally aligned to the national strategic priorities outlined in the 2020 State-of-the-Nation Address, as well as its strategic direction in terms of its Medium Term Expenditure Framework.

The unpredictable foreign exchange portfolios and the ceiling on compensation of employees have been negatively affecting the operations of the Department, especially in the Missions, where the bulk of its activities take place. The Department has accordingly operated within a tight budget despite its growing responsibilities, and is facing overspending on the compensation of employees.

8. Recommendations

In order to further assist the Department to enhance its performance, the Committee recommends that the Minister ensures that the Department implements the following and report to the Committee within one month of the adoption of this report by the National Assembly:

8.1 Fast-tracking the modernisation project of the ICT infrastructure and related matters to minimise the risk to security of information, and to respond to the virtual demands of the 'new normal' necessitated by the advent of COVID-19.

8.2 Investigating the cause of delays by some Missions to report and interface into the Basic Accounting System (BAS) of the Department.

8.3 Expediting the coming into force of the Foreign Service Act 2019.

8.4 Prioritising the development of a property management strategy.

8.5 Finalising the review of the structured bilateral mechanisms entered into by the country with its counterparts, to ensure they advance national interest and address domestic imperatives.

8.6 Finalising the country strategy on membership to international organisations to assess value-for-money and also address the needs of our country including giving exposure to our youth for internship and future employment opportunities in international organisations the country is party to.

8.7 Developing, in consultation with National Treasury, a strategy with a detailed implementation plan, to find a workable solution to stay within the ceiling on compensation of employees without compromising service delivery.

8.8 Leading the implementation and domestication of the region's blueprints in the country, including the Revised Regional Indicative Strategic Development Plan (RISDP) 2020-2030.

8.9 Presenting comprehensive reports giving updates on the activities of the Department in the following:

The UN Security Council during its 3rd term as a non-permanent member
The African Union with South Africa as the AU Chairperson
The implementation of SADC Regional Integration strategy
The African Union 'Silencing of the Guns by 2030'

8.10 Adhering to set targets and achieving what the Department set itself to realise within the stipulated timeframes.

8.11 The Committee recommends that the 1st and 2nd quarters performance report be passed.

Report to be considered.

Sources

- Department of International Relations and Cooperation-Annual Performance Plan 2020/2021
- Department of International Relations and Cooperation- Strategic Plan 2020-2025
- African Renaissance Fund- Annual Performance Plan 2020/21
- African Renaissance Fund- Strategic Plan 2020-2025
- National Treasury, Vote 6: International Relations and Cooperation, 1st and 2nd quarter expenditure reports 2020/2021
- Presentation by the Department of International Relations and Cooperation on 1st and 2nd quarters expenditure performance 2020/2021.
- Presentation by the African Renaissance Fund on its 1st and 2nd quarters expenditure performance 2020/2021

8. REPORT OF THE PORTFOLIO COMMITTEE ON TOURISM ON SECOND AND THIRD QUARTER PERFORMANCE REPORT FOR 2020/21 FINANACIAL YEAR, DATED 11 MAY 2021

The Portfolio Committee on Tourism, having considered the Second and Third Quarter Performance Report of the Department of Tourism and South African Tourism on 9th March 2021, reports as follows:

1. Introduction

Section 32 of the Public Finance Management Act (Act No. 29 of 1999) prescribes the requirements for the monthly and quarterly reporting by the government departments. The oversight and Accountability Model of Parliament also lists monthly and Quarterly Treasury Reports as category 3 financial instruments used by Parliament for oversight and accountability. This report is, thus, intended to provide the Portfolio Committee on Tourism's scrutiny (hereafter referred to as the Committee) of the Department of Tourism (hereafter referred as the Department) and South African Tourism's Second and Third Quarter financial and non-financial performance for the 2020/21 financial year. The report also provides a detailed analysis of the impact of the operational environment on the work of the two organisations in the period under review.

In toto, the Department achieved 55(82.09%) of the 67 targets identified for the Second Quarter. Of the 12 targets not achieved, the Department completed significant work towards four (5.97%), whilst the remaining eight (11.94%) require intervention. In terms of financial performance, the Department spent R550 million (37.1%) of the R1 481.0 billion adjusted budget.

In the third Quarter, the Department achieved 52 (77.61%) of the 67 targets identified for the Quarter. Of the 15 targets not achieved, the Department completed significant work towards six (8.96%), whist the remaining nine (13.43%) require intervention. In terms of financial performance, the Department spent R800.5 million (56.1%) of the R1 426.8 billion adjusted by the end of the Third Quarter.

The operational environment, mainly the impact of COVID-19, played a huge negative role towards the non achievement of the predetermined objectives. The imaopct of COVID-19 in the work of both the Department and South African Tourism warrants a thorough unpacking to provide the context of the unprecedented reprioritisation of budget and planned activities in the Annual Performance Plan for the 2020/21 financial year.

2. Overview and assessment of the Operational Environment

The advent of COVID-19 pandemic in South Africa came at an inconvenient time for planning, immediately after the 2020/21 Annual Performance Plans were finalised. It was anticipated, due to the COVID-19 restrictions (Risk adjusted Strategy), that the travel, tourism and hospitality sectors would experience a delayed re-opening. The situation was worsed by the timing and the duration of the delay that were not clear to assist with proper planning for the time ahead. This had a huge impact on all the Department's programmes as follows:

2.1 Programme 1: Corporate Management

Some operations had to be recalibrated to ensure that the entire organisation continues to function and ensuring that there is compliance, even under a different operational environment. Some the operations were affected in the following ways:

- Human Resource Management as it related to sitting of disciplinary hearings and the recruitment and conducting of job interviews
- Communications with stakeholders was affected, for example, public enquiries were limited to email and call centre as no members of the public were allowed to access the building and internal communications were limited to posters and electronic communications. Needless to say that a very effective staff bulk messaging system was development with about 99 percent reach for emergency messages, as well as some updates on operations (COVID-19 cases, water disruptions, strikes, etc.)
- Certain outreach and stakeholder programmes could not be executed, such as exhibitions and printing of publications.
- The IT function had to be adaptive to new normal with most staff operating rotationally between remote working and also from office. This included procurement of additional IT tools of trade, online platform licenses, etc.
- The Legal Unit was operating under a highly litigious environment with the litigations against the Tourism Relief Fund being a one such example. The continuous development of tourism related directions also required extensive stakeholder engagement as the substantive matters were from a regulatory point of view with no precedence.

The Department developed various business protocols to ensure seamless operations continue, for example, staff rotation roaster for physical reporting to the office and online staff information sessions. The provision of psychosocial support to staff has continued in order to assist with coping strategies for the impact of the COVID-19 pandemic, to achieve service delivery and find a work-life balance.

2.2 Programme 2: Tourism, Research Policy and International Relations

The impact of COVID- 19 restrictions had a negative impact on Programme 2, amongst others on:

- Uncertainty on the time of the commencement on the ground, for example, the data collection at establishments.
- Face to face data collection for monitoring and evaluation projects were replaced by online surveys.
- Availability of suitable service providers for projects that were planned to be outsourced.
- Increased usage of technology to host meetings virtually.
- Limited site visits to the various projects sites.

2.3 Programme 3: Destination Development:

Programme 3 was impacted as follows:

- The Department had anticipated that the sites where Expanded Public Works Programme (EPWP) participants are placed for workplace experiential learning would not be fully operational by the Third Quarter. However, when the restrictions were lifted, more EPWP participants were placed in the different tourism and hospitality sites than originally anticipated.

- Virtual meetings continued with various project stakeholders in instances where physical meetings were not possible and site visits, where required, were limited to a small team.

2.4 Programme 4: Tourism Sector Support Services

Programme 4 was impacted as follows:

- Reprioritisation of allocations to provide financial relief to tourism businesses.
- Site inspections for purposes of monitoring projects, interviews and experiential training or placement of learners also had to be suspended when hard lockdown measures were put in place.
- Uncertainty prevailed on when projects would commence.
- Where feasible, incubations, training and monitors projects were migrated to virtual implementation. Stakeholder engagement sessions were also minimal and mostly held on virtual platforms.
- Greater collaboration with stakeholders to identify measures that could be put in place to mitigate the impact of the COVID-19 pandemic in the sector and for learners and incubates. This led to reprioritisation of project deliverables.
- Disruptions in the academic year affected the hosting of the National Tourism Careers Expo and the enrolment of 20 women in the Executive Development Programme at an institution of higher learning.

3. Summary of performance

The summary of the achievement of predetermined objectives per Programme in Quarter 3 is provided in Table 1.

Table 1: Quarter 3 Performance – Actual Data for 2020/21 finacial year

Branches	**Achieved**	**Not achieved; significant work done**	**Not achieved; intervention required**	**Insufficient information to express opinion**
Corporate Management	78.26% (18 of 23)	17.39% (4 of 23)	4.35% (1 of 23)	0.0% (0 of 23)
Tourism Research, Policy and International Relations	92.31% (12 of 13)	0.00% (0 of 13)	7.69% (1 of 13	0.00% (0 of 11)
Tourism Sector Support Services	90.91% (10 of 11	90.91% (10 of 11	90.91% (10 of 11	0.00% (0 of 11)
Tourism Sector Support Services	60.00% (12 of 20)	35.00% (7 of 20)	35.00% (7 of 20)	0.00% (0 of 67)
Total	**77.61% (52 of 67)**	**77.61% (52 of 67)**	**13.43% (9 of 67)**	**0.00% (0 of 67)**

Source: Department of Tourism Third Quarter Report for 2020/21

Table 1 provides a detailed information with regard to the predetermined objectives in each Programme and the information below furnishes detailes on the targets that were achived and reassons for non performance for those that were not achieved.

3.1 Programme 1: Corporate Management

The Department reported an increase in its vacancy rate, from a staff complement of 470 employees in June 2020 to 464 by December 2020. The Department maintained its minimum representation of employees with disabilities at 4.3 percent. The Department continued with its support of small micro medium enterprises. The Department reported that the following targets were not achieved:

- 50 percent women representation at Senior Management Service (SMS) level, as a result of vacancies that occurred during the period under review.
- 100 percent implementation of deliverables for Quarter one, two and three of the Department's Communication Strategy. The Department reported that this is as a result of the Strategic Framework for Events, which was not circulated for inputs as planned, as a result of Covid-19. The Department also reported that the Communications Strategy will be re-written.
- The Gender Equality Dialogue was not conducted and has been moved to the Fourth Quarter. The Department reported that the facilitator on gender issues was unavailable and the services of the Gender Commission had to be solicited.

3.2 Programme 2: Tourism Research, Policy and International Relations

Various reports have been developed by the Department between the two Quarters, which provide both an analysis of the sector's performance and monitoring of implemented initiatives. One of the reports evaluated the impact of the Tourism Relief Fund on enterprises.

The target on developing a concept document for the development of the National Tourism Analytics System Framework was not achieved. The Department reported that this resulted from challenges in timeously appointing a service provider. In the Second Quarter, a service provider was not appointed for the development of the Tourism White Paper.

3.3 Programme 3: Destination Development

The Department achieved 10 of its 11 targets set in the Third Quarter of the 2020/21 financial year for this programme. The Department spent 85 percent of its budget and achieved 90 percent of its targets under this programme. The Department reported that the target on the Rail Tourism survey report was not completed. The report seeks to establish the viability of developing a new rail tourism model in the country.

The Department experienced delays with procurement due to the amendment of the 2020/21 procurement plan. However, a service provider for the viability study has been appointed. The Department exceeded its target on the number of work opportunities created in the Third Quarter. Instead of 875 work opportunities, 1 469 were created resulting from more Expanded Public Works Programme (EPWP) participants placed at various sites than originally planned.

3.4 Programme 4: Tourism Sector Support Services

The Department achieved 12 of its 20 targets set in the Third Quarter under this programme. The Department spent 96 percent of its budget, while only achieving 60 percent of its targets under this programme.

The Department reported that the targets for both the Second and Third Quarter on the Technology Innovation Incubator were not met. In the Second Quarter, the enterprise diagnostic needs assessment was not developed; resulting in the Department's inability to monitor anything in the Third Quarter. A delay in negotiations with the Technology Innovation Agency (TIA) was cited as the primary reason for the unmet targets. The joint initiative between the Department and TIA is aimed at supporting tourism-tech entrepreneurs who can develop progressive technologies for the industry.

The targets for both the Second and Third Quarter on the Tour Operator Incubator were also not met. In the Second Quarter, the enterprise diagnostic needs assessment was not developed; resulting in the Department's inability to monitor anything in the Third Quarter. The Department cited delays in the finalisation of its procurement processes.

The Department reported that the targets for both the Second and Third Quarter on the New Venture Creation Programme for Youth were not met. The venture is aimed at empowering youth trained in food services to become owners and operators in the food services business. A service provider was not appointed in the Second Quarter as planned and the programme was not implemented in the Third Quarter.

The target on the WiT Enterprise Development Programme was not achieved in any of the three Quarters. In the first Quarter the programme was not launched due to delays in planning and the fact that beneficiaries were not identified, resulting in these outcomes being moved to the Third Quarter. Performance on the targets for both Quarter two and three was not achieved, resulting from delays in finalising partnership agreements.

Targets on the following capacity building programmes were not met:

- Tourist Guides – training was delayed due to lockdown restrictions.
- Food Safety Quality Assurers – the service provider has not been appointed and the induction of learners was not undertaken. Delays with this programme date back to before COVID-19.
- Wine Service Training – the finalisation of the close-up report planned for the Third Quarter did not occur. The Department reports that there were amendments to the skills programme, which resulted in additional costs.

3.5 Financial Performance

The Department adjusted appropriation for 2020/21 amounted to R1 481.0 billion. This was a decrease from the initial appropriation of R2 481.0 billion, which was adjusted in response to the outbreak of the COVID-19 pandemic. The expenditure at the end of the Third Quarter is depicted in Table 2. Adjustment to allocations in the Special Adjusted Estimates Appropriation were tabled in June 2020, resulting in R1 billion being suspended from the Department's initial budget. At the end of the Second Quarter, the Department had spent R550.0 million or 37.1 per cent of the available budget.

A second adjustment was made to the budget, resulting in a final allocation of R1 426.9 billion. At the end of the Third Quarter, the Department had spent R800.5 million or 56 percent of the available budget, R26.5 million (3.2%) less than projected for the period. The underspending was mainly attributable to slow spending of goods and services as a result of delays in the rollout of the EPWP under Programme 3: Destination Development. The implementation of the programme has been impacted by the Covid-19 lockdown restrictions.

Table 2: Budget and expenditure review at the end of the Third Quarter

Programme	2020 AENE Budget (R'000)	Expenditure (R'000	Expenditure as % of AENE Budget	Variance from AENE Budget (R'000)	% Variance from 2020 AENE Budget	Explanation of Material Variances
Administration	299 644	205 740	69%	93 904	31%	The underspending is mainly attributed to slow spending by the Department due to a decrease in the travel and accommodation spending.
Tourism Research, Policy and International Relations	499 118	383 091	77%	116 027	23%	The underspending is mainly attributed to slow spending by the Department due to a decrease in domestic and international travel and accommodation spending.
Destination Development	465 894	112 042	24%	353 852	76%	The underspending is mainly attributed to slow spending within the Expanded Public Works Programme (EPWP) due to the finalization of an agreement between the department and DBSA to project manage infrastructure projects.
Tourism Sector Support Services	162 204	99 673	61%	62 531	39%	The underspending is mainly attributed to slow spending by the Department on marketing assistance which relate to travel and accommodation expenditure which could not take place due the COVID-19 pandemic.
Total	**1 426 860**	**800 546**	**56%**	**626 314**	**44%**	

Source: Department of Tourism 2020/21 Third Quarter Report

The Department assured the Committee that the allocated budget would be spent by the end of the financial year.

4. South African Tourism

South African Tourism has a total of 26 Key Performance Indicators (KPIs) for the 2020/21 financial year. In the Second Quarter, the Entity was pursuing a target of 20 KPIs, as the remaining are annual targets. It was only able to achieve 16 (80%) of the set KPIs, whilst one (5%) were partly achieved and three (15%) KPIs were not achieved. In terms of financial performance, by the end of the Second Quarter, the Entity had spent R353 202 million (80%) of the R438 986 million budget allocated, against projected expenditure of R265 725 million (61%) for the Quarter. The Entity thus spent R87 477 million (33%) more than forecast for this period.

In the Third Quarter, the Entity had a target of 19 KPIs to achieve, as the remaining are annual targets. It was only able to achieve 13 (68%) of the set KPIs, whilst three (16%) were partly achieved and the remaining three (16%) KPIs were not achieved. In the Quarter, the Entity had an adjusted budget with the total allocation increasing from R438 986 million to R519 612 million. By the end of the Third Quarter, the Entity had spent R496 701 million (96%) of the R519 612 million adjusted allocation, against projected expenditure of R393 150 million (76%) for the Quarter. The Entity thus spent R103 551 million (26%) more than forecast for this period. This leaves the Entity with 4% to spend in Quarter 4.

4.1 Overview and assessment of programme performance

The following information provides the summary of programme performance by South African Tourism;

4.1.1 Environmental analysis

The operational environment was not conducive to deliver on the tourism mandate in the period under review. The following circumstances prevailed to hinder effective and efficient deliver on the Entity's mandate:

- South Africa went into lockdown on 26 March 2020, all tourism activities ceased operation.
- COVID-19 hit the tourism sector particularly hard, with almost no international tourists arriving on South African shores and restricted internal movement for several months.
- As a country, South Africa implemented a Risk-Adjusted Strategy. Globally, individual countries are implementing their own response regimes, which adds to the complexity of international travel, given different rules for different countries.
- Whilst South African borders are open to accept visitors, international travel has been throttled by border closures in many of our main international source markets.
- The world of travel is exceptionally fluid as a result of the COVID-19 environment.
- The needs and wants of travellers are also constantly evolving as they obtain new information, thus keeping up with consumer behaviour is paramount.
- Despite the many challenges, the impact of the second wave, and threats of a third wave, there are seeing signs of recovery in the sector.
- As restrictions have eased and consumers have displayed higher economic confidence, tourism is on the up with a large majority of travel being attributed to domestic travel and spend.

Since the lockdown on 26 March 2020, international arrivals were reduced to minimal levels. Since moving from Level 5 to Level 1, there has been slow recovery in passenger arrivals. The percentage change in international arrivals by region in 2020 compared to the same month in 2019 showed a noticeable uptick in October 2020 for arrivals from African countries other than SADC, with very slow recovery in passenger arrivals up to September 2020.

Despite the many challenges and the impact of the second waves across the globe, the countrt is seeing signs of recovery in domestic tourism. Percentage change in arrivals and departures through OR Tambo and Cape Town International Airport in 2020 compared to the same month in 2019 demonstrates recovery in domestic travel. Domestic air passenger movement was only 55 percent , 65 percent lower than in November 2019.

4.1.2 The Road to Recovery

The recovery of the sector is driven by the Market Investment Framework as follows:

- Considering that tourism is a number one service export and meaningfully contributes to South Africa's balance of payments, it is a major anchor in the county's economic recovery.

- Thus, one of the key selection criteria for international markets is identifying economies that are stronger than South Africa's which can contribute to the country's growth.
- In mid-2020 an in-depth analysis was undertaken to determine priorities for marketing investment in the next 3-5 years
- This prioritisation uses 33 variables related to performance and outlook, South Africa's ability to win in the market and return on past investments amongst other criteria.
- In total 24 markets / countries were identified and segmented into 16 growth markets and 8 defend markets.

Priority source markets were identified to grow tourism into South Africa over the next five years. However, the onset of the pandemic decimated the ability of many of these source markets to travel to South Africa. South African Tourism must now react, refocus and rebuild to dynamically target regions that will boost the county's tourism sector in the immediate term.

The Outlook for 2021, according to the United Nations World Tourism Organisation (UNWTO) panel of experts predict global recovery will begin towards the Third Quarter of 2021. About 20 percent of experts expect recovery to only pick up in 2022; and the refocus sights will be on regional and domestic markets. Some of the barriers identified as: travel restrictions; slow vaccine response times; and low consumer confidence. The recovery depends on: pandemic trajectory; travel restrictions; and vaccine development.

4.1.3 Programme performance

The programme performance for the Entity was as follows:

4.1.3.1 Programme 1: Corporate Support

The Entity achieved four of the seven targets set for this programme. Thus, whilst the Entity overspent its projected budget for the Quarter, it only managed to achieve just more than half (57%) of its set targets.

The targets not achieved in this programme relate to:

- Delays in finalising corrective actions on internal audit recommendations. The Entity reported that these were only concluded in January 2021.
- Quarterly target on 50 percent automation of the supply chain management, legal and internal audit business processes. Delays were experienced with the contracting of a service provider.

The Entity reported that it was able to pay its suppliers within the 30-day turnaround time, which is welcomed, as a number of government institutions continue to struggle with this outcome. The Entity was also able to achieve its Quarterly target on the Workplace Skills Plan. The Entity reported that it has appointed 23 youth in its internship programme, exceeding its 2 percent Quarterly target; and was able to meet its equity targets on female representation at management level. However, the target on the recruitment of people with disabilities was not met. The Entity ascribed this to reluctance of people to disclose their disabilities. The Entity reported that it will be embarking on various initiatives, such as a targeted learnership programme, to improve the set target. This is a commendable feat that will, with time, see increased representation in this workspace.

4.1.3.2 Programme 2: Business Enablement

The Entity achieved all of its targets set for the Third Quarter under this programme. The Entity exceeded its target on the number of quarterly stakeholder meetings hosted. Additional meetings were held with stakeholders to discuss the impact of COVID-19 and the recovery of the sector. Another target achieved is the publishing of market insight reports, which are available on the Entity's website. The quarterly target on the market access programme was achieved with amendments.

4.1.3.3 Programme 3: Leisure Tourism Marketing

This is the programme most affected by the COVID-19 pandemic, as it gives effect to the core mandate of the Entity. The Entity achieved only two of the four targets set for the Quarter, whilst overspending its budget allocation for the year by the end of the Third Quarter. The Entity reported that the overspending is as a result of forward contracting with service providers.

The Entity achieved its target on confirming partnership agreements for the development of user-generated brand content. This indicator focuses on developing partnership agreements with relevant parties to expand the tourism brand appeal and support conversion to arrivals for the recovery of the sector.

The Entity is in the process of repositioning its brand for Africa's Travel Indaba, Meetings Africa and the Welcome Campaign. The target was not achieved for both Quarters. However, the Entity reported that the outcome for Quarter three is awaiting approval.

The Entity reported that the target on the user-generated content platform, in partnership with Google, was not implemented in the Third Quarter as planned. The partnership entails using Google to host South African Tourism's marketing content. The platform is scheduled to go live in the Fourth Quarter. The finalisation of the Second Quarter target on redesigning global and domestic websites will only will only occur in the Fourth Quarter.

4.1.3.4 Programme 4: Tourism Business Events

The purpose of this programme is to market South Africa as a business events destination. The sub-programmes include South African National Convention Bureau (SANCB) and Strategic events and exhibitions. The activities of this programme have been greatly affected by COVID-19.

The Entity achieved one of the two targets set for the Third Quarter under this programme. In the Third Quarter, the Entity reported that it was able to convert ten, less than the 15 targeted, leads into event bid submissions. Outstanding information from clients to process the bids resulted in the unmet target. The Entity was able to generate 100, more than the planned 95, leads during Third Quarter. This is as a result of engagement opportunities obtained during the virtual IBTM World Trade Exhibition the sales team attended in November 2020. The leads basically refer to the number of contacts, individuals, associations or organisers that SANCB has made that have an interest in having international and regional business events in the country.

4.1.3.5 Programme 5: Visitor Experience

The purpose of this programme is to deliver a quality experience expected by international and domestic tourists through grading establishments, product capacity building, and itinerary building. The Entity achieved the one target set for the Third Quarter. The target entailed the implementation of the Basic Quality Verification project, which seeks to recognise new entrants in the sector who are not able to be graded at the outset. The Entity reported that five verification officers were placed in four municipalities. The success of the target is attributed to effective engagements with the Eastern Cape Parks and Tourism Agency and various local municipalities in the province.

4.2 Financial Performance

The budget expenditure of the Entity at the end of the Third Quarter is depicted in Table 3.

Table 3: Expenditure review per Programme

Programme	**Budget (R'000)**	**Expenditure Forecast by 31 December 2020 (R'000)**	**Actual Expenditure (R'000)**	**Actual Expenditure (R'000)**	**% of expenditure versus forecasted expenditure to date**	**Reasons for variance**
Corporate support	126 722	97 960	109 291	86%	112%	The nature of services and legal agreement between South African Tourism is such that upfront payments are required for these goods and services. Actual expenditure also takes into account non-cash transactions related to depreciation and amortisation of non-current assets.
Business Enablement	41 275	28 603	33 999	82%	119%	Forward contracting, predominantly for Marketing Investment Framework project.
Leisure Tourism Marketing	283 032	219 113	305 232	108%	139%	The nature of services and legal agreement between South African Tourism is such that upfront payments are required for these goods and services. Actual expenditure also takes into account non-cash transactions related to unrealised foreign exchange losses, depreciation and amortisation of
Business Events	36 897	24 450	24 836	67%	102%	Actual expenditure relates to bid support transactions.
Visitor experiences	31 686	23 025	23 342	74%	101%	
Total	**519 612**	**333 150**	**143 365**	**96%**	**126%**	

Source: South African Tourism Third Quarter, 2020/21

The Entity had to revise its priorities and projections because of the COVID-19 crisis. During the period of travel restrictions, the Entity drastically reduced the ration of its marketing expenditure with more focus towards general operating expenditureThe annual budget for 2020/21 was adjusted downwards from R1 560.6 billion to R438 986 million.

The Entity reported that this amount was adjusted further, increasing the budget from R438 986 million to R519 612 million. This adjustment took into account the impact of grading revenue, which increased during the Quarter, and maintenance of commitments with service providers. Budget allocations were increased for all programmes, except Programme 5. The allocation for Programme 5 was decreased from R44 061 million to R31 686 million.

By the end of the Third Quarter, the Entity had spent R496 701 million (96%) of its annual budget of R519 612 million, against projected expenditure of R393 150 million (76%). The Entity attributed the overspending to upfront payments made to contractors. The Entity made a commitment to the Department that they would have spent all the allocated budget by the end of the 2020/21 financial year.

5. Committee observations

After an in-depth consideration of the Second Quarter and the Third Quarter financial and non-financial performance of the Department and South African Tourism, and the judicious scrutiny of the operational environment, the Committee has made the following observations:

5.1 Financial and non-financial performance during the period under review

The Committee acknowledges the difficulty under which the Department of Tourism and South African Tourism had to implement their programmes. In view of the COVID-19 crisis, the Department and South African Tourism had to revise their programmes and reprioritise their activities and projections. The Committee is satisfied that in the Second Quarter the Department of Tourism achieved 55 (82.09%) of the 67 targets identified for the Quarter and spent R550 million (37.1%) of the R1 481.0 billion adjusted budget. Similarly, the Committee is pleased with the achievement of 52 (77.61%) of the 67 targets identified for the Third Quarter and the expenditure of R800.5 million (56.1%) of the R1 426.8 billion adjusted budget by the end of the Third Quarter.

With regard to South African Tourism the Committee accept the achievement of 80 percent of the predetermined objectives in the Second Quarter with an expenditure of R353 202 million (80%) of the R438 986 million budget allocated, against projected expenditure of R265 725 million (61%) for the Quarter. The Committee also welcomes the 68 percent of the performance against the predetermined objectives with an expenditure of R496 701 million (96%) of the R519 612 million adjusted allocation, against projected expenditure of R393 150 million (76%) for the Quarter.

5.2 Concerns about recurring causes for non-performance

As alluded, the Committee accepts the Second Quarter and the Third Quarter financial and non-financial performance of the Department of Tourism, albeit the sentiments that better results could have been realised under the prevailing operational environment. In addition to the impact of Covid-19, the Department continued with the trend and pattern of underperformance due to the reasons previously observed and addressed by the Committee. Some of the reasons of non-performance are:

5.2.1 Poor planning for projects implemented with third parties– for example:

- The targets for both the Second and Third Quarter on the Technology Innovation Incubator were not met.
- The enterprise diagnostic needs assessment was not developed. The non-achievement was caused by a delay in negotiations with the Technology Innovation Agency (TIA).
- The target on the Women in Tourism (WiT) Enterprise Development Programme was not achieved in any of the three Quarters. The programme was not launched due to delays in planning and the fact that beneficiaries were not identified
- This points to poor planning on projects implemented with Third parties

5.2.2 Delays in appointing service providers – for example:

- The concept document for the development of the National Tourism Analytics System Framework was not developed due delays in appointing a service provider.
- The process of developing the White paper did not commence due to the delays in the appointment of the service provider.
- The target on the development of the Tour Operator Incubator was not met due to delays in the appointment of the service provider.
- The targets for both the Second and Third Quarter on the New Venture Creation Programme for Youth were not met
- These targets, and many others, were not met due to delays in appointing service providers which is a matter that has been repeatedly raised with the Department.

5.2.3 Procurement challenges

The procurement challenges persisted, for example, the Rail Tourism survey report was not completed due to delays in procurement.

These are but a few examples of the continued trends that lead to underperformance. The Committee urges the Department to put measures in place to improving on all areas that lead to poor performance.

5.3 Governance

The Committee is contented with the current governance and general administration of both the Department of Tourism and South African Tourism. With regard to the Department, the Committee noted with appreciation the speed with which the post of the Deputy-Director General responsible for Programme Four: sector Support Services was filled. In that regard, the Committee congratulates Advocate Mmaditonki Setwaba for her appointment and this is deemed as continuity as she previously occupied the post of Chief Director: Legal services within the Department of Tourism. In regard to South African Tourism, the Committee has noted with satisfaction the invitation issued by the Minister of Tourism, in terms of section 13 (3) (a) of the Tourism Act, 2014, for the nominations of suitable candidates to be considered for appointment to serve as members of the South African Tourism Board for a three-year term effective from 01 June 2021 until 31 May 2024. The Committee would like to thank the outgoing Board as they have steered SA Tourism under the challenging times. The Committee has also noted the advertisement for the position of the Chief Executive Officer at South African Tourism. The Committee would also like to thank Mr Sisa Ntshona for his dedication in the public service as he steered and coordinated the tourism sector during his difficult tenure. The Committee noted and appreciates his innovation in bringing the private sector closer to government as he was innovative in spearheading webinars and other communication platforms.

5.4 Advancing transformation of the tourism sector

The Committee noted with contentment the introduction of the R1.2 billion Tourism Equity Fund (TEF) in the period under review. The objective of the TEF is to accelerate the quantitative and qualitative increase in participation by black tourism industrialists in the tourism sector as reflected by their contribution to growth, investment, and employment creation. As noted, this emphasises the focus on scale in the levels of participation of black people in the sector. In addition, the TEF seeks to increase black controlling ownership equity in the sector; stimulate investment in rural, township and small towns tourism assets; and empower women, youth and people with disability. The Committee is of the view that, if effectively and efficiently implemented, the TEF will go a long way in addressing the transformation of the tourism sector in South Africa.

5.5 Impact of COVID-19 on the tourism sector

The Committee observed with concern the continued negative impact of the COVID-19 pandemic to the tourism sector during the period under review. When the country was put under lockdown on 26th March 2020, the tourism sector literally came to a grinding halt. As the international birders were closed, the tourism sector was the worst affected economic sector as there were no flights allowed to come to south Africa. This meant that no international tourists arrived in the country. There was also a prolonged restriction of internal movement, which put domestic tourism on its knees. The impact of these restrictions on movement and trade led to a staggering number of tourism businesses closing down, jobs being jeopardised and the entire tourism economy under demise.

5.6 The Risk-Adjusted Strategy

When the enduring impact of COVID-19 was perceived, the Committee was quick to advise the Minister of Tourism and the Board of South African Tourism to develop a Tourism Recovery Plan. The Committee applauds the Minister, the Board of South African Tourism and the leadership of the Tourism Business Council of South Africa on a rapid response in developing such a recovery strategy. The Committee also applauds the government for implementing a risk-adjusted strategy that has ensured that the economy is revived whilst taking due regard of saving lives and livelihoods. The Committee also notes that various countries in the world have implemented their respective strategies in response to international travel. The Committee is, however, concerned that this varied international approach to global lockdowns, with their peculiar country specific restrictions have caused uncertainty in the global market. The Committee is also concerned about the sporadic announcements of national lockdowns in South Africa, which has created much uncertainty in the sector. The Committee is of the view that given the necessity to implement the lockdown restrictions from time to time, the government may improve communication in this regard and provide more information to the sector. This will enable long term planning and bring back confidence in destination South Africa.

5.7 Emergence of new tourism trends

The Committee acknowledges that there will be no tourism business as usual after COVID-19. In essence, there may be no after COVID-1 period at all. The observed global patterns depict an emergence of new travel patterns and the Committee is of the view that these may become permanent features. As these emerging travel patterns are becoming permanent, it is prudent for the country to start planning for this permanent scenario. Some of these new travel trends include compulsory sanitising at the airports; compulsory wearing of Personal Protective Equipment on the planes, decline of group travel and increase of individual or small group travel; avoiding crowded destinations and tourist attractions or facilities; introduction of hybrid meetings in the MICE sector, with virtual and physical components and an increase in demand for virtual tours. This calls for the Department and South African Tourism to be futuristic in their planning and work with the industry to start factoring these emerging tourism trends in product development, marketing and tour packages. These emerging trends also have huge implications for the Airports Company of South Africa in terms of ensuring that South African airports are on par or surpass the world standards in providing the new facilities and services as dictated by the new travel trends requirements. The new travel trends may also have huge implications for the accommodation sector, particularly hotels. Hotels may need to redesign spaces to cater for social distancing and improved privacy. The Department and South African Tourism should study these new global trends and advise the private sector on the best practices. Studies should be conducted to understand the emerging consumer behaviour and how this is going to influence future global travel.

5.8 Roll-out of vaccinations to tourism frontline workers

The Committee acknowledges the three-phased roll-out plan for COVID-19 vaccinations. It is common knowledge, as announced by the Minister of Health together with the National Coronavirus Command Council (NCCC), that the first phase will take the frontline staff, doctors, nurses and health workers; the second phase will consider senior citizens and those with comorbidities; and the third phase will consider all citizens. The Committee is of the view that the tourism industry also has workers who can be classified as frontline staff. These include workers such as tour guides, front desk staff at hotels and others such as those working at tourist attractions and information centres. The Committee encourages the government to consider prioritising these workers in the phased vaccine roll-out.

5.9 Need to mitigate against brand damage

The Committee has observed the negative publicity about South Africa as a result of the discovery of the new COVID-19 variant known as 501Y.v2 in the country. The discovery of this variant has created negative publicity for South Africa in the tourism markets as the global media houses have dubbed this variant as a South African variant. This has added to the negative perceptions the country endured before the onset of the pandemic. As the Committee contends that the new variant has been erroneously referred to as a South African Variant despite other countries having the save strain of the virus. As reported, this negative message has caused may foreign government to issue travel advisories against South Africa and some closed their borders to travellers from South Africa. Consequently, South Africa has lost out on inbound bookings for the shalf of 2021 as there have been increased cancelations. This calls for South African Tourism to conduct a robust global PR exercise to counteract this misdirected messaging. The Committee also calls for a whole government approach in streamlining communication between the scientists and government to the international audience.

5.10 Activating domestic tourism

The Committee has noted and agreement at a global level that the recovery of the tourism sector will be driven by domestic tourism. In South Africa, the domestic tourism was affected by the lockdown restrictions placed on travelling and gatherings. The second lockdown was more devastating as restrictions and the ban on the sale and on-site consumption of alcohol, visiting of beaches, rivers and dams, and the early 9pm curfew happened during the busiest time of the festive season of 2020. This is the peak season of the domestic tourism season in South Africa. Now that the country has been put on Level 1 with relaxed restrictions, the Committee should request SA Tourism to outline the actions that will embark to activate and reignite domestic tourism. The Committee calls for government to prioritise domestic tourism. The private sector, through the auspices of the Tourism Business Council of South Africa, should be lobbied to reimagine domestic tourism. To this effect, the private sector should adapt to domestic tourism the facilities that were previously synonymous to an exclusive preserve for the international market.

The Committee commends the Minister for her efforts as she has started some campaigns in reactivating domestic tourism. South African Tourism should reinforce the Minister's efforts by working with the Tourism Business Council of South Africa to provide and promote more affordable domestic holiday packages.

5.11 Initiatives to reopen business tourism

The Committee has noted the development of a number of technology based solutions aimed at rapid testing for COVID-19 to provide health passports to various scenarios. Of note, is the Health Passport World testing and vaccination technology available in South Africa. The Committee has noted that this secure system combines testing and vaccinations with the latest digital technology to provide an efficient Health Passport system. Through this system, people have immediate access to their personal COVID-19 status, which can be digitally scanned for integration with existing travel, health and event systems. The Committee also noted that the system is built to work with all official COVID-19 vaccinations and test types. As such, the system quickly integrates with public health systems, venues, airports, test centres and event ticketing. The Committee urges the Minister to closely scrutinise this solution, together with other similar innovations, to expedite the process of immediately helping to reopen business tourism and engage her counterparts to explore this system for allowing attendance of sporting events by spectators at stadiums.

6. Recommendations

Having made a number of observations on the financial and non-financial performance of the Department and South African Tourism, and having assessed the prevailing operational environment, the Committee recommends that the Minister of Tourism:

6.1 Encourages the Department of Tourism and South African Tourism to improve on their planning, particularly on projects implemented with the third parties.

6.2 Impresses on the Department to improve on planning, internal monitoring and evaluation, internal audit, eliminating delays in the appointment of service providers, overall project management, improve on supply chain and procurement of service providers to track deviations from project time frames thus avoiding delays in the implementation of planned projects.

6.3 Ensures the effective and efficient implementation of the Tourism Sector Recovery Plan to ensure that the sector is reignited and rejuvenated.

6.4 Engages the Cabinet counterparts to ensure a coordinated communication of government policy decisions in relation to the country's future response to COVID-19 as it relates to the Risk-Adjusted Strategy.

6.5 Instructs the Department to conduct a trend analysis study to understand the emerging tourism trends and consumer behaviour as influenced by the impact of COVID-19 in order to inform future plans and for South Africa to be abreast of global trends.

6.6 Engages the Minister of Health and the National Coronavirus Command Council (NCCC) to prioritise the tourism frontline workers in the second phase of the roll out of the COVID-19 vaccinations.

6.7 Advises the Board of South African Tourism to develop an international public relations campaign to mitigate the negative message about the South African variant of COVID-19.

6.8 Advises the Board of South African Tourism to develop a revised domestic tourism strategy that ensures the development and activation of domestic travel in order to encourage South Africans to travel within their own country thus expediting the recovery of the sector.

6.9 Engages the Tourism Business Council of South Africa to adapt to the domestic market the tourism products previously used to cater for the international market.

6.10 Ensures an effective and efficient implementation of the Tourism Equity Fund.

6.11 Engages the government and the National Coronavirus Command Council (NCCC) to explore the possibility of opening Meetings, Incentives, Conferences and Exhibitions (MICE) sector of business tourism; attendance of sporting events and social gatherings through employing the innovative technologies such as the secure system developed by Health Passport Worldwide that combines testing and vaccinations for efficient health passport for mass gatherings.

7. Conclusion

The Committee accepts the Second Quarter and Third Quarter financial and non-financial performance of the Department and South African Tourism. The Committee also acknowledges that the COVID-19 infested operational environment impacted negatively on the performance in the period under review. The tourism industry is one of the least funded sectors and the most affected by COVID-19. The economic impact of tourism has been acknowledged by the government, yet the sector remains underfunded. The impact of the pandemic has worsened the situation as total of R1 billion was taken from the appropriated budget in the period under review to fund the infinitives to save lives and livelihoods from the pandemic.

The Committee urges the Minister of Tourism to seriously advocate for facilitating the recovery of the tourism sector. The Minister is urged to continuously engage the Cabinet to adopt a whole government approach towards the recovery of the sector. The Minister is also urge to facilitate the adoption of the Tourism Recovery Plan and funding thereof to ensure that the tourism development and marketing initiatives are funded to expedite the recovery of the sector.

It is a matter of common course that the recovery of the sector will depend on domestic tourism. The Committee commends the Minister for her attempts to activate domestic tourism. However, more needs to be done in terms of planning and tailor-made packages to reignite and promote domestic tourism. The Committee will continue to pay close scrutiny on the interventions implemented by the Department and the Board of South African Tourism to stimulate domestic tourism.

Report to be considered.

9. REPORT OF THE PORTFOLIO COMMITTEE ON TOURISM ON OVERSIGHT VISIT AT THE WATERFRONT CORONAVIRUS RAPID TESTING CENTRE (LOOKOUT TESTING CENTRE), CAPE TOWN IN WESTERN CAPE PROVINCE, DATED 11 MAY 2021

The Portfolio Committee on Tourism, having undertaken an oversight visit to Covid-19 Rapid Testing Centre at Waterfront, City of Cape Town on 16 March 2021, reports as follows:

1. Introduction

The Committee sought approval from Parliament to visit the Covid-19 Rapid Testing Centre at the V&A Waterfront, Cape Town to experience what was reported to the Committee by the Tourism Business Council of South Africa (TBCSA).

The Committee met with the Tourism Business Council of South Africa on Tuesday, 23 February 2021. The purpose of the meeting was to engage the TBCSA on pressing and concerning matters in the ongoing developments of the COVID-19 impact on Travel and Tourism. The meeting agreed that the industry was in crisis, but the outlook was better. With the second wave the outlook seemed to be worse. Initially the season looked reasonable for domestic leisure, especially for out of city destinations. The TBCSA indicated that with reduced tourism activities affected the entire local economies. Ordinarily 76 percent of domestic spend is on food and beverages, shopping and recreation. While only 24 percent of spend was on accommodation. The entire economies of the cities, towns and rural areas which depend on the year-end holiday season were badly affected. The foreign tourists made it worse because they were not interested in a holiday if they cannot enjoy the alcohol. The meeting acknowledged that domestic tourism is subdued due to:

- Domestic corporate travel in terms of lower levels of corporate activity resultant in reduced travel budgets to contain costs; and
- Domestic leisure travel in terms of less discretionary income for travel and leisure as far more people are unemployed or are on significantly reduced salaries.

The meeting agreed that there is need for TBCSA, Department of Tourism and the Portfolio Committee on Tourism to support all efforts to create jobs in order to end unemployment in South Africa. The Committee has identified a number of issues that hamper tourism growth and believe that joint efforts at various levels of government could unlock those challenges for the benefit of the people. As part of creating awareness, the Committee must visit the Rapid Testing Centre at V&A Waterfront to experience this exercise to create confidence in the sector.

Subsequently, on the 16th March 2020 the Committee visited HPSA to view the Rapid COVID-19 Testing Centre. The secure system combines testing and vaccinations with the latest digital technology to provide an efficient health passport system which can be integrated with existing travel, health and event systems. HPSA has developed the process to accommodate high volume on-site testing of over 65 000 people within eight hours and works with all official Covid-19 test types including the polymerase chain reaction (PCR) and rapid antigen tests. The committee heard that the system quickly integrates with public health systems, venues, airports, test centres, and event ticketing platforms for conferences, concerts, cultural and sporting events. This type of testing and health passport system can immediately help to reopen the travel, tourism, events and the hospitality industry, thus protecting business, the economy and society.

If a person tests and is not vaccinated, the person's test status automatically expires after an agreed period, such as 72 hours. The committee heard that travellers can upload their official Passenger Locator Forms to the Travel wallet section within the Health Passport Worldwide app which allows for details such as the flight booking number and passport number which can be automatically linked to airlines, notifying them that a passenger's documents are in order and the passenger is fit to fly. The committee heard that this system is currently being rolled out to business and that funding is required to make it accessible to the public due to the high cost of testing and vaccination kits which prohibits HPSA from making their service available

2. Objectives of trip

The tourism figures were staggering before COVID-19, albeit a reported decline. In 2019, the international tourist arrivals worldwide grew by 4 percent, reaching 1.5 billion. In the same year, South Africa welcomed 10.2 million tourists. This translated to R81.9 billion total foreign direct spend. In 2018, South Africa contributed 1.5 million jobs and R425.8 billion to the economy, which represents 8.6 percent of all economic activity in the country. This makes South Africa the largest tourism economy in Africa. The employment impact was the 1.5 million in total direct and indirect tourism jobs, which account for 9.2 percent of total employment in the country. However, since the advent of COVID-19, there is a paradigm shift from a focus on international tourism towards domestic tourism. There is consensus among global, regional and national tourism players that domestic tourism will be the driver of the recovery of the sector. The paradigm shift is supported by 28.2 million overnight domestic trips taken in South Africa for the period April 2019 to February 2020. The business events sector has been the hardest hit, with the sector remaining literally closed as restriction still impact hosting of events.

The Committee, having met with a number of stakeholders, and the Tourism Business Council of South Africa in particular, deemed it necessary to conduct an oversight visit to ascertain how can government expedite the reopening of the business events. The objectives specific objectives of the oversight visits were to:

- Inspect the Health Passport Worldwide facility at the Waterfront in Cape Town to get an insight into how the health passport system works.
- Explore ways in which the government can be spurred on to develop interventions aimed at immediately reopening the business tourism and sporting events that boost domestic tourism.
- Explore possible collaborations between the government and the private sector in facilitating reopening business tourism.

Before the advent of COVID-19 the Committee was urging the National Conventions Bureau to ensure that the business events are geographically spread throughout the country. The Committee was of the view that smaller business events could be hosted in areas that were traditionally excluded from such opportunities. The oversight visit, therefore, was also meant to explore ways to reignite business tourisms for the benefit of the Villages, Townships and Small Towns (Dorpies).

3. Committee delegation

Although the House Chairperson approved the Committee to undertake the oversight trip, Hon. Xego, Hon. Khalipha and Hon. Moteka submitted their apologies. The delegation comprised of the following members and support staff.

Composition of delegation:

Political Party	Members
ANC	Hon. SOR Mahumapelo (Chairperson) Hon. LS Makhubela-Mashele Hon. MM Gomba Hon. P Mpushe
DA	Hon. M de Freitas Hon. HS Gumbi Hon. H Winkler*
IFP	Hon. KP Sithole
	Support staff - Parliament: Mr. JM Boltina, Committee Secretary Dr. PS Khuzwayo, Content Advisor Ms. S Loni, Committee Researcher Ms. N Mnyovu, Committee Assistant Ms. S Govender, Communications Officer Support staff - Department of Tourism: Mr. P Masemola, PLO Minister's Office Mr. V Gule, Assistant PLO Minister's Office Ms. L Theko, PLO Deputy Minister's Office Ms. P van Niekerk, PLO Director General's Office

4. Committee oversight work at the Covid-19 Rapid Testing Centre

Mr. Justin van Wyk, Chief Executive Officer of Big Concerts and partner from Health Passport South Africa (HPSA) briefed the Committee at the Testing Centre as follows:

4.1 Health Passport Worldwide

The Committee was informed that with Health Passport Worldwide, ROQU has now provided an immediate solution to help sports, events, and international travel to safely return to operations. The solution combines efficient testing, vaccinations and real-time mobile technologies, and is now available in South Africa. The secure system combines testing and vaccinations with the latest digital technology to provide an efficient Health Passport system. People have immediate access to their personal Covid-19 status, which can be digitally scanned for integration with existing travel, health & event systems. The system is built specifically to work with all official Covid-19 vaccinations and test types.

The solution quickly integrates with public health systems, venues, airports, test centres, event ticketing platforms and others. Immediately helping to re-open travel; tourism; events; and hospitality industries to protect businesses and society.

4.2 Vaccine and Testing Tech

Health Passport Worldwide works with all official Covid-19 test types including PCR and rapid antigen tests. In the case where onsite high volume testing is required, the process has been developed to test over 65 000 people within 8 hours. The Health Passport Worldwide operational team has already administered more onsite rapid antigen tests in a single day than any other organization in South Africa. Because of this, a highly efficient process has been developed to combine testing with the latest digital technologies.

4.3 Medical Hub

Before a person attends an event or travels, each person is tested or vaccinated by a medical professional. An authorised healthcare administrator updates the Health Passport Medical Hub. This process happens in real-time with results and documents immediately available within the Health Passport Worldwide App. This can also be automated through integration with public health.

The person cannot manually change their Covid-19 status. Their current status is directly linked in real-time to their most recent vaccination. If not yet vaccinated, the person’s test status automatically expires after an agreed period, such as 72 hours.

4.4 Roche Rapid Antigen Test

The Roche Rapid Antigen Test reliably triages people suspected of SARS-CoV-2, with results ready in 15 minutes. The test accurately screens individuals with exposure to infected SARS-CoV-2 or a high risk environment, providing fast answers regarding their infection status

The test has a sensitivity of 96.52 percent and a specificity of 99.68 percent. Affordable machine-free testing kits enable convenient use for healthcare professionals at different point of care locations. Point of care testing increases access to high quality diagnostics solutions, regardless of laboratory testing infrastructure or patient mobility.

4.5 Documentation

The medical professional uploads the official test documents, which are immediately available within the app. This is also automated. In the case of a rapid test, a photo of the test cassette can also be uploaded to the user's account. For international passengers, the travel cert can be uploaded to their app, providing easy access to all essential documents.

4.6 Air Travel

Travellers can upload their official passenger locator forms to the Travel Wallet section within the Health Passport Worldwide App. Each person has the ability to upload multiple forms for a journey, for example for staff or family. The forms will be associated with the Flight Booking Number and passport number. The airline can be automatically notified that all documents are in order and the passenger is fit to fly.

4.7 Close Contacts

A person can enter the email addresses of their contacts, friends or staff into a saved list. After being tested, if needed the person can simply click a button and this will automatically send a pre-defined email to their contacts to notify of the person's most recent test or vaccination. The content of the email changes depending on the result of their test, and will include any necessary action that should be taken.

4.8 Localisation

Fully localised language versions of the Health Passport Worldwide App are made available. A person selects their language upon accounts setup, and can later change their language if desired. The medical administrator portal is also multilingual, with a drop-down menu to select the preferred interface language.

4.9 Health Passport Scanner

The Health Passport Scanner is engineered to enable airports, stadiums, arenas, conference centres, and other venues to safely reopen immediately. It does not require any hardware or integration. The platform allows for immediate scalability with a daily throughput of hundreds of millions of fans.

The technology works with a real-time connection to the medical hub, delivering an immediate result to the local infrastructure or security. Data Privacy and GDPR compliancy is positioned at the heart of the solution. A full Data Protection Impact Assessment has been completed.

Health Passport Scanner is already in use at multiple locations, including access control to events and medical facilities. The apps are published. The scanner will be used to ensure all fans entering the stadium had a negative test.

The solution was also implemented at a pioneering event project in City of Cape Town. The project is deployed to create a solution to safely reopen international tourism and events in

2021. The technology has already been selected as the platform to reopen international festivals at the Algarve, Portugal in 2021.

4.10 Recharge 2020

Working with Health Passport Worldwide, the RECHARGE 2020 live event took place on 21 December in Cape Town, at the Grand Café & Beach venue, with multiple live acts and DJs. The project was a great success and represents an important stepping-stone towards the reopening of sports, entertainment and culture.

4.11 The online booking engine - www.EASYTESTING.co.za

The online test booking engine consolidates all available test centres in an area, making it very easy for a person to book his / her test wherever they want, whenever they want. A person can quickly select the type test or vaccine that is required. A map shows where their nearest healthcare facility is which is providing the test or vaccine. Service is booked and can be linked unique identifier such as ID number or passport, or other specific data. A person can access their booking and quickly reschedule if needed.

4.12 EasyVaccine

The platform has also been tailored to cater for public vaccinations scheduling. Capacity for hundreds of millions of users. Local version to be created.

4.13 Everyone is tested before an event

The purchases a ticket. Person uses EasyTesting.co.za website to quickly locate their nearest testing facility. The test is booked online. Person attends testing area and completes consent form. Covid-19 symptoms assessed. Test performed by a medical professional a maximum of 72 hours before the event.

Patient is notified by an email or phone call. Referred to General Practitioner. A PCR swab sample can be taken immediately on the spot if desired. Person is instructed to self-isolate, follow national guidelines. Refuse entry at events. The persons result and test documents are automatically available in their Health Passport Worldwide app. If already vaccinated, this status is available within the app.

5. Centre inspection / walk about by the Committee

The Committee was taken through on a practical step-by-step process of the rapid testing at airport / soccer stadium or any entertainment event:

5.1 Example: Onsite Airport Rapid Testing

The quantity of passengers who require testing is made available to onsite team. Passengers encouraged to download HPE app before arriving at the airport. Passengers, before arriving at the airport, are informed that a rapid test is required for travel. They are directed to a test area. Signage is visible at the airport.

Step 1 - Passenger attends testing area and completes consent form. Covid-19 symptoms assessed.

Step 2 - ID is confirmed.

Step 3 - Payment processed if needed.

Step 4 - Antigen test is performed. Sample is prepared to manufacturer's highest quality standards.

The passenger testing process ranges from 3.5 to 5 minutes depending on mobility. Antigen test results and documents are delivered in 15 minutes.

5.2 Antigen Detected

- A passenger is contacted directly by a doctor with personal instructions of the next actions in line with national public health guidelines.
- A passenger's app is updated and test documents are provided, confirming positive detection.
- Airport security will deny access to departures and aircraft.

5.3 Non-Detected

- Update App with result.
- The test documents are provided. Electronic and hard copy are issued to a passenger.
- A passenger proceeds to security. The airport staff may use Health Passport Scanner for efficiency.

6. Committee deliberations

The Committee appreciated the presentation and inputs from the Chief Executive Officer and the following issues were added for consideration:

- The work on the rapid testing system needs to decentralised to where people are located.
- There is a need to establish whether the technology could assist with the track and trace, and be able to ascertain where the ticket was bought by someone who was tested.
- There is a need to invest in mobile testing capability.
- There is a need for formal engagement between the private sector and the government to deal with cost mitigation.

7. Committee observations

The Committee made a number of observations as follows:

7.1 Impact of the Adjusted-Risk-Strategy on the MICE sector

The Committee has observed that the Meetings, Incentives, Conventions, and Exhibitions (MICE) industry is the fastest growing tourism sector globally and in South Africa. The MICE sector is pivotal in generating foreign exchange as it also increases trade and investments among countries, creates job opportunities, contributes to the GDP and boosts local economy of destinations where meetings are held. However, the potential contribution of the MICE sector to the economy has been seriously impacted by COVID-19. Before COVID-19, South Africa continued to gain popularity as an international business events destination. However, the pandemic has eroded the MICE gains previously made by South Africa. Before the onset of the pandemic, the International Congress and Convention Associations (ICCA) had declared South Africa as Africa's leading business destination. South Africa may lose this status if the sector remains closed.

7.2 The value of business events in South Africa

The latest information at the disposal of the Committee is that South Africa had a target of hosting 168 international business events during the 2019/2020 financial year with 90,300 international delegates. South African Tourism reported that the country hosted 230 international meetings and conferences which attracted 100,019 delegates segmented as 17 percent medical, 14 percent government and public services, 9 percent technology, 9 percent financial services, 8 percent commerce, 6 percent environmental and 5 percent tourism business events. It was also reported that South Africa improved its global ranking on the International Congress and Convention Association's (ICCA) 2019 Ranking from 39 in 2018 to 38 in 2019.

At the onset of the COVID-19 pandemic, South Africa was still ranked as the number one association congress destination in Africa and the Middle East, with Cape Town ranked as a top convention city in this region. In their 2019/20 Annual report, South African Tourism also reported to the Committee that the estimated value of events that could potentially be brought to South Africa in that financial year could yield R1,375,982,378 returns, with R5,285,548,884 in three years. This potential contribution of the MICE sector has been eroded by the limited numbers of delegates that could be hosted at venues under the provisions of the current COVID-19 Risk-Adjusted-Strategy.

7.3 The new normal for the MICE sector

The Committee is of the view that the MICE sector will change drastically as a result of COVID-19. Signs of the new forms of business events are emerging as the hybrid meetings with virtual and physical elements are being convened. This new normal is presenting a new business model for the MICE sector and calls for speedy adaptation methods by the MICE sector in South Africa. The Committee is of the view that a key success factor to the resuscitation of the MICE sector in South Africa depends on the deliberate collaboration amongst the travel, hospitality, and tourism services that play a role in the MICE sector. This collaboration is critical as the Committee acknowledges that the pandemic has disrupted the value chain amongst a myriad of critical stakeholders that include event organizers, venue suppliers, sponsors, host destinations and many other suppliers. The Committee, therefore, asserts that the COVID-19 pandemic will impel event business stakeholders to adopt a new way of doing business. Given the dictates of the prevailing operational environment, the Committee contends that COVID-19 has pressed a reset button for the MICE sector in South Africa. This, therefore calls for new and innovative ways by both the South African National Conventions Bureau (SANCB) and the MICE business sector to invest in new information and communication technologies (ICT) infrastructure and customise venues to be ready for the new normal in planning and hosting business events.

7.4 The emergence and significance of health passports

The Committee has noted the emergence of health passports which may become a panacea for reopening international travel. The Committee has noted that these health passports take a form of digital platforms that contain the travellers' information in relation to their exposure to the COVID-19 virus, vaccination status and other related information. This will become a vital information to facilitate international travel and allowing people to go back to work or even accessing public spaces such as restaurants, stadiums, recreational facilities and tourism facilities.

The Committee also acknowledges that these health passports will be invented by the private sector as business opportunities created by the novel COVID-19 virus. This calls for a concerted collaboration between the government and the private sector to facilitate the development, accessibility and rollout of such travel health passports. The Committee views these health passports as an important invention that will open up the MICE sector and restore livelihoods for many in the sector. The health passports are not only critical for the international travel but are also pivotal for the full resumption of the domestic tourism activities. This invention will also expedite the reopening of attendance of spectators to sporting events at stadiums, allow patrons to visit night clubs, and other social gatherings that boost domestic tourism.

7.5 The Health Passport Worldwide as one of the interventions to reopen the MICE sector

The Committee observed that the Health Passport Worldwide is a secure system that combines testing and vaccinations with the latest digital technology to provide an efficient health passport system. The people have immediate access to their personal COVID-19 status, which can be digitally scanned for integration with existing travel, health and event system. The Committee also noted that Health Passport Worldwide has a capacity to test over 65 000 people within 8 hours. The Committee views this capacity as a significant vehicle that could be used to test people who want to attend business events, sporting events and social gatherings. The capacity of the Health Passport Worldwide system has a huge potential to assist in facilitating the immediate reopening the MICE sector.

The Committee also noted that the Health Passport Worldwide system was tested on the 21st December 2020 in a live music event called Recharge 2020 hosted at the Grand Café in Cape

Town where 500 people were tested for COVID-19. The results come back with 30 positive cases. This proves that the system is somehow reliable, though more events hosted may provide conclusive information on the effectiveness and efficacy of the system.

7.6 Possible collaboration between the government and Health Passport Worldwide

The Committee noted that the cost for a Rapid Antigen Test with results available in 15 minutes is R350 and for the PCR Test with results available in 24 to 48 hours is R850. The Committee views this as a potential deterrence for people who may want to access various tourism activities, such as attending sporting events and engaging in various domestic tourism activities. The Committee also noted, however, that the costs may be significantly brought down if the volumes of tests are rapidly increased. The Committee was informed that a bigger portion of the current costs is not necessarily that of testing but incidental costs related to rental of the facility at the Lookout Point where testing is currently done. The Committee also noted that testing capabilities could be rolled out nationally with various centres opened nationwide, but this will require substantial collaboration amongst stakeholders. The Committee is of the view that this system is worth exploring by the government. The Departments of Health; Home Affairs; Tourism; Sports, Arts and Culture and others may explore collaborating with the private sector to ascertain the effectiveness and efficacy of the health passport system to assist in reopening the business tourism sector and related sporting and economic activities.

It should, however, be noted that he Committee is not advocating for a sole collaboration with the Health Passport Worldwide system. The government is urged to explore the availability of such health passport systems worldwide and forge collaborations with whichever is deemed cost effective and most appropriate for the South African situation.

8. Recommendations

Having made a number of observations, the Committee recommends for response within three months after adoption of this report by the House that the Minister of Tourism:

8.1 Engages the Cabinet to explore the effectiveness and efficacy of the various health passport systems in assisting South Africa to immediately reopen business tourism, sporting events and other associated domestic tourism and social gatherings through:

8.1.1 Exploring necessary collaborations required between the government and the private sector to make health passports affordable and a viable intervention to test people en masse for business events, sporting events and other related domestic tourism and social gatherings.

8.1.2 Engaging Health Passport South Africa to use this system as a case study to explore the possibility of using the health passports as a vehicle to immediately reopen business tourism.

8.1.3 Adopting a health passport system that will be used by the country in facilitating a complete reopening of the tourism sector in South Africa.

8.2 Instructs the South African Conventions Bureau to conduct a study to ascertain the impact of the COVID-19 pandemic on business events and how the pandemic will shape the future of business tourism in South Africa.

8.3 Engages the Tourism Business Council of South Africa to ascertain the readiness of the tourism business (MICE) sector in South Africa to adapt and host business events under the new normal conditions imposed by COVID-19.

9. Conclusion

The Committee is convinced that the tourism industry can be completely reopened with right protocols and technologies such as a health passport in place. The committee was pleased with the service offering of HPSA as it would help open up the tourism industry and revive the business events sector and boost job creation, which has been stagnant since the start of the COVID-19 pandemic. As this technology has already been selected as the platform to reopen international festivals at the Algarve in Portugal this year, the Committee urges the Minister of Tourism to engage other relevant departments such as Sport, Tourism, Health, Home Affairs and Transport to collaborate for assistance in part funding with the private sector to ensure that a viable health passport system is be made available to the public for future events and travel.

Report to be considered.

10. Report of the Portfolio Committee on Justice and Correctional Services on the Draft Notice determining the rate, with effect from 1 April 2020, at which the remuneration of Constitutional Court judges and judges, dated 14 May 2021:

The Portfolio Committee on Justice and Correctional Services, having considered the Draft Notice determining the remuneration of Constitutional Court judges and judges, with effect from 1 April 2020, tabled for approval in terms of section 2(4) of the Judges' Remuneration and Conditions of Employment Act 2001, (Act No 47 of 2001) on 13 April 2021 and referred to it, recommends that the House approves the Draft Notice.

Report to be considered

11. Report of the Portfolio Committee on Justice and Correctional Services on the Draft Notice determining the rate, with effect from 1 April 2020, at which salaries and allowances are payable to magistrates annually, dated 14 May 2021:

The Portfolio Committee on Justice and Correctional Services, having considered the request for approval by Parliament of the Draft Notice determining the rate, with effect from 1 April 2020, at which salaries and allowances are payable to magistrates annually, tabled on 13 April 2021 and referred to it, recommends that the House, in terms of section 12(3) of the Magistrates Act (No 90 of 1993), approves the Draft Notice.

Report to be considered

12. Report of the Portfolio Committee on Justice and Correctional Services on the Draft Regulations submitted in terms of section 92(2) of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000), dated 14 May 2021

The Portfolio Committee on Justice and Correctional Services, having considered the Draft Regulations submitted in terms of section 92(2) of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000), reports as follows:

1. The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (the principal Act) came into operation on 9 March 2001.

2. Section 92(1) of the principal Act allows the Minister to make, by notice in the Gazette, Regulations regarding a number of aspects.

3. In terms of section 92(2) of the principal Act, any regulation in terms of subsection (1) must, before publication in the Gazette be submitted to Parliament.

4. The Promotion of Access to Information Amendment Act, 2019 (Act No. 31 of 2019 amends the principal Act to provide for information on the private funding of political parties and independent candidates to be recorded, preserved and made available and for connected matters.

5. Section 2 of the Amendment Act inserts section 52A in the principal Act. Section 52A deals with the recording, preservation and disclosure of records on the private funding of political parties and provides, inter alia, that the head of a political party must create and keep records of any donation exceeding the prescribed threshold that has been made to that political party in any given financial year and the identity of the persons or entities who made such donations. (The prescribed threshold refers to the amount to be determined by the President in terms of section 9 of the Political Party Funding Act, 2018 (Act 6 of 2018)).

6. Section 52A further provides that the records must be made available on a quarterly basis, as prescribed and that the records must be kept for a period of at least five years after the records concerned have been created.

7. The Regulations were amended to provide for the availability of the records as contemplated in section 52A of the Act:

8. As required by section 92(2) of the principal Act, the regulations were submitted to Parliament before the publication in the Gazette. It was submitted to the Speaker of the National Assembly and the Chairperson of the National Council of Provinces in letters dated 3 February 2021.

9. The Amendment Act and the Amendment regulations came into force on 1 April 2021.

10. The Political Party Funding Act, 2018 (Act No. 6 of 2018), which provides for, and regulates, the public and private funding of political parties, in particular the establishment and management of Funds, to fund represented political parties sufficiently, came into operation on 1 April 2021.

Report to be noted.

13. Report of the Portfolio Committee on Justice and Correctional Services on the Draft Notices determining the remuneration of the Public Protector, Deputy Public Protector and Commissioners of the South African Human Rights Commission with effect from 1 April 2020, dated 14 May 2021.

1. The President has requested the National Assembly to consider the draft Notices determining the remuneration payable to office bearers of independent constitutional institutions with effect from 1 April 2020.

2. The matter was referred to the Committee for it to consider and report on the President's proposed determination of the remuneration payable to the Public Protector, Deputy Public Protector and Commissioners of the South African Human Rights Commission.

3. Section 219 (5) of the Constitution of the Republic of South Africa, 1996, provides that national legislation must establish frameworks for determining the salaries, allowances and benefits of judges, the Public Protector, the Auditor -General, and members of any commission provided for in the Constitution, including the broadcasting authority referred to section 192. The Determination of Remuneration of Office Bearers on Independent Constitutional Institutions Laws Amendment Act 22 of 2014, which came into operation on 1 April 2019, creates the necessary framework to determine the salaries of office bearers of the Chapter 9 institutions. Among others, the Act amends the Public Protector Act 23 of 1994 and South African Human Rights Commission Act 40 of 2013 to provide a process to determine the salaries of the office bearers of these constitutional institutions.

4. Section 2(2) of the Public Protector Act, 1994, read with section 17 of the Determination of Remuneration of Office Bearers on Independent Constitutional Institutions Laws Amendment Act, 2014, provides that the Public Protector is entitled to such salary, allowance and benefits as determined by the President, from time to time, by Notice in the Gazette,

after taking into account the recommendations of the Independent Commission. Section 2(3) of the Public Protector Act, 1994, requires that the National Assembly resolve to approve the Notice, whether in whole or in part; or disapprove the determination, before publication.

5. Concerning the Deputy Public Protector, section 2A of the Public Protector Act, 1994, read with section 3 of the Determination of Remuneration of Office Bearers on Independent Constitutional Institutions Laws Amendment Act, 2014, provides that the Deputy Public Protector is entitled to such salary, allowances and benefits as determined by the President, from time to time, by notice in the Gazette, after taking into account the recommendations of the Independent Commission; and approved by the National Assembly. Section 2A(5C) of the Public Protector Act, 1994, requires that the National Assembly resolve to approve the Notice, whether in whole or in part; or disapprove the determination, before publication.

6. Section 9(1) of the South African Human Rights Commission Act, 2013, read with section 17 of the Determination of Remuneration of Office Bearers on Independent Constitutional Institutions Laws Amendment Act, 2014, provides similarly with respect to the salaries, allowance and benefits of the full and part-time Commissioners of the South African Human Rights Commission. Section 9(5) of the South African Human Rights Commission Act, 2013, requires the President to submit the Notice to the National Assembly for approval, whether whole or in part, or disapproval, before publication.

7. The Independent Commission gazetted its recommendations on 31 March 2021 (GG No. 44369, 31 March 2021). Having taken into account of the country's fiscal position, the State's wage bill and the impact of an increment for public office bearers on the fiscus and the general state of the economy which has been negatively affected by the COVID-19 pandemic, and affordability, among others, the Independent Commission recommended a 0% increase for all public office bearers, including office bearers of the independent constitutional institutions.

8. Having considered the serious economic situation of the country and the Independent Commission's recommendation, the President has proposed to determine a 0% salary increment for all office bearers of the independent constitutional institutions with effect from 1 April 2020.

9. Concerning the proposed commencement date, namely 1 April 2020, the Committee is of the view that the proposed date does not comply with section 2(B) and section 2A(5B) of the Public Protector Act, 1994, and section 9(4) of the South African Human Rights Commission Act, 2013, as already more than a year has passed without the Notices having been published in the Gazette. The Committee, therefore, proposes that before the Notices are published, the proposed commencement date of 1 April 2020 is amended to bring the effective date in line with the legislative provisions mentioned.

Recommendation

10. The Committee recommends that the National Assembly resolve to approve the Notices determining the remuneration of the Public Protector, Deputy Public Protector and Commissioners of the South African Human Rights with the condition that the President amends the commencement dates before publication of the Notices in the Gazette to bring the effective date in line with the relevant legislative provisions, namely section 2(B) and section 2A(5B) of the Public Protector Act, 1994, in the instance of the Public Protector and Deputy Public Protector and section 9(4) of the South African Human Rights Commission Act, 2013, in the case of the commissioners of the South African Human Rights Commission.

Report to be considered

14. Report of the Portfolio Committee on Justice and Correctional Services on Draft Regulations made in terms of section 23(1) of Legal Aid South Africa Act, 2014 (Act No. 39 of 2014), tabled in terms of section 23(2) of the Act, dated 14 May 2021:

The Portfolio Committee on Justice and Correctional Services, having considered the Draft Regulations made in terms of section 23(1) of Legal Aid South Africa Act, 2014 (Act No. 39 of 2014), recommends that the National Assembly approves the draft Regulations.

The Committee further reports as follows:

1. The Legal Aid South Africa Act, 2014 (Act No. 39 of 2014) (the Act) came into operation with effect from 1 March 2015. The first regulations in terms of the Act were published by Government Notice No. R. 745 of 26 July 2017 and were amended in 2019 to increase the amounts of the Means Test.

2. Section 23(1) of the Act provides that the Minister must make regulations, after receipt of recommendations of the Board of Legal Aid South Africa. The Board, consequent to a resolution dated 8 July 2020, recommended to the Minister in terms of section 23(1) of the Act, specific amendments to the regulations. In terms of section 23(2) of the Act any regulations made must, before publication in the *Government Gazette*, be tabled in Parliament by the Minister for approval.

3. The Committee notes that:
   - The proposed amendments to the regulations do not result in any significant policy change.
   - The technical corrections will align the policy to the actual position.
   - The limited and decreasing civil resources of Legal Aid South Africa will be directed to the most vulnerable.
   - There will not be duplication of services between the Commission for Conciliation, Mediation and Arbitration (CCMA) and Legal Aid South Africa.
   - The Means Test will keep pace with inflation without requiring annual revisions to the regulations.

Report to be considered.

15. REPORT OF THE PORTFOLIO COMMITTEE ON JUSTICE AND CORRECTIONAL SERVICES ON BUDGET VOTE 22: CORRECTIONAL SERVICES, DATED 14 MAY 2021.

1. INTRODUCTION

1.1. The Committee received a political overview by the Minister of Correctional Services, Mr Ronald Lamola, on 05 May 2021, who was accompanied by the two Deputy Ministers, Inkosi Phathekile Holomisa (Correctional Services) and Mr. John Jeffery (Justice and Constitutional Development). On the same day the Committee was briefed by the Department of Correctional Services (DCS) on the Annual Performance Plan and the Budget for the 2021 MTEF.

1.2. Both briefings took place by way of a virtual platform.

1.3. The DCS's mandate is derived from the Correctional Services Act (No. 111 of 1998), as well as the White Paper on Correctional Services (2005) and the White Paper on Remand Detention Management in South Africa (2014). The legislation and policies inform all the efforts towards achieving the safe and human detention of offenders and remand detainees, rehabilitation and social reintegration into the community.

1.4. The DCS's planning documents are also informed by the government-wide Medium-Term Strategic Framework (MTSF) 2020-25, which is geared towards the implementation of the National Development Plan's Vision 2030 (NDP).

2. POLITICAL OVERVIEW BY THE MINISTER OF JUSTICE AND CORRECTIONAL SERVICES

2.1. In his remarks, the Minister highlighted that the mandate of the Department of Correctional Services is to contribute towards creating safer communities and through the Department's efforts of rehabilitating offenders and enabling their successful reintegration into society, they want South Africans from all walks of life to be safe.

2.2. In order to create opportunities for young people, the Minister announced that the Department was instructed to reprioritise the budget so that 2000 learners can be absorbed in a phased in approach. The Minister also announced that on the 1st of June 2021, the first group of learners totalling 932 will be absorbed throughout the regions. The Minister further highlighted that this was in line with the department's plans of employing 20 percent of youth within the Department this current financial year and the target for the Medium Term Expenditure Framework was to employ 40 percent of youth.

2.3. The Minister highlighted a number of projects where offenders provided their labour in community empowerment projects including a school and pharmacy built by offenders in the Western Cape; sporting field developed by offenders in Bushbuckridge and One thousand school desks for ten different schools refurbished; and another sporting field being developed for Skeen Primary School in Alexandra also by offenders.

2.4. In this financial year, the Minister indicated that the Department has set a target for an unqualified audit outcome with significantly reduced findings.

2.5. The Minister also mentioned that, the Department will be piloting the business case mechanism for self sustainability, revenue generation and retention mechanism.

3. DEPARTMENT OF CORRECTIONAL SERVICES' STRATEGIC GOALS

3.1. The DCS's mission is to contribute to a just, peaceful and safer South Africa through the effective and humane incarceration of inmates, and the rehabilitation and social reintegration of offenders. The DCS is committed to playing its role to ensure that the MTSF and the NDP's strategic outcomes are achieved. The overarching goal is to build a safer South Africa where all people are and feel safe.

3.2. To this end the DCS has committed to ensuring that:

- Remand detention is effectively managed by making sure that remand detainees attend court; and are held in secure, safe and humane condition; are provided with personal well-being programmes; and that Awaiting Trial Prisoners are provided with relevant services.
- All sentenced offenders are incarcerated in safe, secure and humane facilities and are provided with healthcare needs and effective rehabilitation programmes in line with their correctional sentence plans to enable their successful placement into society after their lawful release.
- Offenders, parolees and probationers are successfully reintegrated back into society as law-abiding citizens through provision of social reintegration programmes.

3.3 The Department of Correctional Services has also highlighted the following priorities in the Development Agenda:

- Sustainable Development Goals
- African Union Agenda 2063
- National Development Plan 2030
- District Delivery Model
- Medium Term Strategic Framework.

4. OVERVIEW OF THE DCS BUDGET: 2021/22

4.1. The DCS will receive R25.2 billion in 2021/22. This is an increase of 6% or R1.5 billion from 2020/21. The allocation is projected to increase to R25.6 billion over the medium term (2023/24). Of the total allocation for 2020/21, 70% (or R18.7 billion) goes towards Compensation of Employees.

TABLE 1: SUMMARY OF ALLOCATION FOR 2021/22-2023/24

Programmes	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
R'000	**Audited outcome**	**Audited outcome**	**Audited outcome**	**Adjusted appropriation**	**Medium term estimates**	**Medium term estimates**	**Medium term estimates**
Administration	3,912,772	4,334,477	4,926.423	5,302,454	4,392,698	4,548,436	4,546,053
Incarceration	13,949,901	14,468,917	15,189,842	14,729,434	14,961,070	14,846,351	14,926,581
Rehabilitation	1,664,042	1,748,967	1,895,158	2009,983	2,175,524	2,297,350	2,357,808
Care	2,322,675	2,286,742	2,187,640	2,562,367	2,432,002	2,607,561	2,650,462
Social Reintegration	907,919	936,744	987,083	992,599	1,256,835	1,186,940	1,113,005
Total expenditure	**22,757,309**	**23,775,847**	**25,186,146**	**25,596,837**	**25,218,129**	**25,486,638**	**25,593,909**

Source: Department of Correctional Services Presentation

4.2. The DCS budget is distributed across five programmes: Administration (R4.4 billion), Incarceration (R14.9 billion)), Rehabilitation (R2.2 billion), Care (R2.4 billion), and Social Reintegration (R1.2 billion).

4.3. A combined 76 percent of the allocation goes towards the Administration and Incarceration programmes. The Rehabilitation and Social Reintegration programmes together receive only 14 percent of the overall budget for 2021/22, while the Care programme receives 10 percent.

4.4. The Judicial Inspectorate of Correctional Services receives a transfer from the Vote of R76.1 million in 2021/22, R85.9 in 2022/23 and R90.1 million in 2023/24.

4.5. According to DCS' Annual Performance Plan 2021/22, JICS will conduct 100 percent of inspections in the current financial year.

4.6. Cabinet has approved reduction to the Department's baseline amount totalling R11 billion over the medium term (R3.3 billion in 2021/22, R4.3 billion in 2022/23 and R3.4 billion in 2023/24). These cuts are mainly on the allocation for compensation of employees. The number of personnel is expected to decrease from 37 836 in 2021/22 to 36 809 in 2023/24.

5. OVERVIEW OF ALLOCATION PER PROGRAMME

5.1. PROGRAMME 1: ADMINISTRATION

5.1.1. The Administration programme provides for the functions that underpin the DCS's service delivery and comprises administrative, management, financial, information communication and technology, research, policy co-ordination and good governance support functions. The sub-programmes under this programme are: Ministry, Judicial Inspectorate for Correctional Services (JICS), Management, Human Resources, Finance, Internal Audit, Information Technology, Assurance Services and Office Accommodation.

5.1.2. An amount of R4.4 billion has been allocated to the Administration programme for the 2021/22 financial year. This amounts to 17 percent of the total Departmental budget. This is the second largest programme in the Department in terms of budget allocation. This programme has been decreased by 17 percent or R909.8 million in nominal terms.

5.1.3. The allocation to sub-programmes, as percentage of the allocation to the Administration programme, is as follows: Finance - 25 percent or R1, 082.4 billion; Human Resources - 42 percent or R1,849.3 billion; Management - 18 percent or R797.8 million; Information Technology - 8 percent or R334 million; Assurance Services - 3 percent or R129 million; Office Accommodation - 2 percent or R96.9 million; and the Ministry - 0.6 percent or R27.3 million. The Judicial Inspectorate for Correctional Services receives 2 percent or R76.1 million of the total allocation for the programme.

Table 4: Programme 1: Administration

	2020/21 (R'000)	2021/22 (R'000)	Nominal % changes	Real % change	Nominal Rand change	Real Rand change
Programme 1: Administration	**5 302.5**	**4 392.7**	**-17.16**	**-20.50**	**-909.8**	**-1 086.9**
Sub-programmes						
Ministry	30.9	27.3	-11.65	-15.21	-3.6	-4.7
Judicial Inspectorate for						

	2020/21 (R'000)	2021/22 (R'000)	Nominal % changes	Real % change	Nominal Rand change	Real Rand change
Correctional Services	68.5	76.1	11.09	6.62	7.6	4.5
Management	858.1	797.8	-7.03	-10.77	-60.3	-92.5
Human Resources	2 335.8	1 849.3	-20.83	-24.02	-486.5	-561.0
Finance	1 201.7	1 082.4	-9.93	-13.56	-119.3	-162.9
Assurance Services	140.9	129.0	-8.45	-12.14	-11.9	-17.1
Information Technology	574.9	334.0	-41.90	-44.24	-240.9	-254.4
Office Accommodation	91.8	96.9	5.56	1.30	5.1	1.2

5.2. PROGRAMME 2: INCARCERATION

5.2.1. The Incarceration programme provides for services and physical infrastructure that supports secure conditions of incarceration for inmates. The Incarceration programme has four (4) sub-programmes.

5.2.2. Being the largest DSC programme, the Incarceration programme is allocated an amount of R14, 961.1 billion for 2021/22, an increase by 1.57 percent in nominal terms and a decrease of 52 percent in reals terms compared to the previous financial year. The programme receives 59 percent of the total budget allocation to the Vote. A total of 72 percent (R10, 816.1 billion) of the allocation for this programme goes towards Compensation of Employees.

5.2.3. The largest allocation under this programme goes to the Security Operations sub-programme which received R8 billion, constituting 54 percent of the total allocation for the Incarceration programme. In contrast, the Remand Detention sub-programme receives only R650.7 million or four percent of the total allocation to the programme and is the smallest sub-programme. The allocation to the remaining sub-programmes is as follows: Facilities - R4billion or 27 percent; Offender management - R2.2 billion or 15 percent.

Table 5: Programme 2: Incarceration

	2020/21 (R'000)	2021/22 (R'000)	Nominal % changes	Real % change	Nominal Rand Change	Real Rand change
Programme 2: Incarceration	**14 729.4**	**14 961.1**	**1.57**	**-.52**	**231.7**	**-371.3**
Sub-programmes						
Security Operations	8 222.4	8 077.2	-1.77	-5.73	-145.2	-470.8
Facilities	3 596.6	3 978.1	10.61	6.15	381.5	221.2
Remand Detention	715.0	650.7	-8.99	-12.60	-64.3	-90.5
Offender Management	2 195.4	2 255.0	2.71	-1.43	59.6	-31.3

5.3. PROGRAMME 3: REHABILITATION

5.3.1 The Rehabilitation programme provides for needs-based programmes and interventions to facilitate offenders' rehabilitation and eventual reintegration to society. It comprises three sub-programmes: Correctional Programmes, Offender Development and Psychological, Social and Spiritual Services.

5.3.2 The Rehabilitation Programme is allocated an amount of R2.2 billion, receiving 8.6 percent of the overall allocation to the Vote. A total of 73 percent (R1.6 billion) of the allocation to the programme is for Compensation of Employees. In nominal terms, the programme receives an increase of 8.23 percent or a real increase of 3.87% in 2021/22.

5.3.3 In terms of the allocations to sub-programmes, the largest allocation is to Offender Development (R1 079.3 billion or 53 percent); Psychological, Social and Spiritual programme (R561.7 million or 26 percent); and Correctional programme (R462.5 million or 21 percent).

Table 6: Programme 3: Rehabilitation

	2020/21 (R'000)	2021/22 (R'000)	Nominal % Changes	Real % change	Nominal Rand change	Real Rand change
Programme 3:Rehabilitation	**2 010.0**	**2 175.5**	**8.23**	**3.87**	**165.5**	**77.8**
Sub-programmes						
Correctional Programmes	407.8	462.5	13.41	8.84	54.7	36.1
Offender Development	1 079.3	1 151.3	6.67	2.37	72.0	25.6

Psychological, Social and Spiritual Services	522.9	561.7	7.42	3.09	38.8	16.2

5.4. PROGRAMME 4: CARE

5.4.1. The Care programme provides for needs-based programmes and services aimed at maintaining the personal well-being of offenders. It comprises two sub-programmes; Nutritional Services and Health and Hygiene Services.

5.4.2. The Care programme is allocated R2, 432.0 billion for 2021/22, decreasing by -5.09 percent in nominal terms from 2020/21 allocation. The real percentage change for this programme is -8.91 percent. This programme comprise 9.6 percent of the total allocation to the Department in the 2021/22 financial year. Compensation of employees takes up 44 percent (R1.06 billion) of the total allocation to the programme.

5.4.3. The bulk of the budget for the programme is allocated to the Nutritional Services sub-programme (R1, 247.4 billion). The remaining amount (R1, 184.6 billion) is allocated to Health and Hygiene Services.

Table 7: Programme 4: Care Programme

	2020/21 (R'000)	2021/22 (R'000)	Nominal % changes	Real % change	Nominal Rand change	Real Rand change
Programme 4: Care	**2 562.4**	**2 432.0**	**-5.09**	**-8.91**	**-130.4**	**-228.4**
Sub-programmes						
Nutritional Services	1 217.3	1 247.4	2.47	-1.6	30.1	-20.2
Health & Hygienic Services	1 345.1	1 184.6	-11.93	-15.48	-160.5	-208.2

5.5. PROGRAMME 5: SOCIAL REINTEGRATION

5.5.1. The Social Reintegration programme provides for services focussed on offenders' preparation for release, for the effective supervision of parolees, and for offenders' reintegration into society upon their release. It comprises three sub-programmes: Supervision, Community Reintegration, and Office Accommodation (Community Corrections).

5.5.2. This programme has been allocated an amount of R1,256.8 billion for the 2021/22 financial year, which is an increase in nominal terms of 26.62 percent or 21.51 percent in real terms, as compared to the previous financial year. This programme comprises only 5 percent of the total budget of the Department for this financial year. An amount of R1,143.9 billion or 91% of programme's budget is allocated to compensation of employees.

5.5.3. In terms of sub-programmes, the bulk of the allocation is directed towards Supervision (91%), followed by Community Reintegration (6%), and Office Accommodation: Community Corrections (3%).

Table 8: Programme 5: Social Reintegration

	2020/21 (R'000)	2021/22 (R'000)	Nominal % Changes	Real % change	Nominal Rand change	Real Rand change
Programme 5: Social Reintegration	**992.6**	**1 256.8**	26.62	21.51	264.2	213.5
Sub-programmes						
Supervision	902.7	1 138.2	26.09	21.01	235.5	189.6
Community Reintegration	48.7	75.1	54.21	47.99	26.4	23.4
Office Accommodation: Community Corrections	41.2	43.6	5.83	1.56	2.4	0.6

6. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

6.1. *Self-sufficiency and Sustainability*. The Committee welcomes the Department's initiative to pilot the business case mechanism for self-sustainability, revenue generation and retention mechanism in the current financial year. The Committee urges the Department not only to limit self-sufficiency to skills development but also on how it can contribute towards economic revival of the country. The Department is requested to provide the Committee with regular updates on these initiatives.

6.2. *Poor Audit Findings.* The Minister has acknowledged that one of the areas of concern in correctional services remains poor audit outcomes arising from lack of proper accountability, high irregular expenditure and inability to finalize cases and disciplinary processes. The Committee request the Department to provide time frames for SCM related disciplinary cases, as well as measures in place to prevent irregular expenditure.

6.3. *COVID-19 Testing Targets*. The Committee welcomes the Department's target of 100 percent for testing of COVID-19 in correctional facilities. The Committee however, is concerned that the Department does not include a target on TB, Diabetes and High Blood pressure testing in the current Annual Performance Plan. The Committee request the Department to ensure that all incoming inmates are screened for diabetes, high blood and tuberculosis.

6.4. *COVID-19 Awareness Sessions*. The Department has indicated that it will conduct 576 COVID-19 awareness sessions amongst its officials in the current financial year. The Committee is concerned that the Department is targeting only officials in this regard and urges the Department to also target offenders since COVID-19 affects everyone.

6.5. *PPP Correctional Centres.* The Committee notes that the contract of the two Public Private Partnership facilities will expire in June 2026 and February 2027. The Department is requested to brief the Committee on plans in place to take over these two facilities at the end of the contract.

6.6. *Inmates-Official ratio*. The Committee notes that a high inmate to official ratio makes it difficult to manage facilities and give rise to violence, smuggling of contrabands and unnatural deaths. The Committee request the Department to provide it with their current inmates-official ratio.

6.7. *Repositioning of the* Judicial *Inspectorate of Corrections.* The Committee continues to support the repositioning of JICS in terms of its independence and its statutory mandate. The Committee further notes that there are discussions currently taking place between the Ministry, JICS and other relevant stakeholders on the repositioning of JICS. The Committee will await the finalization of these discussions and the report emanating from this.

6.8. *Budget reductions*. The Committee notes that Cabinet has approved budget reductions to the Department's baseline of R11 billion over the medium term (R3.3 billion in 2021/22, R4.3 billion in 2022/23 and R3.4 billion in 2023/24). The Department reported that the budgets cuts are effected in particular on compensation of employees and the impact will mean that contracts for non-essential personnel will be terminated and natural attrition will be allowed to take place. In terms of service delivery, the reduced number of employees will affect the ability of the Department to offer corrections, rehabilitation and wellness services as well as limit the ability of the Department to implement self-sufficiency and sustainability projects. Although the extent of the reprioritizations in the case of DCS is not yet known, the Committee urges the Department to seek ways in overcoming some of its funding challenges.

6.9. *Legislative Drafting Unit*. The Committee is concerned that the Department of Correctional Services does not have a Legislation Drafting Unit for so many years after the new Constitutional dispensation. The Committee therefore urges the Department to seriously consider the establishment of a Legislative Drafting Unit.

7. Summary of reporting requests

Reporting request	Action	Associated timeframe
Self-sufficiency and sustainability – details of the initiative and regular updates. [See paragraph 6.1].	Report	As per Sub-Committee programme
Poor audit outcomes- time frames for SCM disciplinary cases and measures to prevent irregular expenditure [See paragraph 6.2].	Report	As per Sub-committee programme
PPP Correctional Centres- Plans to take over the facilities [See paragraph 6.5].	Report	As per Sub-committee programme
Inmates-Official ratio- statistics [See paragraph 6.6].	Report	Within Seven days after adoption of this report

8. Appreciation

8.1. The Committee wishes to thank the following for their assistance in this process:

8.1.1. The Minister of Justice and Correctional Services, Mr Ronald Lamola; the Deputy Minister, InKosi Patekile Holomisa; and officials of the Ministry.

8.1.2. The National Commissioner, Mr Arthur Fraser, and the officials of the Department of Correctional Service.

8.1.3. The Inspecting Judge, Justice Edwin Cameron, and the officials of JICS.

9. Recommendation

9.1. Having considered the Annual Performance Plan for 2021/22 of the Department of Correctional Services, the Committee supports it and recommends that the National Assembly approve it.

9.2. Having considered Vote 22: Correctional Services, the Committee supports it and recommends that the National Assembly approve it.

Report to be considered.

16. Report of the Portfolio Committee on Justice and Correctional Services on the Annual Performance Plan for 2021/22 of the Office of the Chief Justice and Vote 27: Office of the Chief Justice, dated 14 May 2021

The Portfolio Committee on Justice and Correctional Services, having considered the Annual Performance Plan for 2021/22 of the Office of the Chief Justice and Vote 27: Office of the Chief Justice, reports as follows:

1. **Context**

1.1. Consideration of the plans of departments and the allocation of resources continues to occur amid the outbreak of the viral disease COVID-19 that has required various restrictive measures to manage the disease and protect the people of South Africa.

1.2. Further consideration must be given to the weak state of our economy. Fiscal policy, therefore, seeks to focus on short-term economic support, pro-growth fiscal consolidation and debt stabilisation. Notably, narrowing the budget deficit and stabilising the debt-to-GDP ratio requires that expenditure growth is curbed. The 2021 Budget, therefore, proposes to reduce expenditure over the MTEF period by R264.9 billion, or 4.6% of GDP. Most of the proposed adjustments are to the public sector wage bill.

1.3. The Peace and Security function, of which the OCJ forms part, accounts for approximately 12.1% of government's expenditure. Over the MTEF, expenditure on this function declines from R218.6 billion in 2020/21 to R213.4 billion in 2023/24. As most departments falling in this function are labour intensive (the OCJ included), spending reductions largely affect personnel.

1.4. The Office of the Chief Justice (OCJ) was established primarily to support the Chief Justice in executing his/her administrative and judicial powers and duties as Head of the Judiciary and Head of the Constitutional Court. In line with section 165 of the Constitution and the Superior Courts Act 2013 and as determined by the Minister of Public Service and Administration in 2010, the OCJ has the following functions:

- Providing and coordinating legal and administrative support to the Chief Justice.
- Providing communication and relationship management services and inter-governmental and international coordination.
- Developing courts administration policy, norms and standards.
- Supporting the development of judicial policy, norms and standards.
- Supporting the judicial function of the Superior Courts.
- Supporting the Judicial Service Commission (JSC) and the South African Judicial Education Institute (SAJEI) in the execution of their mandates.
- Administering the Judges' Remuneration and Conditions of Employment Act.

1.5. On 5 May 2021, the Minister of Justice and Correctional Services addressed the Committee on the political priorities relevant to the OCJ's mandate. The Minister's speech is available from the Committee Secretariat. However, the following is highlighted:

- As the country continues to readjust to life within a COVID-19 pandemic, it is important to ensure that access to justice is not compromised and the courts continue to operate in line with the Chief Justice's Directives.
- Budget constraints/cuts cannot be allowed to compromise service delivery. As such, consideration must be given to new methods that will assist service delivery, despite the present challenges, financial and otherwise.
- The capacitation of the South African Judicial Education Institute (SAJEI) remains a key priority. By providing training to aspirant judicial officers and the further/continued education to serving judges, SAJEI contributes to the delivery of quality justice. SAJEI will make

use of virtual platforms to continue providing training to Judicial Officers.

- Court digitisation is critical to ensure accessible and quality justice. The OCJ will roll out the Court Online system to 12 service centres over the MTEF period. Virtual court hearings have been conducted since the declaration of the national state of disaster and the accompanying regulations in response to the COVID-19 pandemic. The OCJ will continue to support these, as well as the envisaged increase in the virtual court hearings and the use of electronic platforms (such as Court Online) over the MTEF.

1.6. The OCJ presented its Annual Performance Plan 2021/22 and budget for the 2021 MTEF on 5 May 2020. The presentation is available from the Committee Secretariat.

1.7. The meeting took place on the Zoom virtual platform.

2. Overview of the Vote for the 2021 MTEF

2.1. The OCJ is allocated R2.33 billion in 2021/22. Notably, the OCJ was allocated R2.45 billion for 2020/21 but this was adjusted downwards by R144 million to R2.3 billion. The budget is expected to increase over the MTEF to R2.35 billion in 2022/23 and R2.6 billion in 2023/24.

2.2. The allocation for programmes is R1.2 billion or 52.7% of the total allocation, while the remainder comprises of the direct charge for Judges' salaries.

Budget allocation for the Office of the Chief Justice per programme - 2021 MTEF

Programme	Adjusted Appropriation 2020/21	MTEF			Average Expenditure/ Total
		2021/22	2022/23	2023/24	

	R million				%
Administration	218.8	229.3	233.5	239.3	9.9%
Superior Court Services	910.2	919.1	931.8	936.0	39.6%
Judicial Education and Support	59.2	63.4	60.6	57.6	2.6%
Subtotal	**1 188.1**	**1 288.1**	**1 225.9**	**1 232.9**	**52%**
Judges' Salaries	1 117.9	1 118.4	1 122.6	1 124.7	48%
Total	**2 306.1**	**2 330.3**	**2 348.4**	**2 357.6**	**100%**
Changes to 2021 Budget Estimate	(144.7)	(274.4)	(368.8)	-	-

Budget allocation for the Office of the Chief Justice per economic classification - 2021 MTEF

Economic Classification	Adjusted Appropriation 2020/21	MTEF		
		2021/22	2022/23	2023/24
	R' million	R' million	R' million	R' million
Compensation of employees (including Judges' remuneration)	1 703.1	1 739.0	1 738.7	1 740.1
Good and services	310.9	351.4	361.9	365.2
Transfers and subsidies	128.1	131.0	135.8	136.5
Payments for capital assets	110.2	108.9	122.0	115.2
Total	**2 306.1**	**2 330.3**	**2 348.4**	**2 357.6**

2.3. **Budget reductions**

2.3.1 The OCJ's baseline is reduced by R274 million in 2021/22 and R368.8 million in 2022/23.

- Under the voted funds, the Superior Court Services programme is the most affected by the cuts (R87.4 million in 2021/22 and R124.6 million in 2022/23).
- The direct charges for Judges conditions of service is also reduced (R150.3 million in 2021/22 and R196.3 million in 2022/23).
- In terms of economic classification, the cut to the compensation of employees' budget for both voted funds and the direct charges is significant (R254.7 million in 2021/23 and R343.2 million in 2022/23).

Programme	**2021/22 R'million**	**2022/23 R'million**
Administration	(20.5)	(27.2)
Superior Court Services	(87.4)	(124.6)
Judicial Education and Support	(16.2)	(20.7)
Subtotal	(124.0)	(172.5)
Direct charges	(150.3)	(196.3)
Total	(274.4)	(368.8)
Economic classification		
Compensation of employees	(254.7)	(343.2)
Voted	(109.8)	(153.9)
Direct charges	(144.9)	(189.3)
Goods and services	(8.2)	(10.5)
Transfers and subsidies	(5.4)	(7.1)
Voted	(0.06)	(0.08)
Direct charges	(5.3)	(7.0)
Purchase of capital assets	(6.0)	(8.0)
Total	(274.4)	(368.8)

2.3.2 The reductions will have the following impact:

- A reduced ability to resource courts (human resources, aging ICT infrastructure and tools of trade/equipment). This will negatively affect judicial functions (case processing and adjudications); court modernisation and access to justice as there will be fewer circuit courts.

- The OCJ has filled the newly funded establishment of the Mpumalanga High Court. However, the cuts have, in effect, reversed the additional funds previously allocated for this purpose and going forward these posts will have to be funded from the baseline. Consequently, it will not be possible to fill vacant posts in other Divisions.
- The reduction of the Compensation of Employees' budget will prevent the OCJ from filling critical posts that are presently vacant or become vacant over the MTEF period. This adversely affects the OCJ's ability to provide support to the Judiciary and Superior Courts. (71 funded administrative posts will be lost in 2021/22; 74 posts in 2022/23; and 102 posts in 2023/24).
- Cuts to the Goods and Services and Purchase of Capital Assets budgets will impact on court modernisation; training of judicial officers; providing sufficient witness administration; and providing sufficient translation and transcription services.
- The cut to the direct charges for the salaries of judges and acting judges will adversely affect the judicial function.

3. Policy framework and strategic and annual planning

3.1. The National Development Plan 2030 identifies, among others, the need to build safer communities; build a capable and developmental state; and strengthen judicial governance and the rule of law. The OCJ contributes to all of these but, in particular, the support it provides to the Judiciary is intended to strengthen judicial governance and the rule of the law by:

- Accelerating reforms to implement a judiciary-led court administration.
- Ensuring an efficient court system.

- Reducing inefficiencies in the administration of the courts.
- Ensuring access to justice.

3.2. The Medium Term Strategic Framework 2019 – 2024 acknowledges that the challenges of poverty, inequality and unemployment continue to hold back the achievement of South Africa's national development. To address these challenges, the MTSF identifies a number of priority areas, including 'A capable, ethical and developmental state' and 'Social cohesion and safe communities', which are of particular relevance. In addition, the MTSF identifies the lack of access to resources and opportunity for Women, Youth and People with Disabilities as being cross-cutting, requiring a variety of interventions.

3.3. Over the five-year period of its strategic plan, the OCJ plans to contribute to:

3.3.1. 'A capable, ethical and developmental State' by:

- Addressing fraud and corruption.
- Promoting an ethical culture.
- Integrating Batho Pele principles into the Department's institutional culture.
- Adhering to corporate governance principles, such as leadership, strategy and performance, risk and stakeholder management.
- Improving court operations systems.
- Modernising court processes and systems.

3.3.2. 'Economic transformation and job creation' by implementing equity programmes targeting employment and empowerment of youth, women, and people with disabilities in both its recruitment and procurement processes.

3.3.3. 'Social cohesion and safe communities', by ensuring access to a safe and secure court environment and improving the integrity of court processes/ outcomes, as well as capacitating/ resourcing the courts in order for them execute their mandate.

3.4. The OCJ intends to have the following impact over the five-year term - ‘Quality and accessible justice for all’ - and has identified the following strategic outcomes:

- Effective and efficient administrative support.
- Improved court efficiency.
- Enhanced judicial education and support.

MTSF 2019 – 2024: Outcomes, outcome indicators and targets

IMPACT STATEMENT: Quality and accessible justice for all		
Outcome	**Outcome Indicator**	**Five-year target**
Priority 1: A capable, ethical and developmental State		
Effective and efficient administrative support	Percentage of staff trained in line with the Workplace Skills Plan	80% (New target)
Priority 6: Social cohesion and safe communities		
Improved court efficiency	Percentage finalisation of quasi-judicial matters within prescribed timeframes	90% (New target)
Enhanced judicial education and support	Increased judicial education courses	550 courses [Baseline: 142 courses]

3.5. These broad outcomes give rise to the OCJ’s four (4) strategic objectives:

- Capacitate the office of the Chief Justice.
- Ensure good governance in the administration of the department.
- Ensure the effective and efficient administration of the Superior Courts and the Judicial Services Commission
- Enhance judicial skills of serving and aspiring judicial officers to perform optimally.

3.6. The OCJ’s Annual Performance Plan 2021/22 plans to:

- Implement initiatives that contribute to broadening and improving access to justice and services of the Superior Courts.
- Ensure an efficient court system and provide judicial support.
- Reduce inefficiencies in court administration through modernised systems, processes and infrastructure.
- Implement measures that are intended to address the impact of COVID-19.

3.7. The OCJ has identified the following key risks and mitigation strategies for each of its outcomes for 2021/22:

Risks and mitigation strategies 2021/22

RISKS	MITIGATION
Outcome: Effective and efficient administrative support	
Possible exposure to fraud and corruption.	• Continuous awareness of policies. • Strengthen internal controls relating to financial management and court order processes. • Monitor the implementation of fraud prevention and anti-corruption strategy.
Delays in the implementation of the Court Online system due to external dependencies.	• Reinforce stakeholder relations to ensure commitment to project resourcing.
Inability to fully capacitate the OCJ to operate in the new normal.	• Reprioritization of resources to implement the new way of doing business. • Skills capacitation to operate in the new normal.
Inaccurate performance reports produced.	• Conduct assessment and analysis of the OCJ's performance on a monthly and quarterly basis and produce monitoring reports.
Outcome: Improved court efficiency	
Inadequate administrative	• Prioritise the appointment of registrars.

RISKS	MITIGATION
support to ensure court efficiency	• Continuous training of registrars.
Outcome: Enhanced judicial performance	
Inadequate resources to conduct judicial education and provide support	• Implementation of the virtual and e-learning module for Judicial Education.

3.8. **Aligning planning with expenditure**

3.8.1. Over the MTEF period, the Office of the Chief Justice will focus on improving access to justice and the services of the superior courts, increasing access to judicial education courses, and implementing initiatives to address the impact of COVID-19:

- To provide access to justice, expenditure for the High Courts' sub-programme within the Superior Court Services programme is set to increase from R728.1 million in 2020/21 to R742.3 million in 2023/24. Ensuring that the judiciary is supported by a sufficient number of core staff such as registrars and researchers with the necessary skills is prioritised.

- *To provide improved services*, in the Corporate Services sub-programme in the Administration programme, the increased need for streaming services to conduct virtual meetings and online training due to COVID-19 restrictions is expected to result in expenditure of R131.7 million in 2021/22 and in 2022/23, mostly on goods and services such as travel and subsistence, and venues and facilities.

- *To provide for judicial education and training*, the South African Judicial Education Institute sub-programme will continue to conduct judicial education and training courses through virtual platforms. This results in decreased expenditure in the Judicial Education and Support programme from R40.4 million in 2020/21 to an estimated R33.1 million in 2023/24. Despite these decreases, the number of courses conducted is expected to increase from 100 in 2020/21 to 115 in 2023/24.

- *To ensure the safety of its personnel and their families*, in 2021/22, the OCJ plans to conduct COVID-19 educational programmes and training for a targeted 190 safety officers. This is budgeted for within the Administration programme, in which expenditure is set to increase from R218.8 million in 2020/21 to R239.3 million in 2023/24.

4. **Programmes**

4.1. **Programme 1: Administration**

4.1.1. The purpose of this programme is to provide strategic leadership, management and support services to the Department. The programme consists of the following sub-programmes:

- The Management subprogramme provides administrative, planning, monitoring, evaluation, performance reporting and risk management functions necessary to ensure effective functioning of the Department.
- The Corporate Services sub-programme provides an integrated Human Resources Management (HRM), Information and Communication Technology (ICT) and Security Management Support Services to the Department.
- The Finance Administration subprogramme provides overall financial, asset and supply chain management services to the Judiciary and the Department.
- The Internal Audit and Risk Management sub-programme provides overall internal audit and forensic audit services to the Department.
- The Office Accommodation sub-programme provides for the acquisition of office accommodation for the Department.

4.1.2. Output indicators and targets are as follows:

Administration: Output indicators and annual targets 2020/21

Output Indicator	Annual Targets			
	2020/21	2021/22	2022/23	2023/24
Outcome: Effective and efficient administrative support				
Audit outcome for the OCJ	Clean audit outcome	Clean audit outcome	Clean audit outcome	Clean audit outcome
Percentage of tenders in the department's procurement plan awarded to suppliers with level 4 and above BBBEE status	80%	80%	80%	80%
Percentage of designated employees (SMS members other categories) who submitted financial disclosures within timeframes	100%	100%	100%	100%
Percentage of funded vacant posts on PERSAL per year	10% or lower	10% or lower	10% or lower	10% or lower
Percentage of staff in the department comprised of youth	30%	30%	30%	30%
Percentage of women representation in Senior Management Service (SMS)	50%	50%	50%	50%
Percentage of people with disabilities representation in the department	2%	2%	2%	2%
Court online system implemented at service centres	Rolled out at 2 service centres	Rolled out at 2 service centres	Rolled out at 5 service centres	Rolled out at 5 service centres
Number of Employer health and wellness programmes implemented	9	9	9	9

4.1.3. The OCJ has the following COVID-19 related indicators and targets for 2021/22;

Administration: COVID-19 related indicators and targets 2021/22

Output indicator	Annual Target 2021/22	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of COVID-19 OHS inspections conducted at OCJ	4	1	1	1	1
Number of COVID-19 educational programmes implemented	4	1	1	1	1
Number of COVID-19 related trainings conducted for safety officers	4	1	1	1	1
Number of COVID-19 compliance reports produced	4	1	1	1	1
Number of COVID-19 risk mitigation reports produced	4	1	1	1	1

4.1.4. The *Administration* programme is allocated R229.3 million in 2021/22, R233.5 million in 2022/23 and R239.3 million in 2023/24. Notably, R20.5 million is cut from the baseline in 2021/22, with a further budget reduction of R27.2 in 2022/23.

4.1.5. Aligning planning with expenditure:

- As a result of COVID-19, technology has become a major driver in ensuring business continuity. The increased need for streaming services to conduct virtual meetings, online training and remote working due to COVID-19 restrictions is expected to result in expenditure of R124.4 million in 2021/22 that will increase to R131.7 in 2023/24 in the Corporate Services sub-programme in the Administration programme.

- In 2021/22, the Department plans to conduct COVID-19 educational programmes and training for a targeted 190 safety officers. The Department will also see an increase in expenditure on Employees Health and Wellness (EHW), as well as Occupational Health and Safety (OHS), as the COVID-19 pandemic has increased the need for EHW programmes for officials and their families and there are increased compliance requirements to ensure the safety of employees and the users of all OCJ's facilities. This is budgeted for within the Corporate Services sub-programme.
- The number of personnel in Administration is expected to decrease from 183 in 2021/22 to 177 in 2023/24. The decrease is as result of financial constraints that will prevent identified posts from being filled as they become vacant.

4.2. **Programme 2: Superior Court Services**

4.2.1. This programme provides judicial support and court administration services to the Superior Courts. The programme consists of the following sub-programmes:

- The Administration of Superior Courts subprogramme provides administrative and technical support to the Superior Courts, monitors the overall performance of the Superior Courts, and enhances judicial stakeholder relations.
- The Constitutional Court subprogramme funds the activities and operations of the Constitutional Court.
- The Supreme Court of Appeal subprogramme funds the activities and operations of the Supreme Court of Appeal.
- The High Courts' subprogramme funds the activities and operations of the various high court divisions.

- The Specialized Courts subprogramme funds the activities and operations of the labour, land, electoral and competition courts.

4.2.2. All performance indicators and targets that address court performance were removed, leaving only those that relate to quasi-judicial performance and support to the Superior Courts. Output indicators and annual targets are as follows:

Superior Court Services – Output indicators and annual targets 2020/21 - 2023/24

Output Indicator	**Medium Term Targets**			
	2020/21	**2021/22**	**2022/23**	**2023/24**
Outcome: Improved court efficiency				
Percentage of default judgments finalised by Registrars within 14 days	70%	72%	74%	76%
Percentage of taxation of legal costs finalised within 60 days from date of set down	70%	75%	80%	85%
Percentage of warrants of release delivered within one day of release granted	100%	100%	100%	100%
No. of monitoring reports on Court Order integrity produced	4	4	4	4
Number of Judicial Case Flow Management Performance reports produced	4	4	4	4
Number of reports on enhancement of court order integrity produced	4	4	4	4

4.2.3. Planned expenditure

- The Superior Courts Services programme is allocated R919.1 million in 2021/22 (compared with R910.2 in 2020/21); R931.8 million in 2022/23; and R936 million in 2023/24.
- The number of personnel is expected to decrease from 1 762 in 2021/22 to 1 708 in 2023/24.
- The roll-out and implementation of the Court Online system, as well as modernisation of court processes will play a key role in ensuring that the decrease in the number of personnel does not impact on the provision of services, as well as increasing access to justice for all.

4.3. **Programme 3: Judicial Education and Support**

4.3.1. *Judicial Education and Support* provides education programmes to Judicial Officers, including policy development and research services for the optimal administration of justice.

4.3.2. The programme has the following sub-programmes:

- The South African Judicial Education Institute sub-programme funds the activities of the SAJEI to provide training for Judicial Officers.
- The Judicial Policy, Research and Support sub-programme funds the provision of advisory opinions on policy development and regulatory services to the Judiciary and the Department.
- The Judicial Service Commission subprogramme provides secretariat and administrative support services to the Judicial Service Commission to perform its constitutional and legislative mandates effectively.

4.3.3. Output indicators and targets are as follows:

Judicial Education and Support – Output indicators and annual targets

Output Indicator	Annual Targets			
	2020/21	**2021/22**	**2022/23**	**2023/24**
Outcome: Enhanced judicial education and support				
No. of judicial education courses conducted	100	105	110	115
No. of research monographs for Judicial Education produced per year	2	2	2	2
No. of litigation reports produced	4	4	4	4
No. of reports on judicial appointments and judicial complaints produced	2	3	3	3

4.3.4. *The Judicial Education and Support* programme is allocated R63.4 million for 2021/22 (compared with R59.2 million in 2020/21); R60.6 million in 2022/23; and R5 7.6 million in 2023/24. The spending focus for this programme remains on conducting training for judicial officers.

- The decrease in the expenditure is under the South African Judicial Education Institute sub-programme, which declines from R39.6 million in 2021/22 to R33.1 million in 2023/24. Despite this, the number of courses to be conducted is expected to increase from 105 in 2021/22 to 115 in 2023/24. The majority of training will be conducted through online / virtual platforms, resulting in savings of consequential expenditure relating to physical training such as venue costs as well as travel and subsistence.
- During the 2021/22 financial year, R16.8 million is budgeted for Judicial Policy, Research and Support, which is mainly used for ensuring that conditions of service of Judicial Officers are efficiently administered, as well as ensuring judicial accountability by administering a record of Judges' registrable interests.
- The number of personnel is expected to slightly decrease from 34 in 2021/22 to 33 in 2023/24.

5. Committee's observations

5.1. ***Budget reductions***. The Committee understands the need for the budget cuts but is concerned about the 'one size fits all' approach to determining these. Fiscal policy targets the reduction of the public sector wage bill and so, the cuts are largely felt in the salaries' budgets of departments. This puts departments that are labour-intensive, such as the OCJ, in an especially difficult position. The Committee notes the negative effect that the cuts will have on the delivery of justice services in our courts and is extremely concerned that this will compromise the right of users of our courts to access to justice. Furthermore, the cuts may undermine the judicial function. In particular, the failure to adequately resource the Judiciary could be regarded as undermining judicial independence. The Committee is of the view that the decision to implement cuts should be fit for purpose and it should not be forgotten that the rule of law supports healthy economies and allows people to feel safe.

5.2. ***Case backlogs***. The Committee remains extremely concerned about the greater than normal workload in our courts, reflected in an increased number of backlog cases, as a result of the courts having to restrict the matters being heard on account of the COVID-19 pandemic. Further the focus on addressing backlogs impacts on the ability to hear new matters, creating a snowball effect. The fear is that the case backlogs may eventually overwhelm the legal system, undermining the right of access to justice. Although there is a plan to address the backlogs, the Committee agrees that it is vital to ensure that the courts have sufficient, even additional capacity – in the form of warm bodies - in order to efficiently deliver court services in line with the standards and the court rules. However, given that the budget cuts affect the compensation of employees' budget for both voted funds and the direct charges, the Committee is unclear about the extent to which realising the plan will be possible. The Committee, however, will continue to monitor the problem and asks that the OCJ provide it with information on a quarterly basis regarding how many cases have not been heard in the Superior Courts as a result of the COVID-19 lockdown.

5.3. ***Court modernisation***. The Committee has previously observed that the crisis has highlighted the inefficiencies of our court processes. The 'new normal' as a result of the COVID-19 pandemic has created impetus to the court modernisation projects that were being piloted before the lockdown: the OCJ has continued to deliver services utilising technology mainly for conducting court hearings, conducting judicial education and training, training of officials and convening meetings. In 2021/22, the intention is to continue along this trajectory, continuing to make use of the Court Online system and improving the ICT infrastructure so that it can respond to business needs. The focus will also be on modernising the OCJ's ICT networks to cope with the increased demand for data transmission and implementation of court modernisation systems. The ICT 5-year Strategic Plan provides the technology roadmap to automate, digitise, and transform the delivery of services. The Committee supports these initiatives that over the medium to longer term should assist to eliminate inefficiencies allowing for the speedier, more effective and possibly less costly delivery of justice. The Committee, however, is extremely concerned that a lack of funds may undermine the rollout of these key modernisation projects. The Committee is keen to understand the scope of the modernisation projects and will request a dedicated briefing as soon as its programme permits. Furthermore, the Committee will continue to monitor progress on a regular basis.

5.4. ***Land Court.*** The Committee notes that the establishment of the Land Court will require additional resources, including provision for the appointment of permanent judges and support staff. The Committee trusts that the OCJ will not be required to find funds for the implementation of the court from its already stretched baseline and understands that the OCJ is engaging National Treasury on just this. However, the Committee will engage further on the resourcing of the court when considering the Land Court Bill.

5.5. ***Targets aimed at women, youth and people with disabilities***. Although the OCJ did not achieve the target of 50% females at SMS level and the target of 2% for people with disabilities representation Committee welcomes the OCJ's commitment to reaching its targets by recruiting women in management positions and people with disabilities and the youth. The Committee notes as well the OCJ's intention to implement targeted strategies. These include the possibility of partnering with various NGOs responsible for promoting the interests of people living with disabilities and prioritising this category during the recruitment processes. The OCJ plans also to ensure gender equity at SMS level by making use of a number of strategies, including mentoring women in middle management positions and prioritising women in training and development programmes which prepares them for SMS positions. Furthermore, the OCJ will continue to empower women, youth and people with disabilities through its procurement and recruitment processes. The Committee will continue to monitor progress regularly.

5.6. ***Meeting with the Judiciary***. The Committee wishes to thank the OCJ for its role in facilitating the meeting between it and the Judiciary that took place earlier this year. The Committee undertook to engage with the Minister on a number of matters discussed and will arrange a meeting with him as soon as its programme permits.

6. Appreciation

6.1. The Committee wishes to thank the Minister of Justice and Correctional Services, Mr R Lamola, and the Deputy Ministers: InKosi Patekile Holomisa and Mr J Jeffery, for the political overview.

6.2. The Committee also wishes to extend its appreciation to the Secretary-General, Ms M Sejosengwe, and the officials of the OCJ for their assistance in this process.

7. **Recommendations**

7.1. The Committee, having considered the Office of the Chief Justice's Annual Performance Plan 2021/22, supports these and recommends that the National Assembly approve them.

7.2. The Committee, having considered the Budget Vote 27: Office of the Chief Justice and Judicial Administration, supports the Vote and recommends that it be approved.

Report to be considered

17. Report of the Portfolio Committee on Higher Education, Science and Technology on Budget Vote 35: Science and Innovation (2021/22), dated 14 May 2021.

The Portfolio Committee on Higher Education, Science and Technology, having considered Budget Vote 35: Science and Innovation and the 2021/22 Annual Performance Plan (APP) of the Department of Science and Innovation, reports as follows:

1. INTRODUCTION

The Constitution of the Republic of South Africa, 1996 and the Rules of Parliament mandates the Portfolio Committee on Higher Education, Science and Technology (hereafter, the Committee) to oversee the activities and performance of the Department of Science and Innovation (hereafter, the Department or DSI) and the entities that report to it. Hence, the Committee annually reviews whether the Department and entities' performance plans are aligned to national strategic objectives and the appropriated budget.

The Department briefed the Committee on 5 May 2021 and the Council for Scientific and Industrial Research (CSIR), National Research Foundation (NRF) and Human Sciences Research Council (HSRC) briefed the Committee on 7 May 2021, providing an overview of the strategic context within which they function and outlining priority performance indicators and their concomitant targets and the 2021/22 budget allocations.

2. STRATEGIC OVERVIEW OF THE DEPARTMENT OF SCIENCE AND INNOVATION

2.1. White Paper on Science, Technology and Innovation

Succeeding the 1996 White Paper on Science and Technology, the 2019 White Paper on Science, Technology and Innovation, which seeks to specifically enhance the role of innovation, now sets the current long-term policy direction for the National System of Innovation (NSI) and seeks to ensure an increasing role for science, technology and innovation (STI) to accelerate inclusive economic growth, increase the competitiveness of the economy, and improve the livelihoods of South Africa's citizens.

The 2019 White Paper hinges on three high-level goals; namely to, take advantage of opportunities presented by megatrends and technological change; expand policy approaches that have worked and propose new approaches, where necessary; and promote a more inclusive economy at all levels. These goals are underpinned by the following objectives:

- Adopt a whole-of-government/society approach to innovation;
- Instil a culture of valuing STI, and integrate STI into government planning and budgeting at the highest levels;
- Create an enabling and inclusive governance environment;
- Create a more innovation-enabling environment;
- Increase and transform NSI human capabilities;
- Expand and transform the research system;
- Expand and transform the institutional landscape; and
- Increase funding and funding efficiencies.

The STI Decadal Plan will serve as the implementation plan for the 2019 White Paper. Cabinet approved the Draft STI Decadal Plan on 24 March 2021. The Minister of Higher Education, Science and Innovation, during his input to the Committee on 5 May 2021, stated that this Draft enables him and the Department to begin consultations with those Ministers and Departments whose portfolios are STI-intensive. The Draft STI Decadal Plan sets the basis to ensure that there is a comprehensive approach to and mainstreaming of STI across all government operations. Furthermore, Cabinet approval of the Draft STI Decadal Plan allows certain provisions of the STI White Paper to commence. These include that the President of the Republic can now convene, for the first time, the Annual STI Plenary, a stakeholder body which seeks to mainstream STI across government, the private sector and civil society. The President can also now appoint and lead an Inter-Ministerial Cabinet Committee on STI who will be responsible for overseeing the implementation of the STI Decadal Plan. It is hoped that these measures will improve the coordination of the NSI and enhance its responsiveness to South Africa’s social and economic challenges. Another key goal of the STI White Paper is the establishment of the Sovereign Innovation Fund, which will hopefully move South Africa closer to the goal of spending 1.5% of its GDP on research and development (R&D).

2.2. National Develop Plan and the Medium Term Strategic Framework

The National Development Plan (NDP) characterises STI as crucial for development since countries that have effectively alleviated poverty by growing their economies, have done so by investing in and developing strong STI environments and capabilities. Hence, the NDP states that South Africa's NSI needs to be expanded as well as be more effective and, therefore, be aligned with the sectors that will realise the country's growth objectives. This requires that:

- South Africa invests more in R&D;
- The STI institutional arrangement improves the link between innovation and the productive needs of industry;
- Government should collaborate with the private sector to raise the level of R&D in companies; and
- Public investments in research infrastructure should be focussed on and fulfil the needs of a modern economy.

The 2019-2024 Medium Term Strategic Framework (MTSF), representing the second five-year phase of implementation for the NDP, aims to address the national challenges through three pillars; namely, achieving a more capable state; driving a strong and inclusive economy; and building and strengthening the capabilities of South Africans. These three pillars underpin the seven priorities of the 2019-2024 MTSF. Although the apex priorities are all interrelated, the Department's focus and commitments are mainly on priorities 2 (Economic transformation and job creation) and 3 (Education, skills and health). The interventions led by the Department are:

Priority 2: Economic transformation and job creation

- **Outcome:** Improve competitiveness through Information and Communication Technology (ICT) adoption.
  - **Intervention:** Increase investment in gross expenditure on research and development to 1.1% of GDP by 2024.
  - **Intervention:** Strengthen the NSI by publishing 35 000 research articles by NRF-funded researchers cites in the Web of Science Citation database by 2024.

Priority 3: Education, skills and health

- **Outcome:** Expanded access to post school education and training (PSET) opportunities.

- ϕ **Intervention:** Increase the number of black lecturers supported through the New Generation of Academics Programme (nGAP) by awarding bursaries to 12 200 PhD students by 2024.

- **Outcome:** Improved quality of PSET provisioning.
  - ϕ **Intervention:** Implement the nGAP by awarding bursaries to 24 400 pipeline postgraduate students by 2024.
  - ϕ **Intervention:** Increase the number of emerging researcher grants to 3 000 by 2024 to improve the percentage of PhD-qualified staff.

- **Outcome:** A responsive PSET system.
  - ϕ **Intervention:** Conduct 20 intellectual property (IP) awareness sessions at TVET colleges by 2024.
  - ϕ **Intervention:** Support 1.3 million users from the university and post-school sectors, national research facilities, science councils, and all public research-performing institutions through the South African National Research Network (SANReN) by 2024.

2.3. 2020-2025 Strategic Plan for the Department of Science and Innovation

The Department, building on the successes of the previous period and to ensure that the NSI expands its positive impact on reducing poverty, inequality and unemployment as envisioned by the 2019 White Paper, has identified the following six Strategic Outcomes for the period 2020-2025:

Outcome 1: A transformed, inclusive, responsive and coherent NSI

Outcome 1 seeks to improve the contribution of the NSI to achieving the goals of the NDP. The key driver of these contributions will be the Decadal Plan, which will define the critical missions that South Africa will pursue during the period 2020-2030. The four outcome indicators against which performance will be measured are:

i) Percentage increase in the number of formalised partnerships between different category actors of the NSI that advance Decadal Plan priorities;

ii) Number of STI missions introduced and adopted by Cabinet that crowd in resources and capabilities across the NSI;
iii) Percentage increase in the investment support by government that advances gross expenditure on R&D (GERD) towards 1.1% of GDP; and
iv) Number of approved strategies that give effect to the agreed dimensions of transformation to be effected in the NSI.

Outcome 2: Human capabilities and skills for the economy and for development

Outcome 2 seeks to further address the lack of transformation within the NSI. Hence, the Department will continue as well as expand the transformation agenda in all its science focus areas. Transformation is to be considered in six dimensions: (i) demographic transformation; (ii) transdisciplinary transformation; (iii) institutional transformation; (iv) transformation through the translation of science and innovation into societal benefit and fundamental economic transformation; (v) transformation through citizen science (public engagement); and (vi) digital transformation of the national system of innovation. The five outcome indicators against which performance will be measured are:

i) Number of Department-funded PhDs graduating annually as a contribution to the NDP target of 100 PhDs per million population by 2030;
ii) Number of artisans and technicians absorbed into the economy in sectors where DSI has active programmes;
iii) Percentage increase of women and black researchers in South Africa's Research workforce;
iv) Percentage increase of PhD-qualified teaching and research staff; and
v) Improved knowledge about science among the general public.

Outcome 3: Increase knowledge generation and innovation output

Outcome 3 seeks to increase South Africa's research productivity, currently 0.88% of global share, to 1% of global output. The three outcome indicators against which performance will be measured are:

i) Increase South Africa's share of global publication outputs;

ii) Percentage increase in prototypes, technology demonstrators, pilot plants that advance industrialisation through innovation; and
iii) Percentage increase in patent and design applications filed from publicly financed R&D.

Outcome 4: Knowledge utilisation for economic development in (a) revitalising existing industries and (b) stimulating R&D-led industrial development

Outcome 4 seeks to drive economic development through various initiatives associated with the sectoral masterplans and revitalised industrial strategy. The four outcome indicators against which performance will be measured are:

i) Rand value of research, development and innovation (RDI) investment attracted to support RDI needs identified through the sectoral masterplans process;
ii) Percentage increase in Small, Medium and Micros Enterprises (SMMEs) or Co-operatives whose performance has improved or who have secured new opportunities through support provided by the Department and its entities;
iii) Percentage increase in the commercialisation of granted IP rights from publicly-funded R&D; and
iv) Number of new R&D-led industrial development opportunities initiated by the Department.

Outcome 5: Knowledge utilisation for inclusive development

Outcome 5 seeks to advance the vision of an inclusive and responsive NSI that provides equitable access to the country's knowledge infrastructure, and supports the broader concept of innovation. The two outcome indicators against which performance will be measured are:

i) Grassroots innovations whose commercialisation has been facilitated by the support / access of the multi-tiered support package provided by the Department and its entities; and
ii) Publicly-funded IP made available (accessible) in support of grassroots innovators.

Outcome 6: Innovation in support of a capable and development state

Deploying national STI interventions is a challenge because the Department does not have a concurrent function within provincial and local government. However, the Department contributes to the development of an innovation ecosystem and a capable and developmental state via its Regional Innovation Support programmes. Outcome 6 seeks to increase the spatial footprint of innovation support so that innovation will enable localised socio-economic development. The four outcome indicators against which performance will be measured are:

i) Increase in the number of use cases of decision support systems;
ii) Number of demonstrators that have successfully introduced a new way of delivering a service;
iii) Number of districts / metros supported with technology-based applications as part of the District Development Model for Service Delivery Improvement; and
iv) Evidence informed integration of innovation in service delivery.

2.4. Economic Reconstruction and Recovery Plan

The COVID-19 pandemic presents an opportunity to address long-term structural deficiencies in the South African economy and place the economy on a new path to growth and job creation. The recently launched South African Economic Reconstruction and Recovery Plan (ERRP) aims to forge this new growth path, which will rely on massive rollout of infrastructure; a new paradigm for energy; an employment stimulus to create jobs and support livelihoods; renewed support to grow South African businesses; and fast-track reform measures for a competitive and inclusive economy.

Science, technology and innovation is central to building this new economy, and the Department through its six Strategic Outcomes comprehensively supports the priority areas of the ERRP. In this regard, continued long-term investment in RDI in South Africa over the years will be leveraged to contribute to economic reconstruction and recovery in three areas. Namely, RDI to revitalise and modernise existing industries/sectors; RDI that creates new sources of growth and stimulates R&D-led industrial development; and RDI in support of a capable and developmental state. The key sectors that will be supported, mainly through supporting sector master plans, include agriculture, mining and minerals beneficiation, and manufacturing.

3. VOTE 35: SCIENCE AND INNOVATION (2021/22)

The President stated in the 2021 State of the Nation Address that the overriding priorities of 2021 were to (i) defeat the coronavirus pandemic, (ii) accelerate economic recovery, (iii) implement economic reforms to create sustainable jobs and drive inclusive growth, and (iv) strengthen the state and fight corruption. The Department's 2020-2025 Strategic Outcomes details how STI can support/drive the realisation of these priorities. In particular, the COVID-19 pandemic elicited an unprecedented deployment of the global science and innovation community, and undeniably, offers the only exit strategy from COVID-19. Furthermore, digital technologies have played a pivotal role in ensuring that certain businesses maintain their operations. This enabled parts of the economy and society to continue working; thereby, mitigating the impacts of the pandemic. COVID-19 has also exacerbated the great inequalities that exist among societies.

The pandemic, more so than other recent crises, has emphasised the importance of science and innovation to both prepare for and react to future crises, and has highlighted the need to ensure that STI policies direct RDI efforts toward achieving socio-economic and environmental sustainability, inclusivity and resilience. Hence, the resurgence of thought that advocates that science, technology and innovation should be considered as an investment, and not merely as an expenditure item against the national fiscus.

The Department has made and continues to make a significant contribution to combatting and mitigating the impacts of the COVID-19 pandemic. Included in these, the Department reprioritised R69 million for R&D at the onset of the pandemic. This funded, among many others, projects on genomic surveillance that led to South Africa discovering the first variant of COVID-19, which sensitized the global scientific community to how this virus mutates. The Department funded social science and humanities research in support of the National Coronavirus Command Council and Cabinet to better respond to the pandemic. Furthermore, a national COVID-19 monitoring and tracking observatory has also been established. The Department is also a key stakeholder in the national vaccination programme through its 47.5% shareholding in Biovac, the company currently storing and distributing the vaccines. In addition, the Department leads the focus area that looks at the development of a South African COVID-19 vaccine, as well as the development of broader vaccine manufacturing, production and distribution capacity in the Inter-Ministerial Committee on Vaccines.

The 2021 Budget is framed by the two policy objectives set out in the 2020 Medium Term Budget Policy Statement (MTBPS), which are to promote economic recovery and return public finances to a sustainable position. Hence, fiscal policy continues to focus on short-term economic support, pro-growth fiscal consolidation and debt stabilisation. The 2021 Budget proposes total consolidated spending of R2.02 trillion, with 56.8% of allocations going to learning and culture (R402.9 billion), health (R248.8 billion) and social development (R335.3 billion). Rising debt-service costs consume R269.7 billion, or 13.4% of the budget.

The 2021/22 consolidated government expenditure for innovation, science and technology is R17.4 billion (R15.4 billion in 2020/21, revised estimate), which is 1% of the total Medium Term Expenditure Framework (MTEF) allocation and 8.4% of the consolidated economic development expenditure of R207.5 billion.

3.1. 2021/22 Budget Allocation to Vote 35: Science and Innovation

Over the medium-term, the Department will focus on producing new knowledge; generating and exploiting knowledge and innovation for inclusive economic development; health care innovation; developing human capital; developing infrastructure; and championing innovation in the energy sector. The Department's allocation, over the medium term, is expected to increase at an average annual rate of 8.3% from R7.3 billion in 2020/21 to R9.2 billion in 2023/24. For this period, R25.6 billion is allocated for Transfers to entities for investment in key focus areas.

However, over the medium term, Cabinet approved budget reductions of R1.7 billion, which has been effected on compensation of employees (natural attrition and not filling vacant posts); selected goods and services items; and transfers to public entities.

The Department's 2021/22 budget allocation increases from R7.3 billion in the 2020/21 financial year to R8.9 billion (Table 1). This represents, when adjusted for inflation, a real increase of 17.8% and closely returns the Department's allocation to what it was in 2020 (R8.8 billion) before the budget cuts to meet the needs of the national COVID-19 response. In terms of economic classification, the apportionment of the Department's 2021/22 budget allocation of R8.9 billion remains the same as in previous years and comprises Current payments of R566.5 million (6.3%), Transfers and subsidies of R8.4 billion (93.6%), which increases from R6.8 billion in 2020/21, and Payments for capital assets of R2.9 million (0.03%).

Over the medium term, the Department has set aside R5.3 billion to scale up interventions supporting the local production of ventilators, nano-satellites, hydrogen fuel cell technologies, renewable energy R&D, and pilots such as the KwaZulu-Natal Research Innovation and Sequencing Platform (KRISP). Furthermore, the

Department and National Treasury will publish, in 2021, a discussion paper inviting public comment on the future of the Research and Development Tax Incentive, which expires on 1 October 2022. In relation to public-sector infrastructure, the Space Infrastructure Hub, allocated R4.5 billion sourced through the President's sustainable infrastructure development symposium, is a South African National Space Agency (SANSA) programme that aims to use space data as a tool for national development and supporting commercial uses in areas such as remote sensing, navigation and space sciences. The hub will allow for the development of satellite infrastructure, satellite-based augmentation systems and earth observation satellites.

Table 1: Budget summary of the Department of Science and Innovation 2021/22

Programme	2020/21 Adjusted appropriation (R' million)	2021/22 Budget allocation (R' million)	Percentage of total budget	Nominal percentage change in 2021/22	Real percentage change in 2021/22 (inflation-adjusted)
1. Administration	304.1	328.2	3.7	7.9	3.6
2. Technology Innovation	1 378.3	1 780.2	19.9	29.2	24.0
3. International Cooperation and Resources	116.8	146.6	1.6	25.5	20.5
4. Research, Development and Support	3 745.2	4 949.2	55.4	32.1	26.8
5. Socioeconomic Innovation Partnerships	1 733.8	1 729.0	19.4	-0.3	-4.3
Total	**7 278.3**	**8 933.3**	**100%**	**22.7%**	**17.8%**

Notable changes in allocations include:

Goods and services:

- The allocation for Consultants: Business and advisory services increases from R13.6 million to R21.8 million.
- The allocation for Travel and subsistence increases to pre-2020 levels, from R19.2 million to R60.6 million.

Transfers and subsidies:

- The allocation for Innovation projects research increases from R171.4 million to R503.3 million. This allocation supports innovation activities and aims to increase, commercialise and use publicly funded IP.

- The allocation for Science awareness and initiatives to encourage youth participation in science increases from R33.5 million to R91.6 million.
- The allocation for the Square Kilometre Array's (SKA) capital contribution to research increases from R456.6 million to R802.4 million. This is driven by the additional 20 antennae that will be added to the MeerKAT.
- The allocation to the Council for Scientific and Industrial Research (CSIR): Mining R&D increases from R41.7 million to R63.5 million.
- The allocation to the CSIR: Cyberinfrastructure R&D increases from R60.2 million to R272.1 million. This is the next tranche of funding to enhance the National Integrated Cyberinfrastructure System, which is allocated R3.6 billion over the medium term.

The 2020 Special Adjustment Budget impacted the Department's plans in the following broad areas:

- Infrastructure (the SKA, the National Integrated Cyber Infrastructure System and the South African Research Infrastructure Roadmap).
- Human capital development in designated areas of advanced manufacturing, aerospace, chemicals, mining, advanced manufacturing, ICTs and the Industry Innovation Programme, including the Sector Innovation Fund and the green economy.
- Science awareness initiatives.
- Knowledge and innovation products generated.

The 2021/22 budget allocation seems to restore these funding commitments to 2020 levels and focuses more strongly on innovation activities.

3.2. 2021/22 Budget Allocation to Departmental Programmes

The Department's budget funds five major programmes, namely:

- Programme 1 – Administration
- Programme 2 – Technology Innovation
- Programme 3 – International Cooperation and Resources
- Programme 4 – Research, Development and Support
- Programme 5 – Socio-economic Innovation Partnerships

These programmes fulfil the Department's mandate of realising the full potential of STI in social and economic development. The percentage budget allocation to the Programmes remains essentially the same as in previous financial years and Programmes 2, 4 and 5 that are responsible for the Transfers to the Department's entities, receive 94.7% of the Department's total budget allocation.

For 2021/22, the Department has translated its planned performance into 53 performance indicators.

3.2.1. Programme 1: Administration

Programme 1 provides strategic leadership, management and support services to the Department and is responsible for six of the Department's 2021/22 performance targets. It has four sub-programmes; namely, Ministry, Institutional Planning and Support (IPS), Corporate Services (CS) and Office Accommodation.

Programme 1's R328.2 million, which increases in real terms by 3.6%, will mainly be spent on salaries (R170 million) and on Goods and services (R140.1 million). Approximately 58% of the Department's staff are employed in Programme 1. The sub-programmes, IPS and CS, being responsible for strategic and operational planning, management, monitoring and evaluation, receives the bulk of Programme's 1 allocation. Notable budget allocations under Goods and services comprise R15.5 million of the total R21.8 million for Consultants, and R35.9 million of the total R60.6 million for Travel and subsistence. Programme 1 administers and funds the operations of the National Advisory Council on Innovation (NACI) and transfers R15.3 million to non-profit institutions for Institutional and programme support research.

The Department states that 2021/22 will be devoted to finalising the STI Decadal Plan and that implementation thereof will commence in 2022/23. The planned activities for 2021/22 include consultations with NSI stakeholders during quarter 2, and aligning the strategic plans and APPs of the Department and its entities and the CSIR's Shareholder Compact to the priorities of the STI Decadal Plan in quarters 3 and 4.

3.2.2. Programme 2: Technology Innovation

Programme 2 enables R&D in space S&T, energy security, the bioeconomy, and in the areas of nanotechnology, robotics, photonics and indigenous knowledge systems (IKS), and promotes the realisation of commercial products, processes and services from these R&D initiatives. In addition, through the implementation of enabling policies and interventions along the entire innovation value chain, promotes the protection and utilisation of IP, technology transfer and technology commercialisation. It is responsible for 15 of the Department's 2021/22 performance targets. Programme 2 has five sub-programmes and one specialised service delivery unit (SSDU). These are Space Science, Hydrogen and Energy, Bio-innovation, Innovation Priorities and Instruments (IPI), the Office of the Deputy Director-General (DDG), and the National Intellectual Property Management Office (NIPMO).

Programme 2 receives R1.78 billion of the Department's total allocation, which increases in real terms by 24% (17.7% in 2020/21 before the two budget adjustments). The IPI sub-programme that supports and strengthens the policy initiatives that aim to create and sustain an enabling environment for innovation, technology development and the commercialisation of products from publicly funded R&D, continues to receive the largest share of Programme 2's budget, as well as the largest increase to its allocation, growing in real terms by 46.7% (35.3% in 2020/21 before the two budget adjustments). Over the medium term, the annual allocation of approximately R55 million to NIPMO is sustained and is estimated to total R166.5 million. The remaining funds are relatively equally distributed between the Space Science, Hydrogen and Energy and Bio-innovation sub-programmes, with only Space Science receiving an above-inflation increase in 2021/22. Thereafter, the annual allocation to Space Science decreases to approximately R210 million for the two outer years of the MTEF.

Approximately 96% (R1.7 billion) of Programme 2's budget is allocated to Transfers and subsidies, with the Technology Innovation Agency (TIA) and SANSA receiving R447.7 million and R202.2 million, respectively. Space science research is also allocated R32.4 million from the Economic Competitiveness and Support Package. However, from 2022 the transfer to SANSA returns to 2020 levels of approximately R161 million. Furthermore, the stated emphasis on innovation reflects in a transfer to Departmental agencies: Various institutions for Innovation projects research amounting to R1.5 billion over the medium term, with the 2021/22 allocation being R503.3 million; a significant increase from the 2020/21 allocation of R171.4 million and a further significant increase from the 2019/20 allocation of R14.9 million. The significantly increased transfers (from 2019/20) to Public corporations: Various institutions for Emerging research areas is sustained and amounts to R356.6 million over the medium term, with R116.7 million transferred in 2021/22. The latter supports research in fields related to the Fourth Industrial Revolution. Furthermore, the allocation to Non-profit institutions for Health Innovation Research is sustained at approximately R54 million per annum over the medium term.

A notable change in allocation is the decrease from R16.8 million to R6.6 million, and thereafter R6.8 million, to the National Research Foundation for R&D in Indigenous Knowledge Systems (IKS). These funds will be used to fund activities related to the implementation of the Protection, Promotion, Development and Management of Indigenous Knowledge Act. In addition, under Goods and services, spending on Entertainment increases from R600 000 to R3.5 million. No funds were allocated to this item from 2017 to 2019.

Strategic policy initiatives that will receive specific attention over the medium term include continuing the work to establish the Innovation Fund, which will support the commercialisation of locally developed IP. The Department will undertake reviews of TIA and SANSA; and amend the Intellectual Property Rights from Publicly Financed Research and Development Act (IPR Act). A Business case for commercial space launch capability in South Africa and the Hydrogen Society Roadmap will also be developed.

3.2.3. Programme 3: International Cooperation and Resources

Programme 3 supports South Africa's foreign policy through science diplomacy. Hence, it develops, promotes and manages international relationships, opportunities and science and technology (S&T) agreements that both strengthen the NSI and enable an exchange of knowledge, capacity and resources between South Africa and its international partners, with a focus on supporting STI capacity building in Africa. It is responsible for nine of the Department's 2021/22 performance targets. Programme 3 has four sub-programmes; namely, Multilateral Cooperation and Africa, International Resources, Overseas Bilateral Cooperation and the Office of the DDG.

Programme 3 receives R146.6 million of the Department's total allocation, which increases in real terms by 20.5%. The percentage distribution of the allocation between sub-programmes stays the same as in previous financial years. However, the allocation to Overseas Bilateral Cooperation increases significantly, returning it close to pre-2020 levels. In terms of economic classification, notable increases in allocations to Travel and subsistence (from R300 000 to R7.3 million) and Venues and facilities (from R100 000 to R4.1 million) signifies a return to pre-COVID-19 activities. Transfers and subsidies amount to R74.5 million (R59.7

million in 2020/21), comprising R16.7 million for the NRF, who manages Bilateral cooperation for global science development agreements on behalf of the Department; R47.3 million for Non-profit institutions for Global science: International multilateral agreements and R10.5 million for Global science: African multilateral agreements. The latter two transfers to Non-profit institutions have increased significantly from 2019 levels, where International multilaterals received approximately R21 million and African multilaterals received R3.7 million.

Over the medium term, Programme 3 aims to:

- Maximise South Africa's strategic interests in international cooperation in STI by promoting a transformed, inclusive, responsive and coherent NSI in 129 resource-leveraging engagements;
- Develop human capabilities and skills for the economy and development by securing participation opportunities for 978 (326 per annum) South African students in international programmes;
- Use knowledge for economic development in support of 45 Southern African Development Community (SADC) and African Union (AU) initiatives by revitalising existing industries and stimulating research and development-led industrial development, specifically targeting objectives related to the SADC Regional Indicative Strategic Development Plan (RISDP); and
- Support innovation for a capable state by engaging 36 STI leaders in multilateral forums.

3.2.4. Programme 4: Research, Development and Support

Programme 4 seeks to provide an enabling environment for research and knowledge production that promotes the strategic development of basic sciences and priority science areas through science promotion, human capital development and the provision of research infrastructure and relevant research support, in pursuit of South Africa's transition to a knowledge economy. It is responsible for 13 of the Department's 2021/22 performance targets. Programme 4 has five sub-programmes; namely, Human Capital and Science Promotions, Science Missions, Basic Science and Infrastructure, Astronomy and the Office of the DDG.

Programme 4 is allocated R4.95 billion (55.4%) of the Department's total allocation. The increase in Programme 4's budget, once adjusted for inflation, represents a real increase of 26.8% (2.3% real increase in 2020/21 before the two budget adjustments). The significant increases in the allocations to Basic Science and Infrastructure, and Astronomy is driven largely by the ongoing development of the national integrated cyberinfrastructure system, the initiation of the establishment of four large research infrastructures (RI) under the South African Research Infrastructure Roadmap, and the construction of the additional MeerKAT antennae.

In terms of economic classification, notable increases in allocations to Travel and subsistence (from R2.9 million to R8.3 million) and Venues and facilities (from R800 000 to R2.4 million) signifies a return to pre-COVID-19 activities. Transfers and subsidies constitute 98.9% (R4.89 billion) of Programme 4's total budget with the Academy of Science of South Africa (ASSAf), NRF and CSIR receiving R33.2 million, R3.4 billion and R272.1 million, respectively. Other notable transfers include R829.2 million to Various institutions for Infrastructure projects for R&D, R802.4 million (R456.6 million in 2020/21) for the SKA and R91.6 million (R33.5 million in 2020/21) to Various institutions for Science awareness, research and initiatives to encourage youth participation in science.

Strategic initiatives that will receive specific attention include developing a policy framework for the establishment of a South African Research Cloud in line with the National Open Science Policy; implementing the new Transformation and Postgraduate Funding Policies; implementing the reporting framework on postgraduate support across all DSI programmes; expanding the Research Output Submission System to include research outputs of research institutions other than universities; completing the PhD Tracer Study; undertaking a consultative process for the development of an Astro-Tourism Strategy; and reviewing the astronomy institutional landscape with a view to establishing an Astronomy Institute.

3.2.5. Programme 5: Socio-Economic Innovation Partnerships

Programme 5 seeks to enhance the growth and development priorities of government through targeted STI interventions and the development of strategic partnerships with all levels of government, industry, research institutions and communities. It is responsible for 10 of the Department's 2021/22 performance targets. Programme 5 has five sub-programmes; namely, Sector Innovation and Green Economy, Innovation for Inclusive Development, Science and Technology Investment, Technology Localisation, Beneficiation and Advanced Manufacturing, and the Office of the DDG.

Programme 5 receives R1.7 billion of the Department's total budget allocation, and is the only Programme which receives less than its 2020/21 allocation. Only Sector Innovation and Green Economy, and Science and Technology Investment receive real increases to their allocations; whereas, the allocation to Technology Localisation, Beneficiation and Advanced Manufacturing decreases by R92.1 million. Approximately 96.9% (R1.67 billion) of Programme 5's budget is allocated to Transfers and subsidies, with the NRF, Human Sciences Research Council (HSRC) and CSIR receiving R11 million, R329.6 million and R1.04 billion, respectively.

Strategic initiatives that will receive specific attention include strengthening the policy and programme alignment with the Department of Higher Education and Training; expanding the knowledge fields associated with new sources of growth and industrial development priorities; contributing to sector R&D plans; supporting the District Development Model; and strengthening skills for the economy.

4. ENTITIES OF THE DEPARTMENT OF SCIENCE AND INNOVATION

The Committee considered the 2021/22 Annual Performance Plans of the CSIR, HSRC and NRF. The entities are funded through a Parliamentary grant, specific project and/or contract funds, or from income generated from research and commissioned projects, or from income generated from royalty, publishing, membership, registration and/or facility fees. The Parliamentary grant (also called the baseline allocation) is the guaranteed, annual allocation from the Department to its entities. The 2021/22 Parliamentary grants are:

1. Academy of Science of South Africa – R33.2 million
2. Council for Scientific and Industrial Research – R978.4 million
3. Human Sciences Research Council – R314.4 million
4. National Research Foundation – R962.6 million
5. South African National Space Agency – R202.2 million
6. Technology Innovation Agency – R447.7 million

4.1. Council for Scientific and Industrial Research

The CSIR's mandate is to foster, through directed and multidisciplinary research and technological innovation, industrial and scientific development. As such, the CSIR researches, develops, localises and diffuses technologies to accelerate socioeconomic prosperity in South Africa. The CSIR's Strategy, aligned to priorities contained in the NDP, MTSF, STI White Paper and the ERRP, responds to global and local socioeconomic and technological megatrends and South Africa's challenges and opportunities. The Strategy defines technology sector clusters that seek to balance scientific and industrial development by amplifying industrial development in priority, high-impact economic sectors through RDI. The Strategy defines priority industries as those industries that:

- Present the greatest potential for socioeconomic impact according to a robust set of economic and social criteria that are both forward looking and reflective of the current status; and
- To varying extents, dependent on R&D, are amenable to stimulation through innovation, and thus offer opportunities for the CSIR to pursue.

To execute the strategy, the CSIR regrouped its RDI activities into nine Technology Sector Clusters. These prioritised industry clusters and their key focus areas are:

- Advanced Agriculture and Food, which innovates to strengthen primary production, agro-processing and advance rural economies.
- Future Production: Chemicals, which seeks to establish state-of-the-art (bio)-chemistry to drive local pharmaceutical and the broader chemical industries.
- Next Generation Health, which develops technologies to drive improved health outcomes and patient-centric healthcare delivery.
- Future Production: Manufacturing, which strengthens the manufacturing value chain to enhance industry competitiveness
- Future Production: Mining, which supports the growth and revitalisation of the mining industry.
- Defence and Security, which builds resilient defence and security capabilities to strengthen national security technology capacity.
- Smart Places, which effects smarter resource use, sustainable economic growth and smart infrastructure and service developments.
- Smart Mobility, which enables South Africa to have an efficient, effective and integrated logistics sector.
- Next Generation Enterprises and Institutions, which supports the digitalisation of government, public institutions and the private sector.

The CSIR derives its income from contract R&D from the public sector, private sector and international customers; the Parliamentary grant; and royalties and licensing income. The largest portion of the CSIR's income is contract R&D from the public sector, followed by the Parliamentary grant. It is the intention of the CSIR, as part of its new strategy, to diversify its income sources by particularly increasing income from the private sector, international customers, as well as royalties and licensing.

COVID-19 and reductions to the Parliamentary grant have negatively impacted the implementation of the CSIR's strategy and hampered the CSIR's ability to invest in the sustainability and development of new capabilities. Despite this, the CSIR has made a significant contribution in supporting the national and private sector response to COVID-19. The CSIR's planned programmes will support the country's economic and recovery plan and the 2021/22 operational plan is based on an aggressive growth of collaboration with the private sector in the face of declining public sector income, in order to sustain the CSIR going forward.

The CSIR has budgeted for an increase of 9.1% in total operating revenue (R2.9 billion). Contract income and baseline grant funding increase on a comparative basis by 11.2% (R2.1 billion) and 3% (R725.5 million) respectively. Income from the South African public sector and South African private sector is budgeted to increase by 10% and 7.7% respectively, based on secured contracts and current engagements with stakeholders and clients to secure contracts for proposals submitted. International contract income is budgeted to increase by 17.6% as a result of repositioning the CSIR's value proposition within the international market. Included in contract income from the South African public sector is the Cyberinfrastructure ring-fenced allocation from the DSI. The budgeted investment in property, plant and equipment (PPE) for the 2021/22 financial year is R 122.4 million. The CSIR is committed to investing in infrastructure to contribute to scientific and industrial development objectives, as well as the development of the research campus of the future as guided by the Campus Master Plan (CMP). Currently, funding by National Treasury through the DSI, amounting to R155.2 million (excluding VAT) over three years, is being invested in research infrastructure intended to impact the pharmaceutical, manufacturing, smart mobility and infrastructure industries.

The CSIR will continue with wage freezing and budget cuts on goods and services in the 2021/22 financial year and cost containment initiatives (operational efficiencies) will also continue. This will; however, have a negative impact on operations as it would become more difficult to attract and retain talent in a period of prolonged wage freezes.

Total expenditure is budgeted to increase in 2021/22 by 10.5% on the 2020/21 forecast, with employee remuneration costs and depreciation budgeted to increase by 10.1% and 23.6% respectively. Operating expenses are expected to increase by 9.2%. Royalty income is budgeted at R2 million and is based on current registered license agreements. The 2021/22 budget indicates a net loss of R96.1 million.

4.2. Human Sciences Research Council

The HSRC's mandate is to:

- Initiate, undertake and foster strategic basic and applied research in human sciences, and to address developmental challenges in the republic, elsewhere in Africa and in the rest of the world by gathering, analysing and publishing data relevant to such challenges, especially by means of projects linked to public sector oriented collaborative programmes;
- Inform the effective formulation and monitoring of policy, as well as evaluate the implementation thereof;
- Stimulate public debate through the effective dissemination of fact-based research results;
- Help build research capacity and infrastructure for the human sciences;
- Foster research collaboration, networks and institutional linkages;
- Respond to the needs of vulnerable and marginalised groups in society through research and analysis of developmental issues, thus contributing to the improvement of the quality of their lives;
- Develop and make available data sets underpinning research, policy development and public discussion of developmental issues; and
- Develop new and improved methodologies for use in the development of such data sets.

The HSRC will continue its focus on poverty and inequality over the current five-year strategic plan period. Through its vision of being a national, regional and global leader in the production and dissemination of transformative social science and humanities research in the interests of a just and equal society, the HSRC will contribute to addressing the major developmental challenges in South Africa and on the continent. It will use its knowledge-production abilities to support national developmental priorities by:

- Contributing to poverty alleviation;
- Offering solutions to reduce the inequality gap; and
- Facilitating innovation around employment creation.

The work of the HSRC is structured around two broad programmes; namely, Administration and Research, development and innovation.

Programme 1: Administration - Is responsible for the strategic direction and overall management of the HSRC. An Impact Centre was established in 2020 to focus on research use and impact, providing support and mechanisms for collaboration, convening and communicating the HSRC's work so that it is able to position itself as the flagship for human and social sciences research in the country. A coherent and articulated strategy that helps answer the questions underpinning impact is being combined with a process for making the HSRC's work more visible. This work informs reporting on a key indicator of the extent to which there is uptake and utilisation of the knowledge produced at the HSRC to create impact in communities. The Administration Programme further provides centralised shared services to support the core research activities and ensure that such activities comply with good governance principles, applicable legislation and funder requirements.

Programme 2: Research, development and innovation - Conducts basic and applied research in order to generate and apply knowledge with a distinct social science and humanities focus to support national developmental priorities. It comprises the following sub-programmes:

- Inclusive economic development
- Human and social capabilities
- Developmental, capable and ethical state
- Africa Institute of South Africa
- Centre for Science, Innovation and Technology Indicators

The HSRC faces the challenge of a limited number of senior researchers, who are required not only to raise funds, but also to implement a range of contract research projects, and reach scholarship targets.

As was highlighted in all previous institutional reviews, as well as in a climate survey conducted among all HSRC staff in 2016, the organisation needs to employ more senior researchers on permanent conditions of service to ease the burden of fund raising, and to provide reliable mentoring to its research trainees. Filling of vacancies for senior research staff has been constrained by salary caps implemented by National Treasury and further reductions in the allocation for the Compensation of Employees (CoE). While the appointment of additional, new research staff is not possible to the extent required, opportunities for providing tenure to existing staff are being considered within the framework of enabling organisational policies. The HSRC's staff complement for 2020/21 was estimated at 502 and is expected to reduce gradually over the next three years, with salary cost adjustments being effected annually in line with inflation and Treasury instructions.

The organisation has historically struggled to achieve its transformation targets at senior researcher levels. Resignation data show that black researchers are in demand and are offered very high salaries in the university and private sectors. The HSRC loses its transformation capital when it loses these researchers.

The current financial model of the HSRC depends significantly on external funding to support research and the broader mandate of the HSRC. The recently audited ratio of parliamentary funding to external income for the financial year ending 31 March 2020 is 61:39. Given the current economic climate, it is unlikely that the HSRC will be able to grow its external income while public and private funders are under pressure to redirect and reprioritise funding. It is envisaged that even committed funding might be withdrawn as funders are under pressure to redirect money elsewhere. Furthermore, in direct response to the declining Parliamentary grant, the HSRC has for the past two years not offered performance-based bonuses to its staff, nor was it able to afford staff any cost-of-living salary adjustments. In addition, while the filling of critical vacancies is delayed, the mounting pressure to alleviate strain on the salary bill will impede the appointment of additional PhD trainees over the short and medium-term.

The HSRC business model and reporting standards comply with requirements set by the Public Finance Management Act (PFMA). While the PFMA intends to provide an enabling, performance-oriented, transparent and accountable business environment for government departments and public entities, some provisions are arguably a better fit for government departments than for entities such as the HSRC. For instance, the PFMA intends to promote a fair, open and transparent procurement process, and Treasury Regulations pertaining to supply chain management and preferential procurement are also clearly intended to promote these principles. However, the constraints placed by the promulgation and interpretation of some Treasury Regulations place a dual burden on the HSRC in terms of its business and funding model. These include:

- Ability to form long-term collaborative and funding relationships: Because of the onus placed on government departments to procure services in the open market, it is very difficult for the HSRC to form long-term relationships with government departments, where the HSRC is able to help inform research strategies and priorities, and also to be appointed to perform or help co-ordinate research intended to deliver on these strategies.
- Flexibility and dexterity of research partnerships when responding to funding opportunities: The HSRC is expected to follow open and transparent procurement processes when looking for trusted collaborators in research projects. This principle works better when supplies are sourced than when specialised services are sourced. When the HSRC has to respond to competitive funding opportunities at short notice, such a procurement regimen is especially not viable.

The HSRC is working with outdated equipment and has no dedicated capital expenditure allocation for infrastructure. Although it has platforms to showcase longitudinal survey information and to share data, these are not state-of-the-art. The extent of the risks around the organisation's lack of IT infrastructure and resources has been emphasised as staff were required to work from home and as cybersecurity alerts were once again raised globally. The HSRC will increasingly be reliant on IT infrastructure to conduct day-to-day work and deliver on projects.

A substantial allocation for IT infrastructure was enabled through retained earnings at the 2019/20 financial year-end, and with the approval of the National Treasury. However, with no capital expenditure allocation or dedicated budget allocation for IT support and infrastructure, this remains a major obstacle.

Total revenue for 2021/22 is estimated to be R544.3 million, with the Parliamentary grant constituting 45% of the total revenue. Salaries constitute 51% of the total expenditure. Programme 1 is allocated 43% and Programme 2 is allocated 57% of the total estimated 2021/22 budget.

4.3. National Research Foundation

The NRF contributes to national development by:

- Supporting, promoting and advancing research and human capacity development, through funding and the provision of the necessary research infrastructure, in order to facilitate the creation of knowledge, innovation and development in all fields of science and technology, including humanities, social sciences and indigenous knowledge;
- Developing, supporting and maintaining national research facilities;
- Supporting and promoting public awareness of, and engagement with, science; and
- Promoting the development and maintenance of the national science system and support of Government priorities.

The strategic objectives of the NRF over the next decade are to shape, influence and impact the national research system; to establish itself as a thought leader and source of knowledge within the science sector; to create a clear, causal relationship between research and national development; to have a transformative effect on the national research enterprise and the relationship between science and society; and to enable, initiate, facilitate and perform excellent research with direct and indirect impact, whether immediate or long term, that extends the frontiers of knowledge, addresses national challenges and defines a sense of place for South Africa within the global knowledge enterprise.

The three NRF Strategic Plan Outcomes; namely, (1) a transformed (internationally, competitive and sustainable) research workforce, (2) enhanced impact of the research enterprise, and (3) enhanced impact of science engagement, and its outcome indicators and targets directly commit the organisation to deliver against MTSF Priorities 2 (economic transformation and job creation) and 3 (education, skills and health). Through its internationalisation and strategic investments, the NRF will make a contribution to the achievement of outcomes for other MTSF priorities, especially Priority 7 (better Africa and World). A fourth strategic outcome seeks to ensure that the NRF is a fit-for-purpose, transformed organisation.

The NRF is organised into four programmes; namely:

Programme 1 - Corporate – provides enabling systems and structures that support effective and efficient governance, strategy and planning capacity, and shared services.

Programme 2 - Science Engagement - leads and coordinates the discourse on science with and for society. Programme 2 supports the imperative of developing a scientifically literate society through a deliberate strategic focus on engaged research; enabling public access to research and science engagement infrastructure; support for the development of STEM education; building science engagement capacity and capability; and facilitating collaborations through private sector partnerships in science engagement.

Programme 3 - Research and Innovation Support and Advancement (RISA) - supports and promotes research through the development of human capacity, the generation of knowledge, and the provision of, and access to, cutting-edge research infrastructure. Programme 3 is responsible for Reviews and Evaluations; Grants Management and Systems Administration; Knowledge Advancement and Support; Research Chairs and Centres of Excellence; and Human and Infrastructure Capacity Development.

Programme 4 - National Research Infrastructure Platforms (NRIP) - provides leading-edge research infrastructure platforms in support of knowledge generation, innovation and human capacity development. Programme 4 incorporates the five National Research Facilities in the thematic areas of nuclear sciences; biodiversity and environmental sciences; astronomy and geodetic sciences and supports other evolving research infrastructure platforms.

The NRF is primarily funded by a Parliamentary grant (20%) and contract funding received from the DSI (71%). The balance of funds relates to contract funds from other government departments, entities and private institutions (6%) as well as income generated through sales and interest income (3%). The NRF's Parliamentary grant has been historically underfunded and is under severe strain from past reductions due to fiscal constraints, ongoing austerity measures and the recent 2020 MTEF reduction of R763 million due to the impact of the COVID-19 pandemic. Considering that the National Research Facilities are largely funded from the Parliamentary grant, the impact is likely to affect their performance and sustainability. This will need careful management and the real risk will be to ensure the upkeep of and access to facilities. The fluctuation and volatility of the Rand against major foreign currencies further exacerbate the challenge as the maintenance and upkeep costs of scientific infrastructure far outpace inflation, since specialised materials and equipment are imported.

The NRF estimates that its total income will be R4.8 billion for the 2021/22 financial year. Research grants and bursaries at R2.5 billion account for 57% of the total NRF expenditure.

The NRF's Strategic Plan can only be implemented effectively with the necessary financial resources, both for the NRF and for the knowledge enterprise as a whole. Hence, sustainable and dependable resources are required for a thriving research enterprise. It is crucial that the NRF receives adequate resources, with sufficient predictability, to allow for long-term planning and sufficient flexibility to enable strategic decision making for maximum impact. This is a key challenge for the NRF. Moreover, government allocations to the NRF have not increased in real terms and the majority of the funding allocated to the organisation from Government is already earmarked (75%), leaving only 25% for the NRF to invest in a balanced portfolio of strategic priorities. The NRF is of the view that this funding model inhibits it from determining where funding would best serve the knowledge enterprise and national development. Hence, it requires a revised funding model to ensure greater flexibility and maximum impact of investments. Greater resource flexibility will allow the organisation to invest in areas of maximum impact to increase societal and knowledge impact. To this end, the NRF has initiated a process of developing a strategically orientated funding framework that would enable a greater degree of planning and that would permit the NRF greater efficacy in achieving its mandate and strategy.

5. COMMITTEE DELIBERATIONS

In concluding its deliberations on Budget Vote 35: Science and Innovation, the Committee commended the Department and the Entities for the work they do and for formulating coherent strategies and performance plans. Furthermore, the Committee noted the following:

5.1. Department of Science and Innovation

5.1.1. The recent approval by Cabinet of the draft STI Decadal Plan was welcomed by the Committee.

5.1.2. Noting that the Department has a mandate to deliver on Government's national priorities, the Committee raised its concern about the evident financial sustainability challenges and declining parliamentary grant (in real terms) and the effect of these on research and innovation output.

5.1.3. The Committee drew particular attention to the impact this would have on the crucial role science and innovation has to the national effort to curb COVID-19 and the expectation to ensure that the country recovers from the impact of COVID-19 and transforms the economy.

5.1.4. Transformation of the STI sector in terms of human capacity, organisational composition, and the R&D focus areas; requires deliberate, well considered, and adequately resourced interventions. Hence, the Committee is keen to receive briefings by the Department on these important policy interventions (for example, the new transformation framework and postgraduate funding policy), which aim to chart a new trajectory for the future development and enhancement of South African STI.

5.1.5. The Committee expressed its concern that fewer postgraduate students are being funded as a result of budget cuts and the policy to support the full-cost of postgraduate studies.

5.1.6. The Committee acknowledges that the mainstreaming of Indigenous Knowledge (IK) has a crucial role to play in contributing to the transformation agenda. They noted that limited resources have resulted in funding being reprioritised from the IK R&D programme to ensure the ongoing implementation of the Protection, Promotion, Development and Management of Indigenous Knowledge Act.

5.1.7. The Committee stressed the importance that science and innovation be inclusive and that they would like to see the enhancement of programmes that support Grassroots Innovations to provide greater opportunities for young people to innovate even if they are not graduates or within the science institutional system.

5.1.8. The Committee encouraged for continued engagement to ensure that expenditure on R&D by the private sector increases.

5.1.9. The Committee noted that the Research and Development Tax Incentive programme would end in October 2022 and is hopeful that the Programme will continue beyond this period.

5.1.10. The Committee welcomed the Department's efforts to support the District Development Model to ensure that science and innovation enhances service delivery and drives sustainable development. They expressed interest that the Department provide a more detailed brief once the audit about their support in this area had been concluded.

5.1.11. The Committee acknowledged that enhanced coordination where science and innovation issues are transversal is also necessary at Parliamentary level among the various Portfolio and Select Committees and undertook to increase joint activities with its counterparts in both Houses.

5.1.12. The Committee commended the Department and its entities for their prominent role in ensuring that science and innovation transforms and drives economic growth and is implemented widely to serve the needs of all South Africans.

5.2. Council for Scientific and Industrial Research

5.2.1. The Committee, impressed by the level and scope of the work undertaken, further encouraged that all programmes should reflect inclusivity and intersectionality.

5.2.2. The Committee expressed concern in relation to the ongoing challenges regarding the impact of procurement regulations on the ability of the CSIR to source contract income from the public sector.

5.2.3. The Committee was concerned about the CSIR's projected income losses and how these could potentially impact their core functions.

5.2.4. The Committee enquired as to the status of discussions pertaining to developing local vaccine manufacturing and production capacity.

5.3. Human Sciences Research Council

5.3.1. The Committee expressed its approbation that programmes are cognisant of and aligned to national programmes aimed at youth empowerment and development.

5.3.2. The Committee enquired as to the status of establishing the HSRC's Impact Centre, which it views as crucial to the research enterprise.

5.3.3. The Committee, concerned by the risks to the HSRC's financial sustainability, enquired as to what the HSRC considers an ideal funding model to optimally execute its mandate.

5.3.4. They were further perturbed about the vacancy rate as well as the imminent further reduction of staff due to lack of funding and the impact this may have on its core functions

5.3.5. The Committee expressed its concern around the decline in certain performance targets due to inadequate resources.

5.4. National Research Foundation

5.4.1. The Committee noted the ongoing discussions with the Department and stakeholders around amending the current funding model of the NRF, and keenly awaits the finalisation of these.

5.4.2. The Committee expressed its willingness to visit the SKA site and the opportunity to assess the impact of this development on the surrounding communities.

5.4.3. The Committee commended the efforts of the NRF to promote science journalism.

5.4.4. The Committee enquired, in relation to the new postgraduate funding policy and limited resources, how many of the applications for support could not be funded.

5.4.5. The Committee also enquired as to the status of the Leading Researchers and Scholars Programme, and given limited resources, how this would be funded.

5.4.6. The Committee, noting the NRF's targets to ensure a transformed organisational leadership, enquired what informed the targets set around the demographics and representation of women.

5.4.7. The Committee was also keen to know how the NRF's Research and Development Information Platform (RDIP) differed from the National Science, Technology and Innovation Information Portal (NSTIIP) managed/hosted by the National Advisory Council on Innovation?

6. COMMITTEE RECOMMENDATIONS

The Portfolio Committee on Higher Education, Science and Technology, having considered Budget Vote 35: Science and Innovation, recommends that:

6.1. The Minister continues to engage the National Treasury, private sector as well as international partners, for increased funding for the sector.

6.2. The Minister continues to engage the National Treasury to review policy regulations around procurement for entities.

6.3. The Minister and the Department prioritise discussions with other government departments with STI-intensive mandates, as per Cabinet approval of the Decadal Plan, and that the Committee be updated on the progress in this regard.

6.4. The Minister ensures that the Sovereign Innovation Fund comes into effect so that the 1.5% goal of GDP spent on R&D can be realised.

6.5. The Departments of Higher Education and Training and Science and Innovation continue their efforts of aligning the work of the two departments in an effort to ensure better coordination and output.

6.6. The Minister and the Department prioritise filling key vacancies in the Department to ensure effective delivery on its mandate.

6.7. The Department and entities ensure that the existing interventions focussed on increasing R&D expenditure be effectively implemented, and that new interventions receive the necessary urgent attention as the country seeks to transform its economy and recover from the effects of COVID-19. The Committee will accommodate this briefing within its future programming.

6.8. The Department provide a comprehensive brief to the Committee on how innovation can support economic recovery and reconstruction. The Committee will accommodate this briefing within its future programming.

6.9. The Department provide a comprehensive brief to the Committee on the policy interventions that will transform STI human capital development and cover the full cost of postgraduate support. The Committee will accommodate this briefing in its future programming.

6.10. The Department provide a comprehensive brief to the Committee on how it supports the District Development Model. The Committee will accommodate this briefing in its future programming.

Report to be considered.

18. Report of the Portfolio Committee on Mineral Resources and Energy on the Annual Performance Plan and Budget Vote No. 34 for 2021/22 Financial Year of the Department of Mineral Resources and Energy and its entities, dated 14 May 2021.

The Portfolio Committee on Mineral Resources and Energy (hereafter, the PCMRE or Committee), having considered the 2021/22 Annual Performance Plan (APP) and Budget Vote 34: Department of Mineral Resources and Energy (DMRE) and its entities, reports as follows:

1. Background

The purpose of this report is to report to the National Assembly (NA) on the Portfolio Committee on Mineral Resources and Energy's findings after evaluating and assessing the Annual Performance and Budget Vote No 34 of the DMRE and its entities.

Directed by the President of South Africa's reconfiguration of Government, the Department of Energy (Budget Vote 26) merged with the Department of Mineral Resources (Budget Vote 29) in the sixth Parliament.

As part of the policy development process to achieve better service delivery for the South African people, government identifies broad strategic outcomes which require high quality planning to accomplish. Government has the responsibility to ensure responsible spending, given the limited nature of public funds. Thus the costs of initiatives must be linked with results to ensure value for money.

Annual Performance Plans identify the performance indicators and targets that the institution will seek to achieve in the upcoming budget year. It is important that these performance indicators and targets are aligned across an institution's annual plans, budgets, in-year and annual reports. In addition, the process for the production of the Annual Performance Plan should be aligned to the budget process.

2. Introduction

This is the second year since the merger of the former departments of Energy and Mineral Resources. The DMRE was established on 29 May 2019 to better equip and a capacitate DMRE to respond to the strategic objectives derived from the NDP and MTSF and ERRP as they relate to the regulation and transformation of the energy and mining sectors in the following regard:

- Provisioning of secure, sustainable and affordable energy and
- The promotion and regulation of minerals and mining

The PCMRE on the other hand, through Parliament, is entrusted with the responsibility of ensuring that the Department delivers on its mandate. However, for the Department to effectively deliver on its mandate and vision, adequate financial support is essential. The Department's budget and APP has been tabled at a time where the country has been battling with the COVID-19 pandemic, which has exacerbated weak economic growth and further strained the national budget. Therefore, the Department's budget and APP should be viewed against this backdrop.

In compiling this report, the Committee had meetings with the DMRE and all its entities, where they briefed the Committee on their respective APPs and budgets for 2021/21.

Two entities of the Department, namely the South African Nuclear Energy Corporation (Necsa) and the Central Energy Fund (CEF) did not present their performance plans for the year under review. The reason for not presenting is that the Necsa and CEF are schedule 2 State Owned Entities, classified as such in terms of the Public Finance Management Act 1 of 1999. In light of the aforementioned, the Necsa and CEF do not table Annual Performance Plans, but submit Corporate Plans to the Department for Ministerial approval.

3. Overview of the Annual Performance Plan [2021 – 2022] of the DMRE

3.1. General

On 15 March 2020, the President of South Africa declared a national state of disaster in terms of the Disaster Management Act of 2002 after the World Health Organisation (WHO) declared COVID-19 a global pandemic.

The COVID-19 pandemic has had a serious impact on societies and has had an immeasurable impact on economies and industries around the world. The mining and energy industries, being industries that operate on a global scale and rely heavily on people employed, were not spared from this pandemic.

An effective and efficient response to the pandemic, in the form of lockdown restrictions aimed at flattening the curve, has resulted in an economic halt that will have to be revived after the lockdown.

The government, through the National Command Council, resolved to re-open the economy in a risk-adjusted approach. It became imperative that the complex initiatives of the DMRE, which were aimed at stimulating the economy, fit into this framework, as they deal with the Department's operational readiness, the South African mining industry's health and safety readiness, as well as interventions and responses within the broader mining and energy sectors.

The Department's complex initiatives and responses during the economy re-opening which according to a risk-adjusted approach, recognized that the minerals and energy sectors would be operating in an environment which is characterized by the following:

- Possibility of a reduced global demand for commodities,
- Global shrinking of the major economies who are trading partners,
- The sector is sub-optimally contributing to the GDP of the country's gross domestic product (GDP),
- Major companies not being as elastic as they should be, and thus unable to absorb losses on a sustained basis,

- Possible closure of operations by large mining companies,
- Large mining companies scaling down on operations, resulting in job losses because of reduced commodity demand,
- Sector being unattractive for new investments as the cost- of- financing by financial institutions will be high, given the country's junk status, as such no major new major projects will take- off in the short to medium term,
- Social Mining rights holders reneging or defaulting on their mining rights commitments, which impacts on Social and Labour Plans (SLPs)
- Reneging/defaulting by Mining right holders on their mining rights commitments,
- A risk of mining operations increasing production (ramping up) to capture lost production and thus possibly putting the health and safety of employees at risk,

Energy forms an integral part of the economy, and the energy sector is a key enabler for the attainment of national policy imperatives such as those expressed in the National Development Plan (NDP), the Medium-term Strategic Framework (MTSF) and the Reconstruction and Recovery Plan. South Africa needs to grow its energy supply to support economic expansion and, in so doing, alleviate supply bottlenecks and supply or demand deficits in energy-dependent industries such as mining and manufacturing. This will increase the contribution of industry sectors and enable them to create economic benefits for the country, i.e. accelerated growth and job creation.

In recent years, the South African economy has seen the challenge of electricity demand and load shedding due to constrained generation capacity because of the existing lower availability factor of Eskom's existing power-generation plants. Load shedding has had a negative impact on energy-intensive industries and the economy at large.

Electricity prices in South Africa have roughly tripled in real terms over the past decade. The cost of electricity had also been increasing at rates above inflation, thus increasing the cost of doing business in the country. This has resulted in energy-intensive users such as smelters closing their local operations and moving to other countries to remain competitive. This has contributed to job losses and the undermining of the NDP as it envisages mineral beneficiation as a key economic driver of growth.

High electricity prices, load shedding and technology advancement are driving electricity consumers to alternative power supply options. An increasing number of consumers is therefore generating its own power or is planning to do so in the future. This will place further financial strain on Eskom.

President Cyril Ramaphosa, in his State of the Nation Address (SoNA) on 13 February 2021, outlined government's main objectives and priorities for 2021. The SoNA focused on the COVID-19 pandemic, accelerating economic recovery, creating jobs and promoting inclusive economic growth, including maintaining black economic empowerment (BEE). Eskom plans to increase its power-generation capacity, fight corruption and strengthen state-owned entities. This annual performance plan will provide the DMRE's response to the President's SoNA commitments

The mining industry is committed to supporting the national COVID-19 vaccine roll-out. There is no doubt that access to an effective vaccine and the significant roll-out of a vaccination programme is crucial in the fight against COVID-19, which will help re-open the economy and save lives and livelihoods.

The Department plans to increase mining exploration activities with the aim of attracting a minimum of 3% of the total global exploration expenditure. According to the Department, an exploration strategy for the country will be tabled in Cabinet in this financial year. It is envisaged that implementation of this strategy will ultimately increase the contribution of mining to the Gross Domestic Product (GDP). The Department contends that it will furthermore ensure a 50% reduction in the current timeframes for the issuing of mining licenses and permits and support efforts to invest in green jobs to improve efficiencies through the One Environmental System that will integrate different aspects of the environment. The Department also aims to deal with confidence-boosting measures, including land rights, digital migration, mineral rights, market tools, local beneficiation and products with export potential, such as ash, gypsum, slag and biomass.

Economic Reconstruction and Recovery Plan

As pronounced by the President in the 2021 SONA, the Department has finalised the procurement of 2,000 megawatts under the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP). The Department plans to also launch the procurement of an additional 11,800 megawatts of power from renewable energy, natural gas, battery storage and coal in line with the Integrated Resource Plan 2019.

The DMRE in this financial year aims to issue a Request for Proposals (RFP) for 2,600 megawatts from wind and solar energy as part of Bid Window 5. This, according to the Department, will be followed by another bid window in the 3rd quarter of the 2021/22 financial year. The DMRE commits to amend Schedule 2 of the Electricity Regulation Act in the 1st quarter of 2021/22 to increase the licensing threshold for embedded generation. This will include consultation with key stakeholders on the level at which the new threshold should be set and the finalisation of the necessary enabling frameworks.

The Department commits to implement a Framework for the procurement of the 2500MW nuclear energy in this financial year to ensure security of energy supply in a long-term in line with Decision 8 of IRP2019 and support Economic Reconstruction and Recovery Plan. Looking ahead, the DMRE have considered the feasibility of natural gas for economic use in the South African market, which includes accelerating the exploration of the country's natural gas for domestic gas feedstock.

Investment in infrastructure to import Liquefied Natural Gas (LNG) is critical. Therefore, urgently processing the tabled Gas Amendment Bill is critical.

Pre-Covid-19, the Department was in the process of consulting stakeholders on the Upstream Petroleum Resources Development Bill. Community consultations were however, foiled by the lockdown restrictions. Relaxation of restrictions on gatherings enabled the Department to restart consultations. Finalisation of the Bill will unlock the country's untapped potential in the upstream oil and gas reserves.

Government is focused to renew investment in exploration, which is the lifeblood of mining. It is anticipated that this will further promote diversification of the economy. The mining sector will be actively engaged in facilitating renewed investment through a policy framework that provides certainty, investment protection and transformation.

The Department are also giving effect to the DMRE commitment to reduce timeframes for mining and prospecting licenses.

The Department has committed that formalising of artisanal mining will be accelerated, thereby creating an avenue to mine sterilised deposits. Saving Our Lives Saving Our Livelihoods is a social compact between Government, the social actors and society, which is core to the Economic Reconstruction and Recovery Plan. This is reminiscent of the country's ability to overcome the worst, do the unimaginable, when we hold hands and act together.

The Department aims to pay particular attention to the local processing of mineral resources, prioritising the mining value chain, which includes mineral beneficiation. This will not only increase the revenue gained from the exploitation of resources, but will also significantly increase the job creation capacity of the industry and ultimately the continent.

The Department has identified several interventions as part of the Economic Reconstruction and Recovery Plan to ensure that our economy recovers as quickly as possible following the devastating effects of COVID-19.

Mineral Resources

The Department will advance localization through mineral beneficiation. This it will do through the implementation of the ferrochrome smelters interventions approved by Cabinet in 2020. This will not only increase the revenue gained from the exploitation of resources, but will also significantly increase job creation. This industrialisation initiative will be rolled out to other mineral commodities.

The Department has identified several interventions as part of the Economic Reconstruction and Recovery Plan to ensure that South Africa's economy recovers as quickly as possible following the devastating effects of COVID-19. One such intervention is recognising the crucial role that exploration plays in the development and sustainability of the sector.

The Department is committed to promoting greater exploration in minerals and upstream petroleum activities. In this regard, funds will be allocated for the geoscience research library and geological mapping for the exploration of mining. To support this, the quality of geoscience information available for investors is being improved upon and a comprehensive exploration implementation plan is being developed.

In support of the critical attributes that support junior mining exploration activities, the Department would like to encourage junior minors to work with the Council for Geoscience (CGS). These include activities such as regulatory certainty, transparency in the licensing system, significant investment in precompetitive geology and tackling the barrier of access to funding.

The Department has resolved the longstanding regulatory uncertainty in respect of the Mining Charter, with Black Economic Empowerment (BEE) ownership omitted at the exploration phase. Secondly, the Department recognises that requisite details of geological information at a scale of 1:50 000 has been grossly insufficient. The CGS is focused on this activity to identify anomalies and drill the latter to a stage of inferred resources.

The Department has drafted the Artisanal and Small-Scale Mining Policy; this policy will provide a focused regulatory regime for this segment of the sector. Further to this, it will create space for the coexistence of large scale mining together with artisanal and small-scale mining thus ensuring optimal exploitation of the country's mineral resources

Mineral beneficiation is a strategic objective for the country following the adoption of the mineral beneficiation policy articulated in the White Paper: Mining and Minerals Policy for South Africa. The Department also aims to maximise the value derived from extractive industries. The Department calls on all stakeholders in the mining industry to prioritise the health and safety of all persons at mines. In this regard, the Department will intensify its monitoring and evaluation of the mine health and safety management systems through ongoing inspections and audits. Africa is home to a vast majority of the world's mineral wealth and many parts of our country remain an untapped market. Regional and international partnerships will also be strengthened to ensure that economic growth and development continues.

Security of energy supply

Energy security in the context of the IRP 2019 is defined as South Africa developing adequate generation capacity to meet its demand for electricity under both the current low-growth economic environment and when the economy turns. Generation capacity must accordingly be paced to restore the necessary reserve margin and to be ahead of the economic growth curve at the least possible cost. As articulated in the IRP 2019, the Department will continue to pursue a diversified energy mix that reduces reliance on a single or a few primary energy sources. The extent of decommissioning the existing coal fleet due to the end of its design life could provide space for a completely different energy mix relative to the current mix.

The DMRE will implement the Nuclear New Build Programme at the scale and pace that the country can afford to ensure the security of supply in line with IRP2019. The DMRE have issued a Section 34 determination for procurement of 2500MW nuclear energy to NERSA for concurrence, and the public hearings commenced in the last financial year. A non-binding RFP for the Nuclear New Build Programme was successfully concluded by the Department, and showed interest to participate in this programme by the investors, industry and reactor suppliers. This showed that the DMRE is on the right track to achieve the target of additional 2500 MW nuclear energy to be procured by 2024.

Eskom is in the process of preparing for Long Term Operation (LTO) of Koeberg Nuclear Power Plant. In May 2020, Eskom submitted a letter of intent to operate Koeberg beyond the 40-year design life to the National Nuclear Regulator. Three out of six Steam Generators for the first unit arrived in September 2020 from the manufacturers in China. The DMRE is looking forward to early engagement risk mitigation strategies to unlock potential challenges amongst the stakeholders involved to ensure the success of this project.

The Department will continue to create an enabling environment through regulations and exercise oversight to monitor progress with Eskom on a regular basis on matters relating to the long-term operation of Koeberg through the Technical Oversight Committee meetings.

Replacement of SAFARI-1 Research Reactor with Multi-Purpose Reactor (MPR) is in process. The new Multi-Purpose Reactor consultation concluded at the Forum of South African Directors-General (FOSAD) Cluster and will be submitted to Cabinet in the 2021/22 financial year. Investment for the success of this project is critical for the long-term sustainability and growth of South Africa's world leading capability in the fields of nuclear research and development and nuclear medicine, where South Africa is one of the leading medical isotope suppliers in the world.

In the case of management of nuclear spent fuel, the Ministerial Task Team finalised the review of the pre-feasibility study for the Centralised Interim Storage Facility (CISF) to be delivered by the National Radioactive Waste Disposal Institute (NRWDI). The facility is intended to enhance management of spent fuel away from the reactor sites in line with international convention and best practice, as well as create jobs and stimulate the economy. The DMRE with NRWDI will continue to work towards the full feasibility study in the development of the CISF including its regulatory approvals for siting and construction.

The National Liaison Office (NLO) in the Department provides the strategic interface between South Africa and International Atomic Energy Agency (IAEA) to promote peaceful applications of nuclear technology. In terms of increased use of nuclear technology, the NLO facilitated capacity building to enhance the technical and operational capability of professionals in the industry.

The Department, during the year under review, plans to finalise the process of acceding to the African Regional Cooperative Agreement for Research, Development and Training related nuclear science and technology.

Oil and gas

The lockdown measures that were intended to slow down the spread of the virus knocked global and national economies hard; hence the decline in economic activity worldwide, notably the decreased demand for energy in the oil sector. This, in turn, depressed the prices of crude oil and petroleum products. The crude oil-exporting countries bore the brunt of the low oil prices, while the importing countries benefitted from lower refined product prices. The low oil prices have resulted in a review of several planned upstream and midstream investments in the oil and gas sector. A number of international oil companies are now announcing lay-offs of several workers. The unconventional oil and gas sector is following suit.

The DMRE efforts to diversify our energy sources in terms of the IRP are afoot. To this extent, through CGS and PASA, the shale gas research project in the Karoo is at an advanced stage with the ultra-deep drilling 3500 meters vertical borehole being drilled. As at the end of February 2021, the 2325 meter mark had been reach. This drilling programme is scheduled to be completed in September 2021. A significant highlight from the latest reports indicate a new area for the Lower Ecca shale gas play in this basin.

In October 2020, Total South Africa announced a significant gas condensate discovery on the Luiperd prospect, located on Block 11B/12B in the Outeniqua Basin, 175 kilometers off the Southern Coast of South Africa. This discovery follows the adjacent play opening Brulpadda discovery in 2019, which proved a significant new petroleum province in the region. The Luiperd well was drilled to a total depth of about 3,400 meters and encountered 73 meters of net gas condensate pay in well-developed good quality Lower Cretaceous reservoirs. The DMRE is continuing engagements with Total and other players on the development of this gas field.

As the country seeks to restore its economies, the Department has had to reimagine the future, adapt and adjust the programmes to create policy certainty, attract investment and save livelihoods. Following the nationwide lockdown, South Africa allowed the petroleum energy sector to operate at full capacity. However, the decreased demand for petroleum products forced some refineries to close. Further relaxation of lockdown regulations has led to a rapid increase in demand, which has resulted in shortages in some energy products, especially petroleum products.

The Department has heeded the call for the provision of regulatory certainty and is taking decisive action to provide such certainty to its investors and potential investors. To this end, the Regulations to Geo Science Act, the Clean Fuels Regulations and the Biofuels Regulations were gazetted in March 2021. The Upstream Petroleum Bill will be tabled in Parliament while the Gas Amendment Bill has already been tabled in Parliament. The Nuclear Regulator Amendment Bill, the National Energy Regulator Amendment Bill, the Nuclear Waste Fund Management Bill and the Electricity Regulation Bill will be gazetted for public comments in this financial year. Following the consideration of all comments, these will be processed further for tabling in Parliament.

The Department will be repositioning South Africa to be a serious player in the global gas market. It will promote the development of a domestic and regional gas market, and will continue to advance its gas-to-power projects, with the Coega Special Economic Zone (SEZ) identified as the first LNG import terminal. This lays a foundation for gas-to-power plants and converting existing power plants from diesel to gas.

Present and future gas discoveries in the country should find their way to its power plants and other petrochemical facilities. This will reduce the importation of beneficiated hydrocarbons. To this end, a Technical Working Group has been established that will produce a commercial business plan for the development of the LNG import-export facilities across various ports of the country.

Rationalisation of State Owned Entities

The President announced that the mandates of all state-owned entities (SOEs) should be re-evaluated to ensure that they are responsive to the country's needs and the implementation of the NDP. In line with the SoNA announcement on 13 February 2021, the Department has approved the establishment of a single governance structure for the Necsa Group of

Companies, starting from March 2020. This process involves the rationalization and repurposing of the Necsa Group as a commercial and sustainable State-Owned Company that is able to meet government developmental objectives.

The new business model will transition Necsa from the current incoherent quasi-holding operating model, which is dependent on a government grant, to a fully-fledged new Necsa business. It is important to note that any changes within the Necsa Group are being done in a manner that ensures that Necsa's core mandate will be delivered and supported through commercial objectives to ensure the future sustainability of the organization.

To resolve the country's energy challenges, the Department contends that it will identify opportunities and exploit them. These efforts should lead to ensuring that the poor and marginalised are included in policy making processes and in economic growth and development initiatives in the energy sector.

In May 2020, the Department announced the planned merger of iGAS, the Strategic Fuel Fund (SFF) and PetroSA to form a single entity that will form the nucleus of an integrated national oil champion, which will be known as the National Petroleum Company (NPC). On 10 June 2020, Cabinet approved the request to merge these three subsidiaries of the CEF Group. The CEF Board was mandated to manage the process and ensure the establishment of the NPC within six months. The merger started on 15 September 2020 and a consortium, led by AT Kearny, has been appointed to assist the CEF Group in implementing the project. Over the past MTEF period, the Department has achieved significant progress across the key areas of the rationalization of SOEs reporting to the Department.

3.2. Structure and planned targets

The Department execute its mandate through its six programme areas, namely, Programme 1: Administration; Programme 2: Minerals and Petroleum Regulation; Programme 3: Mining, Minerals and Energy Policy Development; Programme 4: Mine Health and Safety Inspectorate; Programme 5: Mineral and Energy Resources Programme and Projects; and

Programme 6: Nuclear Energy Regulation and Management. The section below indicates the Department's planned performance targets per programme for the 2021/22 financial year.

3.2.1. Programme 1: Administration

- 100% elimination of wasteful and fruitless expenditure
- 100 % reduction of irregular expenditure
- Unqualified audit opinion for year under review
- 95% resolution of reported incidents of corruption
- Four reports with detailed implementation of the DMRE Fraud Prevention Plan
- Annual Performance Plan approved
- 4 Quarterly Performance Reports produced
- Annual report tabled in parliament
- Approved shareholder compacts/ corporate plans Strategic Plan Approved
- Approved Schedule 3A SOEs Annual Performance Plans tabled in Parliament
- SOEs' quarterly performance reports produced
- SOEs' annual reports tabled in Parliament
- 4 quarterly reports which detail the implementation of the 2019 2024 MTSF Priorities
- 100% approved invoices from service providers paid within 30 days of receipt

3.2.2. Programme 2: Minerals and Petroleum Regulation

- 1500 Retail Site Compliance Inspections conducted
- 1 080 Fuel Samples tested
- 50% of license applications approved have a minimum of 50% HDSA ownership
- 4000 jobs to be created through the issuing of mining rights and petroleum licences
- 120 of SLP development projects completed
- 10 of black industrialists created through procurement

- 100% participation in district planning forums
- 500 of Mining Economics (MWP/PWP) inspections conducted
- 1 275of Environmental Inspections conducted (charter sector code)
- 120 of rights and permits granted and/ or issued to HDSA controlled entities
- 212 of SLP inspections conducted
- 150 legal compliance inspections (mineral laws) conducted

3.2.3. Programme 3: Mining, Minerals and Energy Policy Development;

- Clean Fuels 2 Regulations developed for promulgation
- Biofuels Mandatory Blending Regulations developed for promulgation
- LPG Strategy approved
- Community Relocation Guidelines developed for promulgation
- Draft Upstream Petroleum Resources Development Bill tabled in Parliament
- Draft Mine Health and Safety Amendment Bill tabled in Parliament
- Draft National Petroleum Company Bill developed and submitted to Cabinet for approval
- 4 Economic reports on analysis and support for Bojanala District Model
- 4 Economic models of the mining and energy sectors
- Report on economic viability of shale gas exploration in South Africa submitted to Cabinet for approval
- Beneficiation Master Plan approved
- 3 investment promotion initiatives implemented and reported on
- 9 investment promotion conferences and exhibitions participated in
- National Nuclear Regulator Amendment Bill submitted to Cabinet for tabling in Parliament for promulgation
- Radioactive Waste Management Fund Bill submitted to Cabinet for tabling in Parliament for promulgation
- Two quarterly progress reports on cost update study on high-level waste for Radioactive Waste Management Fund
- Gas Master Plan submitted to Cabinet

- National Energy Regulator Amendment (NERA) Bill submitted to Cabinet
- Electricity Regulation Act Amended (ERA) Bill submitted to Cabinet
- Just energy transition plan approved
- Greenhouse gas assessment and reporting framework approved by Minister
- Four carbon offset projects approve
- Report on energy- related climate change response measures monitored, and quantified initiatives submitted
- Two approved Clean Development Mechanism (CDM) projects
- 12 Monthly minerals and energy performance economic reports (GDP)
- 8 quality mineral publications published
- 4 Energy statistics reports published
- 10 progress reports produced on existing agreements implemented
- 10 progress reports produced on multilateral strategic partnerships implemented

3.2.4. Programme 4: Mine Health and Safety Inspectorate;

- 10 % reduction in occupational fatalities
- 5 % reduction in occupational injuries
- 10% reduction in occupational diseases (Including TB)
- 80% of investigations completed (Initiated vs Completed)
- 80% of inquiries completed (Initiated v/s completed)
- 8 396 of qualitative inspections conducted (cumulative)

3.2.5. Programme 5: Mineral and Energy Resources Programme and Projects

- Power purchase agreements between Eskom and successful bidders concluded for 2 000 MW under Risk Mitigation Independent Power Producer Programme
- Procure 6 800 MW from renewable energy
- Issue RFP for 3 000 MW from gas
- Issue RFP for 1 500 MW from coal

- Issue RFP for 513 MW from storage
- 15 000 additional households electrified through non-grid technology
- Four reports on the monitoring and verification of the implementation of the grid electrification of an additional 180 000 households by Eskom and contracted municipalities
- One ingress measure implemented
- Three derelict and ownerless mine sites rehabilitated
- 40 shafts sealed off
- Renewable Energy Sector Master Plan report
- 0.5 TWh savings realised and verified from EEDSM projects
- 0.0194 TWh savings by EEDSM grant participating municipalities

3.2.6. Programme 6: Nuclear Energy Regulation and Management.

- Procurement framework for the 2 500 MW Nuclear Programme developed
- Four monitoring reports of Koeberg’ s Plant Life Extension Plan through established Technical Oversight Committee meetings
- Feasibility report for the establishment of the CISF submitted to Cabinet for approval
- Feasibility study on MPR completed and submitted for gateway review
- 70% of nuclear authorisation applications processed within the 8-week time period
- 20 nuclear safeguard compliance reports approved
- 12 nuclear security compliance reports on inspections conducted

4. Summary of Budget Expenditure for the 2021/22 Financial year

Table 1: Overall Budget Allocation, 2021/22 – 2023/24

Programme Name	BASELINE			
	2021/22	2022/23	2023/24	TOTAL MTEF
	R'000	R'000	R'000	R'000
Administration	623,768	631,871	633,585	1,889,224
Minerals and Petroleum Regulation	542,762	548,886	549,737	1,641,385
Mining, Minerals and Energy Policy Development	834,566	875,489	870,814	2,580,869
Mine Health and Safety Inspectorate	237,668	238,817	238,861	715,346
Mineral and Energy Resources Programmes and Projects	5,830,806	6,770,161	7,010,158	19,611,125
Nuclear Energy Regulation and Management	1,111,194	1,139,547	1,133,301	3,384,042
TOTAL	**9,180,764**	**10,204,771**	**10,436,456**	**29,821,991**

Source: DMRE presentation on 04 May 2021

As evident in the above table, the overall budget of the DMRE is R9.1 billion for the 2021/22 financial year. In the previous financial year, 2020/21, the Department had a total adjusted budget of R7.5 billion. In nominal terms (without inflation), the Department's budget increases by 21.3 percent from the previous financial year, and it increases by 16.4 percent when one takes cognisance of inflation (real terms). Table 2 below provides budget breakdown per economic classification.

Table 2: 2021/22 MTEF – Detailed Economic Classification

Economic Classification	MEDIUM TERM EXPENDITURE FRAMEWORK			
	2021/22	2022/23	2023/24	TOTAL MTEF
	R'000	R'000	R'000	R'000
Compensation of employees	1 037 124	1 037 127	1 037 131	3 111 382
Goods and services	631 424	625 115	577 326	1 833 865
Transfers and subsidies	7 492 752	8 521 956	8 800 520	24 815 228
Integrated National Electrification Programme	5 059 683	5 995 332	6 282 216	17 337 231
Public Entities	2 142 098	2 223 119	2 213 632	6 578 849
Energy Efficiency & Demand S Man	220 874	231 204	232 092	684 170
IDC - Small Scale Mining projects	26 267	27 293	27 398	80 958
International organisations	31 510	32 342	32 468	96 320
Water Management -marginal mines	6 618	6 792	6 818	20228
Households & SETAs	5 702	5 874	5 896	17 472
Payments for capital assets	19 464	20 573	21 479	61 516
Payments for financial assets	-	-	-	-
Total economic classification	**9 180 764**	**10 204 771**	**10 436 456**	**29 821 991**

Source: DMRE presentation on 04 May 2021

Compensation of employees (CoE)

- Compensation to employees is the third largest cost driver, amounting to R3.1 billion over the MTEF period however, the budget ceiling remains constant at R1.04 billion in each year of the MTEF period against inflation related adjustments on certain benefits (housing allowance/ medical aid contributions) and pay progression (1.5 percent) for all employees.
- Providing for these inflation related adjustments calls for reprioritization of CoE budget and a downward head count management in order to remain within the set ceiling.

Table 3: 2021 MTEF – transfer payments schedule

DMRE - 2021 MTEF	2021/22 Baseline R'000	2022/23 Baseline R'000	2023/24 Baseline R'000	TOTAL R'000
Electrification Programme	**5 059 683**	**5 995 332**	**6 282 216**	**17 337 231**
Eskom - Grant	2 824 257	3 638 162	3 821 156	10 283 575
INEP-Municipalities Grant	2 003 157	2 118 668	2 212 046	6 333 871
Various institutions: INEP Non-Grid	232 269	238 502	249 014	719 785
Public Entities	**2 142 098**	**2 223 119**	**2 213 632**	**6 578 849**
Petroleum Agency South Africa	136 290	139 875	140 412	416 577
Mintek	439 191	450 679	444 885	1 334 755
Council for Geoscience	377 062	408 078	409 646	1 194 786
South African Diamond and Precious Metals Regulator	62 027	62 894	63 136	188 057
Mine Health and Safety Council	4 581	4 717	4 736	14 034
South African National Energy Development Institute	75 182	81 072	81 383	237 637
South African Nuclear Energy Corporation (NECSA)	952 510	978 192	971 999	2 902 701
National Radioactive Waste Disposal Institute	49 166	50 304	50 486	149 956
National Nuclear Regulator	46 089	47 308	46 949	140 346

Source: DMRE presentation on 04 May 2021

The Transfers and subsidies classification accounts for 83.2 percent (R24.82 billion) of total Departmental budget, earmarked for transfer to public entities, municipalities and various projects. The balance of R5.0 billion is allocated to current expenditure (CoE and Goods amd Services and payments for capital assets.

- Transfer payments are expected to increase at an average annual rate of 13.3 percent from R7.49 billion in 2021/22 to R8.80 billion in 2023/24 mainly due to a relatively low base in 2020/21 as a result of one-off reductions effected on electrification programmes.
- The national electrification programme continues to be the Department's largest spending area with a total of R17.3 billion expected to be spent on INEP-Eskom (R10.28 billion), INEP-Municipalities (R6.3 billion) and INEP Non-grid (R719.8 million) grants in order to extend the nation's access to electricity through connections to the grid, building and upgrading of sub-stations as well as the provision of Solar Home systems.
- The Department's second largest spending area is funding public entities. In this regard, R6.6 billion over the medium term will be received by entities to fund operations as well as for implementing specific projects on behalf of the Department.

- The Nuclear Branch follows with an average of 11.35% mainly for funding the South African Nuclear Energy Corporation (NECSA) inclusive of funds for the decommissioning and decontamination of past strategic nuclear facilities as well as nuclear waste, the National Nuclear Regulator (NNR) and for the payment of international membership fees to the IAEA. In 2021/22, R20 million is earmarked for preparatory work to procure a multipurpose reactor to replace the ageing SAFARI-1 research reactor.

Entities will receive funding as follows:

- South African Nuclear Energy Corporation (NECSA) – R2.9 billion of which R626.6 million is earmarked for the Decommissioning and decontamination of old strategic nuclear facilities and a once-off allocation of R20 million in 2021/22 for preparatory work for the new multipurpose reactor.
- Mintek – R1.3 billion with R366.5 million earmarked for the Rehabilitation of derelict and ownerless mines and R8.4 million for implementing the Expanded public works programme.
- Council for Geoscience (CGS) – R1.2 billion inclusive of R61.2 million to conduct Research for the rehabilitation of derelict and ownerless mines.
- Petroleum Agency South Africa (PASA) – R416.6 million operational funding;
- South African National Energy Development Institute (SANEDI) – R237.6 million operational funding;
- South African Diamond and Precious Metals Regulator (SADPMR) – R188.1 million operational funds;
- National Radioactive Waste Disposal Institute (NRWDI) – R150 million of operational funds;
- National Nuclear Regulator (NNR) – R140.3 million operational funding and
- Mine Health and Safety Council – R14 million of operational funds.

Table 4: 2021 MTEF – Transfer payments schedule - continued

DMRE - 2021 MTEF	2021/22 Baseline R'000	2022/23 Baseline R'000	2023/24 Baseline R'000	TOTAL R'000
International Membership fees	**31 510**	**32 342**	**32 468**	**96 320**
African Petroleum Producers' Association	3 247	3 333	3 346	9 926
Generation IV International Forum	836	867	870	2 573
International Energy Forum	381	395	397	1 173
International Renewable Energy Agency	1 284	1 331	1 337	3 952
International Partnership for Energy Efficiency Cooperation	1 438	1 461	1 467	4 366
International Atomic Energy Agency	24 324	24 955	25 051	74 330
OTHER	**259 461**	**271 163**	**272 204**	**802 828**
Energy Efficiency and Demand- Side Management Grant	220 874	231 204	232 092	684 170
IDC - Small Scale Mining projects	26 267	27 293	27 398	80 958
Various institutions: Water management solutions subsidies for marginal mines	6 618	6 792	6 818	20 228
Households	2 326	2 407	2 416	7 149
SETAs - EWSETA	1 225	1 258	1 263	3 746
- MQA	2 151	2 209	2 217	6 577
TOTAL TRANSFER PAYMENTS	**7 492 752**	**8 521 956**	**8 800 520**	**24 815 228**

Source: DMRE presentation on 04 May 2021

- The energy efficiency and demand-side management (EEDSM) grant will receive R684.2 million over the medium term to enable municipalities to undertake initiatives to upgrade municipal infrastructure to be energy efficient.
- In facilitating the promotion of small scale mining in the country, the IDC as the implementing agent, will receive a total of R81 million over the MTEF period towards the Small Scale Mining.
- The remaining Transfer payments budget will mainly be paid to multilateral organizations for annual membership fees.

Table 5: Allocations per Programme and Economic Classification

Programme Name	2021/22				
	Compensation of Employees	Goods & Services	Transfers & Subsidies	Capital Assets	TOTAL
	R’000	R’000	R’000	R’000	R’000
Administration	327,769	274,079	3,551	18,369	623,768

Minerals and Petroleum Regulation	278,846	62,305	201,564	47	542,762
Mining, Minerals and Energy Policy Development	106,245	54,257	673,960	104	834,566
Mine Health and Safety Inspectorate	194,995	35,084	6,732	857	237,668
Mineral and Energy Resources Programmes and Projects	101,235	194,628	5,534,856	87	5,830,806
Nuclear Energy Regulation and Management	28,034	11,071	1,072,089	-	1,111,194

Source: DMRE presentation on 04 May 2021

The DMRE's main appropriation in the 2021/22 financial year is R9.2 billion, transfers accounts for 82% (R7.5 billion) while operational costs, inclusive of Compensation of Employees, goods & services and capital assets, accounts for R1.7 billion or 18.4%.

5. Entities Reporting to the DMRE

5.1. National Energy Regulator of South Africa (NERSA)

5.1.1. Context for the development of the Annual Performance Plan 2021/22

The APP for NERSA was informed by the Strategic Plan for 2020/21 – 2024/25 to ensure alignment with the strategic outcomes.

NERSA developed its APP for 2021/22 to 2023/24 against the backdrop of key developments globally, continentally, regionally and nationally:

- The unprecedented global impact of the COVID-19 Pandemic – especially on the energy sector.
- South Africa's strained economy.

- Developments in the energy sector related to the timely transition towards a more inclusive, sustainable, affordable and secure global energy system that provides solutions to global energy related challenges, while creating value for business and society.

5.1.2. Regulatory activities in the Annual Performance Plan for 2021/22

NERSA's regulatory activities are grouped in the following programmes:

- Programme 1: Setting and/or approval of tariffs and prices
- Programme 2: Licensing and registration
- Programme 3: Compliance monitoring and enforcement
- Programme 4: Dispute resolution, including mediation, arbitration and handling of complaints
- Programme 5: Setting of rules, guidelines and codes for the regulation of the three energy industries
- Programme 6: Establishing NERSA as an efficient and effective regulator

Table 6: Programmes NERSA

Programmes	Envisaged Impact
1. Setting and/or approval of tariffs and prices	• Economic growth through affordable prices tariffs; • Fair balance between the needs of the customer (end user) and the regulated entity contributing towards security of energy supply and affordable energy prices
Outcomes: - Accessible and cost reflective electricity that is equitably distributed for consumption - Equitable access to affordable gas services and petroleum products, services and infrastructure at competitive prices	
MTSF Priority 2: Economic transformation and job creation	
Programmes	**Envisaged Impact**

2. Licensing and registration	• Increasing energy capacity in the country; • Orderly development of the energy industry • Access to more energy from new/alternative suppliers • Transformation of the regulated industries, in line with the BBBEE Act
Outcomes: - Diverse energy supply that is certain and secure for current and future user needs - Conducive regulatory environment that results in regulatory certainty and increased investment in the electricity industry - Efficient, sustainable, equitable and orderly development of a transformed, competitive and accessible piped gas industry and petroleum pipelines industry	
MTSF Priority 2: Economic transformation and job creation	
Programmes	**Envisaged Impact**
3. Compliance monitoring and enforcement	• Security of supply; • Reliable supply of energy • Safe, efficient and environmentally friendly operation of regulated energy facilities, including the transportation of energy
Outcomes: - Diverse energy supply that is certain and secure for current and future user needs - Efficient, sustainable, equitable and orderly development of a transformed, competitive and accessible piped gas industry and petroleum pipelines industry	
MTSF Priority 2: Economic transformation and job creation	
Programmes	**Envisaged Impact**

4. Dispute resolution, including mediation, arbitration and handling of complaints	• Improved understanding of the regulation of the energy sector between licensees, or between licensees and customers or end-users; • Sustainable, safe and reliable operation of regulated energy facilities – contributing towards security of energy supply
Outcomes: - Conducive regulatory environment that results in regulatory certainty and increased investment in the electricity industry - Efficient, sustainable, equitable and orderly development of a transformed, competitive and accessible piped gas industry and petroleum pipelines industry	
MTSF Priority 2: Economic transformation and job creation	
Programmes	**Envisaged Impact**
5. Setting of rules, guidelines and codes for the regulation of the three energy industries	• Investor confidence and lessening the regulatory burden on licensees; • Regulatory certainty • Infrastructure investments
Outcomes: - A conducive regulatory environment that results in regulatory certainty and increased investment in the electricity, piped-gas and petroleum pipeline industries	
MTSF Priority 2: Economic transformation and job creation	
Programmes	**Envisaged Impact**
6. Establishing NERSA as an efficient and effective regulator	• Effective and efficient regulation • Regional integration and harmonisation of regulatory processes, methodologies and procedure

Outcomes: - Security of Supply - A conducive regulatory environment that results in regulatory certainty and increased investment in the piped-gas and petroleum pipeline industries

MTSF Priority 2: Economic transformation and job creation	
Programmes	**Envisaged Impact**
7. Establishing NERSA as an efficient and effective regulator	• Effective and efficient regulation supported by appropriate systems, processes, procedures and resources; • Regional integration and harmonisation of regulatory processes, methodologies and procedure • Appropriate skills for energy regulation • Contributing to South Africa's skills base
Outcomes: - Creation of an enabling environment for internal and external stakeholders through proactive, dynamic and data-driven advisory, advocacy and decision making	
MTSF Priority 1: A Capable, Ethical and Developmental State **MTSF Priority 2:** Education, Skills and Health **MTSF Priority 7**: A better Africa and the World	

Source: NERSA presentation on 05 May 2021

5.1.3 NERSA Budget for 2021/22

Table 7: NERSA Budget 2021/22

DESCRIPTION	PROVISIONAL ACTUAL 2020/21	APPROVED BUDGET 2020/21	APPROVED BUDGET 2021/22	% Variance
	R 000	R 000	R 000	
TOTAL INCOME	**319 065 495**	**362 470 476**	**334 559 068**	**(7,7%)**
License fees from Electricity Industry	184 286 295	207 909 620	190 915 910	(8,2%)
Levies from Piped-Gas Industry	74 302 738	77 964 905	72 907 903	(6,5%)

Levies from Petroleum Pipeline Industry	51 659 351	70 638 400	56 870 706	(19,5%)
Interest received	8 472 445	5 865 542	13 786 164	135,0%
Rental Income	55 605	72 009	58 385	(18,9%)
Registration fees	27 600	20 000	20 000	0,0%
Other Income	261 461	-	-	0,0%
TOTAL OPERATING EXPENDITURE	**317 005 380**	**373 685 242**	**384 481 428**	**2,9%**
Advertising, Promotion and Communication	9 409 637	**11 920 000**	**13 122 000**	**10,1%**
Employment cost	248 930 521	**265 723 555**	**268 851 561**	**1,2%**
Facilities Maintenance	9 918 731	**10 728 424**	**10 125 000**	**(5,6%)**
Office Administration	11 911 496	**12 078 879**	**17 069 885**	**41,3%**
Professional fees	30 449 194	**36 810 085**	**37 472 970**	**1,8%**
Travel, Accommodation and Training	3 820 482	**30 676 799**	**30 752 201**	**0,2%**
Other Expenses	2 565 318	**5 747 500**	**7 087 812**	**23,3%**
Depreciation	**4 796 349**	**-**	**-**	**0,0%**
NET SURPLUS/ (DEFICIT) for the period	**(2 736 234)**	**(11 214 767)**	**(49 922 361)**	**(345,1%)**

Source: Presentation on 05 May 2021

Revenue

- Projected Revenue for the 2021/22 financial year amounts to R335 million, which is 7.7% lower than the R362 million of 2020/21.
- The decline in revenue is as a result of declining volumes across all three industries experienced during 2020 due to the Covid-19 lockdown restrictions and this trend is expected to continue in 2021 as the economy slowly recovers.

Operating Expenditure

- Operating expenditure for the 2021/22 financial year amounts to R384 million, which is 2.9% higher than the R374 million of 2020/21. The total funding requirement was completed after taking into account the effects of refunds to the industries.
- In order to refund the regulated industries and to smooth out levy increases over the three-year MTEF period, NERSA is budgeting for losses/(deficit) over this period. The projected deficit of R49,9 million for 2021/22 will be covered from NERSA's accumulated surpluses over the years.
- Capital expenditure for the 2021/22 financial year amounts to R14.0 million, which is 3.7% higher than the R13.5 million for 2020/21 due to a replacement of the vehicles as well as continued investments in computer software to improve regulatory processes.

5.2. MINTEK

Mintek derives its mandate from the Mineral Technology Act No. 30 of 1989. According to the Act, Mintek was established to meet a national imperative "to promote mineral technology, and to foster the establishment and expansion of industries in the field of minerals and products derived therefrom" through research, development and technology transfer.

5.2.1. Mintek strategic focus areas for 2021/22

For the 2021/22 financial year, key strategic focus areas for Mintek are as follows:

- Establishing a local rare earth element mining and manufacturing industry:
- Developing and manufacturing nanotechnology-based diagnostic products
- Transforming the energy mix in the energy-intensive ferroalloys industry
- Developing a hydrogen and platinum-based fuel-cell economy in South Africa
- Energy storage as an enabler of a just energy transition
- Developing clean coal technologies
- Revitalising South Africa's iron ore industry

- Unlocking the Bushveld Complex's titaniferous magnetite
- Point of care diagnostic test kits and production of antigens and antibodies
- Fuel Cell catalyst manufacturing incubating the industry
- Energy storage The Battery Precursor Development
- Investing in a REE opportunity powered by South African minerals and Mintek Technology
- Investing in a world class ferrochrome furnace development opportunity enabled by Mintek's smelting technology
- Investing in an integrated development for the production of vanadium, iron and titanium from the Bushveld Complex
- Revitalizing South Africa's iron ore industry
- Waste coal gasification

5.2.2 Mintek budget allocations

Regarding the budget, the total expected income is R568 million, with the state grant contributing 62% of the total budget. Baseline funding remains the biggest contributor to the revenue budget of the organisation. A fundamental shift in the state grant is the absorption of MTEF funding previously earmarked for the Titaniferous Magnetite. Table 8 below depicts Mintek's consolidated budget for 2021/22 – 2023/24.

Table 8: Mintek Income and Expenditure

Income R 000				
State	244,915	282,598	292,697	297,679
Contract Work	134,273	138,088	138,755	129,526
Research	9,706	14,676	15,480	16,254
Products & Services	97,363	108,777	118,229	118,398
Investment Income	15,172	20,257	20,663	20,869
Sundry Income	7,611	4,256	4,341	4,384
Total	509,039	568,653	590,165	587,110

Source: Mintek Shareholder Compact, 2021

5.3. National Radioactive Waste Disposal Institute (NRWDI)

The National Radioactive Waste Disposal Institute (NRWDI) is an independent entity established by the National Radioactive Waste Disposal Institute Act (Act 53 of 2008) and is listed as a Schedule 3A national public entity. The NRWDI plays a pivotal role in the safe and responsible management of radioactive waste disposal on a national basis.

5.3.1. Strategic objectives of the NRWDI

According to NRWDI, its focus during the 2021/22 financial year will include, amongst others;

- Working in co-operation with the National Nuclear Energy Regulator in finalising NRWDI's Nuclear Installation Licence application, improving NRWDI's readiness to take over the management and operation of Vaalputs from the South African Nuclear Energy Corporation (NECSA), ensuring a smooth transition and proper engagement with all participating stakeholders;
- Working closely with the Shareholder Department in maintaining the momentum on the discussions regarding the enacting of the Radioactive Waste Management Fund Bill. Urgent finalisation of this process cannot be over-emphasised; and
- Finding practical and effective ways of keeping communication channels with stakeholders (especially the public) open in the light of the Covid19 pandemic. NRWDI's communication going forward will ensure that engagements not only address the Vaalputs-transition but also continue providing practical platforms for sharing other critical information in dispelling myths associated with radioactive waste management and disposal.
- The establishment and roll-out of the Centralised Interim Storage Facility (CISF) for high level waste, in particular spent nuclear fuel.
- Ensuring that public perceptions, concerns and expectations are adequately addressed and that public education, participation and communication activities in respect of radioactive waste management and disposal issues are placed at the centre-stage.

- Focus on research and development as well as management and disposal technologies for all classes of radioactive waste.
- Disposal of large components such as the Original Steam Generators (OSG's) stemming from the Koeberg Nuclear Power Plant life extension.
- Implementation of talent management and knowledge management strategies.
- The positioning of NRWDI as a high performing and respected waste disposal organisation. According to NRWDI, this will be achieved through continued efforts to forge networks and partnerships with the government, private sector, local and international research performing agencies, including other stakeholders. These networks and partnerships will be grounded on the principle of strategic partnerships as an essential element of delivery on the mandate of NRWDI.

5.3.2 Budget allocations of the NRWDI

Regarding the budget, the NRWDI's activities are funded by the provision of a budget from funds voted annually to the DMRE. For the 2021/22 financial year, NRWDI received an allocated budget of R50.9 million, see table below.

Table 9: NRWDI Budget for 2021/22 Financial Year (FY) to FY 2023/24

Expenditure (excl. Vaalputs)	2021/22 Budget R 000	2022/23 Budget R 000	2023/24 Budget R 000	MTEF Total R 000	Average % over the MTEF
Compensation of employees	R 41, 240	R42, 448	R 43, 177	R 126, 865	82%
Goods and Services	R 8, 948	R 8, 877	R 8, 331	R 26, 157	17%
Depreciation	R 703	R 703	R 707	R 2, 109	1%
Total Expenditure	**R 50, 891**	**R 52, 029**	**R 52, 211**	**R 155, 131**	**100%**

Source: NRWDI Presentation, 05 May 2021

As can be seen in Table 9 above, the expenditure of NRWDI (excluding the Vaalputs operations) is expected to increase from R 50 891 million in 2021/22 to R 52 215 million in 2023/24. Compensation of Employees contributes 82% of the total budget, whilst Goods and Services contributes 17% and Depreciation contributes 1%. The NRWDI MTEF budget currently excludes the Vaalputs operations as this function is currently performed by NECSA, and will be transferred to NRWDI upon the obtaining of the nuclear installation licence. The majority of NRWDI's expenditure will be associated with the Vaalputs functional shift, Vaalputs Nuclear Installation License, setting up of internal processes and systems, research and development activities. The number of personnel inclusive of the 19 Vaalputs staff is 51 and this is expected to remain constant over the medium term.

A large portion of the budget is spent on Programme 1: Administration (67%), followed by Programme 4: Radwaste Compliance (17%), see Table 2 below.

Table 10: Budget Trends Analysis

Expenditure by Programme (excl. Vaalputs)	2021/22 Budget R 000	2022/23 Budget R 000	2023/24 Budget R 000	MTEF Total R 000	Average % over the MTEF
Administration	R 34, 050	R 34, 695	R 35 105	R 103, 850	67%
Radwaste Operations	R 2, 797	R 2 , 875	R 2, 833	R 8, 505	5%
Science, Engineering & Technology	R 5, 272	R 5, 428	R 5, 360	R 16, 060	10%
Radwaste Compliance	R 8, 772	R 9, 031	R 8, 913	R 26, 716	17%
Total Expenditure	**R 50, 891**	**R52, 029**	**R 52 211**	**R 155, 131**	**100%**

Source: NRWDI Presentation, 05 May 2021

5.4. National Nuclear Regulator (NNR)

The fundamental objective of the NNR is to provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices.

5.4.1 Annual Performance Plan for 2021/22

Table 10: NNR – APP for 2021/22

Outcome	Output Indicator	Annual Target
Provide an independent radio-analytical verification capability and capacity.	RM1: SANAS Accreditation Gamma Spec: (Soil/Sediment)	SANAS Accreditation Report

	ISO/IEC 17025:2017	
Provide and implement an effective approach towards compliance assurance.	RM2: Updated process for developing the CAP	Approved process for the development of the Compliance Assurance Programme (CAP)
Maintain the implementation of regulatory programmes to assure effective nuclear and radiation safety	RM3a: Number of inspections conducted (NORM, NTWP and NPP)	199 inspections conducted
Maintain the implementation of regulatory programmes to assure effective nuclear and radiation safety.	RM3b: % Implementation of reviews and assessments undertaken (NORM, NTWP and NPP)	100% reviews and assessments undertaken per programme
Maintain the implementation of regulatory programmes to assure effective nuclear and radiation safety.	RM3c: Indoor radon regulatory framework	Approved indoor radon regulatory framework
Provide an effective oversight of the Long Term Operation (LTO).	RM4: % Training plan implemented	100% of training plan
Ensure readiness to regulate SMRs	RM5: Benchmarking study on SMRs regulation	Benchmark Report on SMRs regulation
Ensure the long-term sustainability of the CNSS.	RM6: CNSS sustainability strategy	Approved sustainability strategy
Provide a framework for securing and managing information and intellectual property emanating from CNSS activities	RM7: Framework for CNSS intellectual property	Approved framework on management of information and intellectual property
Promote nuclear safety awareness (role of the NNR).	RM8: Implementation of activities as per the nuclear safety awareness programme	100% Implementation of planned activities as per the nuclear safety awareness programme

Develop and implement a stakeholder relationship management plan.	RM9: % Implementation of the stakeholder relationship management plan	100% Implementation of planned activities as per stakeholder relationship management plan
Adequate funding for execution of NNR mandate.	FM1: % Funding of NNR planned activities	100% Funding of NNR planned activities
Financial sustainability of the CNSS.	FM2: Approved funding model of the CNSS	Approved funding model of the CNSS
Inclusion of previously disadvantaged individuals in economic activities.	FM3: % Procurement spent on designated groups	70% of procurement spent on designated groups
Develop and implement an ISO: 27001 aligned ICT Security Plan	PM1: % Implementation of the activities as per the ISO: 27001 plan	100% Implementation of planned ISO: 27001 activities
Develop and implement a Protection of Personal Information Act (POPIA) compliance plan.	PM2: % Implementation of the activities as per POPIA plan	100% Implementation of planned activities as per POPIA plan
Ensure proactive management of potential litigation.	PM3: Number of Legislative Compliance Reports	4 Legislative Compliance Reports
Provision of adequate and safe facilities for the site office.	PM4: % Implementation of the Cape Town Office construction project plan	100% Implementation of planned activities as per project plan

Source: NNR presentation on 05 May 2021

5.4.2 Budget allocations for the NNR 2021

Table 10: NNR Budget 2021/22

Statement of financial perfomance	Budget	Audited Outcome	Budget	Audited Outcome	Budget	Audited Outcome	Budget estimate	Approved budget	Revised budget	Outcome/ Budget Average %	Average growth rate (%)	Expen-diture/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Expen-diture/ total: Average (%)
R thousand	2017/18		2018/19		2019/20		2020/21			2017/18-2020/21			2021/22	2022/23	2023/24	2020/21 - 2023/24	
Revenue																	
Tax revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-tax revenue	**198,145**	**212,155**	**211,952**	**214,320**	**223,660**	**227,775**	**243,686**	**244,932**	**244,932**	102.5%	4.9%	86.8%	**247,162**	**258,286**	**269,651**	3.3%	85.1%
Sale of goods and services other than capital assets	170,776	172,549	180,339	183,647	199,926	196,440	235,745	212,814	212,814	97.3%	7.2%	73.9%	219,268	229,135	239,217	4.0%	75.1%
of which:																-	
Administrative fees	170,776	172,549	180,339	183,647	199,926	196,440	235,745	212,814	212,814	97.3%	7.2%	73.9%	219,268	229,135	239,217	4.0%	75.1%
Sales by market establishment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-tax revenue	27,369	39,606	31,613	30,673	23,734	31,335	7,941	32,118	32,118	147.5%	-6.7%	13.0%	27,894	29,151	30,434	-1.8%	10.0%
Interest, dividends and rent on land	2,934	5,769	1,549	5,586	5,500	5,766	5,781	6,002	6,002	146.7%	1.3%	2.2%	6,343	6,629	6,921	4.9%	2.2%
Transfers received	**38,573**	**38,573**	**16,510**	**16,510**	**43,096**	**43,096**	**45,467**	**45,467**	**40,467**	**96.5%**	**1.6%**	**13.2%**	**45,248**	**45,519**	**47,522**	**5.5%**	**14.9%**
Tax benefit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outside shareholders Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	**236,718**	**250,728**	**228,462**	**230,830**	**266,756**	**270,871**	**289,153**	**290,399**	**285,399**	**101.6%**	**4.4%**	**100.0%**	**292,410**	**303,805**	**317,173**	**3.6%**	**100.0%**
Expenses										-	-					-	
Current expenses	**236,718**	**235,942**	**228,462**	**243,776**	**266,756**	**253,830**	**289,153**	**290,399**	**285,399**	**99.8%**	**6.5%**	**100.0%**	**292,410**	**303,805**	**317,172**	**3.6%**	**100.0%**
Compensation of employees	138,156	136,182	142,350	150,368	165,606	169,119	174,714	186,508	186,508	103.4%	11.1%	62.8%	193,290	200,225	209,034	3.9%	65.8%
Goods and services	84,675	84,485	72,025	78,645	87,778	70,035	99,080	90,775	85,775	92.8%	0.5%	31.4%	85,414	89,257	93,185	2.8%	29.5%
Depreciation	9,801	10,443	10,369	10,854	9,450	11,646	11,826	10,536	10,536	104.9%	0.3%	4.3%	11,010	11,506	12,012	4.5%	3.8%
Interest, dividends and rent on land	4,086	4,832	3,718	3,909	3,922	3,030	3,533	2,580	2,580	94.0%	-18.9%	1.4%	2,696	2,817	2,941	4.5%	0.9%
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outside shareholders Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	**236,718**	**235,942**	**228,462**	**243,776**	**266,756**	**253,830**	**289,153**	**290,399**	**285,399**	**99.8%**	**6.5%**	**100.0%**	**292,410**	**303,805**	**317,172**	**3.6%**	**100.0%**
Surplus/(Deficit)	-	**14,786**	-	**(12,946)**	-	**17,041**	-	-	-		**-100.0%**		-	-	1	-	

Source: NNR presentation on 0 may 2021

The NNR revenue is composed of Authorization Fees, Application Fees, Government Grant and Other Income of which each contribute an average of 75%,10%,13% and 2% respectively. The total revenue is projected to increase at 3,6% over the MTEF period

Expenditure is projected to increase by 3,33% over the MTEF period. Average expenditure per programme over the MTEF period is projected as follows: Administration - 38%, Nuclear Power Plants (NPP) – 21%, Nuclear Technology & NORM (NTN) – 18% and Regulatory Improvement & Technical Services (RITS) – 24%.

Compensation of Employees (CoE) accounts for the major share of the total expenditure at 66% on average while goods and services' portion is 29%. The remaining 5% is allocated to all other activities including capital expenditure.

5.5. South African National Energy Development Institute (SANEDI)

5.5.1. Annual Performance Plan for 2021/22

Programme 1: Administration - Enabling internal control environment to execute its mandate.

Table 11: Programmes Administration

No	Indicator	Actual 2020/21	Target 2021/22
1.	Percentage critical business risk factors managed as per Risk Management Plan.	>90%	>90%
2.	Percentage implementation of Corporate Stakeholder Engagement Plan (CESP).	55%	85%
3.	Percentage implementation of Corporate ICT Plan.	80%	80%
4.	Unqualified audit achieved.	Unqualified audit report	Unqualified audit report
5.	Percentage of personnel trained as per Workplace Skills Plan (WSP).	80%	80%
6.	Vacancy rate of funded positions.	<5%	<5%
7.	Percentage deviation from employment equity targets.	<5%	<5%

Source: SANEDI presentation on 05 May 2021

Programme 2: Applied Energy research, development and innovation

- Undertaking/Support energy research, development and innovation
- Capacity building/Skills development initiatives
- Policy support initiatives
- DE -risking investment
- Market development/uptake for Energy

Table 12 : Programme 2: Applied Energy Research

No	Indicator	Actual 2020/21	Target 2021/22
1.	Number of energy solutions assessed (advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	14	15
2.	Number of energy-related knowledge sharing events / platforms engaged in (own hosted, attended, knowledge presented, supported).	7	5
3.	Number of recipients of energy-related training facilitated.	120	40
4.	Number of annual Energy industry status reports (insights, trends, international and national collaboration decisions, interfacing and forums).	1	1
5.	Minimum number of energy-related datasets maintained per annum.	1	1
6.	Number of policy support instruments (industry roadmaps, sector development plans and industry support tools, etc).	3	3
7.	Number of energy-related research students contracted researchers supported (e.g.bursaries, non-bursaries, contract opportunities, infrastructure support, etc).	1	1
8.	Fully functional Data and Knowledge Management (DKM) facility in-house within SANEDI.	n.a	1
9.	Number of national energy programmes for which data is available / captured.	n.a	1

Source: SANEDI presentation on 05 May 2021

Programme 3: Energy Efficiency - Energy efficiency intervention for a resource efficient economy and Maximizing GDP per KWh produced/utilized

Table 13: Energy Efficiency

No	Indicator	Actual 2020/21	Target 2021/22
1.	Number of EE solutions implemented.	1	15
2.	GHG emissions reduced (tonnes CO 2).	n/a	1.5 tonnes
3.	Number of EE solutions assessed.	n/a	1 000 000 m 2 - leading to 0.5 tonnes
4.	Area coated (m 2) and GHG emissions reduced (tonnes CO 2).	2	1
5.	Number of EE energy-related datasets maintained per annum.	4	4
6.	Number of EE performance certificates issued.	1	1
7.	Functional database.	n.a	1

Source: SANEDI presentation on 05 May 2021

5.5.2 Budget allocation for the SANEDI

- SANEDI derives its revenue through transfers from the department and through donor funding.
- The MTEF allocation is utilized to leverage and generate revenue from donors to support the programmes.

- Baseline adjustments can potentially impact SANEDI's ability to secure additional revenue required when entering into donor funding agreements.
- Due to the impact of COVID-19 and the economic impact the pandemic had globally and locally, it is anticipated that donor revenue will dwindle further, also as South Africa is perceived as an emerging economy.
- Based on the above SANEDI will need to focus on narrowing down projects within the existing programmes whilst ensuring that its impact is more focused on job creation and will have to have an increased focus on sourcing alternative sources of funding.

Table 14: Budget 2021/22

Medium-term estimate			
	R'000		
	2021/22	**2022/23**	**2023/24**
Interest, dividends and rent on land	1 000	4 672	4 882
Transfers received	**90 905**	**81 072**	**81 383**
Total revenue	**91 905**	**85 744**	**86 265**
Current expenses	**91 905**	**85 744**	**86 265**
Compensation of employees	43 139	45 001	46 881
Goods and services	45 792	36 717	35 178
Depreciation	2 974	4 026	4 207
Total expenses	**91 905**	**85 744**	**86 265**
Surplus/(Deficit)	–	–	–

Source: SANEDI presentation on 05 May 2021

- The entity has a budget allocation estimated at R90million, coming from the MTEF and will also be receiving donor funding of R13.50 million through the general budget support for projects which are implemented by the department in collaboration with SANEDI towards improving the energy performance of government buildings and achieving a net-zero energy wastewater treatments plants.

- The 2021/22 budget expenditure will be spent towards the Compensation of Employees and goods and services 47% and 53% respectively.
- Expenditure is expected to reduce by more than 4% from 2019/20 due to budget reprioritisations, the transfer of Carbon Capture and Storage, and a reduction of spending on goods and services.
- Cost containment measures will continue to be implemented to contain expenditure especially in programme 1 relating to operational expenditure.
- New business development will also be our core focus as well as implementation of the Organisational review recommendations.
- Alignment to government priorities of job creation and commercialisation in order to improve cash flows.
- Core mandate expenditure relating to programme 2 and 3, that is applied Energy Research and Energy Efficiency, will see an increased focused on more self-sustainable projects and reprioritisation within project that's is mainly focused on developing innovative clean energy solutions.

5.6 Council for Geoscience (CGS)

5.6.1. Overview of strategic focus

Programme 1: Financial sustainability

Purpose: To ensure effective and efficient delivery of financial management services, to secure funding from the exploitation of collaborative activities and partnerships as well as to generate grant funding.

Table 16: Programme 1

Outcome	MTSF Priorities	Outputs	Output indicators	Estimated performance	MTEF period		
				2020/21	**2021/22**	**2022/23**	**2023/24**
Effective and efficient financial resources management	**1. A Capable, ethical and developmental state**	Audited financial reports	1. Percentage of overhead costs to total costs	≤66%	≤66%	≤66%	≤66%
		Audited financial reports	2. Percentage of personnel costs to total costs	≤70%	≤70%	≤70%	≤70%
		Audited financial reports	3. Revenue from collaborative activities/partnerships	R30m	R33m	R36m	R39m
		Audited financial reports	4. Grant revenue	R502.2m	R373.2m	R408.1m	R409.6m

Programme 2: Organisational effectiveness and efficiency

Purpose: To develop and implement effective and compliant policies, procedures and business processes in support of the CGS integrated service- delivery model, adhere to best practice to achieve sustainable governance as well as to provide and operate flexible, expandable and secure ICT solutions.

Outcome		**Outputs**	**Output indicators**	**Estimated performance**	**MTEF period**		
				2020/21	**2021/22**	**2022/23**	**2023/24**
Effective and efficient financial resources management and Compliance with governance protocols/regulations	**1. A Capable, ethical and developmental state**	Audited annual report	5. Number of audit qualifications	0	0	0	0
		Audited annual report	6. Percentage of total Procurement spend on goods and services from Small, Medium and Micro Enterprises (QSE and EME's) in	≥30%	≥30%	≥30%	≥30%

			terms of PPPFA of 2017				
		Availability report	7. Availability of key enterprise services	≥99%	≥99%	≥99%	≥99%

Source: Presentation on 07 May 2021

Programme 3: An empowered, transformed, motivated and capacitated workforce

Purpose: To attract and retain highly skilled scientific personnel in the geoscience industry, To build capacity in respect of geoscientific, administrative and managerial/leadership skills while also developing innovative products, systems and services, To promote and invest in human resources transformation and diversity.

Table 17: Programme 3

Outcome		Outputs	Output indicators	Estimated performance	MTEF period		
				2020/21	2021/22	2022/23	2023/24
Capable human capital	**1. A Capable, ethical and developmental state** **3. Education, skills and health**	Human Resources Reports	8. Percentage of scientific staff with Masters or Doctoral degrees	≥35%	≥35%	≥35%	≥35%
		Human Resources Reports	9. Percentage of training expenditure to leviable amount of payroll	≥1%	≥1%	≥1%	≥1%
		Human Resources Reports	10. Staff turnover rate	≤10%	≤10%	≤10%	≤10%

		Human Resources Reports	11. Percentage of staff living with disability	≥1.5%	≥1.5%	≥1.5%	≥1.5%
		Human Resources Reports	12. EE Stats, Scientific cohort (Female representation)	≤49:≥51	44%	46%	48%
		Human Resources Reports	13. EE Stats, EXCO (Female representation)	≤20:≥80	20%	40%	40%

Source: Presentation on 07 May 2021

Programme 4: Delivery of the mandate

Table 18: Programme 4 Purpose: Execute the integrated and multidisciplinary geoscience mapping programme

Outcome	MTSF Priorities	Outputs	Output indicators	Estimated performance	MTEF period		
				2020/21	2021/22	2022/23	2023/24
Enhanced applications of geoscience information and knowledge and to secure a minimum of 5% share of the global exploration expenditure and	**2. Economic transformation and job creation** **5. Spatial integration, human settlements and local government** **6. Social cohesion and safe communities**	Onshore geoscience maps	14. Onshore geoscience map coverage	9%	9.5%	11%	12%
		Offshore geoscience maps	15. Offshore geoscience map coverage	0.1%	0.3%	0.4%	0.5%
		Value-added geoscience outputs such as integrated reports, 3D models, innovative solutions, mineral systems and emplacement models.	16. Applied geoscience outputs for minerals and energy	6	4	4	4

Enhanced geoscience diplomacy	**7. A better Africa and World**	Value-added geoscience outputs such as integrated reports and 3D models, innovative solutions.	17. Applied geoscience outputs for infrastructure, land use, health, groundwater and the environment	6	5	5	5

Programme 5: Advisory, stakeholder engagement and knowledge management

Table 19: Programme 5.

Outcome	**MTSF Priorities**	**Outputs**	**Output indicators**	**Estimated performance**	**MTEF period**		
				2020/21	**2021/22**	**2022/23**	**2023/24**
Enhanced applications of geoscience information and knowledge and to secure a minimum of 5% share of the global exploration expenditure and	**2. Economic transformation and job creation** **5. Spatial integration, human settlements and local government** **6. Social cohesion and safe communities**	Media articles	18. Number of articles published on media platforms	24	24	24	24
		Stakeholder survey report	19. Stakeholder satisfaction level	≥70%	≥70%	≥70%	≥70%
		Peer-reviewed articles published in scientific journals, book chapters	20. Number of peer-reviewed articles published	30	30	32	34

Enhanced geoscience diplomacy	**7. A better Africa and World**	and edited volumes.					
		Examples: memoirs, bulletins, books and atlases.	21. Number of CGS publication s	7	8	8	10
		Examples: Conference Abstracts, extended abstracts, papers and keynotes.	22. Number of conference proceeding s published	40	25	80	40

5.7.2 . Budgets for 2021/22 - CGS

Table 20: Budget FY2020/21 – FY2023/24

Income/Funding Model				
Income (Rands)	**2020/21 Budget x 1000**	**2021/22 Budget x 1000**	**2022/23 Budget x 1000**	**2023/24 Budget x 1000**
Government grant - Baseline	202 388	212 800	228 209	238 478

Government grant – Baseline Increase Geological Mapping	70 000	128 000	147 815	154 468
National Treasury 2020 AENE and 2021 MTEF Budget Reductions	(18 695)	(16 696)	(22 930)	(40 757)
Government grant - MTEF	354 515	52 958	54 984	57 458
****CCUS Project**	90 000	—	—	—
Sales and contracts	29 282	32 210	35 431	38 974
Sundry income	4 072	4 276	4 490	4 714
TOTAL INCOME - A	**731 562**	**413 548**	**447 999**	**453 335**
Budget fluctuations are resulting from conditional grant allocation (MTEF projects)				

Expenditure (Rands)	2020/21 Budget x 1000	2021/22 Budget x 1000	2022/23 Budget x 1000	2023/24 Budget x 1000
Personnel costs	336 594	316 946	342 117	367 773
Bursaries	4 074	4 481	4 930	5 423
Commercial project costs	13 177	14 495	15 944	17 538
Overheads and operating costs	305 921	62 126	69 508	47 101
SUBTOTAL - B	**659 766**	**398 048**	**432 499**	**437 835**
SURPLUS(LOSS) A-B	-	-	-	-
Budgeted Capital Expenditure (vehicles; equipments;etc)	71 796	15 500	15 500	15 500
Total Expenditure	**731 562**	**413 548**	**447 999**	**453 335**
*Balance Sheet				

Source: CGS presentation on 07 May 2021

Table 21: Analysis of Government Grant Allocations from FY2020/21 to FY2023/24

ITEM	2020/21	2021/22	2022/23	2023/24
Baseline allocation	**R202.5m**	**R212.8m**	**R228.2m**	**R238.4m**
Water Ingress Project	**R29.0m**	**R30.7m**	**R31.8m**	**R33.2m**
Rehabilitation of D&O Mines (Research Portion)	**R21.1m**	**R22.3m**	**R23.2m**	**R24.2m**
****CCUS Project**	**R90.0m**			
Economic Competitiveness and Support Package (ECSP)	**R198.3m**	**—**	**—**	**—**
Analytical and Research work for the Geoscience Laboratory	R198.3m	—	—	—
Baseline Increase : Geological Mapping for Exploration of Mining	**R70.0m**	**R128.0m**	**R147.8m**	**R154.5m**
Baseline Reduction : Current Transfers (Operational)	**(R18.7m)**	**(R14.6m)**	**(R20.2m)**	**(R33.5m)**
Baseline Reduction : Rehabilitation of D&O Mines	**—**	**(R2.1m)**	**(R2.7m)**	**(R3.6m)**
Baseline Reduction : Water Ingress Project	**—**	**—**	**—**	**(R3.6m)**

Total Government Grant **(* 2021 MTEF DMR Final Allocation letter 5 February 2021)**	**R592.2m**	**R377.1m**	**R408.1m**	**R409.6m**
The Shale gas is no longer funded.** * Transfers from SANEDI were received as follows, R60m 28Aug20 and R30m 04Sep20.**				

Source: CGS presentation on 07 May 2021

Financial sustainability

- There has been no real growth in the baseline grant over the period. The marginal increase in the grant is meant to address inflation. Baseline revenue has increased with an average of 4 % over the period.
- An additional Baseline grant funding of R430.3m has been allocated for Geological mapping for exploration of mining over the MTEF.
- An amount of R66.6m has been reallocated for the D&O research portion over the MTEF.
- R18.7m budget reduction in the 2020 AENE and R80.3m budget reductions in the 2021 MTEF
- CGS is implementing the Development of Carbon Capture Storage Project with the World Bank.
- There has been no real growth in the baseline grant over the period. The marginal increase in the grant is meant to address inflation. Baseline revenue has increased with an average of 4 % over the period.
- An additional Baseline grant funding of R430.3m has been allocated for Geological mapping for exploration of mining over the MTEF.
- An amount of R66.6m has been reallocated for the D&O research portion over the MTEF.
- R18.7m budget reduction in the 2020 AENE and R80.3m budget reductions in the 2021 MTEF

- CGS is implementing the Development of Carbon Capture Storage Project with the World Bank.
- There has been no real growth in the baseline grant over the period. The marginal increase in the grant is meant to address inflation. Baseline revenue has increased with an average of 4 % over the period.
- An additional Baseline grant funding of R430.3m has been allocated for Geological mapping for exploration of mining over the MTEF.
- An amount of R66.6m has been reallocated for the D&O research portion over the MTEF.
- R18.7m budget reduction in the 2020 AENE and R80.3m budget reductions in the 2021 MTEF

- CGS is implementing the Development of Carbon Capture Storage Project with the World Bank.
- There has been no real growth in the baseline grant over the period. The marginal increase in the grant is meant to address inflation. Baseline revenue has increased with an average of 4 % over the period.
- An additional Baseline grant funding of R430.3m has been allocated for Geological mapping for exploration of mining over the MTEF.
- An amount of R66.6m has been reallocated for the D&O research portion over the MTEF.
- R18.7m budget reduction in the 2020 AENE and R80.3m budget reductions in the 2021 MTEF
- CGS is implementing the Development of Carbon Capture Storage Project with the World Bank.

5.8. SA Diamond and Precious Metals Regulator (SADPMR)

The mandate of the South African Diamond and Precious Metals Regulator is to regulate both diamonds and precious metals industries on beneficiation, buying, selling, importing and exporting of rough diamonds and manufacturing of precious metals.

5.8.1 Overview of the SADPMR Annual Performance Plan

Table 22: Overview – SADPMR APP 2021/22

Outcome	Outcome indicator	APP Target 2021/22
Compliance with Precious Metals and Diamonds legislation	Number of compliance inspections conducted within the precious metals industries.	400
	Number of compliance inspections conducted within the diamonds industries.	500
	Number of precious metals joint inspections with law enforcement stakeholders	4
	Number of diamond joint inspections with law enforcement stakeholders	1
	Percentage of enforcement actions undertaken – Non-compliance notices	100%
Transformation in the diamond and precious metals industries	Number of licensees assessed against their commitments as per Mining Charter	120
Job creation, skills development and value addition to diamond	Percentage of licences issued within 60 working days based on completeness of the license application (precious metal)	65%

and precious metal industries	Percentage of licences issued within 60 working days based on completeness of the license application (diamonds)	65%
	Number of Export Approval applicants catering for local demands of unwrought/ semi- fabricated precious metals addressed	12
	Percentage of beneficiation licenses/permits issued from the applications received within the legislated timeframe (60 working days)	100%
	Number of inactive diamond businesses engaged	8
Job creation and Value addition to precious metals and diamonds	Number of skills initiatives facilitated for the industries	5
Compliance to legislation	Percentage of valuations conducted	100%
	Percentage of undisclosed synthetic diamonds subjected to detection	100%
	Number of HDP's owned companies accessing DEEC	6
	Number of beneficiators accessing DEEC for the first time	3
	Percentage of compliance with the Kimberley Process Certification Scheme (KPCS)	100%
An effective, efficient and development orientated regulator	Number of contracts awarded to HDIs	5
	Percentage of rand value of procurement spend awarded to HDI (Level 1& 2)	70%
	Number of instances of non-compliance to PFMA (Irregular, Fruitless and Wasteful expenditure)	Nil

	Revenue strategy developed and implemented	Implementation of the strategy	
	Identify and implement finance application modules to optimize utilization of enterprise resource planning (ERP)	Implementation of the approved application system renewal plan	
An effective, efficient and development orientated regulator	**Human Resources Development**		
	Percentage of compliance to the WSP requirements	100%	
	Number of new bursaries awarded	4	
	Number of young graduates recruited on the Internship Programme	8	

Outcome	**Outcome Indicator**	**APP Target** **2021/22**	**MTEF target** **2021/22 to 2023/24**
An effective, efficient and development orientated Regulator	**Organisational Development:**		
	Number of employee recognition events coordinated	1	3
	Number of organisational culture interventions implemented	1	5
	Number of leadership development programmes implemented	1	5
	Number of women and youth empowerment skills development, facilitated for internal staff	2	8

An effective, efficient and development orientated Regulator	**Information and Communication Technology:**		
	Number of Disaster Recovery Tests implemented	2	6
	Phases of online application developed	Develop and Implement Licensing App Module	Develop & Implement application for Licensing, Diamond Inspectorate & DEEC
	Number of ICT Security Measures implemented	2	8
An effective, efficient and development orientated Regulator	**Marketing & Communication:**		
	Number of Internal and External stakeholders' engagements conducted	10	32
	Number of brand promotion activities implemented	8	30
	Number of Diamond and Precious Metal industry specific articles published about the services of the SADPMR	4	12
	Number of internal newsletter articles published	6	18
	Number of engagements uploads on digital media platforms	200	600

An effective, efficient and development orientated Regulator	**Security Risk Management:**		
	Number of fraud and corruption prevention plan activities implemented	4	12
	Number of vetting files submitted to State Security Agency (SSA)	10	30
	Number of Occupational Health and Safety initiatives implemented	6	18
	Legal Services:		
	Percentage of matters referred for legal advice and addressed within 30 days.	100%	100%
	Percentage of legal opinions obtained on behalf of the Regulator.	100%	100%
	Percentage of contracts and SLAs vetted within 30 days.	100%	100%

Source: SADPMR presentation on 07 May 2021

5.8.2 Budget of the SADPMR

Table 22: MTEF BUDGET CYCLE ALLOCATIONS

Income	**MTEF**		
	2021/22	**2022/23**	**2023/24**
Grant allocation	62,027	62,894	63,136
Internal Generated Revenue	49,717	52,244	58,431
Total Income	**111,744**	**115,138**	**121,567**
Expenditure	111,744	114,469	115,815
Surplus	**-**	**669**	**5,752**

Source: SADPMR presentation on 07 May 2021

Table 23: PRELIMINARY BUDGET

Budget allocation	MTEF		
	2021/22	**2022/23**	**2023/24**
Grant allocation	62,027	62,894	63,136
Internal Generated Revenue	49,717	52,244	58,431
Total Revenue	**111,744**	**115,138**	**121,567**
Expenditure	**111,744**	**114,469**	**115,815**
Compensation of employees	86,529	86,529	86,529
Goods and services	24,115	26,840	28,186
Depreciation	1,100	1,100	1,100
Surplus	**-**	**669**	**5,752**

Source: SADPMR presentation on 07 May 2021

The SADPMR was successful in obtaining a R14 000 000 cash injection to fund the relocation to the Gauteng Industrial Development Zone (GIDZ) and thereby ensuring sustainability of the entity. This was as a result of numerous engagements with relevant stakeholders.

- During the 2021/2022 financial year and outer years zero increases were effected to employee costs due to financial constraints and MTEF budget guidelines due to projected decreases in the grant allocation and revenue.
- Office relocation expenditures will be funded from accumulated surplus as per the approval of the National Treasury and a ring fenced grant allocation received from the DMRE during the end of the 2020/2021 financial year.
- Projected inflation as per MTEF guidelines applied to expenditure budget items where applicable.

5.8.3 INTERVENTIONS POST COVID-19

Table 24: Interventions post-Covid-19

Challenges	Interventions	Support Required
VAT exemption on imports for industry on to free up much-needed cash.	❑ No VAT on import of diamonds destined to South Africa.	❑ Engagement with SARS
Export levy – **Discourage exports in order to increase local beneficiation**	❑ Introduce export levies and service fees on precious metals exports and imports ❑ Increase export levy on diamonds from the current 5%	❑ Amendment of Diamonds Act, Precious Metals Act and Export Levy (Administration) Act
SADPMR Revenue is impacted by COVID-19 pandemic with no certainty on future revenue generation as per budget	❑ Continuous monitoring of impact of revenue generation on the sustainability of the Regulator with regular feedback to the Oversight division at the DMRE ❑ Implementation of Revenue Strategy and stakeholder engagement	❑ Regular meetings with DMRE Oversight division and National Treasury where relevant

Source: SADPMR presentation on 07 May 2021

5.9. State Diamond Trader (SDT)

The SDT is categorized as a schedule 3B entity in terms of the Public Finance Management ACT 1 of 1999 (PFMA). A state owned entity established in 2007 in terms of section 14 of the Diamond Act 56 of 1986 to operate in the diamond industry to support and facilitate growth in local diamond beneficiation.

5.9.1. Summary of 2021/22 APP

- To increase our current purchase from 2% to 4,5%
- To increase number of HDSA sold to
- To enhance skills development
- To liaise with Non-compliance producers
- To continuous compliance with PFMA, Fraud and Prevention plan
- To obtain a favourable grant/credit facility for SDT
- To review the business case
- To review our EDP
- Collaborate in promotion, research and development
- Introduce and promote annual local diamond show

5.9.2. SDT has identified the following key challenges:

Funding for SDT

- Financial model for operations while growing local diamond beneficiation industry
- Current revolving credit facility from IDC limits acquisition

Rough Diamonds

- SDT can only purchase run of mine which means all qualities and all sizes of a production
- Average of 15% of South African rough diamond production is desired by clients

Clients

- Many clients are hard hit by issues of economies of scale impacting on their buying power
- Clients do not provide suitable rough diamonds as a result of the run of mine provisions
- Lack of funding limit their ability to acquire tools and machinery
- Lack of start-up funding and no funding from commercial banks

Legislation

- 10% Rough diamonds
- 80% /20% Principle
- Taxation Alignment with other legislation

Synthetic Diamonds

- SDT legislation to deal with Natural (rough diamonds)
- Synthetic diamonds need to be managed as it affects viability of the SDT

Decline Production

- Industry experiencing a decline in production
- This threatens level of supply and growth of industry
- Unstable and shrinking markets

Diamond Prices

- Fair Market value not supportive of transformation agenda (mark-up)
- Producers always have upper hand over SDT
- SDT has to make margins to sustain its operations

5.9.3 SDT reported on the following strategies to deal with challenges

- Collaborate on research, training and development scheme
- To establish a hub (incubator) for new entrance, emerging business and trainees
- Invest in the latest technology
- Import of diamonds suitable for beneficiation from SADC and BRICS countries
- Investment in local and international marketing activities for clients

- Strengthen Enterprise Development Programme
- Lobby for start-up funding for diamond manufactures
- Develop and Implement Financial Mobilization Strategy
- Relocation to OR Tambo(GIDZ) in September 2021
- Collaboration strategy to market diamonds locally and internationally

5.9.4 Budget Allocation is outlined as follows

Table 25: SDT budget allocation

STATE DIAMOND TRADER FIVE YEAR BUDGET					
SUMMARY OF STATEMENT OF COMPREHENSIVE INCOME					
	2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Sales	722 844 000	737 748 000	753 500 128	768 570 128	784 697 508
Less Cost of Sales	699 000 000	713 430 000	727 276 860	741 842 239	756 699 928
Gross Profit	**23 844 000**	**24 318 000**	**26 223 268**	**26 727 889**	**27 997 580**
Less Operating costs	**23 088 735**	**24 613 956**	**25 826 354**	**27 099 371**	**28 436 040**
Salaries	14 938 465	16 491 173	17 297 431	18 144 003	19 032 903
Leases	1 077 360	1 131 228	1 187 789	1 247 179	1 309 538
Computer and other IT	780 000	819 000	859 950	902 948	948 095
Travel	600 000	720 000	756 000	793 800	833 490
General Expenses	3 676 966	3 335 814	3 502 605	3 677 735	3 861 622
Professional Fees	2 015 944	2 116 741	2 222 578	2 333 707	2 450 392
EBIT	**755 265**	**(295 956)**	**396 915**	**(371 483)**	**(438 460)**
Finance Income	720 000	834 578	842 862	853 786	859 573
Finance Expense	(850 000)	(262 500)	(875 625)	(289 406)	(303 877)
(Net Loss)/Net Profit	**625 265**	**276 122**	**364 151**	**192 897**	**117 237**

Source: SDT presentation on 07 May 2021

Table 26: Diamond purchases and sales

DIAMOND PURCHASES AND SALES OF THE STATE DIAMOND TRADER					
	FY2021/2022	FY2022/23	FY2023/2024	FY2024/2025	FY2025/2026
Value of Diamonds Inspected from Producers (USD)	970 000 000	989 400 000	1 009 188 000	1 029 371 760	1 049 959 195
Value of Diamonds Purchased in USD	43 650 000	44 550 000	45 413 460	46 321 729	47 248 164
% of Annual Production Purchased	4,5%	4,5%	4,5%	4,5%	4,5%
Forecast Exchange Rate					
Value of Diamonds Purchased in ZAR	698 400 000	712 800 000	726 615 360	741 147 664	755 970 624
Average Rand/USD Rate	16,00	16,00	16,00	16,00	16,00
Sales in ZAR	722 844 000	737 748 000	753 500 128	768 570 128	784 697 508
Cost of Diamonds Sold	698 400 000	712 800 000	726 615 360	741 147 664	755 970 624

Source: SDT presentation on 07 May 2021

Table 27 : Annual overheads of SDT for 5 years

ANNUAL OVERHEADS OF THE STATE DIAMOND TRADER FOR 5 YEAR PERIOD					
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Compensation of employees					
Salaries	**14 938 465**	**16 491 173**	**17 297 431**	**18 144 003**	**19 032 903**
Leases					
Office Rent	1 077 360	1 131 228	1 187 789	1 247 179	1 309 538
Sub-total - Lease Expenses	**1 077 360**	**1 131 228**	**1 187 789**	**1 247 179**	**1 309 538**
Other Expenses					
General Office Expenses	597 713	627 598	658 978	691 927	726 523
Relocation costs	500 000	-	-	-	-
Water and electricity	240 000	252 000	264 600	277 830	291 722
Communication: Telephone	80 000	84 000	88 200	92 610	97 241
Security Services	476 909	500 754	525 792	552 081	579 685
Diamond Insurance expense (Inventory)	180 000	189 000	198 450	208 373	218 791
Insurance expense	60 072	63 076	66 230	69 541	73 018
Training and Development	150 000	157 500	165 375	173 644	182 326
Bursaries	100 000	105 000	110 250	115 763	121 551
Consulting Fees	100 000	105 000	110 250	115 763	121 551
Marketing & Advertising expenses	272 000	285 600	299 880	314 874	330 618
Conferences, meetings and exhibitions	240 000	252 000	264 600	277 830	291 722
Board Fees	630 272	661 786	694 875	729 619	766 100
Subscription	50 000	52 500	55 125	57 881	60 775
Sub-total - Other Expenses	**3 676 966**	**3 335 814**	**3 502 605**	**3 677 735**	**3 861 622**
Computer and other IT Expenses				-	
ICT Services	780 000	819 000	859 950	902 948	948 095
Sub-total - Computer and Other IT Expenses	**780 000**	**819 000**	**859 950**	**902 948**	**948 095**
Travel expenses				-	
Foreign Travel expenses	200 000	300 000	315 000	330 750	347 288
Local Travel expenses	400 000	420 000	441 000	463 050	486 203
Sub-total - Travel Expenses	**600 000**	**720 000**	**756 000**	**793 800**	**833 490**
Professional Fees					
Audit fees - Statutory	1 115 197	1 170 957	1 229 505	1 290 980	1 355 529
Internal Auditors (Outsourced)	455 546	478 324	502 240	527 352	553 719
Legal services	420 000	441 000	463 050	486 203	510 513
Independent Diamond Valuator (IDV) fees	25 200	26 460	27 783	29 172	30 631
Sub-total Professional Fees	**2 015 944**	**2 116 741**	**2 222 578**	**2 333 707**	**2 450 392**
					-
TOTAL OVERHEADS	**23 088 735**	**24 613 956**	**25 826 354**	**27 099 371**	**28 436 040**

Source: SDT presentation on 07 May 2021

Table 28: Cash flow projections of the SDT

CASH FLOW PROJECTIONS OF THE STATE DIAMOND TRADER FOR 5 YEAR PERIOD					
Cash Flows	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Opening balance : Cash and cash equivalents	**24 000 000**	**27 819 265**	**28 095 387**	**28 459 538**	**28 652 436**
Cash receipts from customers	722 844 000	737 748 000	753 500 128	768 570 128	784 697 508
Cash payments for diamond purchases	(699 000 000)	(713 430 000)	(727 276 860)	(741 842 239)	(756 699 928)
Net cash received from operations	**23 844 000**	**24 318 000**	**26 223 268**	**26 727 889**	**27 997 580**
Less payments to suppliers and employees	**(23 088 735)**	**(24 613 956)**	**(25 826 354)**	**(27 099 371)**	**(28 436 040)**
Salaries	14 938 465	16 491 173	17 297 431	18 144 003	19 032 903
Leases	1 077 360	1 131 228	1 187 789	1 247 179	1 309 538
Computer and other IT expenditure	780 000	819 000	859 950	902 948	948 095
Travel	600 000	720 000	756 000	793 800	833 490
General Expenses	3 676 966	3 335 814	3 502 605	3 677 735	3 861 622
Professional Fees	2 015 944	2 116 741	2 222 578	2 333 707	2 450 392
Interest Income	720 000	834 578	842 862	853 786	859 573
Interest Expense	(850 000)	(262 500)	(875 625)	(289 406)	(303 877)
Working capital (Current Inventory to be realised in coming years)	4 200 000				
Capital Expenditure	(1 006 000)	-	-	-	-
Closing balance: Cash and cash equivalents	**27 819 265**	**28 095 387**	**28 459 538**	**28 652 436**	**28 769 672**

Source: SDT presentation on 07 May 2021

SDT has made the following Budget Assumption

- The revenue only consists of rough diamonds and the forecast is based on market conditions and production level from the producers.
- The revenue is expected to increase marginally over the next five years
- Gross profit margin percentage will remain stable at 3% over the budget period.
- Operating costs are expected to increase by 5% for the next five years.
- Finance expense relates interest incurred on credit facility
- The entity will make a minimum profit over the next five years.

6. Observations and findings

6.1 Department of Mineral Resources and Energy (DMRE)

1. The Committee note the letter from the department regarding the non-tabling of Annual Performance Plans of the NECSA and CEF Group, as they Schedule 2 entities according to the PFMA and therefore are not required to table to Parliament. Their APPs and proposed budgets. The Committee is seeking a legal opinion on this matter.

2. The Committee has noted and observed that the department has embarked on the implementation of the Nuclear New Build Programme at the scale and pace that the country can afford, so as to ensure that the security of supply is in line with the IRP2019.

3. The Committee noted that the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP) has been finalised, where successful bidders have been announced and other work (e.g. environmental authorisation) is being done to implement the decision. The RMIPPPP remains a high priority matter on the Committee's agenda, and therefore it is a matter that the Committee will continue to be seized with going forward.

4. The Committee note that the Department has resolved the longstanding regulatory uncertainty in respect of the Mining Charter, with Black Economic Empowerment (BEE) ownership a requirement at the exploration phase.

5. The Committee noted that Bid window 5 of the renewable energy programme has been gazetted and that Bid window 6 will be gazetted in August 2021 and Bid Window 7 in February 2022.

6. The Committee noted with concern progress on the implementation of the National Solar Water Heater Programme. It was reported that for the 2021/22 financial year, R73 million has been made available for the programme. Furthermore, the Committee noted with concern that the budget for the SWH programme is reported to be under Goods and Service instead of reflecting as a standalone programme. The department

is more committed in ensuring that more SWH are on rooftops, irrespective of the available budgets, The Committee note that the SWH programme have been on the disastrous programmes in the department, though with good intentions.

7. The Committee note that processes have been undertaken, to test the market for the 2 500 of the Nuclear New Build programme.

8. The Committee note that the Integrated National Electrification Programme was affected the most by the budget adjustments (due to COVID-19) of the previous financial year.

9. The Committee noted the progress made on the merger of the 3 entities (PetroSA, SFF and iGas). The process is currently at a Cabinet level, where Cabinet has to advise on the various options relating to the development of a structure for the merged entity.

10. The Committee was informed that the development of an artisanal and small scale mining policy, emanates from the premise that it has a role to play in the economy, i.e. job creation and the fiscus through taxes. There is thus a need to develop this sector. According to the department they have the necessary benchmarking relating to countries who are doing this, e.g. Nigeria, Ghana, Tanzania etc. They aim to consult communities soon on the draft the policy is developed and take it through the processes. According to the DMRE the draft policy will be gazetted to elicit inputs from broader stakeholders in parallel going to communities. The aim is to finalise it by the end of this fiscal year, where the policy will be approved for implementation.

11. The Committee note that SA are adhering to IMO compliance relating to clean fuels, where most of the refineries have converted their refineries to produce 15ppm diesel. However; two of the refineries lost their capacity to produce after their conversion, i.e. one caught fire and the other had an explosion. However, the import capacity has been increased to address this and there is sufficient storage at Cape Town and Durban. According to the DMRE there is no concern.

12. The Committee note that a clean fuels policy has been developed by the DMRE, which is currently out for public comment.

13. The Committee note the DMRE’s Black Industrialist programme, where the DMRE acknowledged that it need to relook and refine the Black Industrialist programme.

14. The Committee note that with the transfer of funds in the INEP are transferred to implementing entities, Eskom and licensed municipalities. On the INEP programme, the Committee was informed that various structures and forums exists, which include COGTA, SALGA and other provincial departments are part of various forums in the respective provinces. The DMRE also brief MinMECs on allocations.

15. On an overarching investment strategy, the Minister pointed out to the Committee that every SOE has a developmental and financial mandate and if one of these are failing, that specific entity is failing. The Minister reiterated that everything an entity does, must address these 2 issues.

16. The Committee note that entities do partner with private entities and encouraged the Minister to promote this initiative. As this will contribute to the public entities to become more commercially viable and financially sustainable.

6.2 Mine Health and Safety Council (MHSC)

1. On the issue of 4IR, the Committee noted that the MHSC’s ultimate goal is to achieve zero harm; and in an effort to achieve this; the use of technology will be critical and beneficial, e.g. use of drones and employee underground detection programme etc.

2. The Committee noted that the MHSC has received a number of complaints from communities relating to blasting close to communities. However, in addressing this, the options considered by the MHSC include, strengthening legislation and also considering new and improved blasting technologies.

3. The Committee noted that the MHSC has done research with the CSIR on the impact of blasting and they are now developing guidelines relating to safer mining blasting activities, which will be finalised by the end of this financial year.

6.3 Mintek

1. According to the Mintek, China dominates world Rare Earth Elements (REE) production and consumption, where they have more than 80% production, and less than 40% of world reserves. Bayan Obo is an enormous REE resource and set China up for world dominance
2. The Committee was informed that SA is a small player in the REE, but there is potential, even though these elements are not cheap to yield acceptable returns. According to Mintek the necessary funding is required to unlock beneficiation and the future is technology based and REE is what is needed.
3. Mintek stated that in order to be a player in the REE, the country need to look at resources in southern Africa. Mintek's focus is to develop a technology that could take material from different resources. Mintek pointed out that it takes long to develop appropriate technologies.
4. The Committee is cognizant that Mintek are not producing; i.e. they develop technology which is then transferred to people who will be producing (up scaling).
5. The Committee note that Mintek develops technology and then partner with the industry.
6. The Committee note that Mintek commercialise in different ways by inter alia transferring technology to industry, by selling products, by selling its know-how and expertise.
7. The Committee noted that Mintek have raised more than R100m from the sale of their products. They further stated that they operate in more than 42 countries with their products.
8. The Committee noted that the Mintek is building capacity in the area of antibody development and that they are producing in smaller numbers. They have also collaborated with other institutions e.g. SAHPRA, MRC, higher education institutions etc.

6.4 SANEDI

1. The DMRE confirmed that they are in the process of establishing the SANEDI Board. SANEDI, according to the DMRE has an acting CEO, and it was agreed that the appointment of a CEO should not be done by the previous Board, but that this process should be undertaken by the newly appointed Board.

2. The SANEDI explained that where the target for Green House emissions indicate "not applicable", it means that it is new indicator in their strategy where they will start tracking and reporting on.
3. The Committee note progress relating to the mobile Plaswen Waste to energy plant, where SANEDI is in the process of developing the plant in collaboration with NECSA. The process had some challenges, but they are refining and addressing these. Once the plant becomes operational, the plan is to place it at one of the sites in collaboration with the relevant municipality and start generating some form of biogas. This, according to SANEDI might lead to job creation, in the waste management space.
4. SANEDI fund students where there is a gap, in other words it is specific in a sense, where they think the energy sector is going to. They further work closely with the Energy & Water SETA on a number of initiatives and also assist in identifying which skills are scarce in the country relating to the energy industry.
5. The SANEDI confirmed that they are not directly part of and do not participate in procurement processes of the RMIPPPP, but they do gather information and data, which they provide to the decision makers.
6. The Committee note that the SANEDI do collaborate with the Mintek on a number of initiatives. The SANEDI pointed out that going forward there are a number of initiatives where the SANEDI can collaborate with Mintek, which they will discuss with Mintek.
7. SANEDI stated that the cost allocation Compensation of employees includes remuneration of technical staff, who are directly involved in the work as well as administration. The SANEDI indicated that the funding provided is not sufficient to fund their mandate and also to fund the right operational structures to execute their mandate. SANEDI stated that the funding that they have, they utilize this to leverage external funding.
8. The Committee note the availability and accessibility of SANEDI information on their website, and SANEDI acknowledged that this is an area which they have identified as a weakness and one which need to be addressed and strengthened. They further acknowledged that they do have lots of information, but this is not accessible.

6.5 National Energy Regulator of SA (NERSA)

1. The DMRE informed the Committee that the former NERSA Chairperson of the Board has resigned, therefore the NERSA's Deputy Chairperson is now the Interim Chairperson of the Board.
2. The DMRE further indicated that the appointment of the NERSA CEO is at an advance stage.
3. The Committee note the turnaround time of NERSA's registration processes and the NERSA explained that the registration process takes about 60 working days once the application is received. After 2 days, acknowledgment of receipt should be forwarded, including what information is missing in the application.
4. On self-generation below 1MW, the process of registration, according to NERSA has been progressing well. However, it is those above 1MW, which have to undergo the licensing processes, which is lengthier as per the legislation.
5. To date, NERSA has registered around 270 Small-Scale Embedded Generation (SSEGs), with an installed capacity of 130MW.
6. The NERSA confirmed that they did make comments on the ERA Bill, but with recent changes, those comments have been revised and forwarded to the DMRE.
7. The Committee pointed out that a number of NERSA's decisions are taken to court. NERSA reminded members that the current legislation provides for this, i.e. no alternatives. NERSA's plea to the Committee is that the legislation be amended to provide for an alternative to disputes and not court based in the first instance.
8. On the increasing costs of electricity, the NERSA stated that when they receive an application from Eskom, this is based on their own budget and their estimated costs over a 3 or 5-year period. So what NERSA will do is looking at only efficiently incurred costs are included. The NERSA also highlighted the outdated legislation and electricity policy pricing (EPP) during these processes.
9. The Committee note the view expressed by NERSA regarding the imposition of R2 million per day or 10% of the total revenue of licensees for not complying with licence conditions. NERSA is of the opinion that this will be difficult to implement, taking into consideration that the law requires the sustainability of the licensees, and to impose these measures on for example a municipality, would negatively impact on their already

strained finances. Based on this, the NERSA's propose that there should rather be regulative measures implemented against the licensee, rather than punitive measures.

10. The Committee note the NERSA for their job-shadowing, internship and learnership programmes. According to NERSA, they offer a job-shadowing programme to expose Grade 9 to 11 learners to the work environment and to generate interest in careers in the energy sector. The intake for this programme is 10 annually of all races. A Service Provider has been appointed to assist them in this programme. NERSA also has an internship (12 people in this programme currently) and a learnership (12 people in this programme currently) programme.
11. The Gas Act of 2001 currently provides NERSA with a mandate to regulate, amongst others, gas pipelines. The scope of the mandate includes licensing the pipelines for construction and operational activities, and approving of tariffs (which is the charge paid by third parties to the facility owner for the transportation of gas through the pipelines).
12. With regard to distribution, the Gas Act only empowers NERSA to license the distribution pipelines but there is no provision for the Regulator to approve the tariff for the distribution of gas via those pipelines. This is a different case from gas transmission pipelines and storage because the Act empowers NERSA to license the infrastructure and approve the tariff that would be paid by third parties for utilising the transmission and storage infrastructure they do not own.
13. The impact of having the distribution tariff unregulated is that the distribution companies can charge whatever tariff they want, even if that tariff is too high to the detriment of end customers (because the ultimate goal is to make gas affordable) NERSA cannot intervene to control the tariff as it does not have the mandate to regulate it. Even if the affected customers come to the Regulator to complain, NERSA cannot intervene without the relevant powers.
14. Regarding the issue of third party access, gas pipelines are natural monopolies meaning that:

    (a) the upfront capital required for the development of that infrastructure is high;
    (b) the infrastructure cannot be easily duplicated in a specific geographic area for instance; and

(c) in order to ensure that services are efficiently provided in that specific geographic area, the number of distribution companies that can provide that service are limited to one or few however with conditions of third party access to the pipelines.

15. Currently the Gas Act allows for exclusive distribution of gas in a specific geographic area but makes no provisions for third party access. This does not mean the licensed distribution company cannot grant third party access to other interested parties who may want to distribute gas via the distributors' pipelines. It simply means this kind of access is negotiated but not regulated third party access. It is important that NERSA regulates third party access to ensure that there is non-discrimination and equitable access to the distribution pipeline infrastructure.

6.6 National Radioactive Waste Disposal Institute (NRWDI)

1. The DMRE stated that the recruitment of a permanent CEO is at an advanced stage and that the recruitment process should be concluded within the next three months with the subsequent appointment of a permanent NRWDI CEO.
2. One of the projects to be undertaken by NRWDI relating to the Koeberg Nuclear Power Plant extension, is the replacement of key critical reactor components which will result in the disposal of large nuclear components such as Original Steam Generators (OSGs).
3. The NRWDI stated that based on scientific knowledge, it is envisaged that the old Steam Generators will be classified as Low Level Waste. Vaalputs is currently licensed to dispose Low Level waste and therefore the old Steam Generators will be disposed at Vaalputs on the condition that the old Steam Generator waste package meets all the requirements of the Vaalputs Waste Acceptance Criteria. Vaalputs is currently only authorised by the NNR to receive concrete waste packages and metal waste packages of up to 4 tonnes. An old steam generator has a mass of more than 300 tonnes and therefore NRWDI will submit a compelling safety case to the NNR to demonstrate that the Steam Generators waste package complies with the transport and handling requirements as prescribed by the IAEA.
4. NRWDI has developed and implemented a comprehensive stakeholder engagement and communication strategy and plan to address the risk of sub-optimal communication with

stakeholders. NRWDI will use social media and other virtual platforms to engage and communicate to stakeholders in an open and transparent manner.

5. NRWDI has developed and implemented a comprehensive succession planning and retention programme to de-risk the loss of institutional knowledge.
6. The Committee note that the NRWDI will generate additional revenue in the form of (i) waste disposal fees from radioactive waste generators, in particular Necsa and Eskom; (ii) funding from the Radioactive Waste Management Fund and (iii) income from rendering advisory services to the AU and SADC countries on radioactive waste management and disposal. These new revenue streams will mitigate the financial sustainability risk of NRWDI.
7. With regard branding, the NRWDI has adopted its Branding manual and that is why they have started branding themselves.

6.7 National Nuclear Regulator (NNR)

1. Members note that the transfer of license from NECSA to NRWDI cannot just be transferred, as the process is legislated. Before a license can be transferred you need a new license coming in and certain requirements by the NNR have to be met. It is upon the new applicant to show the NNR that they have met the requirements then the license can be transferred.
2. The Committee was informed that the outstanding information from NRDWI regarding the transfer of the license include: The Public Information Document, which has been outstanding since the 30th of March 2021 after which there are public comments and questions which need to be responded to by NRWDI; and there is an issue of side security of tenure which needs to be resolved; and the issue of nuclear viability that the applicant need to demonstrate. These are requirements which are non-negotiable and need to be met. All these are currently in progress and discussions, and are at an advanced stage. The NNR indicated that the issue will be resolved soon.
3. The Committee note that the matter regarding the transfer will be addressed as the 2 entities confirmed that they will engage on matters affecting approval of the Vaalputs Nuclear Installation License in order to ensure the Vaalputs Nuclear Installation License

approval is obtained as soon as possible, taking due cognisance of compliance with the NNR Act.

4. The Committee is note the NNR's pro-activeness regarding the development of the small modular reactor policy. The NNR pointed out that they have recently joined the SMR Forum, which is made up of 15 member states of the IAEA, whom are either developing SMRs (Canada, USA, China, Russia) and those that aspire to procure SMRs (Kenya, Zambia).
5. The NNR stated that the IRP is clear, part of the 2 500MW to be considered must be a SMR, according to the NNR, this process is very proactive, so in the event that government goes that route a framework needs to be in place by which to assess the safety of these designs for licensing.
6. The NNR is mandated by the NNR Act, to provide an advisory role to the Minister on nuclear safety.
7. NNR play no role in procurement of nuclear, but advise on the liability and safety issues and any design – focusing on its licensing - which is put on the table for consideration for procurement

6.8 Council for Geoscience (CGS)

1. The Committee note that the CGS targets for mapping, are not ambitious as the outcome of mapping to a higher resolution is used to make informed investment decisions, which will contribute to the country's development.

2. The CGS wanted to map the whole country within 10 years, at a cost of R20b.

3. According to the CGS SA's mapping is at the lowest quintile, , in comparison with other countries.

4. The Committee note that the CGS is also assisting countries like Malawi and Namibia with mapping.

5. With regard to priority minerals, the CGS utilize various options, where they identify targeted minerals in for e.g. energy security, food security and health. The CGS has its its own internal ranking system.

6. An Exploration Plan has been developed with the DMRE and the Minerals Council.
7. On the feasibility and continuation of the Molteno project, the coal level of the project might be low in SA, but if compared to coal quality of other countries, it is of a superior quality.
8. The Committee note that the CGS does not have plans to rationalise staff, as all posts play a critical role in the institution and that you need baseline stability. The Committee is further pleased to be informed that the CGS would want to employ more scientists.
9. The Committee note the rationale by CGS relating to the readily accessibility and availability of information, as the CGS does collect data for 3rd parties. According to the CGS, some information by their counterparts in other countries is also treated with confidentiality and is not as easily accessible and available.
10. The Committee note the progress with regard to the regulations on the Geoscience Act regulations, which will be finalised soon.
11. The Shale gas programme has been put in abeyance by government, but work on the programme continues, as SA does not have a legislative framework regarding shale gas. The programme was challenged in court and subsequently set aside, because of noncompliance to the NEMA Act, where the court confirmed that any legislation relating to environmental matters should be drafted by the Department of Environment, Fisheries and Forestry (DEFF). The DEFF is currently re-working the regulations, as per the court order, and the DMRE has been consulted as well. The regulations will be gazetted soon.
12. On their collaboration with the Housing Development Agency in Gauteng, relating to the Kgotsong project, the CGS stated that the process started last year and that it will be finalised in the next 6-8 months.
13. The Committee note that the CGS is currently implementing a programme, internally to address their financial sustainability. Some of these initiatives include collaborating with Mintek, CEF etc. and the aim is to expand this to outside the DMRE entities as well.

6.9 State Diamond Trade (SDT)

1. COVID-19 had a major impact on the operations of the SDT, however, it has steadily improved, to a point where it is beginning to realize positive cash flows.
2. In addressing the challenges and shortcomings of its operations e.g. no walk-in sales during the COVID-19 pandemic, the SDT has revised its Business Plan, where it aims to address these going forward.
3. On the revolving credit, as provided for by the IDC, the SDT use to make use of this facility where it had to make big purchases, as the available funding could not cover this. The SDT does not have this facility currently, due to the financial position they are currently in.
4. SDT currently has 78 local clients. Their current top 5 clients represent 50 percent of their sales.
5. The SDT has 14 producers, but they are looking at all producers in the country, in order to achieve the 10% runoff mine target.

6.10 South African Diamonds and Precious Metals Regulator (SADPMR)

1. Vat on imports is hampering business development for the SADPMR, where Vat clients wait for months to be refunded. The SDT has been engaging with the South African Revenue Services (SARS) on this matter.
2. The Committee note that the SADPMR has for quite some time not paid salary increases to its staff.
3. The SDT has done benchmarking studies on export levies and found that other countries encourage imports for beneficiation purposes.
4. In South Africa, the export levy was 15%, and was amended to 5%.

7. Recommendations

Informed by its deliberations, the Committee recommends that the House, request that the Minister of Mineral Resources and Energy should:

1. Explore funding options for incentivising the prospecting, exploration, mining and beneficiation of Rare Earths Elements.
2. Consider and explore an overarching investment strategy for the Department and entities.
3. Ensure the finalisation of the transfer license from NECSA to NRWDI, as a matter of urgency.
4. Expedite the raising of the licensing threshold for electricity generation to 50MW
5. Expedite the finalisation of the various legislation, which hinder the NERSA in executing its mandate effectively.
6. Address legislative and other impediments that impacts on the sustainable operations of the State Diamond Trader.
7. Review the Electricity Pricing Methodology
8. Provide an update to the Committee on the Council for Geoscience Kgotsong Project, by the 3rd quarter of 2021/22
9. Provide an update to the Committee on the development relating to artisanal and small scale mining policy, once the processes undertaken have been finalised.
10. Provide an update to the Committee on the Nuclear New Build Programme, including the development of the Small Modular Reactor policy, by the 3rd Quarter of 2021/22, with specific reference to the affordability, scale and pace of the programme
11. Provide an update to the Committee on the Solar Water Heater Programme, by the 3rd quarter of 2021/22.
12. The DMRE should ensure that the budget of the Solar Water Heater (SWH) programme be reflected as a standalone, as this is more a conditional grant from the National Treasury. It should not be included in the Goods and Services budget allocation.
13. Present an update on the status of its detailed finances of the SA Diamonds and Precious Metals Regulator during the 3 quarter of 2021/22
14. Present and update to the Committee on the Mining Charter, including the status of BEE at the exploration stage.

15. Update the Committee on progress made on the merger of PetroSA, IGAS and Strategic Fuel Fund, by the 3rd quarter of 2021/22.
16. Update the Committee on the various cases and the forensic investigations, relating to the strategic fuel stock, including consequence management action.
17. Update the Committee on the Karoo shale gas drilling programme, by the 3rd quarter of 2021/22 financial year.

8. CONCLUSION

The Portfolio Committee on Mineral Resources and Energy will continue to fulfil its Constitutional mandate. It is guided by the Parliamentary rules in conducting the oversight on the functioning of the Department of Mineral Resources and Energy. This is done to ensure proper and effective functioning and compliance with the legislation and policy requirements.

Report to be considered.

19. Report of the Portfolio Committee on Women, Youth and Persons with Disabilities on the Annual Performance Plan (Budget Vote 20) of the Department of Women, Youth and Persons with Disabilities for financial year 2021/22, dated 14 May 2021

The Portfolio Committee on Women, Youth and Persons with Disabilities, having considered the Annual Performance Plan and Budget of the Department in the Presidency for Women, Youth and Persons with Disabilities for 2021/22 on the 4 May 2021, the National Youth Development Agency on 5 May 2021 and the Commission for Gender Equality on 11 May 2021, reports as follows:

1. Introduction

As per the Announcement, Tablings and Committees (ATC) No. 45 of 1 April 2021, the Department of Women, Youth and Persons with Disabilities 2021/22 and the National Youth Development Agency's Annual Performance Plan's (APPs) were tabled the for consideration and report. The CGE's Amended 5 Year Strategic Plan of the Commission on Gender Equality for 2019 – 2024 and the Annual Performance Plan of the Commission on Gender Equality for 2021 – 2022 was tabled for consideration and report as per the ATC No. 49 on 15 April 2021.

The Portfolio Committee on Women, Youth and Persons with Disabilities, in performing its constitutional oversight mandate, engaged with the Department of Women, Youth and Persons with Disabilities (hereafter referred to as the Department), the National Youth Development Agency (NYDA) and the Commission for Gender Equality (CGE) on their respective Annual Performance Plans for 2020/2021 and amended Strategic Plans on 4, 5 and 11 May 2021 respectively. This report considers all matters pertaining to the Department, and thereafter the CGE and NYDA insofar as the tabled documents are concerned.

2. Mandate and strategic objectives of the Department

The Department of Women, Youth and Persons with Disabilities was Gazetted on 26 June 2019 following the Presidential Announcement of the sixth administration. At that stage, the Department was once again reconfigured and was charged with "taking the lead on socio-economic transformation and implementation of the empowerment and participation of women, youth and persons with disabilities through mainstreaming, advocacy, monitoring and evaluation."[1] Of importance to note is the change to the Department's mandate as articulated in the amended Strategic Plan and APP 2021/22, from a paradigm shift from being a facilitation department to a regulatory one. To this end, Minister Maite Nkoane-Mashabane stipulates in her foreword of the current APP this shift from being a facilitation department to one that regulates government programmes and monitors the empowerment and prioritisation of women, youth and persons with disabilities in these programmes.

(a) Vision

The Department indicated that its revised vision is "Rights of Women, Youth and Persons with Disabilities realized."[2]

(b) Mission

The revised mission of the Department will by undertaken "By regulating the rights of Women, Youth and Persons with Disabilities."[3]

(c) Constitutional mandate

"The department derives its mandate from the Constitution of the Republic of South Africa, in particular, section 9 (3) which states that "the state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth; and section 10 states that Everyone has inherent dignity and the right to have their dignity respected and protected.

Therefore, the mandate of the department is to regulate the socio-economic transformation and implementation of the empowerment and participation of women, youth and persons with disabilities."[4]

In order to give effect to its mandate, the Department will implement the following programmes as outlined in the APP of 2021/22:

[1] Department of Women, Youth and Persons with Disabilities Strategic Plan 2020-2025, pg.10
[2] Department of Women, Youth and Persons with Disabilities Annual Performance Plan 2021/22, pg. 109
[3] Ibid
[4] Department of Women, Youth and Persons with Disabilities Annual Performance Plan 2021/22, pg. 108

- **Programme 1**: Administration, managed by three (3) sub-programmes – Departmental Management, Financial Management and Corporate Management.
- **Programme 2**: Social Economic Empowerment and Participation, with three sub-programmes which are Economic Empowerment and Participation; Social Empowerment and Transformation; and Governance Transformation, Justice and Security.
- **Programme 3**: Policy, Stakeholder Coordination and Knowledge Management, with four sub-programmes which are Research, Policy Analysis and Knowledge Management; International Relations; Monitoring and Evaluation and Stakeholder Coordination and Outreach.
- **Programme 4**: Rights of Persons with Disabilities: This programme will be realised with 3 sub-programmes namely Management; Advocacy and mainstreaming RPD and Governance and compliance RPD.
- **Programme 5**: National Youth Development Programme with two sub-programmes which are the National Youth Development Programme and the National Youth Development Agency.

3. Analysis of Budget for the Department of Women, Youth and Persons with Disabilities

The ENE (2021) indicates that the Department will focus on the following over the medium term:

- addressing gender-based violence and supporting empowerment,
- promoting gender-responsive planning, budgeting and monitoring and evaluation across Government,
- promoting the rights of persons with disabilities and
- supporting the empowerment of young people.

In reflecting on the budget allocation and expenditure for the Department for 2020/21, the following Table provides a summary to illustrate the allocations, reprioritised budgets and expenditure as presented by the Department during its third quarter presentation of 2020/21.

Table 1: Department budget 2020/21[5]

[5] Levendale, C (2021) Overview: Department of Women, Youth and Persons with Disabilities - Annual Performance Plan 2021/22 and Budget 2021/22: Programmes 1, 2 and 3

Programme	Programme operational budget Q1	Revised budget as per presentation	Q3 Exp.	Expenditure as % of budget	Remaining budget
1.Administration	**R93.3 m**	**R90.8 m**	**R70.8m**	**78.0%**	**R19.9m**
2. Social Transformation & Economic Empowerment	R124.7m – R89.9 CGE transfer = **R34.9m**	R27.3 m	**R12.0m**	**44.1%**	**R15.2m**
3. Policy, Stakeholder Coordination & Knowledge Management	**R49.1m**	**R39.3 m**	**R18.1m**	**46.1%**	**R21.1m**
4. Rights of Persons with Disabilities	**R19.9m**	**R15.9 m**	**R7.6m**	**47.9%**	**R8.3m**
5. National Youth Development	R493.3m – R 478.7m NYDA transfer = **R12.7m**	R10.5 m	**R3.8m**	**36.6%**	**R6.6m**
Total	**R209.7m**	**R183.9m**	**R112.5m**	**61.2%**	**R71.3m**

According to the National Treasury 2020 Estimates of National Expenditure (ENE) released in February 2020, the Department under Vote 20, initially received an annual appropriation of R778.5 million. Transfer payments are then done for two entities, namely the Commission for Gender Equality (CGE) and the National Youth Development Agency (NYDA). Hence R89.9 million is to be transferred to the CGE and R478.7 million to the NYDA. This amounts to R568.8 million. As such, the Department was left with an operating budget of R209.7 million to undertake its programmes and meet its targets for 2020/21.

However, Government budgets were reprioritised towards funding to deal with the COVID-19 pandemic. To this end, the Department reported in July 2020 that the revised or reallocated budget amount was R27.228 million, thus cutting the Department's operating budget and leaving it with an operating budget of approximately R183 million for the 2020/21 financial year. Table 1 therefore reflects the reprioritised budget amounts which were extracted from the Department's reprioritisation presentation in July 2020. The adjusted appropriations as presented in the 2021/22 Estimates of National Expenditure indicates a total appropriation of R621 million (and a calculated operational budget of R174.6 million), hence further reductions and adjustments were made.

While a reduction has been recorded in the Administration programme (R2.9m), the bulk of the reduction (R23.6 million) was found across programmes 2 to 5, which are the "service delivery/output/outcome" programmes. In terms of expenditure up until the end of Quarter 3 of 2020/21, Programme 1 has spent the highest proportion of its budget out of all the programmes as at the end of quarter 3 at 78%. The Department indicated that there were a number of outstanding invoices and items for procurement that will impact on the 4th quarter budget. For the remaining programmes, under-expenditure is indicated in the table above, with the National Youth Programme (Programme 5) spending the least of its overall budget as at 31 December 2020 only 36.6% (R3.8 million). Savings/under-spending was recorded across all programmes, primarily as a result of vacancies and restrictions on travel and public engagements.

According to the National Treasury 2021 Estimates of National Expenditure (ENE) released in February 2021, the Department under Vote 20, received an annual appropriation of R763.5 million. However, it must be noted that the Department facilitates transfer payments to two entities, namely the Commission for Gender Equality (CGE) and the National Youth Development Agency (NYDA). During the 2021/22 financial year, the Department was expected to transfer R91.4 million to the CGE and R471 million to the NYDA. This amounts to R562.2 million as reflected in Table 1 below. This means that the Department would be left with an actual operating budget of approximately R201.1 million to undertake its programmes and meet its targets for 2021/22.

Table 2: Department of Women, Youth and Persons with Disabilities Budget Summary[6]

Programmes	2021/22				2022/23	2023/24
	Total	Current Payments	Transfers Subsidies	Payment for Capital Assets	Total	Total
1. Administration	98.0	95.8	0.0	2.2	95.3	95.5
2. Social Transformation and Economic Empowerment	124.2	32.4	91.4	0.5	128.0	128.7
3. Policy Stakeholder, Coordination and Knowledge Management	40.	39.8	–	0.9	43.0	43.4
4. Rights of Persons with Disabilities	17.4	16.8	0.2	0.3	17.9	18.1
5. National Youth Development	483.3	12.3	471.0	0.0	494.1	496.1
Total Expenditure Estimates	**763.5**	**197.1**	**562.6**	**3.9**	**778.3**	**781.9**

Of the R201.1 million, R111.2 million (55.2%) of the Department's operating budget is allocated to Compensation of Employees and R85.8 million (42.6%) to Goods and Services. The key cost drivers under Goods and Services for the Department is as follows:

- Travel & Subsistence: R18.6m
- Property Payments: R18.5m

[6] Adapted from Estimates of National Expenditure (2021), Vote 20

- Consultants: R16.4m
- External Audit Costs: R4.3m
- Venues & facilities: R4.2m

The aforementioned cost drivers consume approximately 72% of the Goods and Services allocation.

The next section provides a more in-depth analysis of the budgetary allocation per programme for the Department and a reflection of the targets.

3.1 Programme 1: Administration

The purpose of the Administration programme is to provide institutional overarching support to the Department. The sub-programme objectives are:

- **Departmental Management**: The purpose of the sub-programme is to provide executive support, strategic leadership and management of the DWYPD.
- **Financial Management**: The purpose is to provide and ensure effective, efficient financial management and supply chain services. This includes budget planning and expenditure monitoring; and the management of procurement, acquisition, logistics, asset, and financial transactions.
- **Corporate Management**: The purpose of this programme is to provide effective human capital management, facilities and auxiliary management and ICT systems enablers for the DoW.

(The Department still makes reference to the former Department of Women under the Corporate management sub-programme with no explanation as to why.)

The total allocation for this programme is R98 million which constitutes 49% of the Department's operational budget. This allocation is R5.4 million more than in the 2020/21 financial year. However, when taking into consideration the Real Rand change, this programme only sees an increase of 1.57% to its allocation which amounts to R1.4 million.

Expenditure under Programme 1 is allocated to:

Table 3: Sub-programme allocations for 2021/22

Sub-Programme	2021/22
Ministry	R22 579m
Departmental Management	R17 038m
Corporate Services	R24 269m
Financial Management	R15 835m
Office Accommodation	R18 296m
TOTAL	**R98 017 million**
Compensation of employees	**R57 414m (58.5%)**
Goods and services	**R38 397m (39%)**

The key cost drivers as per the APP 2021/22 are as follows:

- Compensation of Employees (R 57.4 million) which constitutes 60% of the overall allocation for this programme.
- Good and services (R 38.4 million) which constitutes 39% of the overall allocation for this programme.

As per the ENE 2021, the main cost drivers for Good and services are as follows:

- Property payment R18.5 million
- Audit costs: External R 4.4million
- Computer services: R3.7 million
- Travel and Subsistence R 4.4million

This programme has a staff compliment comprising of 76 posts and is earmarked to achieve 6 targets. Most of the targets are compliance related as listed below.

- Unqualified Audit opinion on predetermined objectives
- 100% payment of all valid invoices within 30 days
- Unqualified Audit opinion on Annual Financial Statements
- Maintain a vacancy rate of less than 10% annually
- Human Resource Plan developed and implemented
- Approved Master Information Technology Strategy and Plan (MITSP)

The last two targets that were also identified in the previous financial year was unmet by the end of Q3 of 2020/21.

3.2 Programme 2: Social Transformation and Economic Empowerment

The purpose of the programme is to manage policies and programmes that mainstream the social transformation and economic empowerment of women in South Africa. The programme consists of three sub-programmes:

- **Management STEE**: Strategic leadership and management
- **Economic Empowerment and Participation**: To provide intervention mechanisms on policies and program implementation for mainstreaming the economic empowerment and participation of women towards economic transformation and development.
- **Social Empowerment and Transformation**: To provide intervention mechanisms on policies and program implementation for mainstreaming the social empowerment and participation of women towards social transformation.
- **Governance Transformation, Justice and Security**: To provide guidance for enhancing existing systems and procedures, addresses barriers to the equal participation of women in the public and private sectors, and contributes to the elimination of gender based violence.

Expenditure under Programme 2 is allocated as follows:

Table 4: Sub-programme allocation for 2020/21 and 2021/22 in Programme 2

Sub-Programme	2021/22
Management: Social Transformation and Economic Empowerment	R 6.367
Social Empowerment and Transformation	R 7.630
Governance Transformation, Justice and Security	R 13.701
Economic Empowerment and Participation	R 5.167
TOTAL	**R 32.865 million**
Compensation of Employees	**R14.603 (44.4%)**
Goods and services	**R17.804 (54.3%)**

This programme's operational budget (less the CGE transfer) increased by R6.9 million from R25.9 million in 2020/21 to R32.8 million in 2021/22. However, the Real Rand change was R5.6 million (21.54%).

Although the total programme allocation as per the APP is R124.2 million for 2021/22, it must be remembered that R91.4 million constitutes the transfer payment to the CGE, leaving the programme with an operating budget of R32.865 million. Of this, R14.603 million (44.4%) is for Compensation of Employees and R17.804 million (54.2%) will go towards Goods and services. This programme consumes 16.3% of the Department's operational budget. The main cost driver under Goods and services is Consultants: Business and advisory services at R8.6 million (48%) as per the Estimates of National Expenditure 2021. This is a significant increase from the previous financial year 2020/21 when R5 million was allocated. In addition, the other key cost driver under Goods and services is Travel and subsistence, which is allocated R5 million (28%).

This programme has 18 posts and is earmarked to achieve 9 annual targets for the current FY as listed below:

- 1 research report on the development of a socio-economic index developed
- 4 interventions to support economic empowerment and participation of WYPD implemented
- 4 progress reports on implementation of the Sanitary Dignity Implementation Framework by provinces produced
- 4 interventions to support social empowerment and participation of women, youth and persons with disabilities implemented
- 12 national departments monitored on implementation of NSP GBVF, 9 provincial departments and 4 municipalities' plans monitored on the implementation of NSP GBVF
- 9 Rapid Response Teams established
- Comprehensive National GBVF Prevention Strategy approved
- NSP GBVF Monitoring and Evaluation Framework approved
- Integrated Gender, Youth & Persons with Disabilities Framework approved

3.3 Programme 3: Policy, Stakeholder Coordination and Knowledge Management

The purpose of programme 3 as per 2021/22 APP, is to ensure policy and stakeholder coordination and knowledge management for the social transformation of women in South Africa.

The Programme consists of four sub-programmes:

- **Research, Policy Analysis and Knowledge Management**: To promote the development of gender-sensitive research and knowledge, and conducts policy analysis to effect transformation for the empowerment of women and gender equality.

- **International Relations**: Promotes international engagements on women, youth and persons with disabilities and South Africa's compliance with international treaties on women.
- **Monitoring and Evaluation**: To monitors and evaluates progress on the social-economic empowerment of women in line with national laws, regional, continental and international treaties and commitments.
- **Stakeholder Coordination and Outreach**: To conduct public participation and outreach initiatives to promote the empowerment of women and gender equality.

The total allocation for this programme is R40.632 million which constitutes 20.1% of the Department's operational budget. This allocation is R6.5 million more than in the 2020/21 financial year. However, when taking into consideration the Real Rand change, this programme only sees increase of 14.26% to its allocation which amounts to R4.9 million.

Expenditure under Programme 3 is allocated as follows:

Table 5: Sub-programme allocation for 2020/21 and 2021/22 in Programme 3

Sub-Programme	2021/22
Management: Policy, Stakeholder Coordination and Knowledge Management	R 4.561
Research, Policy Analysis and knowledge management	R 7.884
Stakeholder Coordination and Outreach	R 18.385
Monitoring and Evaluation	R 9.802
TOTAL	**R40.6 million**
Compensation of Employees	**R14.603 (57.7%)**
Goods and Services	**R17.804 (40.1%)**

The programme has a total allocation of R40.6 million, of which R14.603 million (57.7%) is allocated for Compensation of employees and R17.804 million (40.1%) is allocated for Goods and services. Of the Goods and services budget, R4.4 million or nearly 11% is allocated for Travel and subsistence as per the Estimates of National Expenditure for 2021. The other main costs drivers under Goods and services are as follows:

- Catering: Departmental activities – R1.7 million
- Consultants: Business and advisory services – R3.6 million

This programme has 27 posts and is earmarked to achieve 13 annual targets for the current FY as listed below:

- National Gender Policy Framework
- Regulations on the socioeconomic rights of Women, Youth and Persons with Disabilities
- Integrated knowledge hub
- Research reports on government priorities
- Reports on the implementation of international and regional commitments on women's empowerment and gender equality
- Gender Responsive, Planning, Budgeting, Monitoring, Evaluation and Auditing Framework Implemented
- Annual monitoring report on government performance in realising the rights of women, youth and persons with disabilities
- Gender responsive evaluation undertaken
- Bilateral partnerships, collaborations, coalitions and alliances established and strengthened
- Representation and participation at global, continental and regional multi-lateral and bilateral engagements on women, youth and persons with disabilities coordinated
- WYPD Stakeholder Management Framework
- Stakeholder engagements on the empowerment of women, youth and persons with disability
- Hybrid community mobilisation initiatives on the rights of women, youth and person with disabilities coordinated

Targets in programme 3 are fairly similar to the 2020/21 targets, with the Regulatory framework for WYPD Mainstreaming and the Stakeholder Management Framework being new targets.

3.4 Programme 4: Rights of Persons with Disabilities

The purpose of Programme 4 is to oversee the implementation of programmes pertaining to the rights of persons with disabilities.

The programme consists of three sub-programmes namely;

- **Management of RPD**: Management of the Branch
- **Advocacy and Mainstreaming RPD**: To develop, maintain and implement advocacy and mainstreaming guidelines and frameworks for the rights of persons with disabilities.

- **Governance and Compliance RDP**: To promote good governance regarding the rights of persons with disabilities.

The total allocation for this programme is R17.4 million which constitutes 8.6% of the Department's operational budget - the smallest allocation. This allocation is R4.4 million more than in the 2020/21 financial year. However, when taking into consideration the Real Rand change, this programme only sees an increase of 28.45% to its allocation which amounts to R3.7 million. Even though this programme is comprised of sub-programmes the budget allocation has not been delineated as such.

Notwithstanding that, of the total allocation of R17.4 million, R8.5 million (48.9%) is allocated for Compensation of employees and R8.3 million (47.7%) is allocated for Goods and services. Of the Goods and services budget, R4.3 million (24.7%) is allocated for travel and subsistence as per the Estimates of National Expenditure for 2021. The other main costs driver under Goods and services is for Consultants: Business and advisory services, R2 million (11.5%).

This programme has 9 posts and is earmarked to achieve 5 annual targets for the current FY as listed below:

- Frameworks on Disability Rights Awareness raising on rights of Persons with Disabilities developed
- Framework on Self representation for persons with disabilities developed
- Reasonable accommodation framework developed
- Universal design and access framework developed
- One status report on national/international obligations on the rights of persons with disability produced

3.5 Programme 5: National Youth Development Programme

The purpose of the programme is to promote the development and empowerment of young people by reviewing the legislative framework and other interventions to advance youth rights.

The Programme has two sub-programmes namely:

- **National Youth Development Programme**: To facilitate the development and implementation of national youth strategies and policies and provide aimed at young people

- **National Development Agency**: Oversees the transfer of funds to the National Youth Development Agency.

The total allocation for this programme is R483.3 million of which R471 million (97.4%) is transferred to the NYDA leaving the programme with an operational budge of R12.3 million to action and implement outputs and targets set in the APP 2021/22. Thus when considering this programme's operational budget, the allocation is R3.4 million more than in the 2020/21 financial year. However, when taking into consideration the Real Rand change, this programme only sees an increase of 32.22% to its allocation which amounts to R2.9 million. The total allocation of R12.3 million constitutes 6% of the Department's operational budget. Expenditure under Programme 5 is allocated as follows:

Table 6: National Youth Development expenditure trends by sub-programme

Sub-programme	2021/22
Management: National Youth Development	**R12.329 million**
Youth Development Programmes	**R470.962 million**
Total	**R483.291 million**
Compensation of Employees	**R7.313 million**
Goods and Services	**R4.972**

Of the R12.3 million, of which R7.3 million (59.3%) is allocated for Compensation of employees and R5 million (40.7%) is allocated for Goods and services. Of the Goods and services budget, R1.7 million (34% of Goods and services) is allocated to Consultants: Business and advisory services as per the Estimates of National Expenditure for 2021. The other main costs driver under Goods and services is for Operating payments R1.5 million (30% of Goods and services).

This programme has 9 posts and is earmarked to achieve 4 annual targets for the current FY as listed below:

- Produce 2 National Youth Policy implementation monitoring reports
- Submit the NYDA Amendment Bill to cabinet
- Produce 4 NYDA quarterly monitoring reports
- Convene 4 national youth machinery meetings

4. National Youth Development Agency

4.1 Mandate of the NYDA

The mandate of the NYDA is to create and promote coordination in youth development matters. The agency derives its mandate from legislative frameworks such as 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 NYDA values have been updated from Integrity and Honesty, Excellence, Respect and Humility, Professionalism and Accessibility to the new values of Accountability, Respect, Professionalism and Integrity.

As per the amended Strategic Plan (2020-2025) and APP 2021/22, the NYDA has now three programmes namely:

- **Programme 1: Administration** - The purpose of this programme is to enable effective and efficient capabilities for service delivery and supporting functions.
- **Programme 2: Program Design, Development and Delivery** (includes: economic development through youth entrepreneurship, Jobs programme, and National Youth Service) Purpose: The purpose of the programme is to enhance the participation of young people in the economy through targeted and integrated economic programmes, including skills and education programmes, and national youth services. Facilitate and co-ordinate the effective and efficient implementation of the Nation Youth Service Programmes across all sectors of society.
- **Programme 3: Integrated Youth Development** - The purpose focuses on fostering a mainstreamed, evidence based, integrated and result oriented youth development.

4.2 Analysis of Budget of the NYDA for 2021/22

"According to the National Treasury 2021 Estimates of National Expenditure (ENE), over the MTEF period, the NYDA will focus on providing comprehensive interventions to support decent employment, skills development and entrepreneurship for young people. This will include partnering with different sectors to provide training in technical and vocational skills through sector education and training authorities, providing grants to young people for enterprise development, and coordinating the national youth service programmes.[7]

Over the medium term, R762 million is allocated to enhance the participation of young people in the economy; R230 million is allocated to ensure that young people serve their communities to build the spirit of patriotism, solidarity, social cohesion and unity in diversity; and R207 million is allocated to help young people find employment through jobs programmes. The NYDA will provide support services to enable them to gain direct access to markets and relevant entrepreneurial skills, and provide financial and non-financial support.[8]

Finally, expenditure is expected to increase at an average annual rate of 14.5%, from R367.4 million in 2020/21 to R551.6 million in 2023/24, with spending on Compensation of employees accounting for an estimated 40.6 % (R598.5 million) of the NDYA's total expenditure over this period. The NDYA is set to derive 89% (R1.4 billion) of its revenue over the MTEF period through transfers from the Department."[9] In addition to the transfer payment received, the NYDA's overall budget also includes interest income of R3 million and donor income of R33 million thus giving an accumulative budget of R507 million for 2021/22. Of importance to note, the research analysis revealed an inconsistent reporting style insofar as reflecting the budget allocation within the ENE 2021, the NYDA's APP 2021/22 and the presentation submitted to the Committee by the Agency with no explanation provided as to why the figures varied. The table below thus reflects what was presented to the Committee by the NYDA.

Table 7: NYDA Expenditure per Programme for 2021/22

PROGRAMME	2021/2022
Administration	R 77 363 486
Economic Participation	R 163 588 554
Integrated Youth Development	R 720 000
Jobs Programme	R58 672 500
National Youth Service	R 19 816 200
Sub-total of programmes	R 320 160 740
Employee costs	R 187 158 760
Total	**R 507 319**

[7] Department of Women, Youth and Persons with Disabilities (2020). Annual Performance Plan 2020/21 in Matthews, T (2021) National Youth Development Agency (NYDA) Annual Performance Plan 2021/22 And Budget 2021/22, Parliament of RSA, Research Unit
[8] National Treasury (2021) Estimates of National Expenditure 2021. Vote 20 in Matthews, T. (2021) National Youth Development Agency (NYDA) Annual Performance Plan 2021/22 And Budget 2021/22, Parliament of RSA, Research Unit
[9] Ibid

Based on the aforementioned table, the Economic Participation programme constitutes 32.2% of the NYDA's total allocated budget. Compensation of Employees is a key cost driver accounting for 36.9% of the total budget.

For the current FY, the NYDA has earmarked to achieve 22 targets across three programmes as outlined below.

Programme 1: Administration

- 1. 4 NYDA Quarterly Management Reports 2. Reviewed and Implemented Annual Workplace Skills Plan 3. R 70 million in funds sourced from the public or private sectors to support youth development programmes 4. 6 SETA partnerships established 5. 2 partnerships signed with technology companies 6. Review and implement ICT Strategic Plan indicating 50% achievement of ICT targets in the plan by end of the financial year 7. Reviewed and implemented Integrated Communication and Marketing Strategy 8. Produce and approve the NYDA Strategic Risk Register by Ops Exco 9. Reviewed annual SCM Procurement Plan and produced quarterly reports 10. Annual Report on partnerships established with Disability organisations to promote youth development

Programme 2: Program Design, Development and Delivery

- 1. 1100 youth owned enterprises supported with financial interventions 2. 20 000 youth supported with non-financial business development interventions 3. 5000 jobs created and sustained through supporting entrepreneurs and Enterprises 4. Participate on the National Pathway Management Network to facilitate youth job placement opportunities 5. 50 000 young people capacitated with skills to enter the job market 6. 40 organistations and departments lobbied to implement NYS 7. Produce an annual report on the NYS Programme 8. 10 000 young people participating in NYS Expanded Volunteer Projects

Programme 3: Integrated Youth Development

- 1. 2 impact programme evaluations conducted 2. Produce annual report on Integrated Youth Development Strategy 3. 3 youth status outlook reports produced 4. Develop a discussion document on youth development in the country

5. Commission for Gender Equality

5.1 Mandate of the CGE

The background and context of CGE's work emanates from Section 181 of the Constitution (1996) and it is one of the Chapter 9 institutions which are independent entities for strengthening democracy. The CGE is therefore required to report to the National Assembly at least once a year regarding the progress of carrying out its strategic objectives. Section 187 of the Constitution stipulates that the Commission should promote respect for gender equality, and protect and develop its attainment, as well as monitor, educate, lobby, advise and report on issues related to gender equality.

In line with the CGE's obligation to strengthen constitutional democracy with a focus on the attainment of gender equality, the CGE has a legislative mandate and functions which include the following:

a) Monitor, evaluate and make recommendations on:

- Policies and practices of organs of state, statutory bodies and functionaries, public bodies or private businesses, to promote gender equality.
- Any existing law including indigenous law and practices.
- Government's compliance with international conventions with respect to gender equality.

b) Propose/recommend on:

- New law that may impact on gender equality or the status of women.

c) Develop, conduct or manage

- Educational strategies and programmes that foster understanding about gender equality and the role of the CGE.

d) Investigate and resolve conflicts

- On gender matters and complaints through mediation, conciliation and negotiation or referral to other institutions.

e) Liaise and interact

- With institutions, bodies or authorities with similar objectives to the Commission.
- With any organisation which actively promotes gender equality and other sectors of civil society to further the objectives of the Commission.

f) Prepare and submit reports

- To Parliament on aspects relating to gender equality.

In addition, the Commission for Gender Equality may:

- Conduct or order research to be conducted;
- Consider recommendations, suggestions and request from any source.

The Commission is publicly funded and is thus subject to the reporting requirements of the Public Finance Management Act (Act No 1, 1999). The obligations of the PFMA include an audit by the Auditor General. In line with its Constitutional mandate, the vision of the Commission for Gender Equality remains to strive for “a society free from all forms of gender oppression and inequality”, while its mission includes to “advance, promote, protect, monitor and evaluate gender equality through undertaking research, public education, policy development, legislative initiatives, effective monitoring and litigation”.

5.2 Analysis of the Commission for Gender Equality’s Budget 2021/22

For the 2020/21 financial year, the Commission for Gender Equality (CGE) received an allocation of R91.376 million through a transfer payment from the Department of Women, Youth and Persons with Disabilities. Of the total allocation, R63 474 100 (69%t) of the CGE’s budget is allocated for Compensation of employees, while R27 901 900 (31%) is allocated towards Goods and services. “The Commission has repeatedly reiterated that it is a “human capital driven” institution, with its employees carrying out the bulk of its services, and as such the bulk of its funding is allocated for compensation of employees. Outcome 4, which is the outcome focusing on the operations and systems of the Commission, receives the largest proportion of the budget. While the nominal rand change between 2020/21 and 2021/22 is approximately R12.7 million, when taking into account inflation, the real rand change in allocation is R9 million.”[10]

Budget (R’m)				Nominal Rand Change	Real Rand Change
2020/21	2021/22	2022/23	2023/24		
615m	91 375m	93 780m	94 139m	12 760m	9 076m

Key Cost drivers year-on-year[11]

“As at 31 December 2020, the Commission identified the following as Key Cost Drivers:

Key Cost Drivers	
Professional and consulting services	R5 001 966
Office cleaning, maintenance, plants & security	R 2 052 128
Advertising, promotion and publicity	R 1 716 102

[10] Levendale, C (2021) Commission for Gender Equality: 2021/22 Budget and Annual Performance Plan, Parliament of RSA, Research Unit
[11] Ibid

Depreciation and amortisation	R 1 453 750
Report writing, printing and publishing	R 1 049 330
Computer Servicing	R 1 000 977

For the 2021/22 financial year, the following are identified as Key Cost Drivers;

- ICT (computer servicing, IT and website) - R 3 128 500
- External Auditing fees - R 2 812 000
- Professional and consulting services - R 1 446 000
- Staff training and development - R 1 001 000
- Bursaries - R 1 000 000

The CGE's allocation for professional and consulting services sees a significant decrease year-on-year, while there is an increase in computer servicing. It should also be noted that in 2020/21 the CGE reprioritised its funding for staff development and training as a result of the COVID-19 budget reductions, and as such this line item now reappears."

Furthermore, the CGE notes in its revisions to its 2020-2024 Strategic Plan that it has moved from "strategic objectives" to "outcomes" to align the approach of the Commission with towards outcomes based planning. The 4 outcomes are as follows:

- Strategic Outcome 1 (SO1): An enabling legislative environment for gender equality
- Strategic Outcome 2 (SO2): Gender Equality Promoted and Protected through information, education, investigations and litigations
- Strategic Outcome 3 (SO3): Monitoring and research investigations on issues that undermine the attainment of gender equality and women's empowerment conducted
- Strategic Outcome 4 (SO4): An efficient, effective & sustainable organisation that promotes good corporate governance

In terms of budgetary allocation per Strategic Outcome:

- SO 1: R11 526 564 has been allocated of which R4 308 063 is for Compensation of Employees, Direct expenses R2 366 912 and Office overheads R4 851 589
- SO 2: R33 388 471 has been allocated of which R26 880163 is for Compensation of Employees, Direct expenses R 2 134 043 and Office overheads R 4 374 266
- SO 3: R 7 674 624 has been allocated of which R 6 327 313 is for Compensation of Employees, Direct expenses R 441 777 and Office overheads R 905 534

- SO 4: R 38 786 341 has been allocated of which R 25 958 561 is for Compensation of Employees, Direct expenses R 4 206 168 and Office overheads R 8 621612.

The following section provides an overview of annual targets related to the 4 outcomes.

- The CGE has increased its targets from the previous financial year 2020/21 of 26 to 38 in 2021/22.
- Outcome 4, which focuses on operations and systems in the institution, sees the largest increase in targets year-on-year from 6 to 13.
- Many targets appear similar to those presented in 2020/21 and in other instances, targets appear to have been condensed.
- While there are no glaring changes or omissions in terms of 2021/22 targets, there are areas where content is vague.

6. Observations

Having met with the Department of Women, Youth and Persons with Disabilities, the NYDA and the CGE to scrutinise the respective amended Strategic Plans and Annual Performance Plan including the budget for 2021/22, the Committee made the following observations:

6.1 Department of Women, Youth and Persons with Disabilities

In terms of the Department of Women, Youth and Persons with Disabilities

General matters

6.1.1 Mandate

- The Committee noted that the mandate of the Department has been reviewed to that of a regulatory Department and requested the Department to provide more clarity in this regard as the requisite detail was lacking in the amended Strategic Plan and the APP.
- The Committee noted the regulatory role of the Department is not incorporated in Programme 2-5 and requested explanation on the matter.
- Given the change in mandate, the Committee enquired as to how will Departmen the continue with awareness campaigns and working with other stakeholders as well as mainstreaming gender, youth and disability.
- The Committee noted with concern that the core mandate of the Department was not clearly articulated in the amended Strategic Plan and APP hence impeding oversight
- The Committee was concerned that there is misalignment between Programmes 1 -5 of the Department and its mandate.

- The Committee was also concerned that the Department changed its mandate from facilitating to regulating.
- The Committee was concern that targets planned by the Department are not SMART and therefore oversight is impaired.

6.1.2 Unmet Targets

- The Committee questioned whether the Department plans to meet the unmet target in 2020/21 during 2021/22 financial year and what the time frames were in order to do that.

6.1.3 Dysfunctional Website

- The Committee was concerned that the website of the Department that has not been functionally for months and questioned how civil society would gain access to information virtually about programmes, activities, policies etc.

Programme 1: Administration

6.1.4 Human Resources

- The Committee noted that the Department continued budgeting for consultants and raised this as concern given that it has been matter that the Committee did not support. The Committee had on numerous occasions outlined to the Department why it should desist from using consultants given its limited budget and provided recommendations on how to address the matter. To this end, the Committee also enquired as to when the Department would stop procuring the use of consultants given the fiscal constraints.
- Moreover, the Committee noted that the Department has 41 staff who are paid more than R1,3 million per annum and thus questioned why the budget was still allocated for consultants to implement programmes of the Department.
- The Committee noted with concern that the majority of staff were employed within the Administration programme as opposed to the core programmes and requested an explanation in this regard.
- The Committee enquired as to what mechanisms are implemented to deal with lack of capacity and resources in the Department.
- The Committee expressed its dissatisfaction and contempt at the explanation provided by the Department on justifying its use of consultants; the comparison with DPME and the budget for contractors not coming from Cost of Employment but Consultants - Business & Advisory Services. This was noted as misleading.

6.1.5 Women's Empowerment and Gender Equality (WEGE) Bill

- The Committee was also concern that there was no target on the proposed WEGE Bill within the APP hence it would appear that this has not been planned for in the current FY. As such, the Department was requested to provide the Committee with report on status of the WEGE Bill.

Programme 2: Social Transformation and Economic Empowerment

6.1.6 Frameworks and Socio-Economic Empowerment Index

- The Committee queried the difference between the Socio-economic empowerment index (SEEI) and the Gender Barometer developed by the Commission for Gender Equality.
- The Committee was concerned that the new SEEI did not link and build onto the Country Gender Indicator Framework; Women's Financial Inclusion Framework and the Gender Responsive, Planning, Budgeting, Monitoring, Evaluation Framework.
- The Committee noted with concern that the proposed new framework would only be finalised, implemented and monitored in the outer years of the MTSF cycle.

6.1.7 Interventions

- The Committee requested clarity on the 4 intervention to support socio empowerment and participation of women, youth and persons with disabilities.
- The Committee asked who is implementing the 1 intervention per quarter to support socio empowerment of women, youth and persons with disabilities and where is the regulatory part in the interventions.
- The Committee also enquired as to how are the interventions regulatory for example, attending a conference is not regulatory.

6.1.8 Sanitary Dignity

- The Committee question how the Department conducts the monitoring and evaluation of the roll out process and the usage of the equitable share allocation given the Committee's engagement with the provinces on the Sanitary Dignity Programme and all the challenges raised.
- The Committee noted that production of progress reports in and by itself is not a true reflection of whether the Sanitary Dignity Framework has been successfully implemented or not, what the challenges are and what the Department has done to address these. Hence the progress on the implementation of the Sanitary Dignity Programme across Provinces was not accurately or clearly reflected in the APP which was concerning to the Committee.

- The Committee was also concerned that there was no target in the APP that relates to the total number of beneficiaries that would be reached through this programme - nationally and provincially. Based on the Committee's prior engagements with the Provinces, there appeared to be no uniformity or informed choice for deciding on the number of beneficiaries to target.

6.1.9 Gender-Based Violence and Femicide (GBVF)

- **Finance**: The Committee requested the Department to explain what the R5 million that was allocated to implement the NSP on GBVF in 2020/21 would be spent on.
- The Committee was also concerned that there were no clear activities to achieve programme of Gender-Based Violence and Femicide (GBVF).
- **National Council on GBVF**: The Committee requested the status report on the establishment of the National Council on GBVF.
- **National Strategic Plan on GBVF:** The Committee questioned how it is meant to hold the Department accountable for the development of guidelines on GBVF and a requisite Bill when these are not reflected as targets in the APP.
- **M&E**: The Committee queried what the Department is doing to monitor the implementation of the National Strategic Plan (NSP) on GBVF. The Committee noted that government has committed R12 billion to implement various components of the NSP on GBFV and questioned how the Department was monitoring expenditure in this regard as well as the time frame in which the funds should be spent.

Programme 3: Policy, Stakeholder Coordination Knowledge Management

6.1.10 Monitoring and Evaluation

- The Committee questioned what the difference is between the roles of the Department of Planning, Monitoring and Evaluation and the Department of Women, Youth and Persons with Disabilities with regards to the new mandate of the Department.
- The Committee also queried what the difference was between the new mandate presented to the Committee and the Frameworks that were previously presented to the Committee.

6.1.11 Programme 4: Rights of Persons with Disabilities

- **Finances**: The Committee was concerned about the budget allocated to Programme 4 which was miniscule given that the Department spends at present more money on office accommodation (R18.3 million) than it does on the entire national programme dedicated to persons with disabilities. To this end, the Committee questioned why the Department has allocated such a small budget to this Programme.

- **Absent Role of Regulator**: The Committee was also concerned that the regulatory role of the Department is not incorporated in Programme 4.
- **Disability Rights Bill**: The Committee was concerned that there was no APP target on tracking the development of the Disability Rights Bill. In addition, the Committee questioned why the Department indicated within its APP that the South African Law Reform Commission was developing the Bill and not the Department.
- **Presidential Working Group**: The Committee queried whether there is a working relationship between the Presidential Working Group on Disabilities and this programme.
- **M&E of DSD**: The Committee queried whether the Department monitored the work done by the Department of Social Development in terms of services rendered to persons with disabilities.

6.1.12 Programme 5

- **Finance**: The Committee noted that Programme 5 has a budgetary allocation of R12,3 million and noted this Programme will also procure the use consultants. More clarity was sort in this regard.
- **Targets**: The Committee also noted that the Programme 5 has only 5 targets planned for the current financial year and enquired as to whether the targets will be met with the budget allocated to the Programme. Furthermore, the Committee also noted with concern that the Programme referred to additional activities it intends undertaking for the current FY but this was not reflected in the current APP thus holding the Department to account in this regard would be difficult for the Committee to do.
- The Committee also enquired as to whether the objectives of the Department is aligned to the 5 targets of the Programme.
- **National Youth Policy (NYP)**: The Committee also enquired as to whether the National Youth Policy Implementation Monitoring reports were any different to that of the NYDA's quarterly reports submitted to the Committee.
- **NYDA Amendment Bill**: The Committee enquired as to whether the Department has engaged with youth in communities especially youth in rural areas on the National Youth Development Agency Amendment Bill.
- **Relationship with Department**: The Committee was concerned about the lack of a working relationship between the National Youth Development Agency and the Department especially Programme 5.

6.2 National Youth Development Agency

In terms of the National Youth Development Agency, the Committee made the following observations:

6.2.1 General matters

- **Standardise reporting**: The NYDA was urged to standardise the budget reporting style so that information contained in Estimate of National Expenditure (ENE) in National Treasury reports should be the same as contained in the APP of the NYDA.
- **Local Government Elections:** The Committee asked whether there were any plans in place by the NYDA and the Department to encourage young people to register for the local government elections 2021 as this was an important component of building social cohesion and patriotism.
- **Inclusion of Youth with Disabilities:** The Committee welcomed the inclusion of a target for youth with disabilities in the APP of the NYDA but urged the NYDA to do more especially for ensuring access for persons with disabilities at branch level.
- **Access to NYDA offices and services**: The Committee was also concerned that the satellite offices in rural areas do not provide full service for youth in rural areas. In addition, the Committee noted that during a constituency visit to certain branch offices computers were not operational thus bringing into question how youth would be able to access online information or to be assisted with NSFAS applications by the NYDA. The Committee enquired as to why young people were not able to submit their applications for grants through NYDA website. The inaccessibility of the online application process during COVID-19 pandemic has left many young people unfairly disadvantaged.
- **Youth Machinery**: The Committee questioned whether the Department and the NYDA participated in the youth machinery meetings as this was not reflected in the APP which was concerning as this was an important platform to engage with youth.
- **Vision**: The Committee was concerned that the NYDA removed accessibility and excellence in its new vision but provided no reason as to why and thus requested more clarity in this regard.

6.2.2 NYDA Amendment Bill

- The Committee was concerned that proper consultation on the Bill has not been conducted. It was noted that the NYDA branches in Provinces were not aware of the process of the Bill. Thus further and broader consultation by the Department is required.

- The Committee was also concerned about the lack of a working relationship between the Department of Women, Youth and Persons with Disabilities (Programme 5) and the NYDA insofar as collaborating on the NYDA Amendment Bill is concerned.
- The APP has no specific target that relates to activities pertaining to the NYDA Amendment Bill even though reference is made to supporting the process in principle by the CEO. The lack of a specific target that can be tracked in this regard is concerning.

Programme 1

6.2.3 Human Resources

- The Committee enquired about the status of Workplace skills plan in Programme 1 as details in this regard was lacking.
- The Committee was concerned about the status of filling of vacancies of branch coordinators in Provinces indicating that there were only 3 branch managers employed in Provinces and how this then impacted on services rendered.
- The Committee also asked what were the delays in the filling of vacancies at branch level.
- The Committee noted with concern the matter of the Gauteng branch office that was closed when visited by Members during constituency which was unacceptable. To this end, the NYDA was requested to provide an update on the disciplinary case in this regard.
- The Committee noted with concern that staffing matters at branch level needed attention as the services rendered was being impeded either by a lack of available staff or dysfunctional ICT equipment.

Programme 2

6.2.4 Youth Entrepreneurship

- The Committee enquired as to whether there were any private sector partners or stakeholders that will assist to enhance Programme 2 through training in the sub-programme of Economic Development through youth entrepreneurship.
- The Committee enquired about the implementation of 1100 businesses in 100 days' initiatives by the President and progress in this regard. To this end, the Committee asked how many young people benefitted to date and those that had benefitted, how many are

young people with disabilities have benefitted from the programme and how many were repeat beneficiaries.

6.2.5 Donor funding

- The Committee noted that the donor funding the NYDA intended to secure from Provincial Government, Department of Small Business Development and the Presidential Youth Employment Intervention was not made apparent and requested more information in this regard.

6.2.6 Grants Programme

- **Disability**: The Committee questioned how many new beneficiaries benefitted in Grant Programme especially young people with disabilities as this was not apparent in the targets outlined.
- **M&E**: The Committee enquired as to whether the NYDA assesses and monitors the impact of the Grants Programme.
- **Online Grant applications**: The Committee was concerned that there was no online portal available on the website of the NYDA for grant applications particularly during the COVID-19 era thus bringing into question how accessible the services are to youth. The Committee was also concerned that the satellite offices in rural areas do not provide full service for youth in rural areas.

6.2.7 Job creation

- The Committee was concerned that the adjusted target for jobs created and sustained through supporting entrepreneurs and enterprises has been decreased from 26 000 to 20 000 for 2020-2025 period given high youth unemployment rate.
- The Committee noted that 23 500 jobs facilitated through jobs placements opportunities was adjusted but no justification was provided and more clarity was sought in this regard.

6.2.8 National Youth Service (NYS)

- The Committee noted that the NYDA continued to lobby government departments and entities to implement the National Youth Services (NYS) programme which was concerning as the NYS is a priority and more emphasis should be placed on monitoring and evaluating the programme instead.

- The Committee asked what sort of donor funding NYDA is expecting to ensure NYS programme is working and what is the nature of the relationship between NYDA and the existing NYS initiatives implemented by various government departments as the details in this regard was lacking thus impeding oversight.

6.2.9 Presidential Initiatives

- The Committee was concerned about the relationship between the Presidential Yes4youth initiatives, Department of Women, Youth and Persons with Disabilities (Programme 5) and the NYDA and whether these stakeholders were working collaboratively or in silos.
- The Committee questioned how many young people benefitted from the Presidential Infrastructure and Provincial Infrastructure projects.

Programme 3

6.2.10 Youth Status Outlook Reports

- The Committee queried what the purpose of the Youth status outlook reports were and how the information was being used.
- The Committee also indicated that these reports were produced in the last financial year and questioned whether these reports were useful.

6.3 Commission for Gender Equality

In terms of the Commission for Gender Equality

6.3.1 General

- The Committee noted the importance of implementing the Committee's Budgetary Review Recommendations Report 2020 and issues raised by AGSA in relation the Annual Report of 2019/20 and enquired whether these have been addressed within the 2021/22 APP.
- The Committee was concerned that targets planned by CGE lacked the requisite details and are not SMART.
- The Committee also was concerned that the technical indicators descriptions lack detailed information and will not assist the Committee in conducting astute oversight.
- The Committee noted that the evaluation aspect of the CGE's work has been omitted in the amended Strategic Plan and no explanation was provided in this regard.

- The Committee commended the CGE for achieving targets with reduced budgets in 2020/21 financial year. The Committee noted that that 69% of the budget of the CGE was allocated to compensation of employees and 31% to goods and services. When comparing the budget of the South African Human Rights Commission to the CGE, the Committee noted that over the past decade the budget of the former grew exponentially but not for the CGE.

6.3.2 Strategic Outcome 1

- The Committee noted with concern that the Strategic Outcome 1 changed from advanced to enabling legislative environment for gender equality but no explanation was provided.
- The Committee noted that the CGE aspired to adopt only 50% of its submissions which seemed low with no justification provided. In addition, the Committee questioned what is meant by adoption and sought clarity in this regard.
- The Committee noted the lack of detail regarding the purpose of the reports to be submitted to the President and the Speaker of Parliament and also questioned the implications for oversight and accountability by the Committee in this regard.
- The Committee was unclear as to why only one education programme was identified as a target for the 5-year period.

6.3.3 Strategic Outcome 2

- **Complaints handling**: The Committee noted with concern that the Commission changed the target on handling of complaints which has been identified as a challenge for the Commission by the Committee and the AGSA. The current performance measure now for this important target remained vague and unclear.
- **Webinars**: The Committee also noted that the Commission will conduct 4 webinars and policy briefs to follow up on commitments made in the 2020/21 webinars. The Committee was concerned that that there was lack of detail on the nature of these webinars and what the policy briefs would also cover. The Committee queried what other platforms were used by CGE to consider people who cannot access technology particularly persons in rural areas, persons with disabilities, persons living in poverty who do not have access to data to access online media platforms.
- **Stakeholder engagements**: The Committee noted with concern the lack of detail regarding the 36 stakeholders referred to with regard to engagements with like-minded institutions on issues related to gender equality. Without the detail, the Committee's oversight is impeded.

- **Preferential Procurement**: The Committee noted the lack of details regarding which government institutions the CGE will be engaging on the implementation of procurement rules & regulations for women's empowerment. Without the detail, the Committee's oversight is impeded.
- **Court monitoring**: The lack of details was also noted by the Committee regarding which 40 courts will be monitored.
- **Training Workshops**: The Committee noted the lack of detail regarding the 36 training workshops on gender and sought more information in this regard.
- **Intervention**s: The Committee questioned what the plans of the Commission were to deal with bullying in schools and against discrimination of LGBTQIA+ persons as these were key issues of concern for the Committee that required attention.

6.3.4 Strategic Outcome 3

- **NSP on GBVF**: The Committee noted the lack of details regarding what reports will be monitored by the CGE on the implementation of National Strategic Plan on Gender Based Violence & Femicide.
- **High level meetings**: The Committee noted the lack of details regarding the nature of high level meetings and which reports will be tabled at these high level meetings.
- **NSP & NCGBVF**: The Committee questioned what has the CGE done on monitoring the implementation of the establishment of the National Council Against Gender Based Violence and Femicide and the implementation of the National Strategic Plan on Gender Based Violence and Femicide as details in this regard was lacking.
- **Monitoring**: The Commission was also requested to give details on the monitoring of 22 government departments referred to during deliberations.

6.3.5 Strategic Outcome 4:

- **ICT**: The Committee wanted to know what is the status of the ICT and Knowledge Management. The Committee also wanted to know what are the submissions on legislation before Parliament.
- **Vacancies**: The Committee enquired whether the vacancies of senior managers have been filled and if there were any outstanding vacancies to be filled.

- The Committee also questioned whether the Chief Executive Officer violated the policy of the Commission on establishing an interview panel with external stakeholders for interviews and if so, what has the Commissioners done in that regard.
- **Internal Operational Concerns**: The Committee was concerned about reports that the Chief Executive Officer violated the policy of the Commission on establishing an interview panel with external stakeholders for interviews and if so, what has the Commission done in that regard.
- **M&E Framework**: The Committee requested an update on the monitoring and evaluating frameworks.

6.3.6 Role of Commissioners

- The Committee questioned the role of the Commissioners in giving effect to the APP and how they be held accountable in this regard.
- The Committee was concerned that the role of the Commissioners was not clear in the Strategic Plan of the Commission.
- The Committee was concerned that the APP and the Strategic Plan was not aligned and questioned how Commissioners adopted these documents that are misaligned.

7. Recommendations

Having considered the Annual Performance Plan and budget for the Department, the Committee recommends to the Department of Women, Youth and Persons with Disabilities as follows:

The Department of Women, Youth and Persons with Disabilities should:

a) Ensure that its key performance indicators and targets are SMART.
b) Rework its Annual Performance Plan 2021/22 and amended Strategic Plan and present it to the Committee at the next meeting scheduled on the 4^{th} Quarterly report for 2020/21.
c) Submit to the Committee the detailed report on the use of consultants, the nature of the consultancy and the cost incurred per programme. The Committee also resolved not to support the use of consultants until detailed information is provided to the Committee for it to assess.
d) Respond in writing to questions/concerns that were raised by the Committee and that were not responded to.
e) Ensure that the Annual Performance Plan and the Strategic Plan should be aligned and that the regulatory part of the mandate should be incorporated in Programmes of the

Department. A detailed report should be submitted to the Committee in this regard within 2 weeks after the adoption of this report.

f) Consider optimal use of staff allocated from Programme1 (where most of the staff is allocated) and re-allocate them to the core programmes e.g. Programme 4 and 5.
g) Mainstream the implementation of the Sanitary Dignity Programme across the provinces.
h) Respond to issues raised in the ERAP report of the Commission for Gender Equality at a meeting to be scheduled by the Committee.
i) Present to the Committee progress made with regards to the establishment of the National Council Against Gender Based Violence and the proposed Bill.
j) Utilise the NYDA branch offices to publicise the Bill and as platform to consult with youth on the Amendment Bill, the National Youth Policy and the Integrated Youth Development Strategy.
k) Utilise the NYDA branch structures to discuss the proposed Disability Bill.
l) Look at the budget allocation for Programme 4 (Rights of Persons with Disabilities) given the work that still needs to be done to ensure the inclusion and empowerment of persons with disabilities across the country.

Having considered the Annual Performance Plan and budget for the NYDA, the Committee recommends as follows:

The National Youth Development Agency should:

a) Submit a detailed information of posts filled and plans to fill vacant posts as it pertains to the current staffing structure.
b) Ensure improved coordination between the Department and itself with regards to consultations on the NYDA Amendment Bill.
c) Must ensure that all staff within branches are aware and informed about the NYDA Amendment Bill.
d) Assess the functionality of its branches in terms of availability of staff and use of ICT infrastructure.
e) Investigate accessibility and inclusivity of offices especially for youth with disabilities in Provinces.
f) The Presidential Yes4youth initiatives should be invited to brief the Committee.

g) The Department of Women, Youth and Persons with Disabilities and NYDA should work with DeafSA and institutions of higher learning on issues related to disability.

Having considered the Annual Performance Plan and budget of the Commission for Gender Equality, the Committee recommends as follows:

The Commission for Gender Equality should:

a) Submit a report to the Committee on the role of Commissioners in Provinces insofar as giving effect to the APP and amended Strategic Plan is concerned, within two weeks after the adoption of this report
b) Submit a report to the Committee that expands on the APP targets to ensure it encapsulates the requisite details the Committee had requested within two weeks after the adoption of this report.
c) The role of Commissioners should be incorporated in the Annual Performance Plan for 2021/22.
d) Present their reports in a timeous manner to the Committee to allow it to effectively engage with its contents
e) As needed, request to present relevant and pertinent reports to the Committee to ensure that recommendations and concerns are addressed.

8. Conclusion

The Committee remains committed to ensuring that astute oversight is conducted on the Department, the Commission for Gender Equality and the National Youth Development Agency, who all have a significant role to play in improving the lives of women, youth and persons with disabilities and the LGBTQIA+ community.

Report to be considered.

20. Report of the Portfolio Committee on Communications on its deliberations on Budget Vote 4: Government Communication and Information System (GCIS), dated 14 May 2021

The Portfolio Committee on Communications (the Committee), having considered Budget Vote 4: Government Communication and Information System (herein referred to as 'the Department') and the Annual Performance Plan (APP) for 2021/22 – 2023/24, reports as follows:

1. Introduction

Section 55(2) of the Constitution of the Republic of South Africa, Act 108 of 1996, states that the National Assembly (NA) must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) the exercise of national executive authority including the implementation of legislation; and (ii) any organ of state. In terms of the Public Finance Management Act (PFMA), the Accounting Officers must provide Parliament or the relevant legislature with their respective institution's Medium-Term Strategic Framework (MTSF) and where applicable with its Annual Performance Plan.

The Money Bills Amendment Procedure and Related Matters Act was promulgated in 2009, and provides Parliament with powers to reject or recommend the approval of departments' budgets. The Act also makes provision for the implementation of recommendations emanating from the committee's oversight reports.

The Committee met with the Department and the Media Development and Diversity Agency (MDDA) on 12 May 2021, amidst the National State of Disaster in South Africa necessitated by the Covid-19 pandemic. Parliament has had to adopt news ways of doing business. As such, the meetings with the Department and MDDA were held virtually.

2. The Department's APP 2021/2022 – 2023/24

An APP sets out what the institution intends doing in the upcoming financial year and during the Medium Term Expenditure Framework (MTEF) to implement its Strategic Plan. The document sets out performance indicators and targets for budget programmes, and sub-programmes where relevant, to facilitate the institution realising its goals and objectives set out in the Strategic Plan.

2.1 Mandate

Section 195(g) of the Constitution of the Republic of South Africa of 1996 forms the basis of the formation of the Department, where it stipulates that in order to foster transparency the public should be provided with information that is timely, accurate and importantly, accessible.

In 1998, the South African Communication Service was dissolved and the Department established by Cabinet, largely on the basis of recommendations contained in the report of the Task Group on Government Communications (COMTASK).

Government's mandate requires that its communication be expanded to enhance access to information that enables the public to participate in the country's transformation and in bettering their own lives; that it should bring the realities of our emergent and thriving democracy to the attention of the international community; and promote the African Renaissance, including regional integration and implementation of people-centred development programmes.

The primary responsibility of the Department is to ensure the democratic strength, success and security of the country through rapid, responsive and continuous communication of government's achievements in meeting the mandate to rule given by the citizens of South Africa. The strategic intent speaks of necessity and therefore of the broad agenda of the manifesto of the ruling party.

Therefore, the Department is responsible for providing strategic leadership and coordinating a government communication system that ensure that the public is informed, and have access to government programmes and policies that benefit them.

3. Situational Analysis

3.1 External Environment

President Cyril Ramaphosa's announcement of a National State of Disaster that placed South Africa on Level 5 of a national COVID-19 lockdown from 27 March 2020, precipitated significant shifts in the way government communications reached – and reached out to – different constituencies and communities in the country and elsewhere. Restrictions on the movement of people other than essential workers presented huge challenges in terms of how government would replace physical interaction with citizens, with alternative means of communications that would comply with COVID-19 health protocols.

Large public gatherings, including *Izimbizo*, distribution of pamphlets, face-to-face interaction with media and visits by members of the public to Thusong Service Centres (TSCs) were among the communication modes that came under pressure or became almost impossible to undertake under the most severe lockdown conditions. However, the Department responded to these unprecedented conditions rapidly by adopting technological platforms such as Zoom, Skype and Microsoft Teams to enable remote meetings. The department also up-scaled online publishing of traditionally print products, including *Vuk'uzenzele* newspaper.

The adoption of new technologies was particularly crucial in the support the Department provided to the President who, in March 2020, had commenced a 12-month term as Chairperson of the African Union (AU). As the pandemic progressed, so did South Africa's – and especially the President's – prominence on platforms of the World Health Organization (WHO), the broader United Nations, Brazil, Russia, India, China and South Africa, and other international bodies which considered South Africa a strategic partner in the global management of the pandemic.

The growth in new communication channels and greater consumer use of social platforms enabled dissemination of public health information and other relevant information that could assist vulnerable individuals and groups to survive the devastating economic impact of the pandemic. Concomitant with all human endeavors, the growth in online media consumption in particular, also presented peddlers of misinformation and disinformation with the easily accessible and cost-effective means of communication to undermine scientific and official messages.

As a global phenomenon, fake news did not leave South Africa unscathed and in this event, the Department had to implement human and technological mechanisms to combat distortion, lies and contestation around various dimensions of the pandemic. The Department, along with the constituent departments in the government communication system, is indebted to the Solidarity Fund, Google, Twitter and mobile network providers for partnerships that enabled the data zero-rating of government information online, as well as the sponsored boosting of official information.

Like all crises, this period created and forced opportunities for government communicators to grapple not only with the muting and unmuting of new platforms, but also to gain new insights into the medical and economic dimensions of public health and pandemic management, as well as the delicate balance of saving lives and protecting livelihoods during the national lockdown.

For the public and international constituencies, certain communication practices enhanced public insight and participation in matters of science and the economy, and brought often unseen events and deliberations into people’s homes. In different settings, however, the inability for political leadership and officialdom to interact in person with stakeholders’ groups or audiences induced limitations and inhibitions that sat equally uncomfortably with creators and consumers of content.

The Department enters the period ahead with a focus on the national COVID-19 vaccination roll-out programme, and on mobilizing all sectors of society and business around economic reconstruction and recovery. The backdrop for the work that will be delivered in the 2021/22 financial year is government’s focus on: defeating the pandemic; accelerating economic recovery; economic reforms aimed at inclusive growth and job creation, and the twin objective of fighting corruption and building the capability of the State.

The period ahead comes with uncertainty about the shape of the pandemic and the likelihood of new waves or strains of infection. These unknowns make it necessary for the Department to accept the new normal, and to retain many of the communication modes and methods conceived and adopted under the national lockdown. This will require the continued development of staff to remain adaptive, innovative and motivated, and also entail continued vigilance and agility around the opportunities and pitfalls presented by new methods of developing and disseminating information.

The impact of the deadly virus has weighed heavily on efforts to address the triple challenge of poverty, unemployment and inequality. COVID-19 has brought into stark focus the inequalities within our society. The economic growth slowed down with the growth forecast at 0,9 per cent for 2020 and the gross domestic product shrunk by 7 per cent while the unemployment rate breached the 30 per cent mark. This restricted the amount that could be allocated to the communication budget. The Department will build on its tried and tested products and services in the medium term to support and shape government-wide communications.

Through public opinion research, analysis of media coverage and monitoring of media, the Department have been encouraged by the general positive response to the COVID-19 messaging it disseminated in the past period under review. Public opinion research continues to support the development of government communication campaigns and also monitor their impact. It will use new technological approaches together with face-to-face engagements to collect quantitative and qualitative research that provides a better understanding of the work of government.

3.2 Internal Environment

As at 28 February 2021, the Department had a total staff establishment of 473 posts, of which 431 were filled. This translates into a vacancy rate of 8.88 per cent, which is within the parameters defined by the Department of Public Service and Administration (DPSA). The post of Director-General (DG) was filled with effect from 1 June 2020. The selection process for the filling of three Deputy Director-General (DDG) posts was expected to be concluded by 30 June 2021.

The Department continues to partner with institutions for persons with disabilities to recruit candidates from under-represented racial groups and people with disabilities in accordance with the approved Employment Equity Act, 1998 (Act 55 of 1998) and the Departmental Employment Equity Plan. The targets of 50 per cent for women at Senior Management Service (SMS) level and 2 per cent for persons with disabilities have been reached, and the Department strives to strike a balance across all occupational classifications.

The changed communication environment occasioned by the COVID-19 health protocols has necessitated the training programme to be changed to prioritize an Information Technology (IT) related communication mode. It has also fast-tracked upskilling of its workforce to align the organisation to the occupational demands associated with the Fourth Industrial Revolution (4IR). Some of the training interventions include Drone-operating capacity and the accelerated e-Learning capability for human resource development.

Some of the training undertaken in the past year in partnership with the National School of Government (NSG) includes Ethics in the Public Service; ERM; Strategic Planning and Management; Writing for Government; Presentation Skills; Monitoring and Evaluation; Supply Chain Management; Emotional Intelligence; Customer Orientation; and Time Management and Facility Management. Information and Communications Technology (ICT) systems had to be upgraded to provide the capacity for regular virtual/webinar meetings using various platforms. Internal Communication continues to share the information shared with the public with staff members, who are deemed as messengers of government information.

Some of the communication products include the monthly *Let's Talk* newsletter and weekly *Hot News* leaflet. Knowledge Management (KM) continues to be the key component of this area of work, with the KM unit hosting four webinars and producing eight newsletters during the 2020/21 financial year. The ERM processes are growing in maturity and relevance. The self-assessment conducted in October 2020 shows a marked improvement with a final score of 3.9 and up from 2.8 of the 2019 assessment. The governance structures of the ERM Committee, Audit Committee and the BCM Steering Committee have played a critical in ensuring the continuation of operations and service delivery despite the setbacks and closures necessitated by the COVID-19 pandemic.

Since being separated from the then Department of Communications, the Department has now created its own legal services capacity through the Directorate: Legal Services, which will assist in strengthening its management of official contracts and other legal matters. To ensure compliance to the Institute of Internal Auditors' (IIA) international auditing standards and to improve the combined assurance holistically – covering independent assurance providers such as Internal Audit, Auditor General of South Africa (AGSA) and other regulatory bodies of government – Internal Audit recently concluded its mandatory five-year external Quality Assurance Review.

Internal Audit also continues to provide the last line of internal defense by ensuring material misstatements affecting compliance, financial and performance reporting are brought to the attention of management timeously so that corrective actions are made. This early warning system has contributed immensely towards the Department maintaining its clean audit outcomes for the past six financial years.

3.3 Key highlights in 2020

The Special Adjustment Budget of July 2020 resulted in an additional allocation of R60 million for the Department. This enabled the Department to drive the COVID-19 Communication Strategy in a more meaningful and effective manner. Using the centralised coordinating structure, a coherent message to educate and raise awareness on the COVID-19 virus became effective.

An above and below line advertising campaign was done, supported by direct mass mobilisation at district level and media engagement through weekly media briefings.

Various existing content platforms such as the Government website (www.gov.za), Vuk'uzenzele newspaper, My District Today newsletter and GovNews, were also used to disseminate information on COVID-19. Community media, especially community radio, and direct communication with citizens through the distribution of pamphlets, were also used prominently.

A key finding of the survey was the level of public trust in government, both from a leadership and credibility of information perspective. The ERRP adopted in August 2020 continued to be a communication programme for the past financial year. Collaborating with the Economic and Investment Cluster role-players, an integrated communication approach programme was infused with COVID-19 messaging, especially as the country moved to the risk adjusted levels 3 to 1.

Gender Based Violence and Femicide (GBVF) messages continued to find expression in all the Department's print products, online distribution and mass mobilisation at local level.

The District Development Model (DDM) announced in 2019 has deepened a development communication agenda through partnerships between the Department, and provincial and local government communicators. The Department has spearheaded communications on various aspects of government's priorities, including COVID-19 information.

The Department also supported the communication programme for the Third SAIC which was hosted in November 2020. The Department aims to build and maintain relations with the media domestically and internationally. It will continue to strengthen this relationship working also with the international cluster. The strategic focus of the Brand South Africa (BSA) needs to be aligned with the strategic focus of the country internationally. Working with the International cluster the Department will seek a closer working relationship with BSA.

The 2019-2024 MTSF is the current implementation plan of the National Development Plan (NDP). The primary mandate of the Department aligns with Priority 1 of the MTSF. The approved NCSF 2019-2024 provide a framework to capacitate the whole government communication system. A partnership with the NSG will assist in capacitating the communicators to implement their respective mandates.

The process to appoint the MAC Charter Council has commenced. In 2021/22 the Department will prepare for the drafting of the Media Transformation and Diversity Charter. The charter will ensure the implementation of the Broad-Based Black Economic Empowerment (B-BBEE) for the mainstream print and digital media industry.

The Department continues to run a media production capacity through the Chief Directorate: Communication Service Agency (CSA). For the past financial year, it provided media-buying services to other departments to the value of over R300 million. The process to review the MDDA Act, 2002 (Act 14 of 2002) to align it to key technological developments and good corporate governance practices is underway and expected to be the key legislative programme for the department during the 2021/22 financial year.

3.3.1 Focus Areas

Despite growing budget cuts, the organisation continues to deliver against its predetermined objectives. The outcomes in the 2020-2025 Strategic Plan have been reviewed and the number revised from nine to five. The five streamlined focus areas have been aligned accordingly with the mandate and purpose of the Department.
The outcome areas are:

(i) Sound corporate governance;
(ii) Informed and empowered citizens;
(iii) Transformed mainstream print and digital media, advertising and community media;
(iv) Improved relations with the media; and

(v) Well-functioning government communication system.

These outcomes succinctly demonstrate the mandate and strategic intent of the organisation, and will contribute to measuring the overall impact of government's communication agenda expressed in the Department's impact statement of "Informed citizens and an integrated communication system."

4. Annual Performance Plan 2021/22 – 2023/24

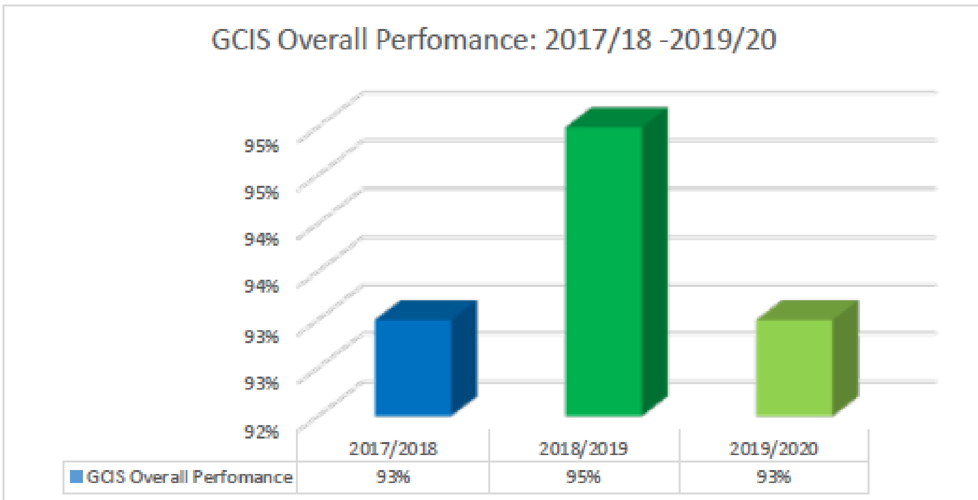
The Department's appropriation over the 2021 MTEF period is R749.7 million in 2021/22, R710 million in 2022/23 and R711.9 million in 2023/24. Compensation of employees comprises on average 38 per cent and transfer payments in respect of the appropriation to two public entities – BSA and MDDA – comprises 35 per cent of the budget over the medium term.

Over the medium term, the Department will continue to focus on providing and facilitating strategic government communication, and encouraging active citizen participation. It will support all government departments in conceptualising cohesive campaigns, developing communications strategies and content, disseminating information, and engaging stakeholders. The Department will enhance its delivery of these core services by harnessing various communications structures, such as social media, to reach and provide information to more South Africans.

The Department is committed to sourcing its goods and services from black-owned businesses operated by designated groups of women and youth. The 2021/22 Procurement Plan will be finalised in support of this government-wide effort on economic transformation.

The 2019/20 Audited Financial Statements (AFS) were submitted to National Treasury and the Auditor-General of South Africa (AGSA) on 31 July 2020. The AGSA issued another clean-audit report on 30 September 2020. Performance against predetermined objectives was at 93 per cent. For the last three years, the performance report has been maintained at above 90 per cent.

Graph below highlights the Department's performance against pre-determined objectives for the 2017/18, 2018/19 and 2019/20 financial years:



In 2020/21, the Western Cape and North West provincial offices were relocated to improve staff working conditions, access for the public and address security-related issues. Owing to the nature of the department's operations, security audits initiated with the State Security Agency (SSA) focused on both physical and information security to establish threats as well as risk assessment before and after the relocation of the offices. Processes are underway with the Department of Public Works and Infrastructure to relocate the KwaZulu-Natal Provincial Office to a new suitable location in 2021/22.

The State Information Technology Agency (SITA) provided substantial bandwidth increases for the Department to be able to perform more effectively. Upgrades were also done on the Microsoft environment, including email and operating systems. The Department has embarked on a technology upgrade of its electronic office equipment that are at the end of their useful life – computers, printers and laptops. This will continue to be informed by operational needs.

Parts of the wide area network infrastructure is undergoing a hardware upgrade by replacing old end-of-life servers. Other areas of the infrastructure will be considered for a technology upgrade, subject to the availability of funds.

Skype for Business was extended within the Department to host virtual meetings and reduce the need for face-to-face interaction. Additional virtual meeting tools like Zoom and Microsoft Teams have also been deployed in the GCIS to facilitate remote working and online meetings. This was complimented by the migration to the SITA VPNra remote connectivity tool allowing staff working remotely access to the Department's enterprise systems and digital processes.

The Department has embarked on a review of Information Systems in use by all business units with the intent of identifying new technology and systems requirements. The Information System Review will assist in the review of the Information Technology (IT) Strategy in line with the Department's business requirements.

The Department will build capacity on Business Intelligence Reporting and Data Analytics and create a repository for reports on SharePoint to support organisational decision-making. An electronic memo (e-Memo) submission solution was implemented to reduce the use and movement of paper and accommodate remote working.

IT infrastructure will be upgraded to improve systems performance to handle more data and automation of business processes such as e-Leave, e-Requisition for procurement, performance contracting and assessment, and an electronic organizational performance reporting system to track achievements of targets set in the APPs.

The annual software licenses for its Electronic Office Applications continue to be renewed accordingly. It will also explore an online sourcing of human capital through e-Recruitment in line with DPSA prescripts. In 2021/22, the intention is to automate the training request and approval process.

5. Departmental budget allocation and programmes

5.1 Expenditure Analysis: R749.7 million

As mentioned above, GCIS is allocated R749.7 million in 2021/22, R710 million in 2022/23 and R711.9 million in 2023/24. Compensation of employees comprises on average 38 per cent of the budget over the medium term. Transfer payments to public entities – BSA and the MDDA are included under Programme 2: Content Processing and Dissemination and amount to R246.4 million 2021/22, which comprises 35 per cent of the budget over the medium term, R252 million in 2022/23 and R253.6 in 2023/24, see table below:

	2021/22				2022/23	2023/24
R million	Total	Current payments	Transfers and subsidies	Payments	Total	Total
MTEF allocation						
Administration	176	174.2	0.1	1.8	178.5	179
Content Processing and Dissemination	449	200.8	246.4	1.8	406.2	407.4
Intergovernmental Coordination and Stakeholder Management	124.7	123.2	0	1.5	125.3	125.4
Total expenditure estimates	**749.7**	**498.2**	**246.4**	**5.0**	**710**	**711.9**

A total of 75 per cent of the allocation over the medium term is jointly spent in the core branches Programme: Content Processing and Dissemination, and Programme: Intergovernmental Coordination and Stakeholder Management. The remaining 25 per cent of the total departmental appropriation is allocated to the Programme: Administration.

Expenditure for these activities is within the medium-term allocations to the Content Processing and Dissemination programme (R1.3 billion) and Intergovernmental Coordination and Stakeholder Management programme (R375.4 million), which together account for 75.6 per cent of the Department budget over the medium term. Transfers to the entities account for 34.6 per cent (R751.9 million) of its total budget over the period ahead.

The Department's funded establishment is expected to be 467 permanent posts. Spending on goods and services over the medium term is expected to be primarily on operating leases, which comprise mostly of the lease of office accommodation, operating payments that relate mainly to the publication and distribution of the fortnightly *Vuk'uzenzele* newspaper. Further spending on goods and services is for travel and subsistence, which relate mainly to the covering of events of the President and Deputy President, and computer services in respect of transversal systems, data lines, software licences and subscriptions.

The Department will focus over the medium term on coordinating and professionalising government communication and making it as cost-effective as possible.

The Department will keep communities and stakeholders abreast of government's progress with the implementation of the district development model, which aims to improve the coherence and impact of development in 44 districts and 8 metropolitan municipalities across the country. To this end, the Department will hold 1 140 community and stakeholder liaison visits and 1 140 development communication projects per year over the MTEF period. Spending for these activities is largely driven by goods and services items, which account for 16.9 per cent (R62.4 million) of the total budget in the Intergovernmental Coordination and Stakeholder Management programme.

The Department's outreach programme makes use of talk shows on community radio and television stations, activations at taxi ranks and malls, commuter train blitzes, Imbizos, and door-to-door campaigns. These activities allow it to interact with communities, and often provide an early warning for any societal issues or discontent. The outreach programme is allocated R6.3 million in each year of the medium term in the Provincial and Local Liaison sub-programme in the Intergovernmental Coordination and Stakeholder Management programme. An amount of R50 million is further allocated to the Products and Platforms sub-programme in the Content Processing and Dissemination programme for the COVID-19 Vaccine rollout campaign in 2021/22.

To make the public aware of the opportunities created by government, in line with its key priorities, the department plans to publish 15.3 million copies of the Vuk'uzenzele newspaper per year over the medium term at an estimated cost of R75 million in the Products and Platforms sub-programme in the Content Processing and Dissemination programme.

5.2 Programme 1: Administration: (R176.0 million)

The purposes of this programme is to provide strategic leadership, management and support services to the Department.

The programme's function are organised into the following five sub-programmes:

- **SM** is responsible for developing and implementing SM processes, procedures and systems in compliance with relevant legislation. These include coordination the development and implementation of the Department's Strategic Plan and APPs, performance monitoring and reporting, and implementing an enterprise risk management plan for the department;
- **HR** is responsible for strategic leadership in the implementation of the Department's HR management strategy;
- **IM&T** is responsible for the establishment and support of IM&T systems in the GCIS;
- **The CFO** provides the Department with overall financial and supply chain and facility management services, and guides management in complying with legislative requirements, budget planning and administration; and
- **Internal Audit** improves governance, risk management and control processes.

In keeping with the pursuit of sound corporate governance for the Department, Corporate Services will over the next financial year strengthen internal controls and compliance with prescripts and legislation applicable to the Department's operational environment. The Department will in the 2021/22 financial year appoint three external members, including a Chairperson, to the Departmental ERM Committee.

The IM&T sub-programme will ensure that the availability of the IT infrastructure and information management systems are maintained within the threshold, tolerance levels and service standards that have been predefined in support of the Department's strategy and mandate. The IT systems and infrastructure availability statistics will be reported quarterly to the IM&T Steering Committee and the Audit Committee, both of which form part of governance structures.

The recruitment and retention of a suitably qualified, capable and skilled workforce remain a priority and the Department will strive to maintain the vacancy rate below 10% as prescribed by the DPSA. The attainment of employment equity targets will be pursued through more directed recruitment (ring-fencing of a certain number of posts specifically for designated groups) as well as active management of partnerships with institutions representative of people with disabilities.

Management will also strive to maintain the unqualified audit opinion for both financial and performance information as per the last three financial years. The 2021/22 Procurement Plan will also designate the targets for procurement from women, small, medium and micro enterprises and youth-owned enterprises in line with the Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Audit Framework of the Department of Women, Youth and People with Disabilities.

5.3 Programme 2: Content Processing and Dissemination: (R 449.0 million)

Provide strategic leadership in government communication to ensure coherence, coordination, consistency, quality, impact and responsiveness.

The main objectives of this programme are to:

(i) Provide strategic leadership and support in government communications by conducting research on public opinion and analyzing media coverage to understand the communications environment and inform government messaging over the medium term;

(ii) Increase the share of government's voice and messaging in the public domain by producing government communication products and services over the medium term; and

(iii) Improve the dissemination of information by providing effective and efficient marketing and distribution services, cost-effective media bulk-buying services, and media products and services for government on an ongoing basis.

The programme has the following sub-programmes:

Programme Management for Content Processing and Dissemination coordinates strategic planning for communications in the Department and other government departments, and ensures adherence to standards for government communications;

Policy and Research conducts research to assess the information needs of the public and how government should address these needs; monitors media coverage of issues affecting government and the country, provides analysis of how the media interprets and reports on government policies and programmes; formulates policy proposals; assesses public perceptions on government performance; and oversees the process of reviewing government communications policy by monitoring its implementation and facilitating workshops;

Products and Platforms develops content for the Department; provides languages services for products that require translation; conducts editing and proofreading; manages the Department's and government's websites; produces government publications; provides social media and news services; and develops the national communication strategy.

Communication Service Agency provides media bulk-buying services and media production services to all spheres of government; develops distribution strategies for all government communications; oversees the outsourcing of distribution services to service providers; manages government's corporate identity; and provides marketing services for the Department and other government departments.

The operational budget baseline allocation in Programme 2: Content Processing and Dissemination is directed to conduct research, monitor media coverage of government programmes and develop content for departmental communication products such as

Vuk'uzenzele newspaper; the PSM magazine; articles for SANews.gov.za; official websites, the SAYB and Official Guide to South Africa, translations, social media, and to provide leadership in the development and production of communication services.

The programme is also responsible for entity oversight and the transfer of budget allocations to Brand SA and the MDDA. The gradual increase over the medium term is mainly due to inflation adjustment.

5.4 Programme 3: Intergovernmental Coordination and Stakeholder Management: (R124.7 million)

The purpose of Programme 3 is to implement development communication through mediated and unmediated communication channels, and foster sound stakeholder relations and partnerships.

The programme has the following objectives:

- Improve interdepartmental coordination to ensure that all government messages are coherent and aligned by jointly planning messaging and sharing communications functions across the three spheres of government over the medium term;
- Ensure that citizens are informed and empowered on government's policies, plans, programmes and achievements, and increase public participation in government's activities by engaging with stakeholders over the medium term; and
- Implement a proactive and reactive media engagement system by building, maintaining and improving relations with the media, and driving government's communications agenda over the medium term.

The programme has the following sub-programmes:

Programme Management for Intergovernmental Coordination and Stakeholder Management ensures a well-functioning communications system that proactively informs and engages the public, and manages and oversees the implementation of development communications. It does this by building sound stakeholder relations and partnerships, and ensuring that the public is informed about government policies and programmes.

Provincial and Local Liaison ensures that the national communication strategy is aligned with provincial and local communication strategies; procures advertising on media platforms to promote local government messages for the public; promotes the Thusong Service Centres; and coordinates the imbizo programme.

Media Engagement leads and drives interaction and communication between government and the media; ensures effective liaison between Ministers and the media; manages government's liaison services by providing information; establishes, strengthens and maintains relationships with foreign and independent media; and establishes relations with South African missions to disseminate government information and key targeted messages;

Cluster Supervision (Human Development, Social Protection, and Governance and Administration) provides strategic cluster communications advice and support to national departments and leadership on key cluster communication issues and campaigns; and coordinates Cabinet cluster communications and the development of government's communications programme. This sub-programme also develops communications strategies and key messages for the campaigns of departments in these clusters;

Cluster Supervision (Economic and Infrastructure, Justice and International) provides strategic cluster communication advice and support national departments and leadership on key cluster communication issues and campaigns; and coordinates Cabinet cluster communications and the development of government's communications programme. This sub-programme also develops communications strategies and key messages for the campaigns of departments in these clusters.

The operational budget allocation in the Programme: Intergovernmental Coordination and Stakeholder Management is directed to the interface of national government communication with provincial communication programmes as well as effective liaison between Ministers towards coherent communication strategies for national government.

It also seeks to promote and facilitate media's understanding of government's agenda. The gradual increase over the medium term is mainly due to an inflation adjustment.

6. Entities of the Department

The Department has two entities reporting to it: BSA and MDA. However, the Committee has oversight function over the MDDA and the Department of Planning, Monitoring and Evaluation (DPME) oversees the work of BSA.

6.1 MDDA: (R 32.3 million)

The MDDA was set up in terms of the MDDA Act (2002) to enable historically disadvantaged communities and individuals to gain access to the media.

The core activities of the MDDA are to provide financial and non-financial support to community broadcast and small commercial media projects, with an emphasis on promoting indigenous languages and contributing to community development and the alleviation of poverty and inequality. Over the medium term, the agency its focus on serving communities that are typically sidelined by the mainstream media, and addressing pressing societal issues.

An estimated 39.7 per cent (R111.7 million) of the agency's budget over the medium term is earmarked for grant funding to be distributed to 60 community broadcast projects. An additional R6 million in grant funding is earmarked for 18 community and small commercial media projects.

To ensure the sustainability of the community media sector, the agency will ensure that there are initiatives in which it invests in to support skills development and social upliftment. To support this aim, R2.9 million over the MTEF period is budgeted to impart skills in key foundational areas such as governance to a targeted 120 projects.

The agency will also invest in three research projects per year over the medium term to develop a sustainability model for community and small commercial media projects. This is expected to result in expenditure of R8.6 million on contractors to carry out studies. Total expenditure over the MTEF period is expected to be R281.9 million.

The agency is set to derive 35.7 per cent (R100.9 million) of its projected revenue over the medium term through transfers from the Department and 60 per cent (R168.8

million) from the mainstream community broadcast sector as donations deductible from the Universal Service and Access Fund (USAF) levy.

7. Observations

7.1 The Department

The Committee commended the Department's rapid response in adapting to alternative means of communicating with the public at large, following the President's announcement of National State of Disaster in March 2020, whilst complying with the new Covid-19 Health protocols.

The Committee noted the impact the Level 5 National Lockdown had on the Department's areas of communications, such as public gatherings and face-to-face interactions, and commended the Department for introducing technological platforms (Zoom, Skype and Microsoft Teams) as new means of communication with the public. However, it remained concerned that citizens who had no universal access missed out on governments' most crucial information during that period.

The spread of fake news remains one of the Committee's major concerns. As such, the Committee commended the Department for its implementation of human and technological mechanism to combat fake news. It further noted and appreciated the partnerships formed between the Department and the Solidarity Fund, Google, Twitter and mobile operators. These partnerships led to government information propagation on social media platforms and further commended that mobile operators have enabled zero-data rating of government information on their platforms.

The Committee further noted the reported growth by the Department in the use of the new technologies, which had enabled dissemination of crucial public health information to vulnerable groups of the population and welcomed the announcement by the Department that it had capacity to translate such public information in all official languages.

The Committee noted the undertaking by the Department to ensure that young South Africans, including those living with disabilities, would form part of the implementation of the Economic Reconstruction and Recovery Plan. The Committee was of the view that the inclusion of the youth in the implementation of the plan would assist in the fight against the triple challenges of poverty, unemployment and inequality.

The Committee encouraged the Department to continue working together with various institutions supporting Persons Living with Disabilities when recruiting for staff members and appreciated that the Department had met the target of 2 per cent of employment of Persons Living with Disabilities.

Lastly, the Committee noted that the Internal Audit unit of the Department had concluded its mandatory five-year Quality Assurance Review. Furthermore, it noted the reporting on the contribution of the unit, towards the Department maintaining its clean audit.

7.2 MDDA

The Committee noted that the MDDA had set aside an estimated amount of R111.7 million or 39 per cent of its allocated budget for grant funding to 60 community broadcast projects and that an estimated amount of R6 million was earmarked for 18 community and small commercial media.

The sustainability of community media projects remained one of the Committee's key priorities; as such, the Committee noted the undertaking by the MDDA to ensure that it invested in initiatives that sought to support skills development in key foundational areas such as governance of its projects.

The Committee further noted the commitment by MDDA to invest in three research projects per year over the medium term, in order to develop a sustainability model for community and small commercial media projects.

8. Recommendations

8.1 The Department

The Committee therefore recommends that the Minister in the Presidency should ensure that:

a. the Department continues to communicate government information effectively and such information reaches all citizens;
b. there is proper monitoring of the implementation of the COVID-19 vaccination rollout programme and provide regular updates to the Committee;
c. as per the undertaking made by the Department, the Youth and Persons Living with Disabilities are at the forefront of the implementation of the Economic Reconstruction and Recovery Plan;
d. the Department provides a presentation to the Committee on its State of Readiness for the forecasted 3rd wave of COVID-19 pandemic;
e. COVID-19 public information remains of paramount importance and it is vital that the Department presents to South Africans credible information at all times; and
f. in executing its functions, the Department adheres to COVID-19 Health protocols at all times.

The Committee will continue to monitor the COVID-19 vaccination rollout programme of the Department and is satisfied with the assurance that all COVID-19 health protocols are adhered to during the Departments' on-going implementation.

8.2 MDDA

The Committee therefore recommends that the Minister in the Presidency should ensure that:

a. a sustainability model that seeks to assist community media projects is finalised and presented to the Committee; and

b. there is proper monitoring of the grant funding allocation of R117.9 million for community media projects and the R6 million earmarked to assist small and commercial media projects, and report quarterly to the Committee.

The Democratic Alliance reserved its right on the Budget Vote.

The Committee recommends to the House that the Budget Vote: 4 Government Communication and Information System (GCIS)

Report to be considered.

21. Report of the Portfolio Committee on Communications on its deliberations of Budget Vote 30: Communications and Digital Technologies, dated 14 May 2021.

The Portfolio Committee on Communications (the Committee), having considered Budget Vote 30: Communications and Digital Technologies (herein referred to as "the Department" and the Annual Performance Plans (APPs) for 2021/22 reports a follows:

1. Introduction

Section 55(2) of the Constitution of the Republic of South Africa, Act 108 of 1996, states that the National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) the exercise of national executive authority including the implementation of legislation; and (ii) any organ of state. In terms of the Public Finance Management Act (PFMA), the Accounting Officers must provide Parliament or the relevant legislature with their respective institution's Medium-Term Strategic Framework (MTSF) and where applicable with its Annual Performance Plan (APP).

The Money Bills Amendment Procedure and Related Matters Act was promulgated in 2009 and provides Parliament with powers to reject or recommend the approval of departments' budgets. The Act also makes provision for the implementation of recommendations emanating from the committee's oversight reports.

The Committee met with the Department, ICASA, FPB, BBI, NEMISA, USAASA/USAF, and Sentech on 11 May 2021 and. ZADNA, SITA, SAPO and SABC on 12 May 2021.

2. The Department's APP 2021/2022 – 2023/24

An APP sets out what the institution intends doing in the upcoming financial year and during the Medium Term Expenditure Framework (MTEF) to implement its Strategic Plan. The document sets out performance indicators and targets for budget programmes, and sub-programmes where relevant, to facilitate the institution realising its goals and objectives set out in the Strategic Plan.

The overall purpose of Budget Vote 30 is to *create an enabling environment for inclusive growth in the ICT sector by developing policies and legislation that promote infrastructure investment and socioeconomic development.*

2.1 Mandate

Following the May 2019 National Elections, the President pronounced the establishment of the National Department of Communications and Digital Technologies. Accordingly, the Presidential Proclamations in Government Gazette dated 14 August 2019 (President Minute: 372) confirmed the transfer of administration, powers and functions entrusted by legislation to the Minister of Communication in terms of Section 97 of the Constitution.

The Department of Communications and Digital Technologies is mandated to *encourage digital inclusion and economic growth, the Department of Communications and Digital Technologies is mandated to facilitate South Africa's digital transformation by creating an enabling policy and regulatory environment*.

The Department implements the provisions of the 2016 National Integrated ICT Policy White Paper, particularly the participation of multiple stakeholders for inclusive digital transformation; interventions to reinforce competition and facilitate innovation across the value chain; measures to address issues raised by ICT and convergence; and the establishment of a new national postal policy framework. It also provides for policies to address the digital divide and affordable access, supply-side issues and infrastructure rollout, and demand-side issues to facilitate inclusivity.

The Department derives its mandate from a number of acts and policies. Key among these are the:

- Broadcasting Act (1999), as amended, which establishes broadcasting policy in South Africa;
- Electronic Communications Act (2005), as amended, which provides the legal framework for convergence in the broadcasting, broadcasting signal distribution, and telecommunications sectors. It also allows for the granting of new licences and social obligations; the control of the radio frequency spectrum; and the regulation of electronic communication network services, electronic communication services, and broadcasting services;
- Film and Publications Act (1996), as amended, which provides for the classification of certain films and publications, and establishes the Film and Publication Board and Tribunal;
- Independent Communications Authority of South Africa Act (2000), which establishes the regulator in the sector; and
- Postal Services Act (1998), as amended, which makes provision for the regulation of postal services, and more

The following State-Owned Entities report to the Ministry:

- National Electronic Media Institute of South Africa,
- Universal Service and Access Agency of South Africa,
- Independent Communications Authority of South Africa,
- South African Broadcasting Corporation,
- Universal Service and Access Fund,
- .ZA Domain Name Authority,
- State Information and Technology Agency,
- Sentech,
- Broadband Infraco,
- South African Post Office and
- Film and Publication Board.

In executing its role, the Department is also guided, amongst others, by:

- The Constitution of the Republic of South Africa, 1996 (108 of 1996);
- The Public Service Act, 1994 (Act 103 of 1994) as amended;
- The Public Finance Management Act, 1999 (Act 1 of 1999) as amended.

Furthermore, Chapter 4 of the National Development Plan recognises that ICT is a key enabler of inclusive economic growth that is critical to addressing inequality in South Africa.

Taking into consideration the development in relation to the Fourth Industrial Revolution (4IR) as well as the envisaged outcomes of the Presidential Commission on 4IR, coupled with direction stemming from the NDP Five-Year Implementation Plan and the MTSF, the Department will in the medium-term focus on developing new and revising existing policies, strategies and legislation.

3. Situational Analysis

3.1 External Environment Analysis

Impact of Covid-19 on the ICT Sector

The pandemic has affected several industries across the globe with ICT being one of them. The industry witnessed a dynamic change during these times with some of the technologies finding new applications and some others witnessing an all-time low.

The Information Communication Technology (ICT) sector has proved to be the pillar of many economies, both developed and developing countries. With that realisation many organisations having made investment into the ICT Sector, from new Internet Service Providers (ISP's) to postal services companies and television and radio broadcasters. Nevertheless, it is important that the sector needs to focus on adapting to the Fourth Industrial Revolution (4IR) that is bringing new technologies, which means business models, government decisions and other choices, will have to transform due to a new set of challenges and uncertainties.

During the era of the pandemic, certain technologies gained traction including Over-the-Top (OTT) services, video conferencing technology, Artificial Intelligence (AI), video streaming platforms, team collaboration software, mobile security technology, video on demand (VoD) market, cloud gaming market amongst others. On the other hand, the technologies, which witnessed a dip in their sales and applications during the pandemic, consisted of Industry 4.0 market, wireless sensors market, robotic process automation market, and radar sensor market amongst others.

With organisations promoting working remotely, there is already an exponential rise in video calls/phone calls, as an increasing number of people are organizing meetings via apps or collaboration platforms. Digital media and Over-the-Top (OTT) content players are benefiting while Virtual Private Networks (VPNs), cybersecurity, and data security are other technologies that will see a surge as most workforces are operating remotely. Cloud services is further expected to grow, boosted by higher usage of content, gaming downloads, video conferencing, and the impact of remote access to corporate networks. There will also be an increased focus on technologies like artificial intelligence, big data, augmented reality, and virtual reality, among others going forward.

Telecommunications Sector

The telecommunications sector is a critical part of modern lifestyles and has significant influence on the growth of the country's economy as it strengthens productivity levels. South Africa's telecommunications sector has continued to grow despite the economic challenges faced by the nation. Mobile subscriptions, Internet penetration, and other related services continue to grow. South Africa's fibre network and data centre markets are expanding rapidly.

The Independent Communications Authority of South Africa (ICASA) continues to work on regulatory initiatives aimed at reducing the cost to communication and engaged with Competition Commission on its final findings and recommendations report for the data services market inquiry.

The purpose of the Inquiry was to investigate the cause and reason for alleged high prices for data services in South Africa, and to make recommendations that would lead to lower prices for data services.

According to DUBLIN (2019), there are comprehensive profiles of 56 companies including Telkom, which dominates fixed-line telephony, and Vodacom and MTN, which dominate the mobile space. Other profiled companies include Cell C and Virgin Mobile, and fibre companies such as Vumatel, Vox and Dark Fibre. South African telecommunications operators experienced positive, if muted, growth in 2018 as total subscriptions, device ownership, internet penetration, and data usage continue to increase.

The South African telecommunications sector grew by over 14 per cent and was worth R187 billion in 2018. Mobile subscriptions, device ownership, and internet penetration continues to grow, and the majority of service revenue growth is due to double-digit increases in the value of data. South Africa's fibre and data centre markets are expanding rapidly.

Telecoms companies have to adapt to widespread disruption; the structural shift from voice to data is affecting traditional margins and increases in data traffic are being offset by a proportional decline in effective data prices. The market is maturing, and operators have to compete to grow their share of the prepaid and lower-income markets, from which the majority of future growth is expected to come. Investment in the sector is highly influenced by South Africa's poor economic growth, regulatory changes and technological developments.

Broadcasting Sector

The broadcasting sector plays a very important role in education, entertainment and informing the public through radio and TV (both public and commercial broadcasting). The broadcasting sector has been affected by the rapid changes in technology, which are changing the broadcasting landscape.

The process of migrating broadcasting signals from analogue to digital in South Africa with the objective of the digital migration is to clear the radio frequency spectrum currently occupied by broadcasters to enable the provision of wireless mobile broadband services and other innovative applications.

While broadcasting revenues continue to grow annually, on-demand audio and video online streaming services are causing significant disruptions in the broadcasting sector globally and will offer serious competition to South African broadcasters in the near future. The digital revolution sweeping video entertainment is affecting community TV stations; free-to-air and public broadcasters and subscription TV services have to adapt to keep up with these developments.

Local broadcasters are planning or implementing new business models to integrate their offerings with digital platforms. Sustainability concerns and numerous issues at the South African Broadcasting Corporation (SABC) undermined the sector. The delays in digital migration process also had an impact and interventions are being prioritised towards final analogue switch-off.

While television and radio revenues continue to grow, streaming services such as DStv's Showmax, Netflix, and Amazon Prime Video are disrupting traditional broadcasting. The dramatic digital revolution sweeping video entertainment is affecting community TV stations, free-to-air and public broadcasters and subscription TV services, and traditional television and pay-tv are facing a threat of survival.

The radio sector is faced with an increase in audio content created for online delivery and via mobile phones and an increase in non-traditional players entering the market.

Postal Services Sector

The postal services sector contributes 3.16 percent to the country's Gross Domestic Product (GDP). This includes the courier and express parcel services. Letter post is declining both in terms of volumes as well as in terms of its percentage contribution to revenue that is generated in the sector. The trend for the decline in letter mail volumes is attributed to the electronic substitution effects.

The postal and courier services social development, even though they represent traditional means of technologies keep emerging; and the developments relating to the paradigm shift brought about by the 4IR. Through identification and review of legislative gaps on the postal sector there is an emphasis for the postal sector, to ensure that postal outlets offer connectivity through internet services.

Although the courier, express and parcel services sector faces weak economic conditions, it is benefitting from the growth in e-commerce sales, increasing demand for just-in-time deliveries and from the service provided by the post office.

Increasing customer demand for speedy and flexible deliveries and the growth of disruptive start-ups and innovative delivery options are forcing traditional operators to review their distribution strategies and in some cases partner with or invest in new disruptive on demand delivery organisations to provide innovative and alternative delivery options.

While the poor economy and low business and consumer confidence are affecting the volume of goods requiring express delivery, the development of the on-demand economy is providing growth drivers for the industry.

These include the need for speedy deliveries created by the rise in online shopping, service delivery levels from the post office, the need for just-in-time delivery of parts and components to minimize stock levels and save costs and delivery demands for medical products. The continuous development of drones, robots, and autonomous vehicles are driving ongoing change in the industry.

3.2 Internal Environment Analysis

Following the establishment of the Departmentin April 2020, through the merger of the Department of Communications (DoC) and the Department of Telecommunications and Postal Services (DTPS), the DCDT is in the process of finalising the development of a revised organisational structure.

As an interim measure, in the short-term, the Department is functioning with a start-up organisational structure until the revised organisational structure, aligned to the mandate and strategy of the Department, is finalised, approved and implemented. Following the approval of the revised organisational structure, the Department will develop a new budget programme structure that will allow the Department to optimally deliver on its mandate.

In terms of acquiring relevant skills to deliver on its mandate, the Department is in the process of undertaking a verification of competencies exercise, which will be followed by a structured and comprehensive skills audit. Furthermore, the Department has in place a Workplace Skills Plan (WSP) aimed at capacitating employees with requisite skills aligned to the mandate and strategy.

The Department is currently prioritising the implementation of the Integrated Digital Transformation Strategy as we move towards a paperless organisation. This programme will continue within the Department through the digitization of additional business processes and systems as part of implementing the Integrated Digital Transformation Strategy.

The Department has already consolidated some of the processes and systems, which include the review of existing operational policies and procedures. Moreover, the Department will ensure the mainstreaming of critical issues related to designated groups through the Chief Directorate: Gender, Disability, Youth and Children (GDYC).

This Unit will also ensure that all Departmental programme, policies and processes are inclusive of issues related to such designated groups and will monitor the

Departmental and SOCs Gender, Disability, Youth and Children Responsiveness programmes in line with National targets.

Lastly, the impact of COVID-19 has also affected the Department and have necessitated that the officials work remotely where practically possible. In this regard, the Department has ensured that all officials have the necessary tools of trade to enable them to work effectively from home. The process of finalising the APP took into consideration the limited resources available, both financial and human, which negatively affected its capacity to execute and deliver on some of its targets.

To deliver on the mandate the Department is structured into six programmes, namely:

1. Administration;
2. ICT International Relations and Affairs;
3. ICT Policy Development and Research;
4. ICT Enterprise and Public Entity Oversight;
5. ICT Infrastructure Development and Support; and
6. ICT Information Society and Capacity Development.

3.3 2020/21 Priorities

In line with its mandate, the Department's priorities for the medium-term will focus on (i) Enabling Digital transformation policies and strategies, (ii) Increased access to secure Digital Infrastructure, (iii) Transformed digital society and (iv) a High performing Portfolio to enable the achievement of their respective mandates. This will contribute to achieving the desired impact of digitally enabled citizens with secure and affordable universal access.

For Outcome 1, **Enabling Digital Transformation Policies and Strategies** the Department will:

(i) Develop 2 Country Positions to support the National ICT priorities, focused on BRICS and WTDC-2;

(ii) Implement the International Relations and Engagement Strategy coordinate;

(iii) Submit the South African Post Office SOC Ltd Amendment Bill to Cabinet for approval to introduce to Parliament;

(iv) Monitor the implementation of the approved Data & Cloud Policy;

(v) Develop the Business Case for the Regulatory Reform Bill;

(vi) Coordinate the implementation of the Digital Economy Masterplan;

(vii) Submit the revised ICT SMME Development Strategy to Cabinet for approval;

(viii) Conduct a study on cost to communicate to inform the revision of the Cost to Communicate Programme;

(ix) Submit the White Paper on the Audio an Audio-visual Content Services Policy to Cabinet for approval;

(x) Submit the Electronic Communications Amendment Bill to Cluster and Cabinet for public consultation approval;

(xi) Submit the PC4IR Strategic Implementation Plan to Cabinet for approval;

(xii) Approve the Business Case for the State Digital Services Company Bill;

(xiii) Approve the Business Case for the State Digital Infrastructure Company Bill;

(xiv) Introduce the Postbank Amendment Bill to Parliament; and

(xv) Submit the Framework on Digital Transformation and Digital Inclusion for approval and development of the implementation plan.

For Outcome 2, **Increased access to secure Digital Infrastructure**, the Department will:

(i) facilitate for the operations of the BRICS Institute for Future Networks;

(ii) Conduct preliminary technical and regulatory studies to inform the draft SA's position for WRC-23;
(iii) Sustain the provision of broadband services to 970 connected sites;
(iv) Source Phase 2 funding;
(v) Source funding for Household connectivity programme;
(vi) Establish the Project Management Office for SA Connect Phase 2;
(vii) Facilitate the operations of the Digital Transformation Centre;
(viii) Coordinate and monitoring of 840 000 subsidized digital television installations in four provinces (Free State, Northern Cape, North West and Limpopo); and
(ix) Coordinate and monitor the distribution of 3.2 million vouchers.

For Outcome 3, **Transformed Digital Society**, the Department will:

(i) Coordinate partnership programmes to support the Digital Economy initiatives;
(ii) Host the ICT Investment Conference;
(iii) Facilitate the implementation of the National e-Government Strategy and Roadmap towards digitalization of government services; and
(iv) Facilitate and monitor the Digital and Future Skills Programme.

For Outcome 4, **High performing Portfolio to enable achievement of the respective mandates,** the Department will:

(i) Coordination of the implementation of recommendations from analysis of SOE Performance Reports;
(ii) Facilitation of the Tabling of submitted Annual Performance Plans of SOEs in line with the MTSF;
(iii) Facilitation of the development of Shareholder compacts of Schedule 2 and 3B entities;

(iv) Tabling of the Performance Management System for ICASA Councillors in Parliament;

(v) Implementation and monitoring of the Workplace Skills Plan (WSP);

(vi) Implementation of one Digital Transformation priority intervention (Collaboration Platform);

(vii) Payment of 100 per cent of valid invoices within 30 days from date of receipt; and

(viii) Coordination of the implementation of the Annual 2021/22 Communications Plan.

4. Annual Performance Plan 2021/22 Overview

Over the medium term, the Department will prioritise implementation of the **Presidential Commission on the Fourth Industrial Revolution Report (4IR)** in line with the PC4IR Strategic Implementation Plan. The 4IR Report, which contains eight key recommendations on how to deliver on a 4IR enabled South Africa, was approved in 2020 by the Cabinet.

The second priority area is **Spectrum licensing**, which is the lifeblood of digital infrastructure and will ensure that the Department connects the unconnected, particularly in rural areas; it will ensure that the Department reduces the costs of communications and data across the country to enable faster, and cheaper connectivity. The Department has also developed a draft 5G Policy Direction that we intend finalising and issuing by December 2021.

The third critical priority project for the Department is focused on **human capital development and the future of work**. This project forms part of the National Digital and Future Skills Strategy, which is aligned to the recommendations of the PC4IR Report. The National Digital and Future Skills Strategy, which was approved by Cabinet, is focused on addressing the disparities in education and sophistication in different communities in our society.

The fourth priority area is focused on **policy, legislation and regulation** review. The fast changing environment of the ICT has rendered a number of departmental prescripts obsolete, hence the need to update our enabling legislation and other prescripts. In this regard the Department will focus on creating a conducive policy environment for the growth and transformation of the sector. In this financial year we will prioritise key policy and legislation including but not limited to the Digital Transformation Policy, SAPO SOC Ltd Amendment Bill, Data and Cloud Policy as well as Audio, review the Under-Served Area License (USAL) and Audio-visual Content Services Policy.

Furthermore, the Department will focus on reorganizing and repurposing identified State Owned Entities into resilient, self-sustaining, and effective agents for delivering services to communities. In this regard, key pieces of legislation will be prioritised including the State Digital Services Company Bill and the State Digital Infrastructure Company Bill.

The fifth priority will focus on **SA Connect**. Digital infrastructure is key to economic growth for the country as a whole and forms the foundation for the digital transformation of both the private and the public sector.

The Department will therefore continue and prioritise the implementation of the SA Connect policy as well as fast track the Broadcasting Digital Migration Programme. The Department will also prioritise stringent oversight on our State-Owned Entities to ensure that they deliver on their respective mandates in the most efficient and effective manner possible.

4.1 Department Expenditure Overview

Over the medium term, the Department will focus on rolling out broadband to government buildings through the South Africa Connect project, implementing the broadcasting digital migration policy to release digital spectrum, and submitting legislation to Parliament to enable digital transformation.

The Department has a budget of R8.5 billion over the medium term, of which 74.8 per cent (R6.2 billion) is allocated for transfers to public entities for their operations, and for project-specific funding. Expenditure is expected to decrease at an average annual rate of 9.6 per cent, from R3.3 billion in 2020/21 to R2.4 billion in 2023/24.

Driving this decrease is the conclusion of a one-off allocation of R1.1 billion in 2022/23 for the broadcasting digital migration project, and Cabinet-approved reductions over the MTEF period of R743.7 million, mainly on transfers to public entities (R442 million) and compensation of employees (R224.2 million).
On next page is the Department's total budget and expenditure estimates per programme:

	2021/22	2022/23	2023/24	TOTAL	MTEF %
1. Administration	281 817	298 539	299 105	879 461	10%
2. International Affairs and Trade	64 639	58 862	59 557	183 058	2%
3. Policy, Research and Capacity Development	57 595	48 303	46 217	152 115	2%
4. ICT Enterprise Development and SOE Oversight	1 650 137	1 605 722	1 618 514	4 874 373	57%
5. ICT Infrastructure Support	1 564 077	338 263	337 425	2 239 765	26%
6. ICT Information Society and Capacity Development	74 616	67 493	65 591	207 700	2%
TOTAL	**3 692 881**	**2 417 182**	**2 426 409**	**8 536 472**	**100%**

The Department will rely mostly on natural attrition as a strategy to fall within the expenditure ceiling for compensation of employees. Expenditure in this regard is expected to decrease at an average annual rate of 1.2 per cent, from R302.2 million in 2020/21 to R291.3 million in 2023/24, driven by the expected decrease in the number of personnel from 367 to 343 over the same period.

Digital Migration

The implementation of broadcasting digital migration includes the provision of vouchers to poor households for devices that will allow analogue televisions to receive digital signals, and compensation to the South African Post Office for the costs of administering the voucher and distribution systems. The Department will coordinate and monitor the distribution of these vouchers in 2021/22, for which R95 million is allocated to be paid to the post office. To release spectrum for mobile broadband, the Universal Service and Access Fund was allocated R1.1 billion in 2020/21.

Broadband Connectivity

The Department will monitor and maintain the provision of broadband services to 970 government buildings that have already been connected at a projected cost of R773.6 million over the MTEF period in the Broadband sub-programme in the ICT Infrastructure Development and Support programme. The Department expects to finalise the feasibility study for phase 2 of the rollout by 2021/22, and use this study to secure funding to roll out broadband connections to identified facilities from March 2022/23.

The allocation for broadband is R611.2 million and is spread as follows: R194.5 million in 2021/22, R203.8 million in 2022/23 and R 212.8 million 2023 /24.

Enabling Digital Transformation

To achieve digital inclusion and economic growth, the Department plans to implement a number of digital transformation policies over the medium term, including the digital economy master plan; the presidential commission on the Fourth Industrial Revolution report; and the revised ICT development strategy for small, medium and micro enterprises (SMMEs).

The Department plans to submit the following legislation to Cabinet: the Electronic Communications Amendment Bill for public consultation approval; the State IT Company Bill and State ICT Infrastructure Company Bill to achieve greater alignment and efficiency among state-owned ICT companies; and the Digital Development Fund Bill to replace the Universal Service and Access Fund. To achieve these targets, expenditure in the ICT Policy Development and Research programme is expected to be R152.1 million over the MTEF period.

4.2 Performance and Allocation per Programmes

4.2.1 Programme 1: Administration (R271 million)

Purpose of this programme is to **manage the organisational resources in an efficient manner and provide support to the Department**.

Budget allocation for programme and sub-programmes is illustrated below:

ADMINISTRATION	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
MINISTRY	8 619	7 931	5 902	6 588	6 627	7 050	6 779
DEPARTMENTAL MANAGEMENT	83 830	81 979	63 139	59 527	70 548	73 780	76 603
INTERNAL AUDIT	6 495	7 506	6 349	7 623	10 498	9 446	9 271
CORPORATE SERVICES	87 540	108 164	112 818	104 529	97 358	101 380	99 980
FINANCIAL MANAGEMENT	85 596	79 471	56 359	61 601	62 776	73 516	72 783
OFFICE ACCOMMODATION	2 836	9 184	28 479	31 110	34 010	33 367	33 689
TOTAL	**274 916**	**294 235**	**273 046**	**270 978**	**281 817**	**298 539**	**299 105**

The Department under the Administration programme will focus on the Outcome of a High performing Portfolio to enable achievement of their respective mandates. The focus of Programme 1 will be specifically on focus on the Department to have adequately skilled staff who possess the requisite skills to deliver on the Department new mandate.

To this end, the Department will develop and implement a Workplace Skills Plan which is directly aligned to the mandate as well as to address the skills gap in the Department.

Focus will also be on implementing an Integrated Digitisation Strategy as the Department moves towards a paperless environment. Furthermore, the department will coordinate the implementation of the Annual Communications Plan. The outputs of Programme 1 are aligned to Priority 6 of the NDP: A capable, ethical and developmental state and Outcome 2: Functional, efficient and integrated government.

The initiatives are aimed at accelerating the implementation of Departmental projects to improve service delivery. The rationale for the choice of the outcome indicators is based on the reason that Department was newand needs to lay a proper foundation through an optimal organisational structure supported by staff with relevant skills and digitised processes and systems.

The spending over the medium term will focus on providing strategic support to the Ministry and overall management to the Department.

4.1.2 Programme 2: ICT International Relations and Affairs (R59.8 million)

The purpose of the programme is to position South Africa as a digital technological infrastructure and innovation hub leading on digital transformation to contribute to the digital economy

The objective of the programme is **to advance South Africa's ICT interests in regional and international forums to secure partnerships for economic growth and development** by:

(i) developing 3 country position papers to support the digital economy by March 2022;

(ii) participating in the Brazil-Russia-India-China-South Africa group of countries (BRICS) agenda; the World Telecommunications Standardisation Assembly; and the Southern African Development Community;

(iii) implementing and monitoring the approved international engagement strategy by March 2022;

(iv) coordinating and monitoring the operations of the BRICS Institute of Future Networks over the medium term; and

(v) implementing, facilitating and monitoring identified programmes focusing on the digital economy through partnerships with identified partners over the medium term.

Budget allocation for programme and sub-programmes is illustrated below:

ICT INTERNATIONAL RELATIONS AND AFFAIRS	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Programme Management for International Relations and Affairs		0	0	2822	2670	2851	2779
International Affairs	12 502	14 838	12 898	14 169	13 272	13 199	12 875
ICT Trade/Partnership	38 110	70 019	40 251	42 832	48 697	42 812	43 903
TOTAL	**50 612**	**84 857**	**53 149**	**59 823**	**64 639**	**58 862**	**59 557**

Over the MTEF travel constitutes the bulk of spending and increases from R3.3 million in 2021/22 to R4.7 million in 2023/24.

The spending focus over the medium term will be transfer of membership fees to international organisations within the communications sector; participating in the global discourse within the United Nations system on telecommunications, postal services, information society and green technology and pursuing bilateral engagement with countries of the South and North.

The Department will over the medium-term focus on developing Country Positions to support the Digital Economy and facilitating the implementation of the International Relations and Engagement Strategy as part of contributing to the Outcome of having in place Enabling digital transformation policies and strategies. Furthermore, the Department will contribute to facilitating the operations of the BRICS Institute for Future Networks towards achieving the outcome of increased access to secure Digital Infrastructure.

With regard to the Outcome: Transformed Digital Society, the department will coordinate the implementation of identified international programmes to support the Digital Economy initiatives.

The planned outputs contribute to the NDP implementation plan outcome of an Inclusive economy, enabled by advanced digital technologies, which provides equally accessible, intelligent and competitive products and services through government and industry while also aligning to Priority 7: A better Africa and world.

4.1.3 Programme 3: ICT Policy Development and Research (R52.021 million)

The purpose of the programme is to develop ICT policies and legislation that support the development of an ICT sector that creates favorable conditions for the accelerated and shared growth of the economy. Develop strategies that create the uptake and usage of ICT by the majority of the South African population, thus bridging the digital divide.

The objective of the programme is to **enable digital transformation policies and strategies** by:

(i) implementing the digital transformation policy by March 2024;

(ii) implementing the SAPO Amendment Bill by March 2024;

(iii) facilitating and monitoring the implementation of the South African Broadcasting Corporation Bill by March 2024;

(iv) facilitating and monitoring the implementation of the data and cloud policy by March 2024;

(v) facilitating and monitoring the implementation of the digital economy master plan by March 2024;

(vi) facilitating and monitoring the implementation of the presidential commission on the fourth industrial revolution report by March 2024;

(vii) facilitating and monitoring the implementation of the audio-visual media services and network policy by March 2024; and

(viii) introducing the Electronic Communications Amendment Bill in Parliament by March 2024.

Budget allocation for programme and sub-programmes is illustrated below:

ICT POLICY DEVELOPMENT AND RESEARCH	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Programme Management for ICT Policy Development and Research	-	-	-	2 486	2 512	2 765	2 693
ICT Policy Development	10 045	12 843	16 924	14 588	15 170	13 963	13 946
Economic and Market Analysis	8 727	4 589	3 138	5 168	7 684	6 978	6 843
Research	6 923	7 202	4 961	7 462	9 069	11 306	9 629
Small Medium and Micro Enterprise	1 329	1 551	1 703	1 548	1 775	1 864	1 957
Broadcasting Policy	5 810	8 574	5 549	7 705	11 795	11 427	11 149
Presidential Commission on 4IR	-	-	-	13 064	9 590	-	-
TOTAL	**32 834**	**34 759**	**32 275**	**52 021**	**57 595**	**48 303**	**46 217**

The Department will over the medium-term focus on implementing a targeted legislative Programme aimed at achieving the Outcome of having in place Enabling digital transformation policies and strategies which will form the foundation of the digital economy. Such policies and legislation will be targeted at stabilising and strengthening its State-Owned Entities.

Amongst the Regulatory Reform Bill and White Paper on the Audio and Audio-visual Content Services will be developed and submitted to Cabinet. Relevant policy, legislation and plans will also be focused on creating a conducive policy environment for the Digital Economy, which will include the implementation of Data and Cloud Policy as well as the coordinating and monitoring of the Digital Economy Masterplan.

Programme 3 will also contribute to the Outcome of a through the submission of Revised ICT SMME Development Strategy submitted to Cabinet for approval. The planned outputs are aligned to the NDP Priority 1: Economic transformation and job creation and the Outcome of Improve competitiveness through ICT adoption.

The spending focus over the medium term will be on ICT Legislation developing in line with the National Integrated ICT Policy White Paper. Over the MTEF, goods and services will decrease from R24.9 million in 2021/22 to R15.2 million in 2023/24. The budgeted amount for travel over the MTEF is R16.1 million and for Consultants: Business and advisory services is R18.9 million.

4.1.4 **Programme 4: ICT Enterprise and Public Entity Oversight** (R1 799 964 billion)

The purpose of the programme is to Oversee and manage government's shareholding interest in the ICT public entities and state-owned companies.

The objective of the programme is to **improve the performance of state-owned entities through proactive oversight** by:

(i) monitoring the service delivery performance and compliance of state-owned entities against strategic plans and relevant prescripts over the medium term; and

(ii) facilitating the implementation of a Performance Management System for councillors in the Independent Communications Authority of South Africa over the medium term.

Budget allocation for programme and sub-programmes is illustrated below:

ICT ENTERPRISE AND PUBLIC ENTITY OVERSIGHT	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Programme Management for ICT Enterprise and Public Entity Oversight	3425	2538	2022	2919	3706	7423	7171
Regulatory Institutions	528 025	545 757	552 018	649 312	567 544	580 554	585 855
Universal Services and Access	4 019 218	3 293 920	4 008 589	1 045 384	975 119	910 287	917 698
ICT Skills Development	85 785	90 761	95 347	97 448	98 468	102 121	103 104
SOE Governance and Support	3 101	3 619	5 427	4 901	5 300	5 337	4 686
TOTAL	**4 639 554**	**3 936 595**	**4 663 403**	**1 799 964**	**1 650 137**	**1 605 722**	**1 618 514**

The ICT Enterprise and Public Entity Oversight programme is also contributing to the Outcome: *High performing portfolio to enable achievement of their respective mandates* however with specific focus on the State-Owned Entities within the portfolio. In this regard the key focus is on undertaking stringent and proactive oversight with regards to Service Delivery performance and compliance of SOEs against strategic plans and relevant prescripts.

Specific focus will be given to strengthening the Regulator through the implementation of the Performance Management System for ICASA Councilors and the facilitating the development of shareholder compacts of Schedule 2 and 3B entities

The outputs of Programme 4 are aligned to Priority 6 of the NDP: A capable, ethical and developmental state and Outcome 2: Functional, efficient and integrated government.

The spending focus over the medium term will be on continuing to strengthen the Department's ability to exercise oversight over the public entities and the establishment of National e-Skills Institute (iNeSI). The budgeted amount for travel over the MTEF is R13.5 million.

4.1.5 **Programme 5: ICT Infrastructure Development & Support** (R1 039 854 billion)

The purpose of this programme is to facilitate the provision of robust, reliable, secure and affordable ICT Infrastructure that supports universal access to applications and services.

The objective of the programme is to **increase access to secure digital infrastructure** by:

(i) monitoring and maintaining the provision of broadband services to 970 connected sites over the medium term;

(ii) securing funding and implementing phase 2 of the rollout of broadband connections to government facilities over the medium term;

(iii) facilitating and monitoring the operations of the Digital Transformation Centre by March 2022; and

(iv) coordinating and monitoring 360 000 subsidised digital television installations by March 2022.

Budget allocation for programme and sub-programmes is illustrated below:

ICT INFRASTRUCTURE DEVELOPMENT AND SUPPORT	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Programme Management for ICT Infrastructure Development and Support	-	-	-	3 096	2 964	3 507	3 443
Broadband	39 313	143 813	274 814	217 887	280 331	245 868	247 446
ICT Support	7 513	8 593	6 092	8 999	11 376	8 770	8 596
Broadcasting Digital Migration	584 095	258 802	300 403	809 872	1 269 406	80 118	77 940
TOTAL	630 921	411 208	581 309	1 039 854	1 564 077	338 263	337 425

The ICT Infrastructure Development and Support Programme contributes towards the Outcome: Increased Access to Secure Digital Infrastructure through undertaking two key infrastructure projects in the form of Broadband roll-out and Broadcasting Digital Migration.

Other related and high impact initiatives are to facilitate the operations of the Digital Transformation Sector and to participate in preliminary technical and regulatory studies to inform draft SA Position SA WRC-23.

Note:
The Department does not make transfers to SITA and BBI. The Department makes transfers to SENTECH, SAPO and USAASA for the project on BDM.

The planned outputs are aligned to the NDP Priority 1: Economic transformation and jobcreation and the Outcome of Improve competitiveness through ICT adoption.

Infrastructure Projects

No.	Project name	Programme	Project description	Outputs	Project start date	Project completion date	Total Estimated cost	Current year Expenditure
1	Broadband Connectivity	5	Provision of broadband services to connected sites, sustained	Connected sites	2018/19 financial year	To be confirmed*	R194,5 million	R184,4 million
2	Broadcasting Digital Migration	5	Monitoring the 840 000 subsidized digital television installations	4.1 million installations	2015/16 financial year	31 March 2023	R2.2 billion	R0

The project completion date and estimated cost will be determined through after sourcing the Phase 2 funding.

4.1.6 Programme 6: ICT Information Society and Capacity Development (R58 288 million)

Programme Purpose

Develop and implement strategies to build capabilities to bridge the digital divide.

The objective of the programme is to **contribute towards building a digital-enabled society through sound and relevant information society strategies and programmes** by:

(i) facilitating, monitoring and reporting on the implementation of the revised national e-government strategy and roadmap by March 2022;

(ii) developing the African Union Artificial Intelligence Blueprint by March 2022;

(iii) facilitating and monitoring the implementation of the digital and future skills programme by March 2022;

(iv) reviewing and monitoring the framework on digital transformation and digital inclusion by March 2022; and

(v) Contribute towards building a digital society by developing information society strategies and programmes over the medium term.

Budget allocation for programme and sub-programmes is illustrated below:

ICT INFORMATION SOCIETY AND CAPACITY DEVELOPMENT	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Programme Management : ICT Information Society and Capacity Development	-	-	-	2 845	2 708	2 851	2 779
Information Society Development	46 225	55 596	57 163	45 556	62 060	54 869	53 079
Capacity Development	9 010	9 321	3 437	9 887	9 848	9 773	9 733
TOTAL	**55 235**	**64 917**	**60 600**	**58 288**	**74 616**	**67 493**	**65 591**

The Outcome: *Transformed digital society* focuses on key building blocks for a digital society and the digital economy. Therefore, specific focus will be given to modernisation of business processes within the public sector through the Facilitation of Implementation of the National e-Government Strategy and Roadmap towards digitalization of government services.

Another key issue is addressing the skills gap through the facilitating the implementation of the Digital and Future Skills Programme in line with National Digital and Future Skills Strategy. As well as the Programme 6, will all contribute to the Outcome: *Enabling Digital transformation policies and strategies*, through the implementation of the Framework on Digital Transformation and Digital Inclusion going forward.

The Department contribute to the Outcome: *High performing Portfolio to enable achievement of the respective mandates.* The planned outputs are aligned to the NDP Priority 1: Economic transformation and job creation and the Outcome of Improve competitiveness through ICT adoption as well as Priority 6 of the NDP: A capable, ethical and developmental state and Outcome 2: Functional, efficient and integrated government.

Over the MTEF, goods and services will decrease from R28 million in 2021/22 to R22.7 million in 2023/24. The budgeted amount for travel over the MTEF is R12.4 million and for Consultants: Business and advisory services is R25 million.

5. Entities Reporting to the Department

Transfers

	2021/22	2022/23	2023/24	TOTAL
Provinces and municipalities	125	26	26	**177**
Departmental agencies and accounts	**2 022 181**	**886 638**	**895 168**	**3 803 987**
NEMISA	98 468	102 121	103 104	303 693
USAASA OPERATION	82 055	86 033	86 860	254 948
USAASA : Distribution costs for SAPO:BDM	95 000	-	-	95 000
USAF BDM	1 073 366	59 406	59 978	1 192 750
USAF OPERATION	64 165	66 777	67 419	198 361
ICASA	459 990	469 431	473 947	1 403 368
Film and Publication Board	100 937	102 870	103 860	307 667
ICASA: Licensing of high demand spectrum	48 200	-	-	48 200
Foreign governments and international organisations	**39 224**	**31 401**	**31 703**	**102 328**

Public corporations and private enterprises	883 629	735 355	742 906	2 361 890
SAPO	504 168	519 273	524 270	1 547 711
SENTECH BDM	69 746	-	-	69 746
SENTECH (Dual illumination)	100 000	-	-	100 000
SABC: Channel Africa	64 617	66 581	67 368	198 566
SABC: Public broadcaster	129 872	133 821	135 403	399 096
SABC: Programme productions	15 226	15 680	15 865	46 771
Transfers & Subsidies	**2 945 159**	**1 653 420**	**1 669 803**	**6 268 382**

5.1 ICASA

The Independent Communications Authority of South Africa Act (2000) establishes the Independent Communications Authority of South Africa in order to regulate the South African telecommunications, broadcasting and postal services sectors. The authority is listed as a schedule 1 public entity in terms of the Public Finance Management Act (1999).

It derives its mandate from the following legislation:

(i) The Constitution of the Republic of South Africa, 1996;
(ii) The Independent Communications Authority of South Africa Act No. 13 of 2000;
(iii) The Broadcasting Act No. 4 of 1999;
(iv) The Promotion of Administrative Justice Act No. 3 of 2000; and
(v) The Postal Services Act No. 124 of 1998.

The policy mandate is derived from the following change agenda:

(i) National Development Plan 2030;

(ii) Broadband Policy (SA-Connect), 2013;

(iii) MTSF 2021 – 2025;

(iv) 7 Government Priorities (Priority 2);

(v) Policy on High Demand Spectrum and Policy Direction on Licensing of the WOAN, 2019;

(vi) District Development Model; and

(vii) Operation Vulindlela.

The impact statement is centred around *Access for all South Africans to a variety of safe, affordable & reliable communication services for inclusive economic growth.*

The outcomes for ICASA are summarised in table below:

Outcome	Outcome Indicator	Baseline	Five Year Target
Access to quality broadband services increased	Average Download Speed	15 Mbps	50 Mbps
Status of Social Cohesion (inclusive of diversity of views) enhanced	Percentage of status of Social Cohesion (inclusive of Diversity Views)enhanced	-	50%
Rights of Consumers Protected	Level of Consumer Rights Protection	-	5

Competition in the ICT sector promoted	Number of procompetitive regulatory interventions	3	15
Organisational service delivery maintained	Percentage of organisational service delivery maintained	91%	91%

In order to achieve the aforementioned outcomes, the Authority has *amongst others;* planned the following outputs (targets) for the 2021/22FY:

- Finalisation of the process to licence IMT spectrum in the 700 MHz, 800 MHz, 2.6GHz and 3.5 GHz bands;
- Issuance of an individual electronic communications network service licence for purposes of operating a wireless open access network;
- Implementation of the Elections Monitoring Plan (the process will be concluded by the publication of the Elections Monitoring Report in the 2022/23 FY);
- Development of regulations on the Must Carry Obligations;
- Promulgation of the National Radio Frequency Plan, 2021 (updating of the 2018 NRFP); and
- Development of a Network Performance Management System.

The achievement of the outputs planned for the 2021/22FY will be pursued against the backdrop of the risks posed by the COVID-19 pandemic. The pandemic has had (and continues to have) a direct and indirect impact on the Authority and its operations. It impacts the wellness of the Authority's personnel; the manner in which its staff execute their duties and fulfil their functions; the organisation's ability to interact with its stakeholders as well as the manner in which such interactions can take place (especially in relation to regulation-making processes) etc.

Amongst others, the Authority intends to:

- roll-out an electronic data records management system (to digitize its records);
- increase the frequency of review of its IT systems (and report on the security of its IT systems);
- ensure a high level of network and systems availability;
- implement the annual Occupational Health and Safety Plan;
- maintain its level of risk maturity and compliance maturity; and
- implement a Workplace Skills Plan.

Over the medium term, the Authority will focus on increasing internet access by licensing the international mobile telecommunications spectrum by 2021/22 thereby increasing access to wireless broadband services, protecting consumers against unfair practices by service providers, increasing competition in the telecommunications and broadcasting sectors, and developing a framework for dynamic spectrum management. The Authority also plans to increase its capability to monitor quality of service through the implementation of a system to manage network performance.

The authority plans to issue 13 community television licences per year over the medium term and monitor 245 broadcasting licences.

5.1.1 Expenditure Analysis

Expenditure is expected to decrease at an average annual rate of 4.2 per cent, from R559 million in 2020/21 to R491.4 million in 2023/24, mostly as one-off funding of R84.7 million in 2020/21 and R48.2 million in 2021/22 for the licensing of spectrum ends.

As the Authority requires personnel with highly specialized skills to conduct this work, spending on compensation of employees' accounts for an estimated 74.1 per cent (R1.2 billion) of total expenditure over the medium term.

Total expenditure is set to increase from R520.2 million in 2021/22 to R563.8 million in 2023/24 at an average annual rate of 3 per cent.

The Authority expects to derive 96.8 per cent (R1.5 billion) of its revenue over the medium term through transfers from the Department and the remainder through interest on investments.

5.2 SABC

The South African Broadcasting Corporation is listed as a Schedule 2 public entity in terms of the Public Finance Management Act (1999). Its mandate is set out in its charter and in the Broadcasting Act (1999) and requires it to South Africans with radio and television broadcasting services. It is also required to provide a wide range of programming that displays South African talent in educational and entertainment programmes; offer a diversity of views and a variety of news, information and analysis; and advance national and public interests.

As the national public broadcaster the SABC must offer, in all South Africa's official languages, a range of informative, educational and entertainment programmes that showcase South African attitudes, opinions, ideas, values, talent and artistic creativity;

Through its programming the SABC reflects South African attitudes, opinions, ideas, values and artistic creativity and talent.

The SABC offers a plurality of views and a variety of news, information and analysis from a South African point of view whilst at the same time advancing the national and public interest.

Like every other public broadcaster, the SABC is facing a world in transition, and has to devise and implement a set of strategic responses to the challenges facing the delivery of public service broadcasting.

The SABC is expected to fulfil its mandate within a very challenging context. In terms of the ***economic*** context:

- Continued subdued economic performance, following a year of significant contraction. It will take time to get back to pre-pandemic levels;
- The continuing effects of the COVID-19 pandemic –unknown impact of anticipated subsequent waves, and the success of the vaccination programme;
- Tax revenues can be expected to remain subdued in line with the national economic activity;
- Debt levels (national, corporate and consumer) will remain high;
- The reduced levels of industry-wide spend by multinational and local advertisers is expected to continue;
- The country's overall economic performance will have a negative effect on the SABC's revenue generation efforts, both in terms of advertising revenue and TV licence revenue.

Over the medium term, the corporation will continue to focus on implementing its turnaround plan to ensure financial sustainability. This entails improving the collection of licence fees, and creating new and compelling content to increase audience share and advertising revenue. To support operations that ensure sustainability, the corporation will rely on legislative, policy and regulatory changes by the department.

Among these are the repeal of legislation that mandates pay-tv networks to carry the corporation's channels for which adequate compensation has not been finalised; and policy and regulatory support that makes it obligatory for pay-tv service providers to oblige their subscribers to have valid television licences.

The corporation is enacting other commercial strategies to increase revenue, audience share and operational efficiencies. As such, the corporation will enhance its focus on new and compelling content.

5.2.1 Expenditure Analysis

The budgeting process over the MTEF period aligns to the targeted completion of the SABC Turnaround plan. This allows management to make conclusions on the forecast's successes and achievements of the Turnaround Plan over the MTEF period. Importantly, this budget also highlights areas where continued attention is required in some areas of the business.

Total revenues are expected to grow by 28 per cent, 17 per cent and 13 percent respectively for each of the years from financial year 2022 to financial year 2024. This growth is driven by advertising revenue. Management expects the advertising revenue growth trend noticed in the third and fourth quarter of financial year 2021 to continue with radio expected to exceed financial year 2020 actuals and financial year 2021 revised targets.

TV licences will average R1.2 billion over the MTEF period with R1.12 billion budgeted for the financial year 2022. This is a budgeted growth rate of 29 per cent in FY2022 and growth of 8 per cent in the following year.

Permanent employee costs are expected to decline by R317 million to R2.06 billion in financial year 2022 and is expected to account for 28 per cent of total costs over the MTEF period compared to 40 percent in financial year 2021 or 38 per cent attained in financial year 2020. No budgeted salary increases over the MTEF period except for expected medical aid contribution increases. ICs increase by 9 per cent for financial year 2022 with return of outside broadcasts planned. No annual increase provision has been made in financial year 2023 onwards, based on the current alternatives being discussed, yet noting the breakeven forecast. The other alternatives to reduce the Payroll, over and above the increases, have not been factored into this Budget

Signal & distribution costs only budgeted to decrease by an average 4 per cent annually over the MTEF (2% reduction in FY2022) period. This is an annual fee reduction of only R80 million by financial year 2024.

Broadcasts cost increase by 50 per cent in financial year 2022 to R508 million due to royalties from revenue growth and audience research amongst others.

There has been an increase in **marketing costs** by 548 per cent or R152 million to support revitalization of both TV and Radio platforms. This will also support growth in TV licence fee collection. Marketing will average 5 per cent of advertising revenue over the MTEF compared to the 1 per cent for the past three years.

Consulting fees include a R29 million budget for office & studio moves and relocations.

Operational expenses grow due to anticipated increased repairs and maintenance, subscription services for enterprise-wide services, e.g., PABX system, increases in travel as regulations are relaxed, organizational learning and development.

The SABC is budgeted to make a **loss of R603** million **in financial year 2022** with forecast breakeven in financial year 2023 where operating results have been budgeted at a profit of R150 million.

Expenditure is expected to increase at an average annual rate of 4.2 per cent, from R6.4 billion in 2020/21 to R7.2 billion in 2023/24, driven by increased investment in content, audience research and broadcasting costs.

The corporation expects to implement risk-mitigation plans and optimise its personnel structure. Accordingly, the corporation's number of personnel is set to decrease from 2 899 in 2020/21 to 2 523 in 2023/24.

The corporation is mostly a self-funding organisation. Transfers from the department account for an estimated 3.4 per cent (R644.4 million) of revenue over the medium term, while proceeds from television licence fees account for an estimated 17.1 per cent (R3.5 billion).

The remaining 74.3 per cent (R15.5 billion) is expected to be generated by advertising and other commercial activities. Total revenue is expected to increase from R5.2 billion in 2020/21 to R7.5 billion in 2023/24 due to an anticipated R2 billion increase in advertising and commercial revenue, and a R280 million increase in the collection of television licence fees.

5.3 South African Post Office (SAPO)

The SA Post Office is mandated through the Postal Act 44 of 1958 and the Postal Services Act 124 of 1998 to provide affordable and accessible postal and financial services to all South Africans.

These Acts provide for the regulation of postal services and the operational functions of the company, including its Universal Service Obligations (USO), as well as the operation of the Postbank.

The USO mandates the SA Post Office to provide services such as address provision, basic letter and accessible mail delivery and collection services to all under serviced areas.

The SAPO strategy is centered on modernising and digitising the SA Post Office into an organisation that caters to the needs of a modern society. This is executed through five pillars, namely:

- (i) Multi-channel platform, inclusive of an e-Commerce digital mall
- (ii) Process financial payments via a multi-method payment and financial gateway
- (iii) Store goods via a national warehousing network

(iv) Send and receive physical items via a reliable and secure national distribution network
(v) Provide convenient and better access to government services

Over the medium term, the post office will continue to focus on providing universal access to postal and related services, stabilising its financial position, optimising its personnel to ensure operational effectiveness, and distributing social grants on behalf of the South African Social Security Agency.

5.3.1 Expenditure Analysis

Expenses have continued to exceed revenue resulting in continued losses, which is not sustainable. The post office generates revenue through the provision of postal and courier services. Revenue is expected to increase at an average annual rate of 8.5 per cent, from R4.4 billion in 2020/21 to R5.6 billion in 2023/24.

To ensure these imperatives are achieved, expenditure is expected to increase at an average annual rate of 7.5 per cent, from R6.2 billion in 2020/21 to R7.7 billion in 2023/24.

Compensation of employees accounts for a projected 58 per cent (R12.6 billion) of expenditure over the medium term. R1.5 billion over the medium term is allocated to fund universal service obligations to provide accessible and affordable postal services in underserviced areas. This allocation is expected to allow the entity to maintain 2 120 points of presence, including post offices, retail postal agencies and mobile units.

5.4 State Information Technology Agency

The State Information Technology Agency (SITA) is governed by the State Information Technology Agency Act (1998), as amended, and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999).

The State Information Technology Agency Act mandates the agency to provide IT, information systems and related services to and on behalf of government departments and organs of state. The agency is required to maintain secure information systems and execute its functions according to approved policies and standards.

Overview

COVID 19 outbreak has contributed significantly to the changes in the operating environment of government which affects the service delivery environment at large. COVID 19 resulted in a significant improvement in government society's perception of technology and its role in achieving government priorities coupled with the increased willingness to utilise digital technologies to render and access public services.

Impact of COVID 19 on SITA's strategic direction is fairly positive, the pandemic has elevated the critical role that SITA plays in the transformation of government and places increased pressure to prioritise the acceleration of the digitization programme.

Most clients are prioritizing the deployment of digital technologies there is an increased demand for connectivity and application development services by most of SITA's clients. SITA will leverage on this demand and continue to implement digital innovations in government that demonstrably improve the effectiveness, speed and accuracy of public services.

There is a need to review our solution provisioning space implement tactics to ensure rapid service delivery prioritise the resolution of challenges relating to enablement and readiness to deliver.

SITA has five strategic programmes to support its mandate, namely:

(i) **Thought Leadership**: to provide well researched, tested innovative and secure solutions, products and services aimed at digitizing government to improving citizen's experience of government services;

(ii) **Digital Infrastructure**: to optimise and or build the required computing capability such as platforms, networks, storage etc. to enable the provisioning of digital services and solutions at increased availability, flexibility, scalability, predictability and security;

(iii) **Skills and Capability Development**: to develop, build and or buy the required digital skills and capability to enable the strategic drive to digitize government while building a culture of performance, accountability, corruption free and consequence management;

(iv) **Financial Sustainability**: to ensure effective and efficient financial management and commercial awareness in investment decisions to ensure financial growth and sustainability;

(v) **Procurement and Industry Transformation**: to advance transformation of the ICT sector to stimulate; and economic growth development of local ICT content and radically transforming the procurement capability towards the reduction of unemployment and poverty alleviation, supporting skills development and promoting fair, equitable, transparent and cost effective procurement services.

Over the medium term, the agency will focus on creating partnerships with research institutions to ensure that innovative digital solutions are developed and implemented in government. It will also ensure that the skills of agency personnel keep pace with the evolving technological landscape; and ensuring that the state and its citizens are able to transact, communicate and interface in a secure and safe environment.

5.4.1 Expenditure Analysis

Expenditure is expected to increase at an average annual rate of 5.5 per cent, from R7.2 billion in 2020/21 to R8.5 billion in 2023/24. Goods and services accounts for an estimated 65.3 per cent (R15.9 billion) of expenditure over the medium term, mostly for the provision of IT services.

Compensation of employees accounts for an estimated 28.8 per cent (R7 billion) of expenditure as the agency requires highly skilled personnel. As the implementation of the strategic projects such as South Africa Connect, cloud infrastructure and the Gauteng broadband network are expected to require substantial capital investment over the MTEF period, R1.2 billion is earmarked for the acquisition of assets.

The agency generates revenue by providing ICT infrastructure and services to government departments and organs of state. Revenue is expected to increase at an average annual rate of 12.1 per cent, from R6.2 billion in 2020/21 to R8.7 billion in 2023/24.

5.5 Sentech

Sentech was established in terms of the Sentech Act (1996) and is incorporated as a State-Owned Company in terms of the Companies Act, No. 71 of 2008. It is listed as a schedule 3B public entity in terms of the Public Finance Management Act (1999). It is responsible for providing broadcasting signal distribution services to licensed television and radio broadcasters.

The strategy for Sentech is optimising existing products for existing customers (core), expanding from existing business into 'new to the company' business (adjacent) and developing and inventing solutions for the markets that do not exist (transformational). This is supported by three strategic goals, namely (i) Sustainable business growth; (ii) Enable digitally connected people and communities; and (iii) Achieve excellent customer and stakeholder satisfaction.

Strategic projects include the Digital Migrations where Sentech will drive finalisation of the digital migration process to enable South Africa to realize spectrum efficiency and enhance service quality benefits of migration and to effectively achieve analogue switch-off as outlined in the new delivery model. Sentech is contracted to rollout STBs for the subsidised market and is expected to complete installation of 860 000 STBs by the end of financial year 2022.

Another strategic project is the National Satellite to ensure technological sovereignty now that the technological impasse is developing across the world. Sentech is playing a key role in supporting the shareholder's aspiration of establishing a South African communication satellite.

The impact statement for Sentech is digital solutions to empower people by bridging the digital divide, the service access gap and by contributing to knowledge, intelligence and a well-informed society. Through this, we will overcome inequality and enrich lives.

The Sentech Board has adopted a set of strategic objectives for the 2021–2025 planning period to ensure that the Company achieves its public service mandate objectives aligned with Shareholder priorities:

Enabling digital transformation policies and strategies: will continues availing capital resources to support the DCDT in establishing a new State Digital Infrastructure company;

Increased access to secure digital infrastructure: Sentech will play a significant role in supporting broadband initiatives including SA-Connect and the rollout of Sentech Connect e-services. Sentech aims to lead digital migration going forward and to promote STB uptake in the short to medium term period;

Transformed digital society: Sentech continues to invest in digital reskilling and upskilling of its employees to ensure a fit for purpose workforce of the future; and

High performing portfolio to enable achievement of their respective mandates: Sentech will continue ensuring effective and good corporate governance and achievement of strategic objectives and mandate.

Over the medium term, the entity will continue to focus on providing customers with satellite services, analogue and digital television and radio services, and streaming services. This will enable the entity to ensure that it provides digital television coverage to 85 percent of households per year, and that digital terrestrial television is available for 99.9 percent of households each year. It will also continue to work towards switching off the analogue signal as part of the broadcasting digital migration project, and will assist the Universal Service and Access Fund with the installation of Set-Top Boxes.

5.5.1 Expenditure Analysis

Sentech's financial plan reflects the company's current and, long-term economic goals, risk tolerance, and future expectations. Having delivered solid financial performance in the 2020 financial year, the Company is going into a period of evolution, focusing on maintaining the position of being a leading provider of broadcast signal distribution infrastructure.

This focused view is supported by a strong financial position, and the Company is well positioned to capitalise on the opportunities ahead. Sentech is forecasting a cash balance of approximately R1.9 billion by end of March 2021.

These funds will be used to diversify the company's product and services in order to address the customer concentration risk, and several projects will be implemented in this regard.

The State Digital Infrastructure Company (SDIC) strategy was developed in financial year 2021, and a sustainable broadband business (SOC Rationalisation) case will be developed in financial year 2022, with optimised cost structures for the merged entity to achieve revenue growth with positive EBIT and net profits.

Increased broadband network coverage and 1 000 sites planned to be connected by the end of financial year 2024 are arrangements earmarked for customer satisfaction, and planned initiatives should improve the customer satisfaction index by 5 percent year on year during the MTEF period.

This financial plan provides insight into Sentech's financial position for the near future and presents a reference and framework for decision-making. This budget will be used to control expenditures, evaluate plans, and make better decisions when unexpected changes occur.

Sentech is projecting continuing revenue of R1.27 billion and operating expenditure of R1.3 billion from continuing operations, resulting in an operating profit of R154 million for the 2021/22 financial year. It is projected that the analogue network will be gradually switching off and TV revenues decreasing, and even with the STB installation once-off revenue (R25 million) ending in September 2021, resulting in a R19 million (1%) decrease on 2020/21 financial year forecasted R1.3 million.

The Company ought to generate about R500 million new revenues to attain the R1.8 billion goal in the next five years. Operating expenses were increased from the forecasted 2020/21 financial year by the forecasted R1.3 million.

Goods and services account for an estimated 45.7 per cent (R1.8 billion) of expenditure over the MTEF period, mostly for service expenses such as satellite costs; and spending on compensation of employees accounts for an estimated 41 per cent (R1.7 billion) as the entity's work requires highly skilled personnel. Total expenditure is expected to increase at an average annual rate of 4.4 per cent, from R1.2 billion in 2020/21 to R1.4 billion in 2023/24.

The entity expects to derive 90.6 per cent (R3.8 billion) of its revenue over the MTEF period through television, radio and streaming services rendered to customers, and the remainder through transfers from the Department through project-specific funding for dual illumination, which is the operation of analogue and digital signals.

Revenue is expected to increase at an average annual rate of 1.4 per cent, from R1.3 billion in 2020/21 to R1.4 billion in 2023/24. There is significant decrease in cash generated from operations in financial year 2022 compared to financial year 2020, and in turn, reduced cash balances due to there being no dual illumination funding in the outer years of the MTEF period.

Additionally, trade debtors cleared balances owed from prior periods in the 2020/21 financial year. Management is positioning the Company for future growth and there will be cash outflows amounting to R200 million per year for M&A transactions during the financial year 2023 and financial year 2024 respectively.

5.6 Broadband Infraco

BBI was established in 2007 in terms of the Broadband Infraco Act No 33 of 2007 (the Act) as a State-Owned Entity (SOE). The organisation was registered in 2008 with the then Companies Intellectual Property Registration Office (CIPRO), now known as the Companies and Intellectual Property Commission (CIPC) as an entity owned by the Government of the Republic of South Africa and the Industrial Development Corporation (IDC) of South Africa.

The Company launched commercially on 18 November 2010. Per the requirements of the Companies Act, No. 71 of 2008, BBI was converted from a private company to a State-Owned Company (SOC) with the CIPC with effect from 2013. BBI is a Schedule 2 public entity in terms of the PFMA.

BBI's legislative mandate and objectives are set out in the Act. The main objectives are to expand the availability and affordability of access to electronic communications, including but not limited to, underdeveloped and underserviced areas (in accordance with the Electronic Communications Act, No. 36 of 2005 (the ECA)), and commensurate with international best practice and pricing, through the provision of electronic communications network services and electronic communications.

The organisation's purpose is in line with the National Development Plan (NDP) of establishing national, regional, and municipal fibre-optic networks to provide the backbone for broadband access.

The NDP aims to "eliminate poverty and reduce inequality by 2030." BBI operates on the premise that the national, provincial, and districts backhaul require State intervention to allow services into underserviced areas.

The private sector intervention needs to be complemented by public funds in the form of incentives, subsidies, and grants to address the social objective of connecting all and bridging the digital divide.

BBI provides long-distance national and international connectivity to licensed and license-exempt customers, for projects of national importance and to previously underserviced areas. The existence of BBI is intended to improve market efficiency in the long-distance connectivity segment by increasing available long-distance network infrastructure.

It also avails capacity to stimulate private sector innovation in the telecommunications services and content offerings. BBI is in a unique position to deploy both a commercial and a social mandate, thereby contributing to the competitiveness and development of the South African economy. Essential to the sustainability of BBI is the requirement for the commercial mandate to be competitive and viable, thereby enabling the social mandate of the organisation.

The main objects as set out in the Act are to expand the availability and affordability of access to electronic communications:

- Including but not limited to underdeveloped and under-serviced areas;
- In support of projects of National Interests;
- In accordance with the ECA and commensurate with international best practice and pricing; and
- Through the provision of electronic communications network services and electronic communications services.

Over the medium term, the entity will focus on implementing the South Africa Connect broadband policy, and on expanding and maintaining its long-haul network to support client needs. This will also include monitoring the performance of the undersea West Africa cable system, which enables connectivity between Europe and Africa. The entity facilitates the connection of 713 government sites to broadband, and aims to maintain the time taken to restore faults on the core network at 7.5 hours.

5.6.1 Expenditure Analysis

Over the past few years, the ICT sector continued to experience economic pressure. As a result, revenue generation was difficult; BBI was still able to report an increase in revenue. The momentum for revenue growth is expected to continue to increase with the implementation of the sales strategy.

Revenue is based on signed contracts (including the new contracts signed-up in 2020/21) and existing SA Connect sites connected. Contracts that expire during 2021/22 are included in revenue, based on specific probabilities of retention based on respective client relationships, at prevailing market pricing for similar services. High and low probability pipeline revenue is included at assumed probability percentages. Management also included specific additional opportunities identified within existing and new anchor customers as part of BBI's growth strategy. The achievement of this growth strategy is imperative for the continued success and sustainability of the Company. The next phase of SA Connect, called SA Connect Phase 1C, for connecting an additional 345 sites, has been included in detail in the financial plan.

Cost of Sales is based on actual contracted costs and new contracted costs for Eskom and TFR. The Eskom lease costs are expected to increase by more than inflation to mitigate ADLash risk and to extend the core network. Specific contracted reductions and inflationary increases include a year-on-year increase of 27 per cent (including SA Connect).

Operating Expenditure: average inflation projected at around 5 per cent and specific inflation is factored in for IT costs and building rentals. A key assumption that was made is that BBI will fill critical positions through fixed term contracting of critical resources, as opposed to the current outsourcing arrangements in place. This is done to create flexibility in the workforce during the SOC Rationalisation process currently underway. Overall operating expenditure increases by 17 per cent year-on-year. This increase arises because of the low base of operating expenditure during the 2020/21 financial year. Critical positions remained vacant for a large part of the 2020/21 financial year and ad hoc repairs and maintenance were very low in comparison to the financial plan.

It is assumed that the Shareholders' Loans would have been converted into equity by the start of the corporate plan period. This is a critical enabler to the success of this corporate plan.

A further key assumption is that BBI will, for the first time in its 11-year existence, require Shareholder assistance. This is mainly because of BBI rolling out capital infrastructure to the value of almost R411 million over the last five years, only utilising its own cash generated from operations. This included cash that should have been retained to fund its working capital needs. This Shareholder assistance is a critical enabler for this financial plan.

Concluding the Capex spend during the 2021/22 financial year, further described below, will bring the Net Book Value of Assets of the Company to R1.6 billion.

Trade debtors increase to around R140 million, and collections are budgeted at an average of 60 days.

The deferred income liability is budgeted to reduce to R218 million at year end. The total CAPEX is budgeted at R747 million for the 2021/22 financial year. It covers all the priority 1 projects included in the Capital Plan.

Expenditure is expected to increase at an average annual rate of 4.3 per cent, from R673.7 million in 2020/21 to R763.8 million in 2023/24. This is driven by increased spending on goods and services, which accounts for 55.1 per cent (R1.2 billion) of total projected spending over the medium term, mostly related to the cost of providing connectivity services. As the entity increases its connectivity infrastructure service offerings, revenue is expected to increase at an average annual rate of 9.9 per cent, from R557 million in 2020/21 to R738.5 million in 2023/24.

5.7 The FPB

The Film and Publication Board was established in terms of the Films and Publications Act (1996), as amended, and is listed as a Schedule 3A public entity in terms of the Public Finance Management Act (1999).

Its mandate is to regulate the creation, production, possession and distribution of certain publications and films by classifying them; imposing age restrictions on content; and rendering the exploitative use of children in pornographic publications, films or online material punishable.

Over the medium term, the board will focus on improving and automating the registration process for distributors; conducting a targeted 20 000 inspections to ensure compliance with relevant legislation; and reviewing classification guidelines to take into account societal norms, standards and values.

5.7.1 Expenditure Analysis

Expenditure is expected to increase at an average annual rate of 4.6 per cent, from R113.8 million in 2020/21 to R130.2 million in 2023/24. Compensation of employees accounts for an estimated 54.7 per cent (R203.4 million) of expenditure over the MTEF period.

The board expects to derive 84.8 per cent (R307.7 million) of its revenue over the medium term through transfers from the department, and the remainder through fees for classification and registration. Total revenue is expected to increase at an average annual rate of 4.6 per cent, from R113.8 million in 2020/21 to R130.2 million in 2023/24.

5.8 National Electronic Media Institute of South Africa

The National Electronic Media Institute of South Africa was established as a non-profit educational institute in terms of the Companies Act (1973), and is listed as a Schedule 3A public entity in terms of the Public Finance Management Act (1999).

Its mandate is to enhance the market readiness of students in various broadcasting disciplines and support the development of e-skills for South Africans. The institute is also responsible for the implementation of e-skills programmes in collaboration with its partners.

Over the medium term, the institute will focus on implementing its operating model and e-skills agenda in collaboration with government, education, business and civil society. Identified e-skills priority areas include government e-enablement, creative new media industries, e-inclusion and social innovation. As such, the institute aims to provide specialist technology skills to 17 750 citizens by 2023/24, and increase the number of learners trained in e-literacy from 30 000 in 2020/21 to 250 000 in 2023/24.

5.8.1 Expenditure Analysis

Expenditure is expected to increase at an average annual rate of 1.9 per cent, from R97.4 million in 2020/21 to R103.1 million in 2023/24. Goods and services, mainly rental costs, account for an estimated 32.6 percent (R97.9 million) of expenditure over the medium term, while transfers and subsidies to higher education institutions to fund e-skills projects account for an estimated 34.8 per cent (R106 million).

The institute derives all of its revenue through transfers from the department, which is expected to increase in line with expenditure at an average annual rate of 1.9 per cent, from R97.4 million in 2020/21 to R103.1 million in 2023/24.

5.9 Universal Service and Access Agency of South Africa & Universal Service and Access Agency Fund

The Universal Service and Access Agency of South Africa (USAASA) was established under the Electronic Communications Act, 2005 (Act No. 36 of 2005 as amended by Act No. 1 of 2014) to promote the goals of universal access and universal service in the under-serviced areas of South Africa. Licensees are required to contribute to the Universal Service and Access Fund (USAF) which is intended for use in incentivising and subsidising the roll-out of electronic communications networks in under-serviced areas.

In executing its role, the Fund is also guided, amongst others, by:

- The Constitution of the Republic of South Africa,1996 (Act No. 108 of 1996);
- The Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended);
- The Preferential Procurement Policy Framework Act,2000 (Act No. 5 of 2000);
- The Broad-Based Black Economic Empowerment Act,2003 (Act No.53 of 2003); and
- The Infrastructure Development Act, 2014 (Act No.14 of 2014).

The National Development Plan, Vision 2030 (NDP, 2012) is the national framework for the development of the South African economy and society broadly. The NDP describes the critical role of innovation, research and development in fostering sustained competitiveness and profitability in the economy, in the face of a world economy that is rapidly transforming into knowledge and network economy.

Evidence suggests that an increase in public investment in innovation, research and development, and related infrastructure and access, will enable South Africa's economic development, competitiveness and sustainable growth.

In turn, the Medium Term Strategic Framework (MTSF) is a high-level strategic document and is the central organising framework to guide the rolling five-year implementation and monitoring of the NDP, Vision 2030.

In response to the strategic priorities of the 6th Administration, and informed by instructing legislation and policy, the Universal Service and Access Agency of South Africa (USAASA) has defined its role/purpose (primary object), in the 2020-2025 Strategic Plan as to:

(i) Strive to promote the goal of universal access and universal service;
(ii) Foster the adoption and use of new methods of attaining universal access and universal service;
(iii) Conduct research into and keep abreast of developments in the Republic and elsewhere on information communication technology, electronic communications services and electronic communications facilities; and continually survey and evaluate the extent to which universal access and service have been achieved; and
(iv) Manage the Universal Service and Access Fund (USAF) in accordance with the provisions of the Act.

USAASA impact statement is *Progressive realisation of the goal of universal access and universal service in South Africa.* USAF impact statement is *Enhanced access to ICT and digital broadcasting services in identified underserviced areas*.

The Universal Service and Access Agency of South Africa (USAASA) was established under the Electronic Communications Act, 2005 (Act No. 36 of 2005 as amended by Act No. 1 of 2014) to promote the goals of universal access and universal service in the under-serviced areas of South Africa. Licensees are required to contribute to the Universal Service and Access Fund (USAF), which is intended for use in incentivising, and subsidising the rollout of electronic communications networks in under-serviced areas.

The fund's sole mandate is to make is to subsidise ICT equipment and services, as well as electronic communications and broadcasting networks for needy people in underserviced areas. The Universal Service and Access Agency of South Africa manages the fund.

The USAASA five-year Strategic Plan, in support of the National Development Plan, reflects USAF's contribution to strengthening the universal service and access sector, and unlocking its potential to grow the economy, create jobs, and contribute to reduced inequality and reduced poverty. This is in line with the outcome of the 2019-2024 Medium Term Strategic Framework (MTSF) to *"improve competitiveness through ICT adoption"*.

The USAASA Strategic Plan 2020-2025 responds to the following Revised Medium -Terms Strategic Framework Apex Priority Areas:

1. Priority 2: Economic Transformation and Job Creation; and
2. Priority 3: Education, Skills and Health

USAASA as an administrator as the Universal Service and Access Fund has the following key focus areas for 2021-22 financial year that are administrative in nature:

(i) USAASA integrated plan of action in support of the implementation of National Strategic Plan (NSP) on gender-based violence developed
(ii) Stakeholder Engagement Strategy reviewed by Board and implemented
(iii) Enterprise risk maturity level from 2020/21 baseline improved
(iv) 100 per cent of valid invoices paid within 30 days from date of receipt
(v) Reduction of wasteful and fruitless expenditure to 20 per cent of R389 000 USAASA AFS 2019-2020 incrementally from baseline of 2019 by 2024

(vi) Reduction of irregular expenditure to 15 per cent of R32.2 million USAASA AFS 2019/2020 incrementally from baseline of 2019 by 2024

The USAF Strategic Plan 2020-2025 responds to the following Revised Medium - Terms Strategic Framework Apex Priority Areas:

(i) Priority 2: Economic Transformation and Job Creation; and
(ii) Priority 3: Education, Skills and Health

In response to the strategic priorities of the 6th Administration, and informed by instructing legislation and policy, the Universal Service and Access Fund (USAF) has defined its role/ purpose (primary object) in the 2020-2025 Strategic Plan as to:

(i) Provide connectivity to primary health facilities, educational institutions and needy communities;
(ii) Provide incentives to network licensees to construct, operate and maintain networks in underserviced areas; and
(iii) To broaden access to digital broadcasting services by qualifying households.

USAF key focus areas for 2021-22 Financial Year are as follows:

(i) A total 810 000 subsidized Set-Top-Box installations coordinated and monitored in four (4) provinces (Free State, Northern Cape, North West and Limpopo);
(ii) A total 2 266 474 DTT subsidised digital television installations coordinated and monitored;
(iii) A total 289 058 DTH subsidised digital television installations coordinated and monitored;
(iv) Provision of broadband internet connectivity to 280 sites to identified local municipalities;
(v) A total 100 per cent of valid invoices paid within 30 days from date of receipt;
(vi) Reduction of wasteful and fruitless expenditure to 20 per cent of R4 million USAF AFS 2019-2020 incrementally from baseline of 2019 by 2024; and

(vii) Reduction of irregular expenditure to 15 per cent of R63.5 million USAF AFS 2019-2020 incrementally from baseline of 2019 by 2024.

Over the medium term, USAF will focus on the implementation of the Broadcasting Digital Migration project, which will ensure the release of much-needed spectrum. The fund will also provide sites with Internet connectivity and maintain these connections.

5.9.1 Expenditure Analysis

Carrying value of assets of which: Acquisition of assets Receivables and prepayments Cash and cash equivalents is estimated at R3.3 million for 2021/22 financial year.

The agency is allocated R350 million over the MTEF period through transfers from the department. This will mainly be used to implement phase 2 of the broadcasting digital migration project, which is expected to be completed during the MTEF period. Of this amount, R95 million will be paid to the South African Post Office over the medium term for distribution costs.

Total revenue is expected to be at R 177 million in 2021/22 financial year, down from R256.6 million in 2020/21 financial year. It will further decrease to R86.8 million over the medium term. Total expenses for 2021/22 financial year are projected at R177 million down from R365.6 million in 2020/21 financial year. The downward trend in total expenses is projected at R86.9 million by 2023/24 financial year.

Compensation of employees is projected at R62.3 million during 2021/22 financial year with goods and services at R114.8 million in the same period. Total transfers received are projected at R177.1 million for 2021/22 financial year.

For USAF, the total expenses are estimated at R1.14 billion in 2021/22 financial year, a stark increase from R666.6 million in 2020/21 financial year. There is an estimated steady decline in total expenses at R127.4 million in 2023/24 financial year.

The fund is allocated R1.4 billion over the medium term, mostly for implementing projects related to broadcasting digital migration. This funding is expected to increase from R500.4 million in 2020/21 to R1.1 billion in 2021/22, and will be used to provide vouchers to low-income households for devices that will allow analogue televisions to receive digital signals once the analogue signal is switched off.

The fund derives all its revenue through transfers from the Department and has no personnel. Total revenue is expected to decrease at an average annual rate of 39.1 per cent over the medium term as the one-off allocations for broadcasting digital migration conclude in 2022/23.

Total USAF revenue is projected at R1.4 billion during 2021/22 financial year. It is set to decrease to R127.4 million in 2023/24 financial year. Transfers received are estimated at R1.4 billion in 2021/22 financial year and will decline to R127.4 million in 2023/24 financial year.

Total expenses for the administration of broadband infrastructure and connectivity as well as Broadcasting Digital Migration are estimated at R663.5 million for 2021/22 financial year. These expenses are set to decrease over the medium term to R127.4 in 2023/24 financial year.

5.10 .ZA Domain Name Authority (.ZADNA)

.ZADNA is a statutory, not-for-profit entity established in terms of Chapter X of the Electronic Communications and Transactions (ECT) Act 25 of 2002 to administer, manage and regulate the .ZA namespace.

In addition to the statutory responsibilities, .ZADNA is normally expected, and sometimes required, to assume secondary responsibilities that are associated with domain name industry and the Internet community. These are:

dotCities, .ZADNA oversees the operation and policy setting for the ZACR-operated dotJoburg, dotDurban and dotCapeTown (dotCities) that launched in 2014. The ICT Policy White Paper has entrenched .ZADNA's dotCities role as it stipulates that the domain name regulator must now endorse and manage current and future dotCities

Internet Governance, .ZADNA participates actively within ICANN processes that relate directly to the Domain Name System

(DNS). This is because of the strong linkages existing between regulating a ccTLD such as .ZA (a .ZADNA function) and developing policy for the DNS (an ICANN function). .ZADNA also participates in AfTLD, AfriNIC and the United Nations' Internet Governance Forum (IGF) .ZADNA serves as the Secretariat to the South African Internet Governance Forum (ZAIGF), which assumes the responsibility of convening the ZAIGF on an annual basis in conjunction with the Department of Communications and Digital Technologies and other stakeholders.

5.10.1 Expenditure Analysis

No financial performance information provided.

6. Committee Observations

6.1 The Department

Having considered the Strategic Plan and APP of the Department, the Committee noted:

(i) its appreciation for the good work done by the Department and its entities;
(ii) that the role of South Africa in the BRICS landscape was to seek strategic alliance in areas of common interest such as joint research and innovation;
(iii) with great concern that National Treasury has stopped the application for funding the distribution of IDTV's to indigent matriculants;
(iv) that the Western Cape DTT rollout will commence in September 2021;
(v) with concern of the budget shortage of R970 million which negatively impacts BDM service delivery;
(vi) that the Department was engaged in awareness campaigns for purchasing of STBs with SABC and other radio stations as well as mobile operators;
(vii) that the BDM process was subject to various challenges such as disgruntled installers due to non-payment;
(viii) with great concern the ability of the Department and its entities to meet the Broadcasting Digital Migration (BDM) deadlines;
(ix) with greater concern that the R194 million allocated for SA Connect was not sufficient and would be used primarily to maintain the 970 sites already connected; and
(x) with concern that ICT management at the Department is flagged as a high risk consistent with the findings of the Auditor General.

6.2 ICASA

Having considered the APP of ICASA, the Committee noted:

(i) its appreciation for the presentation made by ICASA;
(ii) that ICASA was operating in a naturally litigious environment;
(iii) with concern that the temporary allocation of spectrum may not continue, especially whilst the litigation processes are in place;
(iv) with concern the vandalism and theft of base station equipment as well as raise awareness of the substantial criminal sentences meted out therefore;

(v) noted that ICASA faced budgetary constraints. However, the Department was able to assist with additional funding, particularly for spectrum auction;

(vi) that ICASA has requested to National Treasury for additional funding for critical programmes that have not been met;

(vii) that the "Must-carry" process was underway and that ICASA awaits draft regulations in order to conduct a consultation process;

(viii) that the timeframes for finalization of regulations will be concluded in this financial year with the deadline for input being 21 May 2021;

(ix) that the term of ICASA councilors will soon be coming to end with one vacancy to date; and

(x) commended ICASA for the progress made thus far in an attempt to auction spectrum.

6.3 SABC

Having considered the APP of the SABC, the Committee noted:

(i) its appreciation for the presentation received from the SABC;

(ii) and commended the SABC for indicating that the entity may break even in its financial position;

(iii) with concern that the SABC 3 channel remained operating at a loss;

(iv) that advertising services was the bulk of SABC's revenue;

(v) with concern that the method of collection of licence fees was not effective and not sustainable as a revenue generation stream;

(vi) with concern the unavailability of sufficient funds for the unfunded mandates;

(vii) that the Sports Broadcasting Regulations had enabled the SABC to obtain broadcasting rights, and as such it will be broadcasting the upcoming Olympic games;

(viii) that the Annual Performance Plan lacked adequate details as to the use of streaming platforms, which could greatly assist in revenue generation;

(ix) that SABC's strategic partnerships do not include the private sector;

(x) with disappointment that the SABC did not yield to its directive that retrenchments be implemented as a last resort;

(xi) that SABC service providers are paid within 30 days from receipt of invoice in compliance with the PFMA;

(xii) that the SABC has conducted a comprehensive audit of all properties and received approval for disposal;

(xiii) that discussions on signal distribution costs with Sentech were at the final stages;

(xiv) that the SABC does not have any plans to close down any of its radio stations; and

(xv) that sales and revenue performance have increased over the last two quarters.

6.4 USAASA/USAF

Having considered the APP of USAASA/USAF, the Committee noted:

(i) its appreciation for the presentation made by USAASA/USAF;

(ii) with concern that the entity appears to lack the necessary capacity and relevant human capital to deliver on its targets;

(iii) and welcomed the appointment of the interim Board and supported it in its work on the turnaround strategy;

(iv) with concern that the Board has been appointed for an "interim" period with ambiguity on the time frames of the appointed of the Board; and

(v) that the unsubsidized households have not been adequately factored into the planning thereby increasing the risk for low or no uptake of unsubsidized STBs.

6.5 SITA

Having considered the APP of SITA, the Committee noted:

(i) its appreciation for the presentation made by SITA;

(ii) and commended SITA for the good work to date;

(iii) that the caretaker commits to working with the interim Board to ensure a smooth transition;

(iv) that SITA is collecting all monies and not writing off any debts owed by government departments;

(v) That SITA was signing multi-year contracts to ensure invoices are sent out on time and request for payment within 30 days;

(vi) that Home Affairs requires to update its systems and improve its ICT infrastructure taking note of all the complaints targeted at SITA;

(vii) that SITA was working well with the South African Police Services (SAPS) and R500 million has been spend on its IT services and on the track and trace system, which is saving costs for that Department;

(viii) that SITA was in the process of developing a system to ensure integrated government systems; and

(ix) and commended the progress made in cleaning up procurement processes.

6.6 SAPO

Having considered the APP of SAPO, the Committee noted:

(i) its appreciation for the presentation received from SAPO;

(ii) and welcomed the appointment of a Chief Executive Officer;

(iii) and commended the appointment of six regional managers;

(iv) with concern the numerous bailouts received by SAPO over the last few years and questioned whether a further bailout strategy would work;

(v) with concern that universal service obligation subsidy was received by SAPO in addition to trying to enforce a postal monopoly;

(vi) that the delivery standards of SAPO have increased;

(vii) that SAPO motor licensing department has shown improvement by R7 million;
(viii) with concern that staff morale was below 60 per cent;
(ix) with concern that landlords were not paid on time;
(x) with further concern that suppliers have not been paid;
(xi) with concern that the financial statements of the entity have declined;
(xii) with concern that SAPO indicated that 16 post offices were closed for owing rental totaling R 4 million; the committee questioned the accuracy of these figures;
(xiii) with great concern that some SAPO offices are without power;
(xiv) with concern that the separation of SAPO and Postbank will lead to the financial detriment of SAPO; and
(xv) with disappointment that SAPO competitors were way ahead when it comes to service delivery.

6.7 Sentech

Having considered the APP of Sentech, the Committee noted:

(i) its appreciation for the presentation made by Sentech and the update received in respect of progress of implementation of BDM;
(ii) and commended the entity for its role in the transformation on SMMEs and BBBEE;
(iii) that Sentech fees and charges structure was based on the CPI which amounts to 3 percent;
(iv) that Sentech informed the Committee that due to the fact that OTTs affect the success of public broadcasting in general, it will continue to assist the SABC by offering assistance on digital broadcasting; and
(v) that Sentech is prepared for the risks of a possible Covid-19 third wave although the STBs installation may be affected as installers would not be able to move around freely.

6.8 .ZADNA

7 Having considered the APP of .ZADNA, the Committee noted:

(i) with appreciation the presentation made by .ZADNA;

(ii) with appreciation for the clean report received by the entity;

(iii) that .ZADNA provides assistance to women, youth, people living with disabilities and new entrepreneurs;

(iv) and commended .ZADNA for services supplied to public schools with domain names;

(v) that .ZADNA was developing its own training programme;

(vi) with concern that .ZADNA relies on external services for the internal audit functions;

(vii) with great concern that the target for the development of a registry framework was not attained, which unfortunately speaks to the core mandate of the entity;

(viii) that .ZADNA was using external resources for legal capacity to develop this registry framework;

(ix) that in preparation for the third wave of COVID-19, the entity holds awareness campaigns online;

(x) that strategic partnerships of .ZADNA include CIPC to boost cyber registration; the FPB on child safety online guidelines, NEMISA from a digital skills perspective and MIC SITA to deliver on 4IR economy amongst others; and

(xi) that .ZADNA will undertake a DNS practitioner programme which will be formally accredited.

6.9 BBI

Having considered the APP of BBI, the Committee noted:

(i) its appreciation for the presentation made by BBI;

(ii) and commended BBI as being one of the best performing entities;

(iii) that engagements about the merger between BBI and Sentech were at an advanced stage;

(iv) that there currently is no need for consideration of a Public Private Partnerships in respect of the formation of a State ICT Infrastructure Company;

(v) and commended BBI for the achievement of APP targets responding to service delivery and support; and

(vi) that the R100 million funding requirement in the funding plan was intended for capital investment in the network.

6.10 NEMISA

Having considered the APP of NEMISA, the Committee noted:

(i) its appreciation for the presentation made by NEMISA;

(ii) that the costs related its course offering are reasonable;

(iii) that NEMISA will continue to ensure that enrolled interns receive financial support; and

  a. with appreciation that NEMISA is currently in discussions with SABC to assist young people to participate in programs on a freelance basis;

(iv) that NEMISA is responsible for digital skills training and accreditation for all citizens;

(v) that NEMISA works closely with the Department of Basic education in order to ensure that skills are imparted and in particular, with provincial departments;

(vi) that NEMISA has seven co-Labs in different provinces with various networks such as NGO’s, in order to reach all citizens;

  a. that in the medium term 2 more co-Labs will be established in the remaining provinces;

(vii) that courses done at NEMISA can be accredited; and

(viii) that NEMISA was preparing for the Covid-19 third wave by ensuring that it fully rolls out online learning and continue to deliver virtual training on digital platforms.

6.11 FPB

Having considered the APP of FPB, the Committee noted:

(i) its appreciation for the presentation made by FPB;

(ii) and welcomed the newly appointed Board at the FPB;

(iii) that the core mandate of FPB is effective content regulation;

(iv) with concern that vacant positions are still prevalent at FPB, in particular the prolonged acting position of the Chief Executive Officer; and

(v) cautioned against acting in positions for lengthy periods without appointments;

(vi) with concern that some content classification is not adequate especially in movies with extreme violence;

(vii) with appreciation that the FPB plans to conduct campaigns to educate public, especially children and youth on cyberbullying;

(viii) with further appreciation that the FPB is working with schools and communities in this regard;

(ix) that the FPB has not demonstrated new fruitless and wasteful expenditure;

(x) with concern the lack of ICT skills at the FPB because of the low pay grade thereby discouraging the Board from soliciting specialised ICT skills; and

(xi) positively that FPB also uses the services of SITA however also has a database for service providers that fall outside the skills base provided by SITA.

7. Committee Recommendations

7.1 The Department

The Committee recommends that the Minister should ensure that the Department:

(i) provides the Committee with clear timelines in respect of the rationalisation of entities reporting to the Department including conversion of USAASA/USAF into the Digital Development Fund;

(ii) ensures that processes are in place to fast-track the BDM process and to avoid delays.

(iii) implements processes to ensure the challenges around the delivery of the BDM resolved;

(iv) and its entities provide clear timeframes to meet the Analogue Switch OFF (ASO) for BDM;

(v) and its entities utilise SITA platforms to address ICT challenges;

(vi) puts in place processes for the efficient delivery of the DTT voucher system;

(vii) secures adequate funding to improve the distribution of the voucher system to all indigent households;

(viii) takes decisive action to clean up under performance across all entities;

(ix) provides stringent time lines on its plan to fill vacant positions in all entities entity;

(x) reports back to the Committee on mitigating factors for inadequate funding of all its entities including the Department;

(xi) provides quarterly updates on the BDM implementation process and roll out targets;

(xii) provides detailed plans of the Department relating to implementation of BDM to the unsubsidized household market;

(xiii) considers revising dates for the tabling of amendments to legislation to Parliament to be sooner than 2023; and

(xiv) continuously and quarterly updates the Committee on all processes relating to rationalisation, recapitalisation and repurposing of its entities including protecting the independence of ICASA.

7.2 ICASA

The Committee recommends that the Minister should ensure that ICASA:

(i) put emphasis towards mitigating litigations even though it operates in a highly litigious environment;

(ii) reports back to the Committee on stakeholder consultation strategy to mitigate litigations;

(iii) continues with the allocation of temporary spectrum provided it serves to relieve congestion of networks during COVID-19 and is not in direct contradiction with the litigation processes;

(iv) must promote awareness in communities through awareness and education campaigns, amongst others in order to ensure that communities are aware of penalties imposed for theft and vandalism of base stations;

(v) reports back to the Committee on an awareness and education campaign action plan;

(vi) promotes policy coherence and consistency when finalising the “Must Carry” regulations; and

(vii) takes steps to address its funding challenges in order to avoid the collapse of the regulator and thereby the halt of service delivery.

7.3 SABC

The Committee recommends that the Minister must ensure that

(i) the Broadcasting Act is amended expediently to ensure relevance of the SABC in the digital economy;

(ii) systems are in place to deal with the operating loss of the SABC 3 channel;

(iii) effective strategies are in place to improve the collection of TV licence fees;

(iv) challenges borne out of Sports Broadcasting Regulations are addressed and that the Committee must be updated in respect thereof;

(v) the streaming services platforms ecosystem is adequately explored to identify opportunities for the public broadcaster to compete as a content provider as well, so as to capitalise on the advantages of subscription-based funding models, which will assist with revenue generation for the SABC and reduce its heavy reliance on variable advertising revenue";

(vi) the SABC develops efficient strategy to invest in compelling content;

(vii) the SABC addresses audit findings as indicated by the Auditor-General; and

(viii) the SABC submits a detailed report on the audit on disposal of assets as well as an indication in terms of adherence to the laws of the country in carrying out those processes.

7.4 SAPO

The Committee recommends that the Minister must ensure that:

(i) SAPO puts processes in place to improve customer satisfaction;

(ii) security concerns at SAPO are resolved and evaluated continuously even though SAPO indicated an improvement;

(iii) strategies are put in place to improve staff morale;

(iv) processes are in place to timeously pay rentals to landlords;

(v) suppliers are paid on time;

(vi) SAPO improves its financial position and urgently addresses the going concern issues;

(vii) all SAPO buildings undergo maintenance;

(viii) SAPO puts in place processes for comprehensive service delivery; and

(ix) SAPO management sends comprehensive answers in writing to questions not answered during the session.

7.5 USAASA/USAF

The Committee recommends that the Minister must ensure that USAASA/USAF:

(i) fills all critical vacancies;

(ii) undertakes remedial plans to ensure adequate capacity is developed to deliver on its targets;

(iii) provides a detailed plan on building capacity and investment in human capital to deliver on its targets;
(iv) strengthens its internal controls;
(v) improves on irregular, wasteful and fruitless expenditure with intent to eradicate the malpractice in the near future;
(vi) improves on irregular and wasteful expenditure targets;
(vii) improves on its supply chain management system;
(viii) provides clear tracking timelines relating to Analogue Switch Off to digital;
(ix) addresses all matters raised by the Auditor-General are and all targets improved; and
(x) fast-tracks the digital migration implementation process.

7.6 SITA

The Committee recommends that the Minister should ensure that SITA:
(i) upholds the uptime and maintenance of its ICT networks;
(ii) assists municipalities to achieve seamless integration with variety of service delivery ICT systems;
(iii) automates all procurement processes including reporting on cancellation of tenders so that there is an online profiling specifically for public scrutiny; and
(iv) implements processes for a cohesive track and trace system.

7.7 Sentech

The Committee recommends that the Minister should ensure that Sentech:
(i) plays a central role to speed up the distribution of Set-Top-Boxes (STBs).

7.8 . ZADNA

The Committee recommends that the Minister should ensure that .ZADNA:

(i) creates an online template to monitor service delivery objectives;

(ii) undertakes a collaborative approach with NEMISA to achieve efficient results; and

(iii) achieves the target of the development of a registry framework.

7.9 BBI

The Committee recommends that the Minister should ensure that BBI:

(i) implements a coordinated approach with Sentech and SITA to promote connectivity;

(ii) reduces irregular expenditure with intent to eradicate the malpractice in the near future; and

(iii) fills all vacancies for critical positions.

7.10 NEMISA

The Committee recommends that the Minister should ensure that NEMISA:

(i) improves its performance and delivery targets.

7.11 FPB

The Committee recommends that the Minister should ensure that FPB:

(i) fills all vacancies including to prioritise the position of CEO; and

(ii) continues to deploy adequate systems to ensure the wellness of employees who are regularly exposed to violent and sexual content because of the nature of the work of content review.

The Democratic Alliance (DA) reserved its right on the Budget Vote report.

The Committee recommends that the House approves Budget Vote 30: Department of Communications and Digital Technologies.

Report to be considered.