



Annual Performance Plan for 2021/2022

ABBREVIATIONS AND ACRONYMS

| ACRONYM | DESCRIPTION |
|------------|--|
| AG | Auditor General |
| APP | Annual Performance Plan |
| CEO | Chief Executive Officer |
| Commission | Financial and Fiscal Commission |
| DOR | Division of Revenue |
| DPME | Department of Planning Monitoring and Evaluation |
| ENE | Estimates of National Expenditure |
| FFC | Financial and Fiscal Commission |
| ICT | Information and Communications Technology |
| IGFR | Intergovernmental Fiscal Relations |
| MTBPS | Medium Term Budget Policy Statement |
| MTEF | Medium Term Expenditure Framework |
| MTSF | Medium Term Strategic Framework |
| NDP | National Development Plan |
| NPC | National Planning Commission |
| NT | National Treasury |
| PFMA | Public Finance Management Act |
| RP | Research Programme |
| SALGA | South African Local Government Association |

STATEMENT BY COMMISSION



The 2021/2022 Annual Performance Plan of the Financial and Fiscal Commission is guided by its Five Year Corporate Strategic Plan which was formulated in July 2020. The Strategic Plan and the Commission's 2021/2022 Annual Performance Plan take into account Government's Medium-Term Strategic Framework (MTSF) that reflects on the outcomes priorities. It also takes into account the prevailing economic climate particularly in light of the COVID 19 pandemic and current Government priorities.

The Commission sees its primary organisational objective for 2021/2022 Financial Year, as generating and disseminating influential policy advice on using the intergovernmental system to realise the policy impacts necessary for national development and the progressive realisation of the constitutional vision.

Performance targets for 2021/2022 were developed by the Commission and are presented in this Annual Performance Plan. These performance targets will be monitored quarterly to reflect the Commission's continued progress and effort toward meeting its long-term performance goals and objectives. It is our hope that this performance framework will help society understand the importance of the Commission's work and the contributions that the Commission is making toward advancing sustainable and equitable intergovernmental fiscal relations system to realise the values of the Constitution of the Republic of South Africa.

The Commission has endorsed the Annual Performance Plan and is committed to ensuring that it is implemented.



Mr Michael Sachs
Acting Chairperson/ Deputy Chairperson
Date: 30 March 2021

ACCOUNTING OFFICER STATEMENT



The Annual Performance Plan for 2021/2022 sets out the Secretariat's work targets against budgeted funding. Performance indicators and targets for the Commission's programmes allow for measurement and assessment of our research and other outputs by our stakeholders, specifically parliament, provincial legislatures, national and provincial government departments, organised local government, organs of state and the public in general.

The Commission is established in the Constitution in order to provide independent and impartial advice to national, provincial and local government on financial and fiscal matters. Particularly on the division of government's revenue - with the explicit intention of improving public sector delivery of services to all citizens through enhanced intergovernmental relations. Given the current South African fiscal challenges, the demand for our advice is ever increasing and exacting.

Never before in the history of our democracy, has the Commission had to constantly deliberate on its relevance and its strategic focus to make a meaningful impact. In this regard, constant institutional monitoring and evaluation are important and also reinforce required good governance. The Secretariat commits itself to accountability, honesty and transparency in all its undertakings.

In order to be the example of public sector excellence, on which we advise other public sector institutions - we are in constant pursuit of providing outputs that demonstrate value-for-money. The journey to turnaround the institution, has led us to the stage of transformation focussed squarely on the appraisal of our research enterprise and modernisation of our working methods and processes across the board, in support of this. We honour the contribution and presence in this of the late Chairperson of the Commission, Prof Daniel Plaatjies.

The only constant in this endeavour – is change. The personnel of the Commission have proven to be adaptable as we decisively are addressing past challenges, building on existing potential and creating future opportunities. The response to the increased work pressure of off-site operations, together with the increased output requirements that accompanied the sudden onset of the COVID-19 pandemic is testimony to this. The organisational renewal is only made possible by the commitment of a capable cadre of Commissioners, led by the Acting Chairperson / Deputy Commissioner. Within the Secretariat, the executive management team must provide the leadership and coherence which allows for the important changes in day-to-day operations.

The Secretariat relies on the collective effort of all of its personnel working innovatively in the research area to provide influential evidence-based advice, or other areas in support thereof. We are all committed to building the Commission's capability and to delivering on strategic outputs for the well-being of all citizens.



Dr Kay Brown, PhD.
Accounting Officer
Date: 30 March 2021

OFFICIAL SIGN-OFF

It is hereby certified that the attached Performance Plan was developed by the Financial and Fiscal Commission; takes into account all the relevant policies, legislation and other mandates for which the Financial and Fiscal Commission is responsible; and accurately reflects the annual targeted performance and budgets, and is based on the outcomes and outputs which the Financial and Fiscal Commission will endeavour to achieve given the resources that have been allocated to it in the budget for the 2021/ 2022 financial year in line with its 2020-2025 Strategic Plan.



Accounting Officer: Dr Kay Brown

Date: 30 March 2021

Approved by:



Executive Authority: Mr Michael Sachs

Date: 30 March 2021

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PART A: OUR MANDATE

1. CONSTITUTIONAL MANDATE

The Commission is established in terms of Section 220 of the Constitution of the Republic of South Africa Act, 1996 as amended. The Constitution provides among others that the Commission is an independent and impartial advisory institution to Parliament, provincial legislatures, organised local government and other organs of state on the division of revenue among the three spheres of government and any other financial and fiscal matters.

2. RELEVANT LEGISLATIVE AND POLICY MANDATES

The Financial and Fiscal Commission Act, 1997 as amended is the enabling legislation that gives effect to the constitutional requirements. The Commission must perform its functions as envisaged in the Constitution or as required by national legislation; and may perform those functions on its own initiative; or on request of an organ of state. The Commission must submit for tabling copies of all its recommendations made in terms of a provision of the Constitution to both Houses of Parliament and to the provincial legislatures.

An organ of state in one sphere of Government which seeks to assign a power or function to an organ of state in another sphere of Government in terms of a law must notify the Commission of the fiscal and financial implications of such assignment and request the recommendation of the Commission on: the future division of revenue raised nationally between the spheres of Government as required by the Constitution; the fiscal power, fiscal capacity and efficiency of the relevant province or municipality in the case of an assignment to them; and any transfer of employees, assets and liabilities. An assignment contemplated has no legal force unless the organ of state making such assignment has requested and considered the recommendation of the Commission.

In addition to the Constitution, 1996 and the Financial and Fiscal Commission Act, the Commission operates in terms of the undermentioned regulatory prescripts:

Borrowing Powers of Provincial Governments Act, 1996 (Act No 48 of 1996) established a Loan Coordinating Committee (Committee) to coordinate the borrowing requirements of provincial governments which must report to the Commission so as to allow the Commission to effectively fulfil its functions as contemplated in the Constitution.

Intergovernmental Fiscal Relations Act, 1997 (Act No 97 of 1997) allows for the Commission Chairperson or a delegation of the Commission designated by the Chairperson to attend Budget Council. After receiving any recommendations of the Commission in terms of but before the Division of Revenue Bill is introduced in the National Assembly, the Minister must

consult the Provincial Governments, either in the Budget Council or in another way; organised local government, either in the Budget Forum or in another way; and the Commission.

Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (as amended) requires that draft national legislation which directly or indirectly amends the Act or providing for the enactment of subordinate legislation that may conflict with the Act, may be introduced in Parliament only after the Minister of Finance and the Commission have been consulted and responded to in writing.

Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) (as amended) requires that any assignment of functions or powers to municipalities must be preceded by a request to the Commission to assess the financial and fiscal implications. Organised local government must, before embarking on any negotiations with parties in the bargaining council established for municipalities consult the Commission.

Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No 9 of 2009) After the adoption of the fiscal framework the Division of Revenue Bill must be referred to the committee on appropriations of the National Assembly for consideration and report. The committees on appropriations must consult with the Commission and allow the Minister of Finance the opportunity to respond to any amendments proposed at least three days prior to the submission of the report to the relevant House

Municipal Fiscal Powers and Functions Act, 2007 (Act No 12 of 2007) stipulates that the Minister of Finance must consult with the Commission prior to authorising a municipal tax and associated regulations.

Provincial Tax Regulation Process Act, 2001 (Act No 53 of 2001) If a province intends to impose a new provincial tax, the MEC for Finance in the province must submit particulars of the proposed provincial tax to the Minister of Finance. The Minister of Finance must submit a copy to the Commission for comment. The Minister of Finance is obliged to consider the comments of the Commission.

3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD GUIDING THE ANNUAL PERFORMANCE PLAN

A capable and developmental state – as envisioned in the NDP - is one that has the means to identify and deal with the causes of poverty and inequality in South Africa. As an independent Constitutional institution, the Commission is not bound by policies of the executive, but its work is informed by the strategic priorities reflected in the NDP and MTSF. The Commission is particularly concerned with the implications of government policies and plans for the intergovernmental fiscal system, and the extent to which fiscal policy is in fact effectively supporting government's planned outcomes, particularly in terms of addressing the critical developmental challenges of poverty and inequality. The Commission

is an important institution for ensuring that fiscal policy is equitable and that public sector finances are appropriately structured across the three spheres of government to achieve these ends.

3.1 THE NATIONAL DEVELOPMENT PLAN (NDP)

The NDP calls for the building of a “capable state”. According to the National Planning Commission (NPC) the state is capable to the extent “that it has the capacity to formulate and implement policies that serve the national interest” (NPC, 2012).

The NDP identifies the need to improve efficiency of all government expenditure, noting that the overall fiscal envelope is likely to grow relatively slowly over the medium term, therefore creating an emphasis on the need to balance competing pressures. A core aspect of the Commission mandate involves providing evidence and research to support the optimal reallocation of scarce fiscal resources across the three spheres of government.

3.2 THE MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF) 2019-2024

The MTSF is a government strategic document that guides the 5-year implementation and monitoring of the NDP 2030 in terms of its stated outcomes. It identifies the priorities to be undertaken during the MTSF planning period 2019 to 2024 which are to place the country on a positive trajectory towards the achievement of the 2030 vision. The Commission mandate requires it to provide research and evidence on the division of revenue between the three spheres of government: national, provincial and local, to ensure that the allocation, reallocation and reprioritisation of resources is informed by these priorities.

The MTSF sets targets for implementation of the priorities and interventions for the 5-year period and states the outcomes and indicators to be monitored. The Seven Priorities for 2019-2024 derived from the Electoral Mandate and State of the Nation Address are as follows:

- **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 services**
- **Priority 5: Spatial integration, human settlements and local government**
- **Priority 6: Social cohesion and safe communities**
- **Priority 7: A Better Africa and World**

Further, government has undertaken to factor in the interests of Women, Youth and People with Disabilities during implementation of the MTSF. All the priorities are important for the Commission, which is tasked with providing evidence and research to inform fiscal policy and allocations in supporting these priorities.

4. RELEVANT COURT RULINGS

There are no relevant court rulings impacting on this plan.

PART B: OUR STRATEGIC FOCUS

5. SITUATIONAL ANALYSIS

The Commission is charged with conducting independent research, using its own-generated and unique datasets, and providing expert and impartial opinions on fiscal and financial matters. The Commission provides advice on the structure of public finances more broadly, as well as on the equitable division of revenue amongst the three spheres of government.

It is incumbent upon the Commission to leverage influence disproportionate to its size. Key to achieving this is stakeholder engagement and partnerships which include:

- Parliament (including the National Assembly and National Council of Provinces) and the Provincial Legislatures to which the Commission provides statutorily mandated advice.
- The executive structures responsible for budgets and finance, including the Minister of Finance, Budget Council, and Budget Forum.
- Other government stakeholders in IGFR Constitutional Institutions, Organised Local Government, Provincial Executives, the Auditor-General, and Statistics South Africa
- Non-governmental stakeholders, including Academia and Non-Profit Organisations, Civil Society, Organised Labour, and Donors.

The Commission is particularly concerned with government's impact on alleviating poverty and inequality. It has the constitutional muster to provide recommendations and advise on financial and fiscal matters.

5.1 EXTERNAL ENVIRONMENT ANALYSIS

The impact of COVID-19 has had a devastating shock on South Africa's already precarious economy and the pandemic has served to highlight the stark inequalities in our Society. The pandemic has amplified gaps in access to basic services such as water, sanitation, electricity and housing. Food security has become a major challenge to many South Africans, both in rural and urban areas. In the health sector, the pandemic has exposed inadequacies and inequalities in access and financing.

Since 1994, the state has failed to adequately diversify the economy and eradicate the roots of structural joblessness and inequality. This lethargy has been all the more apparent during the unfolding crisis caused by the COVID-19 pandemic. While quick out of the starting blocks initially with the provision of a number of COVID-19 relief measures, South Africa's ongoing response to this challenge can become one of two things – either its going back to “business as usual” or South Africa

seizes the opportunity presented by this crisis to bring about developmental structural changes in the economy. Upon consideration of the evidence, it is the position of the Commission that South Africa's response to this COVID-19 pandemic requires a strengthening of continuity, consistency and credibility of the nation's economic and fiscal stance which must be informed by evidenced research.

Given the current South African fiscal challenges, the demand for FFC advise is ever increasing and as an institution. Our ongoing work related to responding to tabled Budgets has increased given the COVID-19 pandemic, meant an extra Supplementary Adjustments Budget in 2020/21 on this new topic about which there is ever-changing scientific evidence and understanding. The FFC's independent research was also affected and our Submission for the Division of Revenue 2021/22 publication was halted as it was being finalised, in order to begin working on a completely new Submission that was COVID-19 relevant and still it was tabled before the 2020 Medium Budget Policy Statement. The FFC was, and is, able to adapt and to meet our performance targets. Details of the research focus areas can be found in section 1.1.5.

To ensure that the FFC is able to respond adequately albeit the budget cuts we face currently and into the future, we have adopted a new organisational structure in January 2021. It is much more reliant on the recruitment of interns which will number 11 out of a total staff complement of 43 for 2021/22. Employing interns enables the Commission to provide additional opportunities for youth to gain exposure to the working environment. In recruitment, the Commission is also cognisant of creating opportunities for people with disabilities and being gender-responsive in particular, and inclusive in general.

5.2 INTERNAL ENVIRONMENT ANALYSIS

5.2.1 ORGANISATIONAL STRUCTURE

The diagram below provides an overview of the Commission organisational structure.

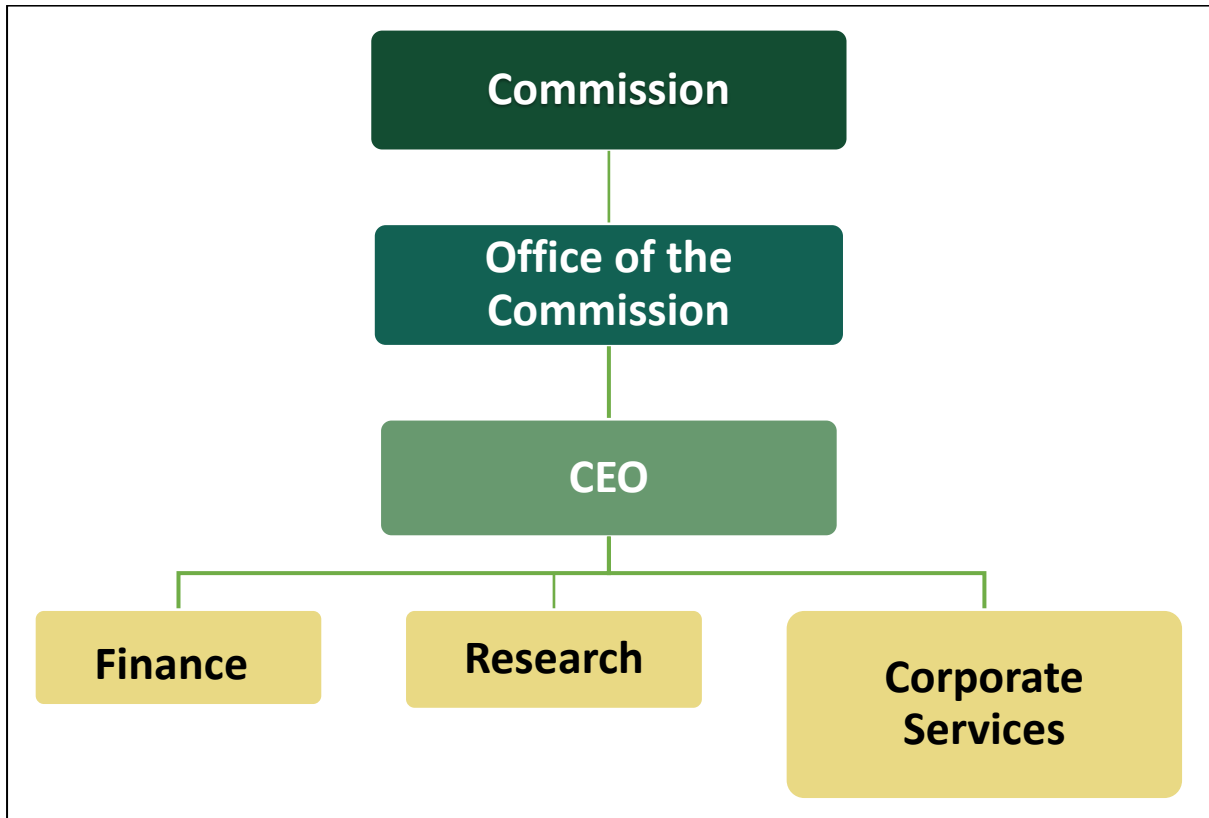


Figure 1: Organisational Structure of the Commission

The Commission, in the last few years, has experienced institutional and operational challenges that have impacted negatively on the internal environment of the organisation. As a result, until recently, several executive positions and roles critical to leadership and governance of the commission have been vacant or occupied in an acting capacity. This situation, whilst now mostly resolved, has had an impact on the organisation's core functions, yet a legacy of institutional shortfalls continues to be addressed. COVID-19 circumstances introduced an unexpected and instantaneous change in institutional work processes. Challenges were met mostly by working remotely or by on-site partial office re-engagement, each with appropriately-adjusted workflow processes. There are challenges in these arrangements, however they have been overcome by Commissioner and staff commitment.

The organisation is undergoing change and relies on staff to provide support by partaking in, accepting and adopting new systems and processes - in a way that builds staff morale and support and orientates the Commission in working towards achieving its vision and mission. An appraisal of the Commission's research enterprise is central to the changes being made in the research programme and in the administration, in support thereof. The Commission constantly is assessing its relevance and strategic areas of impact and ensuring delivery against our mandate, and this is supported by the new organisational structure adopted by the Commission in January 2021. In general and owing to being faced with budget cuts, the Commission is undertaking modernisation in its: human resourcing, finance division and also is implementing an IT renewal implementation plan overseen by the IT

Steering Committee. Currently, in total 62.5 percent of the staff employed are women, 28.1 percent represent youth and there are no employees that define themselves as disabled. The number of interns will increase from 4 to 11, which will greatly increase the percentage of youth.

In proactively responding to the challenges faced by the Commission over the last MTSF period, during strategic planning, the Commission confirmed two core programmes as its focus:

Administration - This programme aims to strengthen the effectiveness of the instruments available to the Commission to effectively support the organisation.

Research Programme – This Programme focuses on conducting sound research to support credible and valued recommendations to government and public sector organisations.

6. IMPACT

The following impact statement has been formulated for the Commission:

Decision-making in government financial and fiscal systems is strengthened to improve service delivery and reduce poverty and inequality.

7. OUTCOMES

The following outcomes have been formulated to support the Impact Statement.

1. Strengthen co-operative governance through harmonising the fiscal system
2. Strengthening the effectiveness of the internal capacity available to the Commission

PART C: MEASURING OUR PERFORMANCE

8. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

PROGRAMME 1: ADMINISTRATION

Purpose: Strengthen the effectiveness of the instruments available to the Commission to effectively support the organisation

Table 1: Outcomes, Outputs, Performance Indicators and Targets

| Outcome | Outputs | Output Indicators | Audited/Actual Performance | | | Estimated Performance 2020/21 | MTEF Period | | |
|--|---|--|----------------------------|---------------|---------------|----------------------------------|-------------|---------|---------|
| | | | 2017/18 | 2018/19 | 2019/20 | | 2021/22 | 2022/23 | 2023/24 |
| Strengthening the effectiveness of the internal capacity available to the Commission | A full complement of competent staff, managed to fulfil the Commission mandate | Number of staff attending professional development | Not available | Not available | 2 | 10 | 15 | 18 | 18 |
| | Compliance with key legislative requirements to reduce audit findings | Number of compliance reports | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| | Corporate Services that support the Commission staff in executing on the commission mandate | ICT downtime | Not available | Not available | Not available | 2% | 1% | 1% | 1% |
| | | Procurement processes completed | Not available | Not available | 62% | 75% | 80% | 85% | 85% |



Financial and Fiscal Commission Annual Performance Plan for the financial year 2021/22

Table 2: Programme 1: Indicators, Annual and Quarterly Targets

| Output Indicators | Annual Target 2021/2022 | Q1 | Q2 | Q3 | Q4 |
|--|----------------------------|-----|-----|-----|-----|
| Outcome 1: Strengthening the effectiveness of internal capacity available to the Commission | | | | | |
| Output: A full complement of competent staff, managed to fulfil the Commission mandate | | | | | |
| Number of staff attending professional development | 15 | 3 | 4 | 4 | 4 |
| Output: Compliance with key legislative requirements to reduce audit findings | | | | | |
| Number of compliance reports | 4 | 1 | 1 | 1 | 1 |
| Output: Corporate Services that support Commission staff in executing on the commission mandate | | | | | |
| ICT downtime managed | 1% | 1% | 1% | 1% | 1% |
| Procurement processes completed | 80% | 80% | 80% | 80% | 80% |

8.1.1 PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

In alignment with the Commission’s constitutional mandate, the following impact statement has been formulated for the Commission in the current Strategic Plan: **“Decision-making in government financial and fiscal systems is strengthened to improve service delivery and reduce poverty and inequality”**. For this impact to be achieved, it is necessary for the Commission to be resourced in terms of human capital and to have effective operational systems in place. This is reflected in the Strategic Plan through the following outcome statement: **“Strengthening the effectiveness of the internal capacity available to the Commission”**. The Commission’s Administration Programme seeks to deliver this outcome through the following outputs:

- A full complement of competent staff managed to fulfil the Commission mandate -
 - This is measured by the output indicator that measures the extent to which staff are receiving professional development. Achieving the target for professional development in the 2021/22 financial year will require effective human resource management systems and policies to be in place, including in relation to employment equity.
- Compliance with key legislative requirements –
 - Effective governance of the Commission depends on the monitoring of institutional compliance. The compliance of the Commission is measured by the extent of its adherence to legislative prescripts as indicated in the detail of the quarterly report to its Audit and Risk Committee.
- Corporate Services that support the Commission staff in executing on the Commission’s mandate –
 - Low levels of unplanned downtime for ICT systems and the successful conclusion of procurement processes are critical output indicators that speak to effective leadership of administrative systems and corporate services. Unplanned downtime of ICT systems severely disrupt the core research activities and reducing this would be amongst the critical success factors of the ICT Strategy which is being implemented by the Commission. Similarly, the successful and timely conclusion of procurement processes underpins the efficient provision of research and corporate services.

An operationally effective organisation will allow the Commission to focus on its mandate.

8.1.2 PROGRAMME RESOURCE CONSIDERATIONS

The programme consists of the following units:

| UNIT | DESCRIPTION |
|-----------------------------------|---|
| Office of the Chairperson: | The Office of the Chairperson provides strategic direction and leadership to the Financial and Fiscal Commission. It provides executive administrative services. It is responsible for the development of mechanisms to exercise governance and stakeholder management. |

- Office of the Chief Executive Officer:** The Office of the Chief Executive Officer (CEO) supports the Commission in providing strategic direction and leadership to the Financial and Fiscal Commission. Additionally, it ensures provision of Commission secretariat outputs and implementation as well as all responsibilities conferred on the Commission's accounting officer.
- Corporate Services:** The Corporate Services Division assists the Commission to achieve supportive and transformational human resources practices, the establishment of a cost-effective, capable and responsive ICT infrastructure and a safe, healthy and conducive working environment.
- Finance:** The Finance Division administers compliance with all relevant financial statutes and regulations, the most important of which are in the PFMA. In ensuring compliance by maintaining administrative controls, the unit strives to achieve service excellence for other units, and especially for the Research Programme.

Table 3: Budget Allocation for Programme 1: Administration

| Programme 1: ADMINISTRATION | Audited Amounts | | | 2020/21 Budget | Medium-Term Expenditure | | |
|----------------------------------|-----------------|---------------|---------------|----------------|-------------------------|---------------|---------------|
| | 2017/18 R'000 | 2018/19 R'000 | 2019/20 R'000 | 2020/21 R'000 | 2021/22 R'000 | 2022/23 R'000 | 2023/24 R'000 |
| Administration | 30 516 | 31 528 | 36 379 | 37 623 | 43 412 | 43 487 | 42 920 |
| Total | 30 516 | 31 528 | 36 379 | 37 623 | 43 412 | 43 487 | 42 920 |
| Economic classification | | | | | | | |
| Compensation of employees | 16 226 | 19 447 | 20 943 | 19 081 | 18 163 | 18 163 | 18 163 |
| Goods and services | 14 014 | 11 875 | 15 436 | 18 542 | 25 355 | 25 429 | 24 868 |
| Depreciation | 220 | 206 | | | | | |
| Losses from sale of fixed assets | 56 | | | | | | |
| Total Expenditure | 30 516 | 31 528 | 36 379 | 37 623 | 43 518 | 43 592 | 43 031 |

Mindful of the small size of the total FFC budget, the percentages indicated should be viewed alongside the nominal monetary amounts as shown in the above table. In many cases costs of compliance and other inputs, including personnel, cannot be curbed and remain market related – albeit then constituting a large percentage compared to the low budget baseline. Total expenditure for the Administration programme increases by 15 percent, to R43.5 million in 2021/22; with no growth in the following years of the MTEF period; due to reorganisation of the Commission’s budget structure to prioritise Research (although retaining administrative overhead costs) and due to reductions in the budget allocation. Compensation of employees constitutes 42 percent (R18.2 million) of the total programme expenditure with no provision for cost of living adjustments or any other employee increments in the outer years of the MTEF. In support of the programme’s output, R25.4 million of spending in 2021/22 in the programme will focus on Goods and Services of which key cost drivers are as follows:

Table 4: Cost Drivers for Programme 1

| | 2021/22 | 2022/23 | 2023/24 |
|-----------------------|---------|---------|---------|
| Building Costs | 27% | 22% | 21% |
| Professional Fees | 17% | 18% | 17% |
| ICT Services | 9% | 9% | 9% |
| Commissioner Expenses | 6% | 6% | 8% |
| Travel Costs | 5% | 5% | 5% |
| Communication costs | 4% | 4% | 4% |

Spending on building costs to ensure that the Commission’s operations can be efficiently enabled, amounts to R6.7 million in 2021/22. Professional Fees include organisation-wide operational, assurance and compliance functions aimed at assisting the Commission in its implementation. Training, including on legislative prescripts, are in support of the output.

8.1.3 KEY RISKS

Table 5: Key Risks

| Outcome | Key Risk | Risk Mitigation |
|---|---|--|
| Strengthening the effectiveness of the internal capacity available to the Commission | Attraction and retention of skilled and competent staff | Training and development of staff Review and realignment of HR policies and change management Recruitment to fill vacancies with skilled and competent staff and retain competent staff |
| | Project Management Deficiencies | Procurement services stabilised and conducted according to institutional needs Compliant SCM policies and procedures Key projects are included in the APP with defined timelines Timeous contracting with service providers, particularly to ensure timeous research deliverables |
| | Declining resources allocated to Commission | Implement prudent cost-cutting measures to eliminate potential wastage of financial resources Develop and adopt a strategy of collaboration/ fund-raising to augment the FFC's budget |
| | Non-compliance with key legislative prescripts | Implement a compliance universe framework Perform quarterly compliance reviews Put measures in place for areas of non-compliance |
| | Inadequate Disaster Recovery planning | In line with Business Continuity, develop and implement Disaster Recovery plans IT Steering Committee overseeing IT plan implementation for impact on daily operations IT Governance Framework set in place |

PROGRAMME 2: RESEARCH PROGRAMME

Purpose: Conduct sound research to support credible and valued recommendations to government and public sector organisations.

Table 6: Outcomes, Outputs, Performance Indicators and Targets

| Outcome | Outputs | Output Indicators | Audited/Actual Performance | | | Estimated Performance 2020/21 | MTEF Period | | |
|--|---|--|----------------------------|---------|---------|----------------------------------|-------------|---------|---------|
| | | | 2017/18 | 2018/19 | 2019/20 | | 2021/22 | 2022/23 | 2023/24 |
| Strengthen co-operative governance through harmonising the fiscal system | Annual submissions, policy briefs, technical reports and Research Reports on financial and fiscal matters | Annual Submission for the Division of Revenue with Recommendations | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | | Submission on Medium Term Budget Policy Statement | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | | Submission on Division of Revenue Bill | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | | Submission on the Appropriation Bill | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | | Number of Policy Briefs published | 11 | 5 | 8 | 4 | 4 | 4 | 4 |
| | | Number of Technical Reports published | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | | Number of Research Reports | - | - | - | 2 | 2 | 3 | 3 |

| Outcome | Outputs | Output Indicators | Audited/Actual Performance | | | Estimated Performance 2020/21 | MTEF Period | | |
|---------|-----------------------------------|--|----------------------------|---------|---------|-------------------------------|-------------|---------|---------|
| | | | 2017/18 | 2018/19 | 2019/20 | | 2021/22 | 2022/23 | 2023/24 |
| | Stakeholder engagements conducted | The number of Parliamentary Committees, stakeholder meetings and forums attended in response to a request with presentations and/or contributions by the FFC | - | - | 17 | 8 | 10 | 12 | 12 |

Table 7: Programme 2: Indicators, Annual and Quarterly Targets

| Output Indicators | Annual Target 2021/2022 | Q1 | Q2 | Q3 | Q4 |
|---|-------------------------|----|----|----|----|
| Outcome 2: Strengthen co-operative governance through harmonising the fiscal system | | | | | |
| Output: Annual submission, policy briefs, technical reports and Research Reports on financial and fiscal matters | | | | | |
| Annual Submission for Division of Revenue with Recommendations | 1 | 1 | - | - | - |
| Submission on Medium Term Budget Policy Statement | 1 | - | - | 1 | - |
| Submission on Division of Revenue Bill | 1 | 1 | - | - | - |
| Submission on Appropriation Bill | 1 | 1 | - | - | - |
| Number of Policy Briefs published | 4 | - | - | - | 4 |
| Number of Technical Reports published | 1 | - | - | - | 1 |
| Number of Research Reports | 2 | | | 1 | 1 |



Financial and Fiscal Commission Annual Performance Plan for the financial year 2021/22

| Output Indicators | Annual Target 2021/2022 | Q1 | Q2 | Q3 | Q4 |
|--|-------------------------|----|----|----|----|
| Output: Stakeholder engagements conducted | | | | | |
| The number of Parliamentary Committees, stakeholder meetings and forums attended in response to a request with presentations and/or contributions by the FFC | 10 | - | 4 | 4 | 2 |

8.1.4 PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

In alignment with the Commission’s constitutional mandate, the following impact statement has been formulated for the Commission in the current Strategic Plan: “Decision-making in government financial and fiscal systems is strengthened to improve service delivery and reduce poverty and inequality”. The Research Programme seeks to achieve this by conducting sound research to support credible and valued recommendations to government and stakeholders, which is expressed in the Strategic Plan in the outcome statement: “Strengthen co-operative governance through harmonising the fiscal system”.

The core outputs from the Research Programme are:

- Annual submissions to parliament and legislatures, parliamentary committees, and policy briefs, technical reports and research reports on financial and fiscal matters.
 - The output indicators include both scheduled annual submissions that are intended to inform the Division of Revenue and Budget legislative processes – the expectation here is that these are delivered in a timely manner and are accompanied by information that empowers citizens to engage with these processes – as well as formal research reports that are more strategic in nature, and respond to financial and fiscal issues of concern to stakeholders. This will be underpinned by a coherent research agenda.
- Stakeholder engagements conducted
 - The output indicators here involve the number of engagements with stakeholders through the formal budget process, but also more ad hoc engagement with stakeholders in national and provincial portfolio committees, and other forums (such as those convened by research organisations and local government organisations.) as well as stakeholder forums convened by the Commission itself.

The outcomes from the Research Programme over the medium-term period depend on the quality and credibility of the organisation’s evidence-based recommendations. The specific outputs identified in the APP include the development of documents, policy briefs, technical reports and recommendations, but also include stakeholder involvement to support the credibility and value. The aim is to make recommendations to Organs of State on financial and fiscal matters to assist South Africa on its path to achieving the goals in the NDP 2030, and for these to be implemented, to meet the Commission’s mandate. These engagements with stakeholders are crucial to ensuring that the Commission’s research agenda is relevant and addresses stakeholder needs. The overarching theme for the 2021/22 annual performance of the research programme is on examining the economic and fiscal impact of the COVID pandemic in relation to growth and transformation, as well as local government developments in respect of basic services provision. Also important are:

- Fighting corruption and improving governance;
- Reducing high levels of market concentration and monopolies and oligopolies in the economy;
- Improving land reform and agriculture for food security;

- Reducing the cost of broadband and assignment of high-demand spectrum;
- Strengthening the capacity of the State.

The FFC's responses to South Africa's Budget also point government to where it should reprioritise funds from to fight the spreading pandemic.

8.1.5 PROGRAMME RESOURCE CONSIDERATION

This programme consists of:

PROGRAMME DESCRIPTION

Research: The functions of this programme are carried out by a team of researchers. The main focal points of the programme are to conduct research and provide analytical, empirical and interpretive inputs into the Commission's public expenditure studies and make recommendations. This programme is designed to be an objective opinion maker on all matters of financial and fiscal relevance across all spheres of government.

Table 8: Budget Allocation for Programme 2

| Programme 2: RESEARCH | Audited Amounts | | | 2020/21 Budget | Medium-Term Expenditure | | |
|----------------------------------|-----------------|---------------|---------------|----------------|-------------------------|---------------|---------------|
| | 2017/18 R'000 | 2018/19 R'000 | 2019/20 R'000 | 2020/21 R'000 | 2021/22 R'000 | 2022/23 R'000 | 2023/24 R'000 |
| Research | 17 016 | 18 305 | 20 752 | 26 411 | 19 787 | 20 353 | 21 164 |
| Total | 17 016 | 18 305 | 20 752 | 26 411 | 19 787 | 20 353 | 21 164 |
| Economic classification | | | | | | | |
| Compensation of employees | 15 315 | 14 953 | 14 264 | 20 552 | 14 846 | 15 048 | 15 048 |
| Goods and services | 1 701 | 3 352 | 6 488 | 5 859 | 4 941 | 5 305 | 6 116 |
| Depreciation | | | | | | | |
| Losses from sale of fixed assets | | | | | | | |
| TOTAL EXPENDITURE | 17 016 | 18 305 | 20 752 | 26 411 | 19 787 | 20 353 | 21 164 |

As noted in section 1.1.3 above some Research programme overhead costs reside in the Administration programme, also the small size of the total FFC budget has the consequence that necessary input costs constitute a large percentage. Compensation of employees in the Research programme amounting to R14.8 million in 2021/22, constitutes 73 percent of total expenditure on an annual average over the MTEF period. This is commensurate with the human resources intensive nature of undertaking research. Budget cuts imply that there is no real increase in personnel expenditure going forward. In terms of the Commission

organogram approved in January 2021, out of the total staff establishment, 23 will be in the Research programme, constituting 53,5 percent. The outputs of the programme are supported in full by its goods and services budget, which has the following primary cost drivers over the MTEF period:

Table 9: Cost Drivers for Programme 2

| | 2021/22 | 2022/23 | 2023/24 |
|-----------------------|---------|---------|---------|
| Commissioned Research | 53% | 45% | 65% |
| Publications | 16% | 19% | 21% |
| Travel Costs | 10% | 13% | 13% |

8.1.6 KEY RISKS

Table 10: Key Risks

| Outcome | Key Risk | Risk Mitigation |
|--|---|--|
| Strengthen co-operative governance through harmonising the fiscal system | Recommendations lacking strategic positioning and empirical substance | More quantitative, relative to qualitative, approaches to research Work more closely with Parliament and other stakeholders to secure strategic impact of the recommendations |
| | Organisational design not geared to mandate of Commission | Approved restructured and repurposed Commission organogram to focus on the core business of research |

PART D: TECHNICAL INDICATOR DESCRIPTIONS

PROGRAMME 1: ADMINISTRATION

OUTCOME: Strengthen the effectiveness of the internal capacity available to the Commission

OUTPUT: A full complement of competent staff, managed to fulfil the Commission mandate.

| | |
|--|--|
| Indicator Title | Number of staff attending professional development |
| Definition | Training/professional development courses attended by staff must be approved by the head Corporate Services as appropriate to the development of the relevant staff members. |
| Source of data | Human Resource Records |
| Method of Calculation / Assessment | Quantitative – simple count |
| Means of Verification | Evidence of successful completion of professional development courses in the form of certificates of attendance and/or diplomas and/or degrees and/or written testimonials |
| Assumptions | Sufficient budget exists for appropriate professional development |
| Disaggregation of Beneficiaries (Targets) | Training for women, youth, people with disabilities, race in alignment with Employment Equity |
| Reporting Cycle | Quarterly accumulating towards an annual target |
| Desired Performance | Higher is better |
| Indicator Responsibility | Secretariat led by CEO |

OUTPUT: Compliance with key legislative requirements to reduce audit findings.

| | |
|------------------------|--|
| Indicator Title | Number of Compliance Reports |
| Definition | Effective governance of the Commission depends on the monitoring of institutional compliance. The compliance of the Commission is measured by the extent of its adherence to legislative prescripts as indicated in the detail of the quarterly compliance report to its Audit and |

| | |
|---|---|
| | Risk Committee. The detail of the report addresses areas of internal and external audit findings. |
| Source of data | Finance Division Records |
| Method of Calculation / Assessment | Quantitative – simple count |
| Means of Verification | Quarterly compliance reports submitted to the Audit and Risk Committee |
| Assumptions | Documents are finalized on time and accurately |
| Reporting Cycle | Quarterly accumulating towards an annual target |
| Desired Performance | Yes (Complete and final report submitted by due date) |
| Indicator Responsibility | Secretariat led by CEO |

OUTPUT: Corporate Services that support Commission staff in executing on the commission mandate

| | |
|---|---|
| Indicator Title | ICT downtime |
| Definition | <p>Unplanned downtime refers to periods where ICT systems are unavailable outside of scheduled downtime for maintenance and upgrades or load shedding/power failures.</p> <p>The following internal and external ICT services are considered critical 24/7 services:</p> <ul style="list-style-type: none"> • Internet Connectivity • Email • Intranet File Services • Website <p>Unavailability of any one of these services is considered downtime.</p> |
| Source of data | IT Records |
| Method of Calculation / Assessment | <p>Quantitative: Percentage calculation where:</p> <p>Number of hours during which one or more critical IT services is unavailable only owing to IT performance failure is the Numerator (not the number of employee hours downtime incurred).</p> <p>Total number of hours during the evaluation period is the Denominator</p> |
| Means of Verification | IT Support Logs and/or Service Provider Reports showing hours of critical IT services that are unavailable owing to scheduled downtime, unavailable owing to |

| | |
|---------------------------------|---|
| | loadshedding and unavailable owing to IT performance failure |
| Assumptions | Backup power arrangements to the Commission operations are outside the operational control of the Commission. |
| Reporting Cycle | Annual |
| Desired Performance | Less is better |
| Indicator Responsibility | Secretariat led by CEO |

| | |
|---|---|
| Indicator Title | Procurement processes completed |
| Definition | Procurement processes that are concluded without having to reissue a Request for Proposals/Quotations due to unresponsiveness or failures in Supply Chain Management Process. Only includes Procurement processes that are concluded |
| Source of data | Supply Chain Management Records |
| Method of Calculation / Assessment | Percentage Calculation: Numerator = number of procurement processes concluded on the first round of market requests Denominator = total number of procurement processes concluded within reporting cycle |
| Means of Verification | Total number of procurement processes and total number of procurement processes that needed to be taken to market more than once |
| Assumptions | Subject to the adequacy of the Central Supplier Database in relation to the core business of the Commission |
| Reporting Cycle | Quarterly accumulating towards an annual target |
| Desired Performance | More is better |
| Indicator Responsibility | Secretariat led by CEO |

PROGRAMME 2: RESEARCH PROGRAMME

OUTPUT: Annual submissions, policy briefs, technical reports and research reports on financial and fiscal matters

| | |
|---|--|
| Indicator Title | Annual Submission for Division of Revenue with Recommendations |
| Definition | Recommendations on the Division of Revenue, approved by the Commission, and submitted by the end of May annually |
| Source of data | Office of the Commission records |
| Method of Calculation / Assessment | Qualitative: Assessment of whether a complete and final document was submitted by due date [ie end May] (Yes/No) |
| Means of Verification | Proof of tabling of submitted document (email) |
| Assumptions | The Commission performs adequate oversight in terms of quality |
| Reporting Cycle | Annual (report in identified quarter) |
| Desired Performance | Yes (Complete and final report submitted by due date) |
| Indicator Responsibility | Secretariat led by CEO |

| | |
|---|---|
| Indicator Title | Submission on Medium Term Budget Policy Statement |
| Definition | Recommendations together with technical report on the Medium-Term Budget Policy Statement by due date, approved by the Commission, and submitted by the first week of November annually |
| Source of data | Office of the Commission records |
| Method of Calculation / Assessment | Qualitative: Assessment of whether a complete and final document was submitted by due date (Yes/No) |
| Means of Verification | Electronic proof of submission (email) |
| Assumptions | Commission performs adequate oversight in terms of quality |
| Reporting Cycle | Annual (report in identified quarter) |
| Desired Performance | Yes (Complete and final report submitted by due date) |
| Indicator Responsibility | Secretariat led by CEO |

| | |
|---|--|
| Indicator Title | Submission on the Division of Revenue Bill |
| Definition | Recommendations and technical report on the Division of Revenue Bill by due date, approved by the Commission, and submitted by the second week of March annually |
| Source of data | Office of the Commission records |
| Method of Calculation / Assessment | Qualitative: Assessment of whether a complete and final document was submitted by due date (Yes/No) |
| Means of Verification | Electronic proof of submission (email) |
| Assumptions | Commission performs adequate oversight in terms of quality |
| Reporting Cycle | Annual (report in identified quarter) |
| Desired Performance | Yes (Complete and final report submitted by due date) |
| Indicator Responsibility | Secretariat led by CEO |

| | |
|---|---|
| Indicator Title | Submission on the Appropriation Bill |
| Definition | Recommendations and technical report on the Appropriation Bill by due date, approved by the Commission, and submitted by the end of June annually |
| Source of data | Office of the Commission records |
| Method of Calculation / Assessment | Qualitative: Assessment of whether a complete and final document was submitted by due date (Yes/No) |
| Means of Verification | Electronic proof of submission (email) |
| Assumptions | Commission performs adequate oversight in terms of quality |
| Reporting Cycle | Annual (report in identified quarter) |
| Desired Performance | Yes (Complete and final report submitted by due date) |
| Indicator Responsibility | Secretariat led by CEO |

| | |
|---|--|
| Indicator Title | Number of Policy Briefs published |
| Definition | Number of policy briefs on financial and fiscal matters published on the Commission website in each annual cycle |
| Source of data | FFC website |
| Method of Calculation / Assessment | Quantitative – simple count |
| Means of Verification | Electronic documents published on the Commission website |
| Assumptions | Commission performs adequate oversight in terms of quality |
| Reporting Cycle | Annual (with quarterly targets) |
| Desired Performance | More is better |
| Indicator Responsibility | Secretariat led by CEO |

| | |
|---|--|
| Indicator Title | Number of Technical Reports published |
| Definition | Number of technical reports on the submission for Division of Revenue published on the Commission website in each annual cycle |
| Source of data | FFC Website |
| Method of Calculation / Assessment | Quantitative – simple count |
| Means of Verification | Electronic documents published on the Commission website |
| Assumptions | Commission performs adequate oversight in terms of quality |
| Reporting Cycle | Annual (with quarterly targets) |
| Desired Performance | Yes (Complete and final report submitted by due date) |
| Indicator Responsibility | Secretariat led by CEO |

| | |
|---|--|
| Indicator Title | Number of Research reports |
| Definition | On-demand reports produced in response to stakeholder requests and as part of the Commission Research Agenda |
| Source of data | FFC Website |
| Method of Calculation / Assessment | Quantitative – simple count |

| | |
|---------------------------------|--|
| Means of Verification | Electronic documents published on the Commission website |
| Assumptions | Commission performs adequate oversight in terms of quality |
| Reporting Cycle | Annual |
| Desired Performance | More is better |
| Indicator Responsibility | Secretariat led by CEO |

OUTPUT: Stakeholder engagements conducted

| | |
|---|---|
| Indicator Title | The number of Parliamentary Committees, stakeholder meetings and forums attended in response to a request with presentations and/or contributions by the FFC |
| Definition | Only engagements for which the Commission receives the invitation and provides input in the form of presentations and/or reports, policy briefs or other knowledge products and contributions and/or leads in a panel discussion will be included in the count. |
| Source of data | Office of the Commission records and/or CEO office records |
| Method of Calculation / Assessment | Quantitative – simple count. It excludes any physical or virtual platform engagements that are counted as part of another indicator. |
| Means of Verification | Minutes and/or attendance record and/or electronic copies of presentations and/or reports and/or contributions |
| Assumptions | Attendance should include one or more representatives from either the Commission or the Secretariat. |
| Reporting Cycle | Annual (with quarterly targets) |
| Desired Performance | More is better |
| Indicator Responsibility | Secretariat led by CEO |