



# BRIEFING TO THE PORTFOLIO COMMITTEE ON WOMEN

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14 October 2015

*For an Equitable Sharing of National Revenue*

# PRESENTATION OUTLINE

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- Role and Function of the Financial and Fiscal Commission (FFC)
- Budget Analysis: Department of Women
- Commission for Gender Equality
- Conclusion
- Previous FFC recommendations on Gender



# ROLE AND FUNCTION OF THE FINANCIAL AND FISCAL COMMISSION (FFC)

*Briefing to the Portfolio Committee on Women*

# ROLE AND FUNCTION OF THE FFC

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- What?
  - Permanent statutory body established in terms of Section 220 of Constitution.
  - Independent and subject only to Constitution and the law.
  - Must function in terms of the FFC Act.
- Mandate of Commission
  - Makes recommendations, envisaged in Chapter 13 of the Constitution or in national legislation to Parliament, Provincial Legislatures, and any other organs of state determined by national legislation.
- Commission's work focuses mainly on intergovernmental fiscal relations (IGFR)
  - Legislative provisions or executive decisions that affect either provincial or local government from a financial and/or fiscal perspective.
  - Includes regulations associated with legislation that may amend or extend such legislation.
- Commission must be consulted in terms of the FFC Act.
- Current research strategy focuses on developmental impacts of IGFR.

# COMMISSION APPROACH TO BUDGET ANALYSIS

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- FFC provides a three-year backward looking and three -year forward looking analysis of departmental budgets.
- Compare allocations and performance by: vote / programme/ sub-programme / province.
- Evaluation of Nominal versus Real growth rates.
- Real figures/growth rates take inflation into consideration.
- Spending by economic classification.
- Distinguishes between various categories of current (goods and services, transfers and subsidies) and capital expenditure (acquisition of fixed capital assets, purchase of land)



# BUDGET ANALYSIS: DEPARTMENT OF WOMEN

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# BACKGROUND TO DW

- The purpose of DW is to “*Advance, develop and protect the rights of women through mainstreaming, lobbying, advocacy, awareness raising, empowerment and monitoring compliance in government and all relevant sectors*”
- DW comes from the now disestablished DWCPwD. Functions for women have continued under the new department, while functions for children and people with disabilities were transferred to DSD (social development).
- The functions for children and people with disability are now sub-programmes under programme 4 in the Department of Social Development (outlined in the Estimates of National Expenditure 2015) and were followed by the relevant funding streams.

## **Department has four Strategic Outcomes-Orientated Goals as follows:**

- ✓ Administration,
- ✓ Social, Political and Economic Participation and Empowerment
- ✓ Policy Development, Research and Knowledge Management
- ✓ Monitoring, Evaluation and Outreach



■ Department of Women contributes to Outcomes 3, 7 and 12.

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# DW STRATEGIC OUTCOMES-ORIENTATED GOALS (2015 TO 2020)

## *Programme 1: Administration*

<b>Strategic Outcome-Oriented Goal 1</b>	Good Governance and Administration
Goal Statement	Provide leadership, management and administrative support to the department.

## *Programme 2: Social, Political and Economic Participation and Empowerment*

<b>Strategic Outcome-Oriented Goal 2</b>	An effective enabling environment for women's socio-economic transformation and gender equality.
Goal Statement	Accelerate and enhance sector intervention plans, programmes and budgets for women's socio-economic empowerment and gender equality.



# DW STRATEGIC OUTCOMES-ORIENTATED GOALS (2015 TO 2020) CONT...

## ***Programme 3: Policy Development, Research and Knowledge Management***

Strategic Outcomes-Oriented Goal 3	Evidence-based research to influence women's socio-economic empowerment and gender equality.
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Goal Statement	Conduct evidence-based research to assess the status of the socio-economic empowerment of women and make recommendations for policy interventions.
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## ***Programme 4: Monitoring, Evaluation and Outreach***

Strategic Outcomes-Oriented Goal 4	Assess the impact of policies, programmes and budgets on women's socio-economic empowerment and gender equality.
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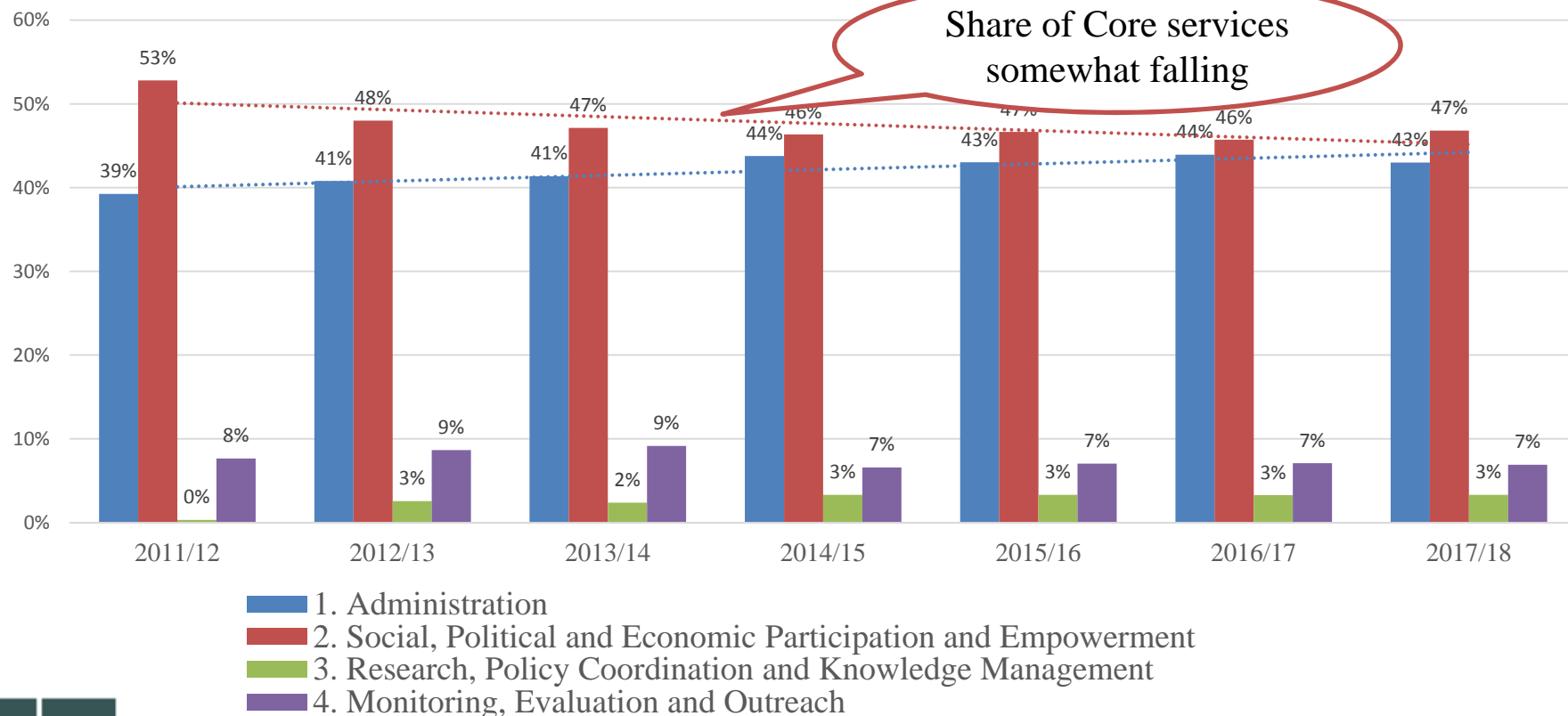
Goal Statement	Monitor and evaluate progress, coordinate stakeholder engagement and intervene when necessary to promote women's socio-economic empowerment and gender equality.
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# PROGRESSION OF PROGRAMME SPENDING AND MTEF BUDGET

Million Rands	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Real Av growth P.A 2013/14- 2014/15
1. Administration	33.4	35.7	37.5	43.0	42.3	44.1	45.3	15%
2. Social, Political and Economic Participation and Empowerment	45.0	42.0	42.7	45.5	45.9	45.9	49.3	7%
3. Research, Policy Coordination and Knowledge Management	0.3	2.2	2.1	3.2	3.2	3.3	3.5	51%
4. Monitoring, Evaluation and Outreach	6.5	7.6	8.3	6.5	6.9	7.1	7.3	-22%
<b>Department of Women</b>	<b>85.1</b>	<b>87.6</b>	<b>90.6</b>	<b>98.1</b>	<b>98.4</b>	<b>100.3</b>	<b>105.4</b>	<b>8%</b>

# PRIORITIZATION OF SPENDING & MTEF BUDGET

## Programme Share Total Spending & MTEF Budget



- The commission notes the increase in the spending for research, policy coordination and knowledge management. But share of core (social political and economic participation and empowerment somewhat declining. Admin share on the increase!

# PROGRESSION OF LINE ITEM SPENDING AND MTEF ESTIMATES

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Real Av growth P.A 2013/14- 2014/15
Cost of Employment	17.6	26.0	27.5	33.1	35.0	36.6	37.8	21%
Goods and Services	29.9	26.1	26.2	25.6	25.9	26.1	26.7	-2%
Transfers and Subsidies	34.0	34.4	35.7	37.7	35.6	35.7	38.9	6%
Payments of Capital Assets	3.7	1.2	1.2	1.7	1.8	1.9	1.9	40%
<b>Total Dept Exp &amp; Estimates</b>	<b>85.1</b>	<b>87.6</b>	<b>90.6</b>	<b>98.1</b>	<b>98.4</b>	<b>100.3</b>	<b>105.4</b>	<b>8%</b>

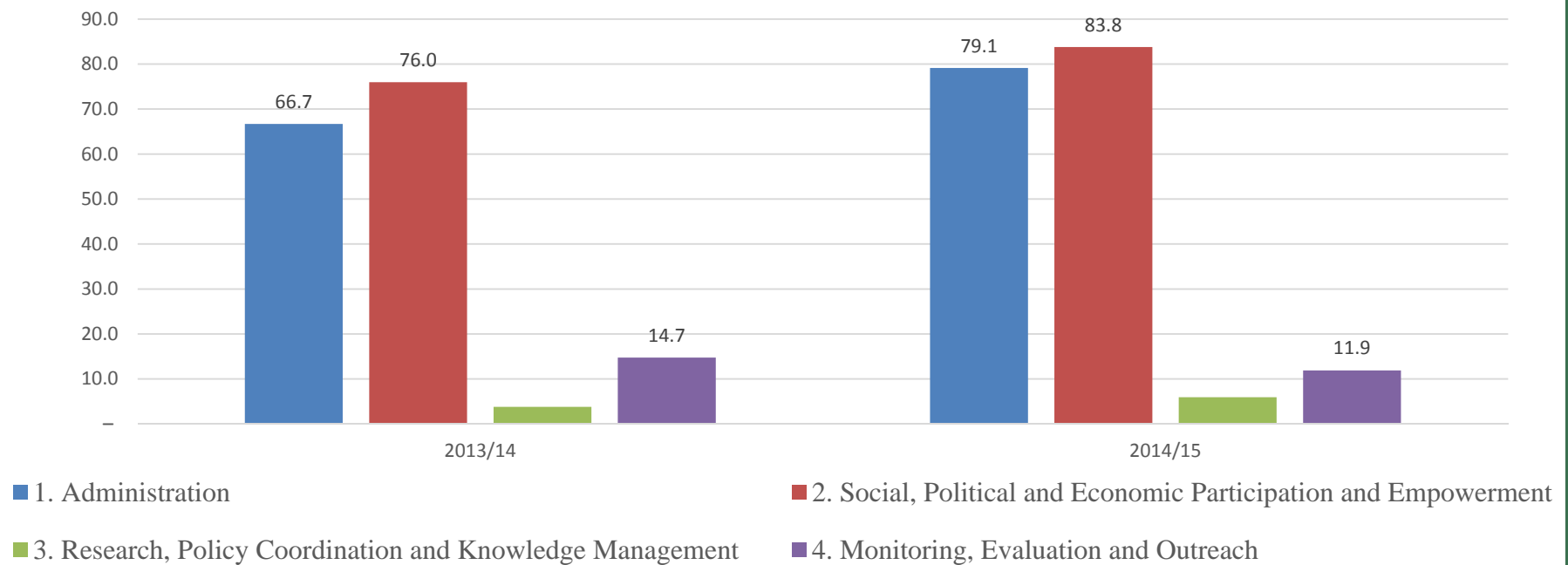
- There is a rapid increase in the Cost of Employment.

# LINE ITEM SHARE OF TOTAL EXPENDITURE AND MTEF BUDGET



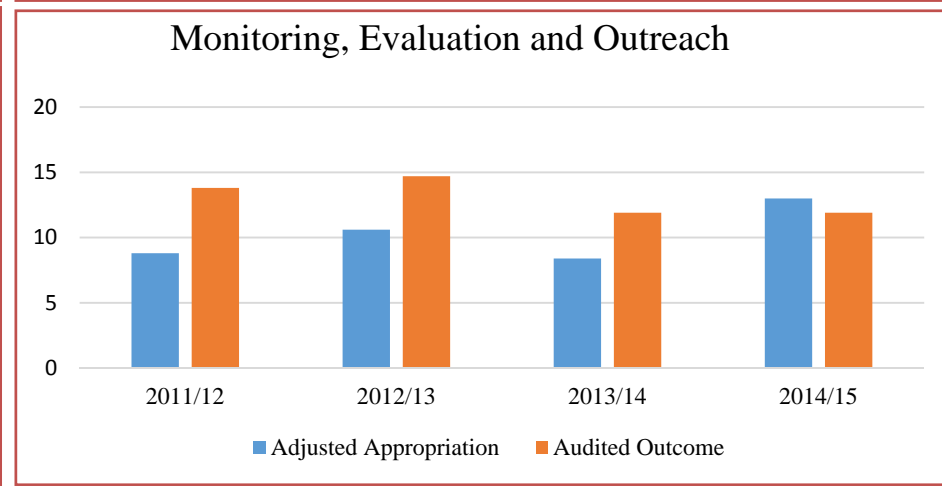
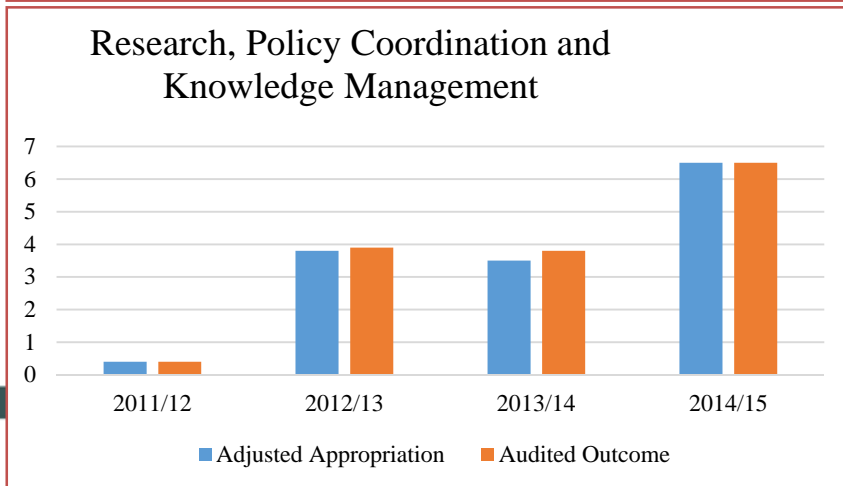
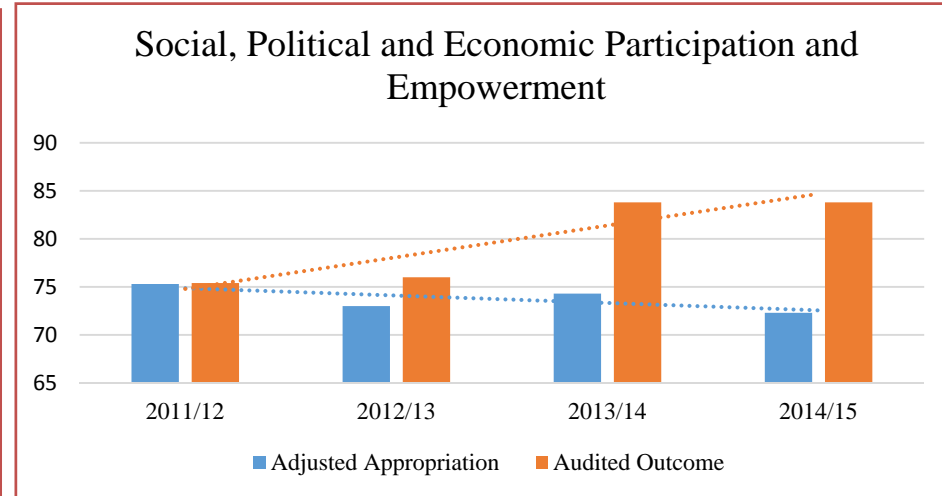
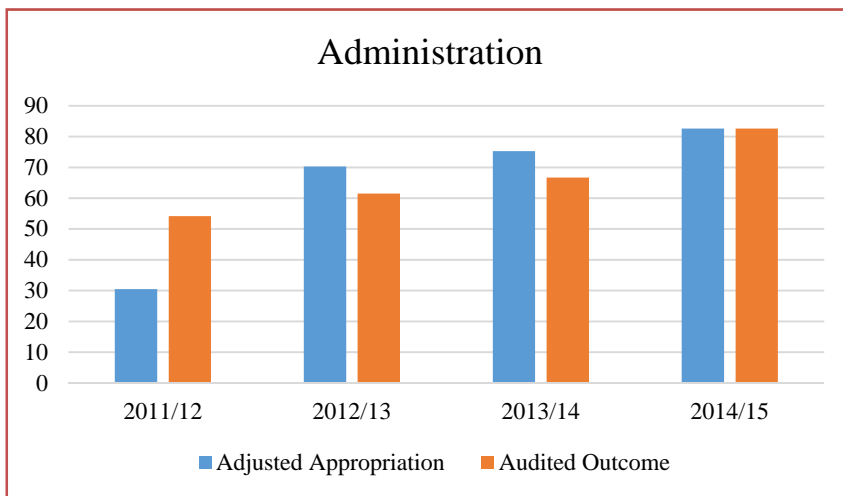
The share of transfers is to CGE (only). Share to CGE (compared to other line items) shows a slight decline; a worrying trend considering the highly expected role that CGE has to play in today's society.

# SPENDING PER PROGRAMME (MILLION RANDS)

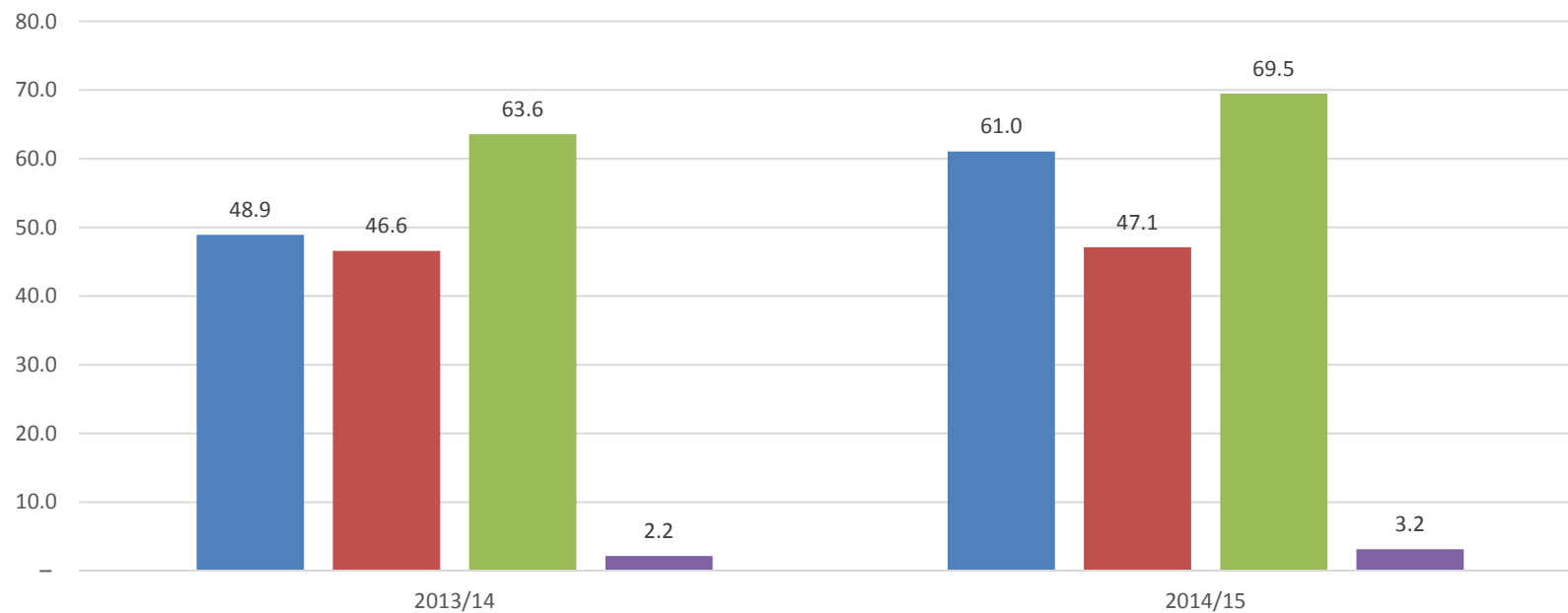


- Spending is more on core: i.e. social and economic participation and empowerment.

# BUDGET SPENT PER PROGRAMME (MILLION RANDS)



# SPENDING BY LINE ITEM (MILLION RANDS)

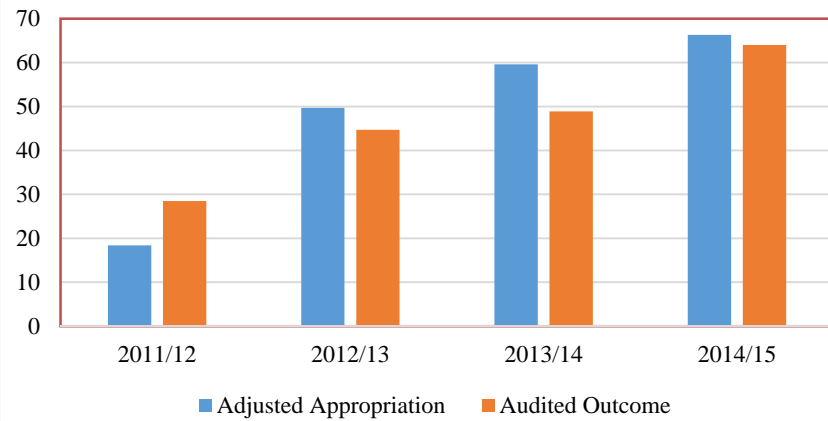


■ CoE ■ Goods and Services ■ Transfers and Subsidies ■ Payments of Capital Assets

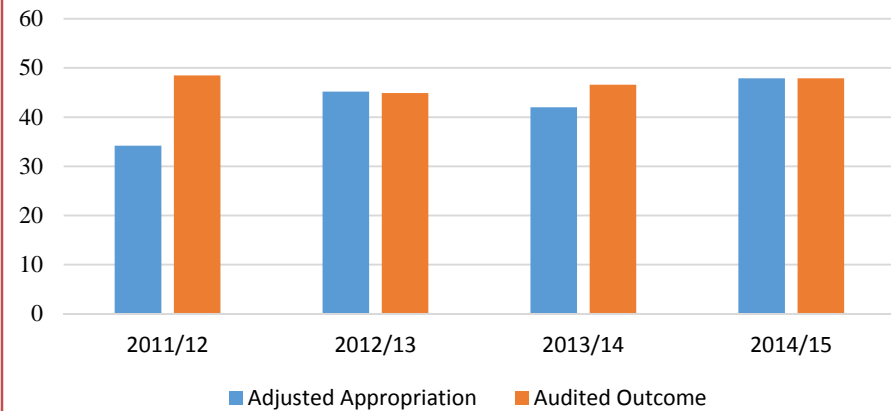


# BUDGET SPENT PER LINE ITEM (MILLION RANDS)

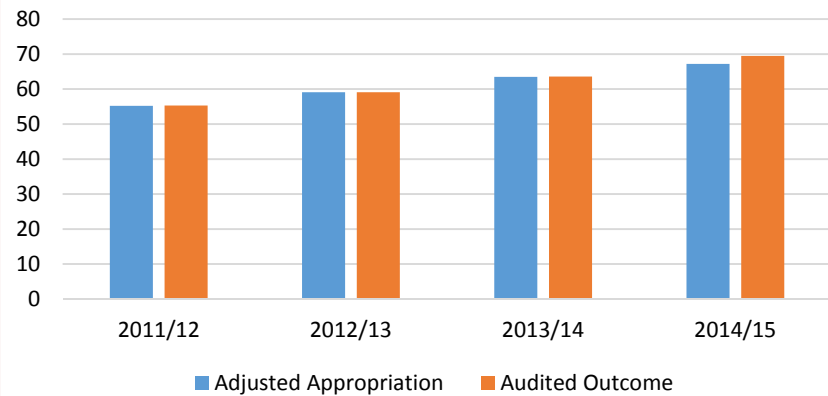
## Compensation of Employess



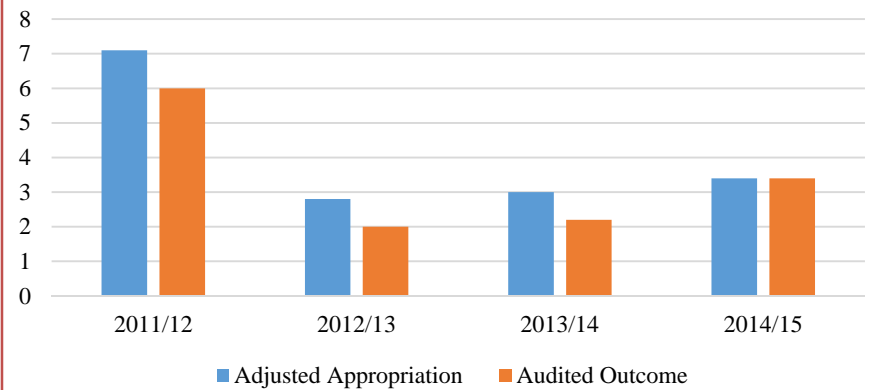
## Good and Services



## Transfers and Subsidies



## Payments for Capital Assets



# CONCLUSION

- It should be noted that DW has put more resources on women's empowerment programmes.
- The spending on social, political and economic participation and empowerment has been above the allocation. There is consistent over spending.
- DW has been budgeting more for the Costs of Employment, however less has been spent.
- FFC has made recommendations on gender budgets which have been accepted by government. Among other things, the Commission found that there is weak translation of Gender Equality Commitments into fiscal commitments in the local sphere. The DW is implored to follow these recommendations and device strategies to ensure that they are actioned.



# COMMISSION FOR GENDER EQUALITY

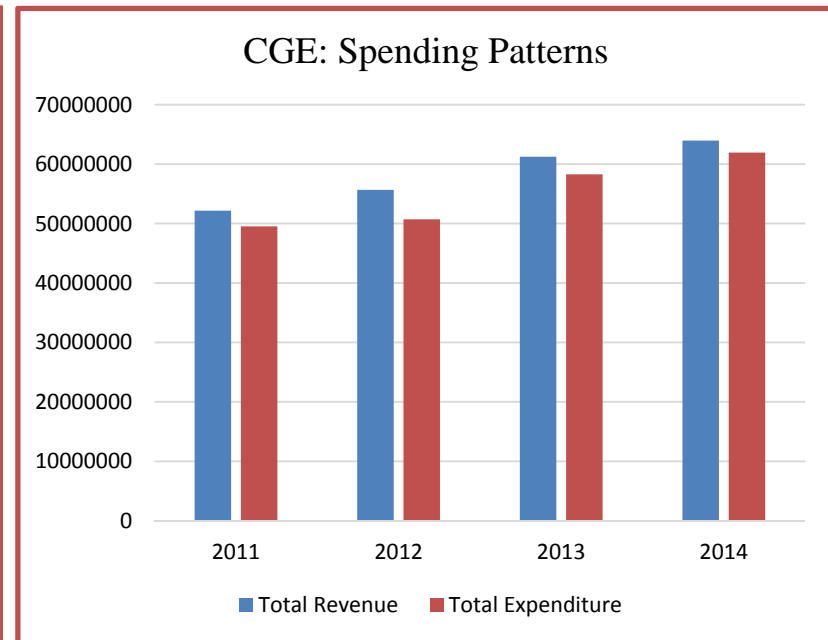
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# COMMISSION FOR GENDER EQUALITY

## 2013/14 financial performance overview

- Total Revenue of R64 million was recorded against a total expenditure for R62 million.
- Net surplus of R2 million was recorded by the Commission. This surplus was mainly due to an exceptional situation: there were a result of vacancies in funded posts. The savings were then used to fund operations which were underfunded per baseline. The baseline has not been adequate to fund all the operations of CGE. It becomes worse if all posts are filled. On average the commission's budget is R50million on CoE and less than R20million covers al expenditure for goods and services {Expenditure such as telephones, ICT, travel, litigation fees etc are covered under this R20 million}.

# COMMISSION FOR GENDER EQUALITY CONT...

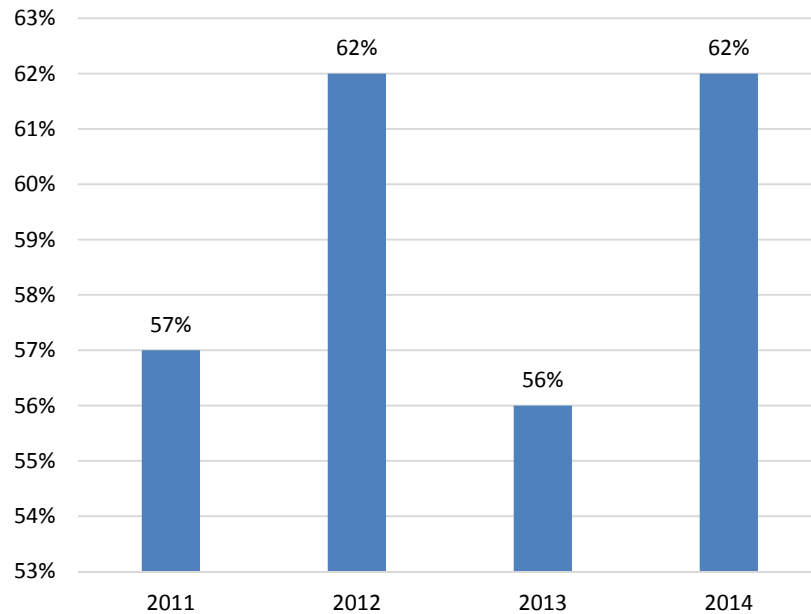


—●— Transfers in Nominal values    —●— Transfers in Real Values

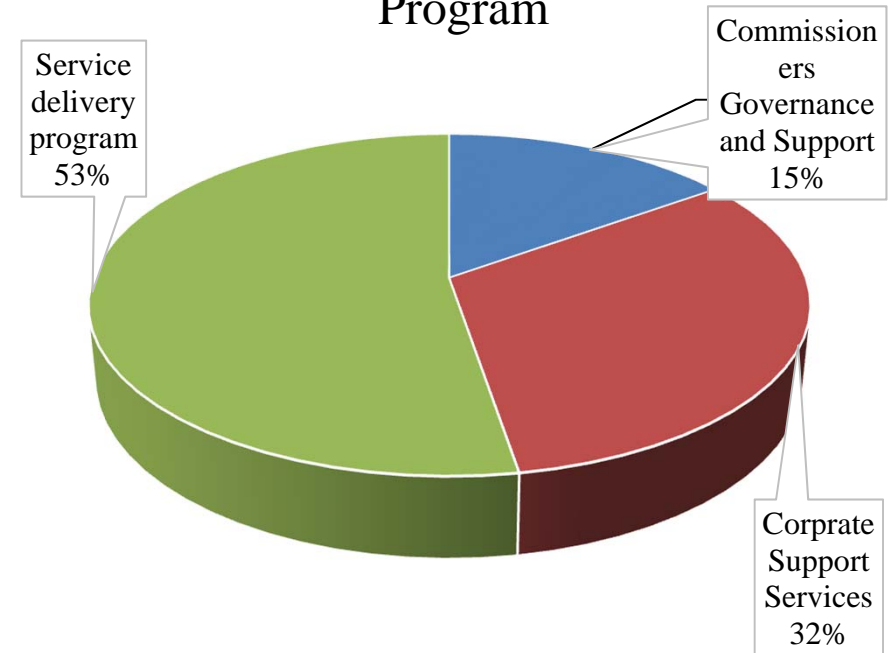
- Transfers (real) are evidently growing slowly. It is anticipated to erode as the norm for salary increase is more than the CPI or Treasury's rate of increase to the baseline. The CGE budget is CoE sensitive and thus a 1% increase in CoE shocks the baseline dramatically and drastically.
- But CGE has consistently had surpluses. As noted the savings are a result of vacancies (within the funded establishment). Such savings have been used to defray expenses in

# COMMISSION FOR GENDER EQUALITY CONT...

CGE: Personnel costs/Total Revenues



Distribution of Expenditure Per Program



- Not surprising that over 50% is for personnel because mandate of CGE is services related. CGE uses various professionals to execute its mandate
- Over half is also spent on its mandate.

# CGE FUNDING GAP

- FFC conducted an investigation of the current funding of CGE (including other Institutions Supporting Democracy: ISDs)
- The purpose was to arrive at concrete proposals aimed at assisting funding of CGE (including other ISDs)
- The findings show that the Funding gap for CGE is as follows:

	Actual Funding	Increase To Achieve Adequacy	% Increase to Achieve Adequacy	Implied New Funding Level
Commission for Gender Equality	78.3	29.0	37%	107.3

# FUNDING REQUIREMENTS POST BUDGETARY REDUCTIONS OF 2014

Notes	MTEF Projections 2015/2016	MTBS Reductions	Actual allocation Dec-14 2015/2016	
Direct allocation ex - revenue fund		70.8	-3.1	67.7
Indirect - funded by DPW – Office accommodation country-wide		7.5	0	7.5
<b>Total funding</b>		<b>78.3</b>	<b>-3.1</b>	<b>75.2</b>
<b>Increase to achieve adequacy</b>		<b>29</b>	<b>3.1</b>	<b>32.1</b>

This has compounded the funding deficiency

## Key reasons for the increase

- CGE has had problems of underfunding which were absorbed by the Commission as it functioned with vacant positions in its approved establishment. The reported surplus funds were used to defray/cross subsidise operations in previous periods. **The critical positions have now been filled and such surplus funds will not recur**
- The CGE baseline cannot accommodate the budgetary reductions ( R3,1 m for 2015/2016 and R4 m for 2016/2017. In real terms the budget is eroded by up to 10% p.a. – This **Risks many CGE operations**
- NB: Legislative mandate of CGE has not been adequately funded e.g. PEPUDA obligations was never specifically funded by the fiscus thus the CGE is not enabled to effectively execute this mandate.



# CONCLUSION

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- The growth in transfers to CGE is slow and expected to be eroded further by budgetary reductions of R3.1 million for 2015/16 and R4 million in 2016/17. This will risk many CGE operations.
- The surpluses reported will not re-occur because all vacancies have now been filled.
- The committee to note that the CGE annual funding is not commensurate with its mandated legal obligations to deliver services in an effective manner. This poses a risk of sustainability and continuity of the CGE's operations. Hence, it is important that the funding situation be reviewed in order to ensure optimal and effective functioning.



## ANNEXURE

# FFC RECOMMENDATIONS

*Briefing to the Portfolio Committee on Women*

# FFC RESEARCH ON GENDER

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*Gender Issues have a Fiscal Dimension and thus within the Commission's mandate)*

- FFC has made a number of studies with a bearing on gender, *inter alia*:
  - **Gender Responsive Budgets:** An important tool for reducing gender inequality and improving food security
  - ECD funding: Well functioning ECDs have the potential to allow women to spend more time on productive work
- The following slides reiterate these recommendations

# FFC RECOMMENDATIONS ON GENDER BUDGETING

FFC recommendations	Government response	
<p>The national and provincial governments should:</p> <ul style="list-style-type: none"> <li>• Run gender budgeting pilots in a few municipalities first and evaluate results before wider application. These pilots could be linked to ensuring gender disaggregated data for key conditional grants as part of the grant framework in the Division of Revenue Act</li> <li>• Ensure municipal integrated development plans institutionalise gender planning by sector (e.g. water and sanitation, local economic development etc.) and include gender disaggregated performance indicators and targets; Provide gender budgeting good practice guides and toolkits</li> <li>• Provide guidelines for collecting sex-disaggregated data for budgeting processes and ensure that municipalities have the capacity to analyse budgets from a gender perspective</li> </ul>	<p>Government supports the proposals, which will help ensure that the collection and allocation of public resources is effectively carried out and contributes to advancing gender equality and women’s empowerment. It will provide tools to assess the different needs and contributions of men, women, boys and girls within existing revenues, expenditures and allocations, and will call for adjusted budget policies to benefit all groups</p>	<p>DW is engaging NT on budgets and has indicators on GRB in its strategic plan.</p>

# FFC RECOMMENDATIONS ON GENDER BUDGETING

FFC recommendations	Government response	
<p>The local government should:</p> <ul style="list-style-type: none"> <li>• Institutionalise gender-responsive budgeting process linked to integrated development plans</li> <li>• Build capacity for gender mainstreaming and gender responsive budgeting at local level</li> <li>• Ensure gender-responsive appropriations and budget allocations and</li> <li>• Ensure gender-sensitive public participation and consultations at local level</li> </ul>	<p>Gender-responsive budget analysis, along with legislation and other practical policy measures, can address gender bias and discrimination</p> <p>It is a step towards increased accountability and public transparency, and it can shift economic policies leading to gains across society</p> <p>However, the proposals' implementation may be hindered by capacity constraints in municipalities</p>	<p>No record of any progress on this recommendation</p>

# FFC RECOMMENDATIONS ON ECD (2016/17 FFC DoR SUBMISSION)

## *FFC Recommendations on fiscal arrangements for financing ECD:*

- Government provides a full or partial capital subsidy for constructing and/or upgrading community- and NPO-based ECD facilities, through the municipal infrastructure conditional grant. The funding will facilitate compliance with the required infrastructure norms and standards, ensure that capital expenditure for ECD is carried out through municipalities and minimise inequities in quality standards and service levels.
- The Department of Social Development introduces a temporary funding programme from within its allocated budget through which self-identified private ECD facilities in poor areas can apply for capital subsidy assistance, on condition that they agree to meet pre-specified deliverables such as enrolment targets, operational sustainability, educational activities and financial accountability.

# FFC RECOMMENDATIONS ON ECD CONT'

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- The national and provincial departments of social development develop an ECD infrastructure sector plan, indicating areas that requires urgent intervention, to inform the allocations and investment in ECD infrastructure by the different government spheres and departments.
- The provincial departments of social development lobby for the ECD infrastructure plan to be incorporated in municipal IDPs.
- Government makes available technical intermediary services to ECD facilities that are able to build or upgrade facilities on their

# FFC RECOMMENDATIONS ON ECD CONT...

## *FFC recommendations on economic and social value of grants:*

- Government makes more resources available through the transfer system to enable progressive realisation of an ideal child-support system. An ideal child-support system is a system that relaxes the existing means test and moves towards faster universalisation of the Child Support Grant (CSG). This should happen even under fiscal consolidation because of the social and economic benefits.
- Government puts in place a system to ensure coverage is extended to children currently excluded from accessing the CSG for administrative reasons.
- Government moves faster towards consolidating the various social protection instruments (CSG, Foster Child Grant, UIF, social wage, etc.), as part of the longstanding reform of the social security system because of the significant effects on reducing child poverty.



# ECD RECOMMENDATIONS CONT...

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## *FFC recommendations on economic and social value of grants:*

- National Treasury provides advice to departments and agencies working with children on developing major cross-portfolio initiatives aimed at eliminating child poverty. To date, a range of child poverty measures have been accommodated and scattered across many agencies, but these should be nested within a new unified outcomes framework of related agencies because of synergies with related programmes.



FINANCIAL  
AND FISCAL  
COMMISSION

THANK YOU.

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