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**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA  
ANNUAL REPORT 2019/20

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*An activist and responsive people's Parliament that improves the quality of life of South Africans  
and ensures enduring equality in our society.*









**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

**SUBMISSION OF THE ANNUAL REPORT  
TO THE EXECUTIVE AUTHORITY**

Hon. T.R. Modise, Speaker of the National Assembly and  
Hon. A.N. Masondo, Chairperson of the National Council of Provinces,

I have the honour of submitting the Annual Report of  
the Parliament of the Republic of South Africa for the period of 2019/20.

*Pnyawa*  
**MS PN/TYAWA**

Acting Secretary to Parliament

**28/10/2020**

Date of Submission



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SOUTH AFRICA

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**LIST OF ABBREVIATIONS**

<b>AU</b>	African Union
<b>APP</b>	Annual Performance Plan
<b>BRRR</b>	Budgetary Review and Recommendations Report
<b>CLSO</b>	Constitutional and Legal Services Office
<b>CPA</b>	Commonwealth Parliamentary Association
<b>DPW</b>	Department of Public Works
<b>DRT</b>	Digital Recording and Transcription
<b>EA</b>	Executive Authority
<b>EPMO</b>	Enterprise Project Management Office
<b>FMPPLA</b>	Financial Management of Parliament & Provincial Legislatures Act, 2009
<b>HR</b>	Human Resources
<b>ICT</b>	Information and Communication Technology
<b>IPU</b>	Inter-Parliamentary Union
<b>ISD</b>	Institutions Supporting Democracy
<b>MP</b>	Member of Parliament
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NA</b>	National Assembly
<b>NCOP</b>	National Council of Provinces
<b>NDP</b>	National Development Plan
<b>NEHAWU</b>	National Health Education & Allied Workers’ Union
<b>PAP</b>	Pan-African Parliament
<b>PBO</b>	Parliamentary Budget Office
<b>PDOS</b>	Parliamentary Democracy Offices
<b>PGIR</b>	Parliamentary Group on International Relations
<b>SADC-PF</b>	Southern African Development Community Parliamentary Forum
<b>SALSA</b>	Secretaries’ Association of the Legislatures of South Africa
<b>SDGs</b>	Sustainable Development Goals
<b>UN</b>	United Nations





## 1. EXECUTIVE AUTHORITY STATEMENT

The 2019-2020 financial year marked the end of the fifth Parliament and the beginning of the sixth Parliament. The 2019 national and provincial elections saw an increase in the number of political parties and therefore many more citizens running for Parliament. This reaffirms the commitment by South Africa, to live in a society that is based on the democratic values, governed by the will of the people and where everyone is equal before the law.

The sixth Parliament had its first sittings on the 22nd (NA) and 23rd (NCOP) May 2019. Members were sworn in and the election of the President, Speaker and Deputy Speaker in the National Assembly as well as the election of the Chairperson and Deputy Chairperson in the NCOP, took place. This then enabled the re-establishment of key structures within Parliament.

The increase of the new political parties and the inclusion of new members in the returning parties led Parliament to plan for a series of focused induction sessions for Members. These induction sessions were meant to strengthen the capacity of these newly elected public representative to carry out their constitutional mandate on oversight, law making, public education as well as public participation.

The sessions assisted with orientation and induction of members on a range of issues from history of Parliament, code of ethics, the rules, conventions and practices of Parliament.

It was also necessary to enable Members to understand their responsibilities in respect of the developmental goals as set out in the National Development Plan, Agenda 2063, the affiliations and responsibilities we hold internationally. The importance amongst others of the SADC-PF, Pan African Parliament and the African Union and the role of South Africa in the international politics was also clarified.

The members were given the opportunity to participate in the 6th Parliament planning session to develop policy priorities and direction. An assessment of the priorities of the past Parliaments was made; budget allocations were studied and the decision to reduce the number of priorities to match our capacity and needs were arrived at. This process becomes even more important given the recent multiple year decrease of our economy.

It is important to note that the planning sessions and deliberations were guided by the key pillars of the electoral mandate for South Africa's 6th Administration - namely transforming the economy to serve the people; advancing social transformation; building national unity and enhancing our unity in diversity; building safer communities; promoting integrity and fighting corruption. Political parties also agreed that improving committee oversight work; improving effective public hearings; enhancing research capacity and legal support; monitoring and tracking of decisions and resolutions of committees of the House, as well as commitments nationally and internationally was critical for their work. Members also want to see modern technology and efficiencies improving productivity and saving costs.

The strategic plan for 2019 - 2020 outlines the long term impact of Parliament as well as the medium term outcomes for the 2019 - 2024 period.

Parliament's strategic outcomes includes the increase of government's responsiveness and accountability to the people. This can be done by increasing the capacity in committees for quicker and deeper logic and coherence, cumulative and frequent plenaries, committee meetings, constituency work and international platform work. Simply put oversight work must be intensified to produce quicker and quality services desired for positive societal transformation. Public engagements must increase to strengthen the public representative's voice on the floor of the House. These engagements increase credibility of the public representative and the power of the electorate

Parliament has also participated in the 141st Inter Parliamentary Union Assembly in Belgrade, Serbia; BRICS Parliamentary Forum (universal healthcare); SADC-PF (Harnessing the power of Parliaments to expand universal Health coverage). Parliament also attended the 64th CPA Conference held in Kampala, Uganda under the theme: "Adaption, engagement and evolution of Parliaments in a rapidly changing Commonwealth. The G20 Parliamentary Speakers Summit in Tokyo, Japan was hosted under the theme "Promotion of free, open and fair Trade and Investment. South Africa, leading the debate, called for reform's to enable developing economics to compete equally especially citing Africa's challenges as a region.

For the 2019-2020 financial year end, 24 out of 43 bills that were before Parliament were processed by the end of March 2020. The Announcements, Tabling of Committee matters and reports (ATC) were 169. During this period (8) eight section 139 interventions were made in different municipalities.

During this period the discussions, debates and initiatives on proposed reforms, National Health Insurance (NHI), the land redress as well as domestic and gender based violence took place.

On Parliamentary oversight, both Houses held 756 committee meetings; 31 oversight visits were undertaken and 237 reports were tabled as a result of these oversight visits, quarterly reports and Budget vote related matters.

Over 1000 written questions were put to the Executive. There were 437 questions for oral response put to the Executive including questions to the President and the Deputy President.

Sectoral Parliaments and stakeholder meetings were held, bringing various communities to air their views and to make recommendations to policies, laws and other national interest matters. The Parliamentary Democracy Offices (PDOs) embarked on several workshops to educate the public about the work and responsibilities of Parliament e.g. the Fourth Industrial Revolution, Budget, SONA, etc.

The transition from 5th to 6th Parliament was smooth except for the disruptions brought about by the COVID-19 pandemic. This challenged the reliability, resilience and the adaptability of our resources and systems. Parliament-operating model had to be adjusted. Parliament drastically reduced business on the premises in March 2020 inline with the Lockdown

regulations. This forced us to look at our information and communications technology infrastructure, the rules and the budget to enable the Houses and the committees to function virtually.

If there is one thing the COVID-19 pandemic's disruptive behavior has taught us, it is that Parliament must not be complacent with its capacity. Flexibility and adaptability in our systems are important. Continuous training of the personnel and members of Parliament on technologies and systems is very important to ensure that at all times our oversight responsibilities are honored, our committees and constituencies are informed and involved. Parliament must be agile and more responsive to the needs of all the People.



**Ms Thandi Modise**

Speaker: National Assembly

Date: 05/11/2020



**Mr Amos Masondo**

Chairperson: National Council of Provinces

Date: 05/11/2020





## 2. ACCOUNTING OFFICER'S STATEMENT

As the tribune of the people, Parliament derives its mandate from the Constitution of the Republic of South Africa. Central to Parliament's mandate are the three constitutional imperatives of law-making, oversight and public participation. The parliamentary administration features in the parliamentary business value chain as a predominant role player that is tasked with supporting the work of Members of Parliament as they discharge their constitutional responsibilities, carry the hopes and aspirations of the citizens and harness collective efforts aimed towards realisation of the country's developmental goals. This report therefore reflects and provides an account of the work of the parliamentary administration during the 2019/2020 financial year.

The 2019/2020 financial year did not only coincide with the end of the 5th parliamentary term and the 2019 national and provincial elections, but it also unfolded in tandem with the establishment of the 6th democratic parliament. As the Parliamentary Administration, we had to roll our sleeves and prepare for the important task of welcoming both new and returning Members of Parliament (MPs) and readying them to discharge their constitutional duties unobstructed.

Apart from being responsible for the smooth exit of non-returning Members of Parliament, including relocation and travel logistics, exit gratuities, pension exits, final salary and facility payments, as the parliamentary administration we have to channel all energies and resources towards the establishment of the 6th democratic parliament. Consistent with the beginning of a new parliamentary term, operational support was provided by the parliamentary administration in the following areas; onsite registration process; arrangement of establishment fee allocations; immediate salary payments; opening of travel facilities for the members and their registered dependents; allocation of tools of trade such as phones and laptops and provision of facilities such as airport parking cards, office furniture and more.

Moreover, besides the logistical support, technical and procedural support was also provided in the following areas: the registration and swearing-in of new Members of Parliament; the election and appointment of key political office bearers and; the re-establishment of key political structures within Parliament. The induction and orientation programmes for new Members of Parliament, new Speakers and Deputy Speakers of the 6th term were also conducted. Subsequent to that, the parliamentary administration also extended its assistance in the two State of the Nation Addresses, two budget speeches and the Medium Term Budget Policy Statement.

But more importantly, the development of the Policy Priorities and Strategic Plan that would guide the work of Parliament over the 5-year term unfolded after the above processes and activities were concluded. The process of drafting a new Strategic Plan for the 2019 – 2024 Parliamentary term began in earnest and it was informed by the following constitutional obligations: Oversight and Accountability; Law-Making; Public Involvement; Cooperative Governance; International Engagement.

With regards to performance information, during the 2019/2020 reporting period, the Parliamentary Administration has seen a steady improvement in terms of efficiency of its systems and processes. Not only has Parliament maintained its good governance record and impeccable financial reporting standards, but its overall institutional performance has been maintained at historical high levels. Of the sixteen institutional performance indicators measured, twelve met target translating to an overall institutional performance level of 75 percent. This is a historical high level of performance in an election year which saw large scale institutional change as we transitioned from the 5th to the 6th term of Parliament. Furthermore, the 2019/2020 financial year required Parliament to contend with reduced operational budgets as a result of reduced budget appropriation, realignment in various functional areas, a new operating model and the uncharted terrain of the COVID-19 pandemic. Our performance level affirms Parliament's ability to respond and adapt to the rapidly changing internal and external environment.

2019/2020 saw relative improvements in client satisfaction surveys (such as support provided to Members of Parliament). These surveys allow the Parliamentary Administration to continuously refine and improve the quality of services offered to Members of Parliament. We continue to develop the capability of the institution by investing in our people. Learning and development interventions, such as the Executive Development Programme, Women in Leadership Programme and New Managers Development Programmes were successfully rolled out during the year. Furthermore 58 employees enrolled in Parliament's bursary scheme. The maintenance of a stable labour relations climate and the move towards sector collective bargaining bodes well for our aspirations to the attainment of the institution's vision.

As the end of the financial year was drawing closer, the institution could not escape the effects of Covid-19. The business of Parliament was disrupted and the robustness of the institution's systems and processes was put to the test. The institution had to adapt to new ways of working as seen with the introduction of virtual committee meetings and plenaries. Since we are halfway through the 2020/2021 financial year, the lesson to be drawn from the working realities of the current reporting period (2019/2020) is that, as the institution is busy adapting to the 'new normal' heralded by Covid-19, undoubtedly, its business processes and systems ought to remain anchored on the truism that, 'forging the future means embracing the unknown'. Parliament has embraced the changes and views the current difficulties as an opportunity to modernise and redefine the work of Parliament.



**Ms/PN Tyawa**

Acting Secretary to Parliament





B





### 3. GENERAL INFORMATION

Parliament exists to represent the people and to ensure that government delivers on its promises and undertakings to the public. Parliament also provides a national forum for the public consideration of issues, and the representation of provincial and local government interests in the national sphere. In so doing, Parliament must ensure meaningful public involvement in its processes. Parliament is guided in its work by its vision, mission and values.

#### a. Vision, Mission & Values

##### **Vision:**

To be an activist and responsive people's Parliament that improves the quality of life of South Africans and ensures enduring equality in our society.

##### **Mission:**

Parliament aims to serve the people of South Africa by providing:

- A vibrant people's assembly that intervenes and transforms society and addresses the development challenges of our people;
- Effective oversight over the Executive by strengthening its scrutiny of actions against the needs of South Africans;
- Participation of South Africans in the decision-making processes that affect their lives;
- A healthy relationship between the three arms of the State, that promotes efficient co-operative governance between the spheres of government, and ensures appropriate links with our region and the world; and
- An innovative, transformative, effective and efficient parliamentary service and administration that enables Members of Parliament to fulfil their constitutional responsibilities.

##### **Values:**

In keeping with its vision and mission, Parliament has adopted the following values in carrying out its mandated work.

- Openness
- Responsiveness
- Accountability
- Teamwork
- Professionalism
- Integrity

## b. Organisational Structure

The parliamentary administration provides professional support services to the Houses of Parliament, committees and individual Members of Parliament. This primarily takes the form of information and advisory products and services and facilities management services, which capacitate and enable Members of Parliament to fulfil their constitutional obligations. The organogram below depicts the operating model and organisational structure of the Parliamentary Administration.

**Figure 1a: Old Organisational Structure of the Parliamentary Service**

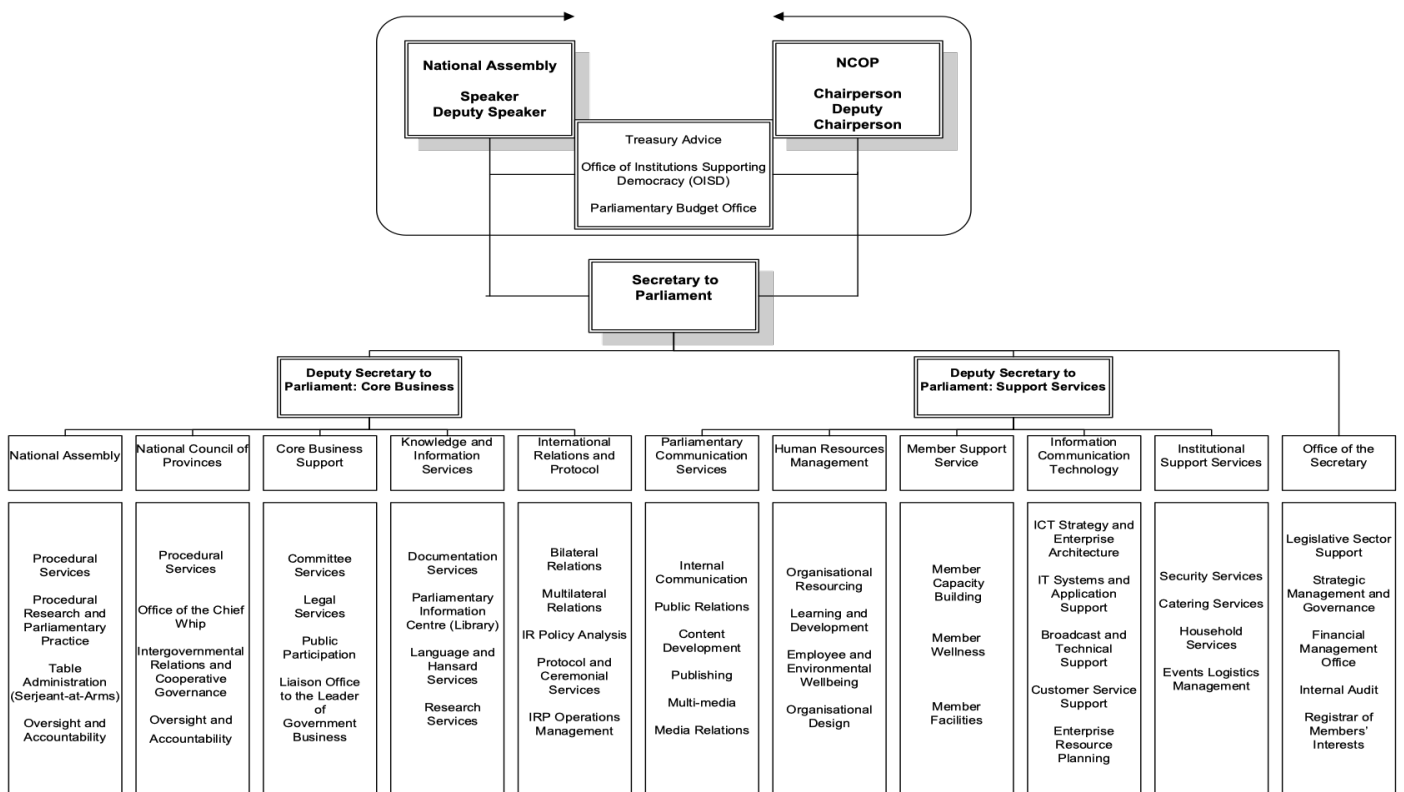
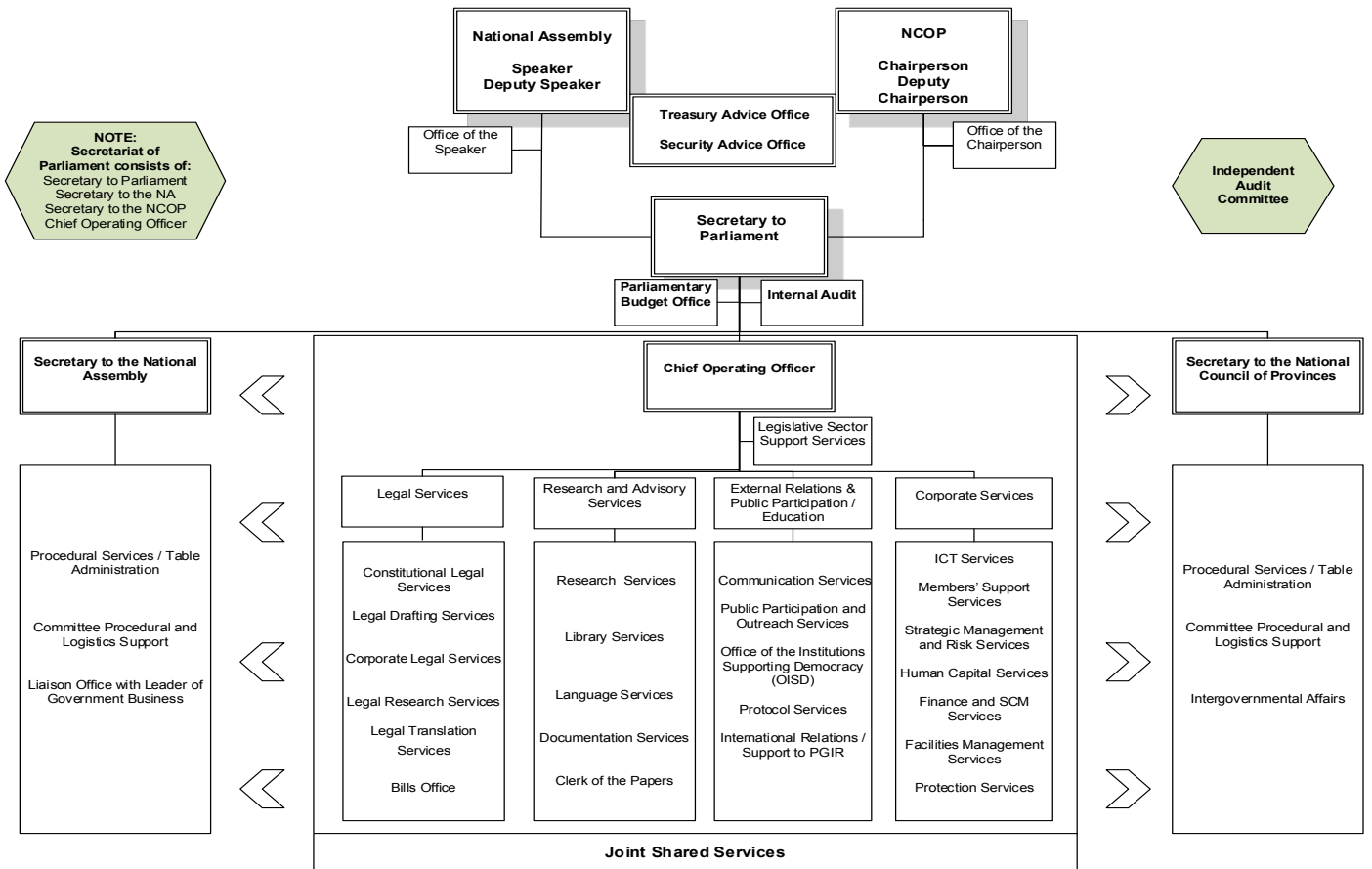


Figure 1b: New Organisational Structure of the Parliamentary Service



### c. Legislative and Other Mandates

Parliament is guided in its mandate by the key laws depicted in the table below:

**Table 1: Legislative Mandate of Parliament**

<b>NO.</b>	<b>LEGISLATION/ MANDATE</b>	<b>PURPOSE</b>
1	Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)	Chapter 4 of the Constitution stipulates how Parliament must conduct its work – its composition, functions and powers.
2	Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009)	To regulate the financial management of Parliament in a manner consistent with its status in terms of the Constitution; to ensure that all revenue, expenditure, assets and liabilities of Parliament are managed efficiently.
3	Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009) as amended	To provide for a procedure to amend money Bills before Parliament and for norms and standards for amending money Bills before provincial legislatures and related matters.
4	Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, 2004 (Act No. 4 of 2004)	To define and declare certain powers, privileges and immunities of Parliament, provincial legislatures, Members of the National Assembly, delegates to the National Council of Provinces and Members of provincial legislatures; and to provide for incidental matters.

### d. Offices Reporting to The Executive Authority

The following offices report to the Executive Authority (EA) of Parliament:

**Table 2: Offices reporting to the Executive Authority**

<b>NAME OF ENTITY</b>	<b>LEGISLATION/ RESOLUTION</b>	<b>NATURE OF BUSINESS</b>
Parliamentary Budget Office (PBO)	Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009)	To provide independent, objective and professional advice and analysis to Parliament on matters related to the National budget and other money Bills. To support the implementation of the Money Bills Act by undertaking research and analysis for the committees referred to in section 4 of the Act.

<p>Office on Institutions Supporting Democracy (OISD)</p>	<p>National Assembly Resolution 21 of November 2008</p>	<p>To facilitate and co-ordinate all engagements between Parliament and the constitutional Institutions Supporting Democracy (ISDs).                  To enhance and provide support to the National Assembly in discharging its constitutional obligations of oversight, accountability and support relevant to these institutions via the Speaker of the National Assembly.</p>
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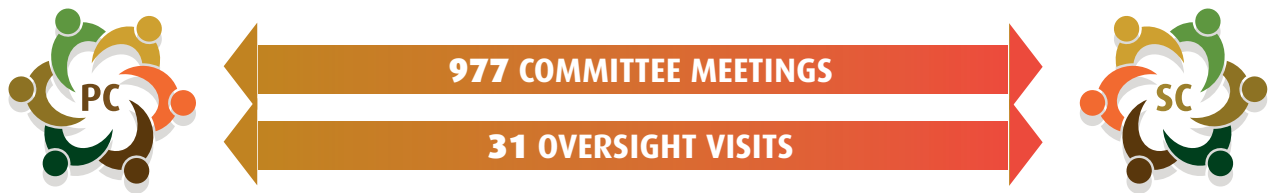






## 2019-20 PERFORMANCE

**17 Bills Passed** | **8 Section 139 Interventions**



**360**  
House papers



**13**  
Legal opinions



**647**  
Procedural Advice



**305**  
Reports of Committees



**1158**  
Minutes



**1010**  
Research & info Papers



**32**  
Budget analyses



**129**  
Hansard reports



**851**  
Translations



**247**  
Info requests



**43611**  
Travel Claims



**9499**  
Instagram Followers



**614683**  
Twitter Followers



**844790**  
Website unique Visitors



**906903**  
Views



**1089300**  
Publications Distributed



**21**  
Public Hearings



**27269**  
Visitors





## 4. HIGHLIGHTS OF THE BUSINESS OF PARLIAMENT

The strategic outcome, budget programme structure and the organisational structure of Parliament are predicated on the business of Parliament, as set out in the Constitution. The Constitution is the supreme law of the Republic and lays the foundation for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law. It stipulates the values and mechanisms for governance of a uniquely people-centred democracy.

Parliament represents the people and provincial interests in order to ensure government by the people, under the Constitution. Such representation takes place in the activities of passing legislation, overseeing and scrutinising executive action, and the facilitation of public involvement, co-operative government and international participation. Although these processes are somewhat distinct in their nature and operations, they are also interconnected and interrelated.

One of the most important responsibilities of Parliament in ensuring service delivery to the citizens is to have oversight over the government's implementation of policies and legislation and holding the government accountable. The key mechanisms used to accomplish this include calling members of the executive and other entities to various committee meetings in both Houses (National Assembly and National Council of Provinces).

After the national elections on 8 May 2019, all Chairpersons of committees were elected signaling the establishment of parliamentary committees in the National Assembly and Joint Committees. Following this, Members of Parliament were inducted on procedural matters and the scope and mandate of committees. The Members were also taken through the oversight cycle of parliament as well as the various stages of the budget cycle. The committees were presented with the previous parliamentary terms' Legacy Reports in preparation for the development of the five year strategic plans and yearly operational plans.

During the 2019/20 financial year, 756 committee meetings were held, 31 oversight visits undertaken and 237 reports produced that emanated from these oversight visits, quarterly reports and budget vote reports. 9 reports on petitions and 16 other reports were produced. Furthermore, 2 statutory appointments were made. This contributed to the efforts to strengthen oversight and accountability.

The timeous finalisation of 8 interventions also contributed to efforts to strengthen cooperative government and intergovernmental relations as well as ensuring that both national and provincial governments support and strengthen the capacity of municipalities to manage their own affairs. Some of the key interventions included:

- From 23 – 25 October 2019 the Select Committee on Cooperative Governance and Traditional Affairs undertook an oversight visit to Musina Local Municipality, Makhado Local Municipality,
- On 27 August 2019 the Select Committee on COGTA undertook a visit to Dr Ruth Segomotsi District Municipality, North West Province to consider the notice of intervention issued in terms of S139(1)(a) of the Constitution in Dr Ruth Segomotsi District Municipality, North West Province.
- On 29 August 2019 Select Committee on COGTA undertook an oversight visit to JB Marks Local Municipality in North West Province. The purpose was to conduct in loco-inspection on notice of intervention issued in terms of S139(1)(b) of the Constitution in JB Marks Local Municipality in North West Province.

- On 29 August 2019 the Select Committee on COGTA undertook an oversight visit to Fetakgomo Tubatse Local Municipality, Limpopo Province. The purpose was to consider the notice of intervention issued in terms of S139(1)(b) of the Constitution in Fetakgomo Tubatse Local Municipality, Limpopo Province.
- On 2 September 2019 the Select Committee on COGTA undertook the oversight visit to Phokwane Local Municipality in Northern Cape Province. The purpose was to conduct in loco-inspection on notice of intervention issued in terms of S139(1)(b) of the Constitution in Phokwane Local Municipality in Northern Cape Province.
- On 3 September 2019 the Select Committee on COGTA undertook an oversight visit to conduct in loco-inspection on notice of intervention issued in terms of S139(1)(b) of the Constitution in Mtubatuba Local Municipality, KwaZulu-Natal Province. On the same day Committee undertook the oversight visit to conduct in loco-inspection on notice of intervention issued in terms of S139(1)(b) of the Constitution in Msunduzi Local Municipality, KwaZulu-Natal Province.

Key pieces of legislation were passed after conducting 21 public hearing campaigns some of which were held in various provinces. Moreover, adverts were issued in most cases in all languages to reach the broader community. This also contributed to the strengthening of the legislative capacity (law making process) of Parliament. Some of the key pieces of legislation processed include:

- Foreign Service Bill
- Special Appropriation Bill
- Taxation Laws Amendment Bill [B18 – 2019]
- National Minimum Wage A/B
- Rates and Monetary Amounts Amendment Bill [B17-2019]
- Tax Administration Laws Amendment Bill [B19-2019]
- Division of Revenue Amendment Bill [B15 -2019]
- Adjustment Appropriation Bill [B16 – 2019]
- Special Appropriation Bill, 2019

The Bills office processed 18 Bills which were introduced. 17 Bills were passed and 28 Bills assented to. The turnaround time for Bills passed and submitted to the President for assent was reduced dramatically, to accommodate a congested parliamentary programme following the 2019 elections and then also in anticipation of the nationwide lockdown in March 2020. A total of 167 Announcements Tabling Committees (ATC's) were published during the period under review.

Some of the other key matters dealt with by Parliamentary Committees during the 2019/2020 financial year included:

**I. The introduction of the National Health Insurance Bill and the widespread public hearings held in 6 provinces before the COVID-19 lockdown was imposed:**

The objective of the Bill is to achieve universal access to quality health care services in South Africa. At the beginning of September 2019, Parliament called for written submissions from the public on the NHI Bill with a closing date of 29 November 2019 for submissions. As at 3 March 2020, public submissions in response to the advert were received as follows:

- Over 30 000 hand delivered submissions
- Over 32 000 email submissions (some submissions contain several other individual submissions)

- A submission from an organization with 103 554 further submissions
- Another submission with 177 602 submissions (USSD code, mobi-site, hand written multipage)

On 25 – 28 October 2019 the Portfolio Committee on Health, started its first round of public hearings in Mpumalanga on the National Health Insurance (NHI) Bill. Committee meetings were held in the late afternoon to ensure that all interested South Africans are afforded an opportunity to participate in the hearings. Nationwide public hearings were conducted during which participants contributed to strengthening the Bill, despite there being mixed and diverse views on NHI.

**I. The drafting of the 18th Constitution Amendment Bill seeking to amend section 25 of the Constitution to provide for expropriation of land without compensation:**

Towards the end of the 5th Parliament, the ad hoc committee drafted the bill amending Section 25 (S25) of the Constitution in accordance with its objective to initiate and introduce legislation amending S25 of the Constitution. The Bill (Constitution Eighteenth Amendment Bill) was then introduced in the 6th Parliament for processing. The aim of the Bill is to amend the Constitution of the Republic of South Africa, 1996, so as to provide that where land and any improvements thereon are expropriated for the purposes of land reform, the amount of compensation payable may be nil; and to provide for matters connected therewith.

The ad hoc committee embarked on the public participation process wherein the Bill was advertised and held public hearings in all provinces in order to solicit the views of the public. Public hearings were conducted in 6 provinces (Mpumalanga, Free State, North West, Gauteng, Eastern Cape and Kwazulu-Natal) with 3 provinces (Northern Cape, Limpopo and Western Cape) not visited. The number of participants were over 2 000 with over 1087 submissions being made to the committee. On average, each public hearing took about 3h30min and approximately 60 persons spoke and/or made their submissions per public hearing. Parliament developed educational material based on the bill and other critical documents for the process.

Furthermore, educational sessions were conducted on the bill in each province at least two weeks prior to the public hearings. The aim of the public education was to ensure that people were informed and understood the contents of the Bill thus enabling them to make meaningful contributions during the public hearings. Parliament went out to mobilize citizens to attend the public hearings. The aim of the mobilization was to allow for as many people as possible to attend and participate in the law making process. In this regard, people were provided with transport to enable them to attend the public hearings.

The Constitution places the obligation on Parliament to involve the public in its legislative processes in keeping with the principles of an open and democratic society. In this respect, the Parliamentary Administration plays an important role in facilitating briefings and deliberations on the Bills before the committees. To enhance public participation, the Parliamentary Administration send out adverts calling for public submissions and also facilitate public hearings. Parliament, during the 2019/2020 financial year, facilitated activities aimed at improving access for citizens to participate in the processes of Parliament which included the following:



- **Ongoing Stakeholder Engagements**

Parliament collaborated with internal and external stakeholders, focusing on the implementation of Parliament's stakeholder engagement strategy, by facilitating a total of 30 round-table discussions, dialogues, workshops and information sharing sessions as well as regular updates and electronic engagement. These were conducted with representation from tertiary institutions, civil society, public sector institutions and provincial legislatures.

- **Awareness-raising campaigns**

Parliament facilitated 7 awareness-raising campaigns with key internal and external stakeholders. These included the:

- Mandela day celebrations (July 2019),
- Women's Day with the Disability Sector (August 2019),
- 25-year Review of the Women's' Charter (August 2019),
- DEAF awareness month
- International Day of Sign Languages (September 2019)
- 30th anniversary of the United Nations Convention on the Rights on the Children's Charter (November 2019)
- 16 Days of Activism in Khayelitsha
- World Aids Day as part of (December 2019)
- Tourism Month in KZN (September 2019)

- **Visitors-to-Parliament programme**

The total number of visitors to Parliament amounted to 15 969 during the 2019/20 period despite a downturn in the economy and financial constraints. Groups included: the general public, international and local visitors, schools, tertiary institutions, government departments, diplomats and members of parliaments, civil society organisations and staff. The provision of educational tours of the Parliamentary precinct provides access to Parliament, promotes active citizens and seeks to enhance meaningful participation in Parliament. Parliament is currently developing a feedback questionnaire for local organisations to ascertain the best platforms to advertise the Visitors to Parliament programme to close the public participation cycle. Parliament also developed an e-Learning programme for internal and external stakeholders as an introduction to Parliament.

- **Production and distribution of public education materials**

59 materials were produced, with some translated into the 11 official languages and Braille. 771 224 materials were distributed electronically and in hard copy to ensure better provision of more targeted and more regular information to citizens.

- **Parliamentary Democracy Offices**

During the 2019/20 financial year the Parliamentary Democracy Offices (PDOs) embarked on several stakeholder engagement workshops to educate the public about the work of Parliament. These included amongst others: Establishment of the 6th Parliament, State of the Nation Address, Budget Speech and 4th Industrial Revolution. A total of 3497 people were reached and educated about the work of Parliament through the 19 workshops that were held with local municipalities in the Northern Cape Province. A total of 3740 people were reached and educated about the work of Parliament through the 49 workshops that were held with wards, schools, colleges, traditional leaders in several districts in the North West Province.

5



## 5. INTRODUCTION & BACKGROUND

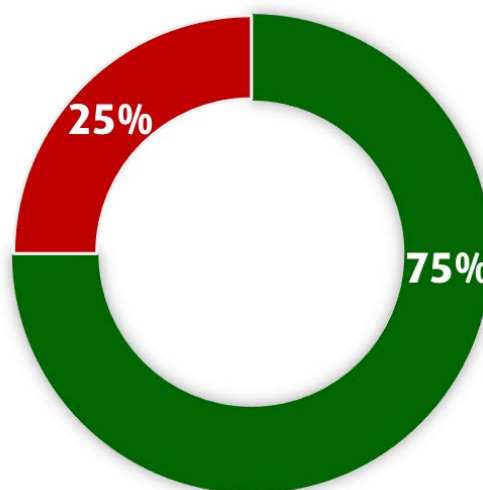
Parliament’s 2019/2020 Annual Performance Report gives an account of the 16 indicators in the Annual Performance Plan of the 2019/2020 financial year. Of the sixteen indicators measured, those that met target included the following:

- Number of analytical reports per year
- Percentage of analysis reports on ISDs related matters within agreed time frames
- Number of reports on ISDs related resolutions
- Number of programmes implemented
- Number of reports prepared on implementation of Sector Strategy
- Percentage of population having access to participate in parliamentary processes
- Percentage of population participating in parliamentary processes
- Client satisfaction level (percentage of clients satisfied with service levels)
- Percentage of universal access
- Client satisfaction level (percentage of clients satisfied with service levels)
- Percentage of increase in talent management index
- Percentage of payments made compliant to policy

Targets were missed for the percentage of strategic, procedural, legal advice and support provided within stipulated timeframes (Office on Institutions Supporting Democracy), the percentage of service provision as per the Service Charter, the percentage population aware of Parliament, and the average days for the reimbursement of Members. As seen in figure 2 below, overall, Parliament achieved 75% of its performance targets.

**Figure 2: Overall Institutional Performance**

**Institutional Performance 2019/20**



**Table 3: Overall Performance**

Total Indicators	16	
Indicators Targets Met	12	
Indicators Targets Not Met	4	

During the 2019/2020 financial year, the APP of Parliament is tracking 16 performance indicators. Many of the APP indicators remain largely the same as the previous financial year due to this being a transitional year into a new strategic plan for the 6th Parliament. Of the 16 indicators tracked, 12 met their targets, and 4 did not meet their targets.









## 6. INFORMATION ON PRE-DETERMINED OBJECTIVES

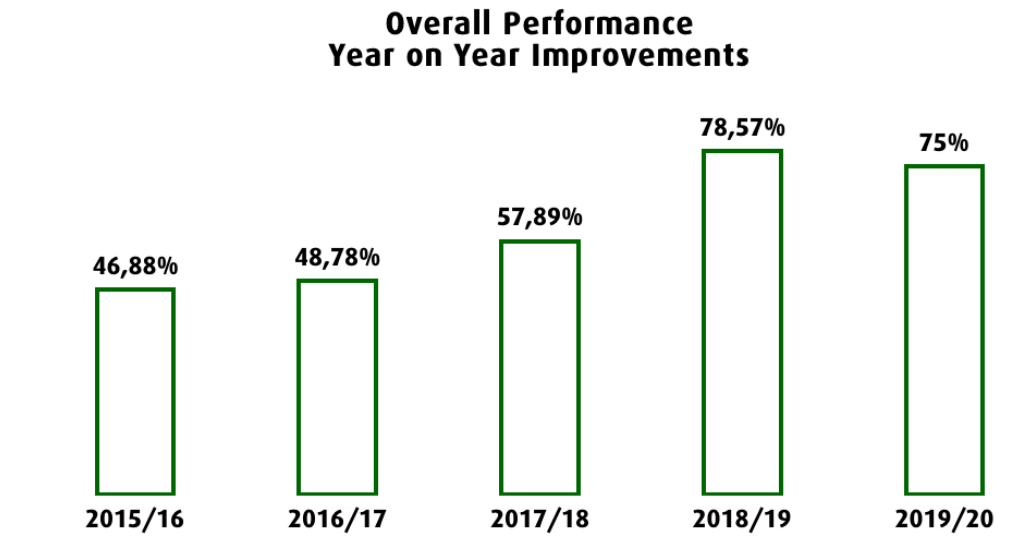
### a. Overall Performance

Table 4: Programme Performance Summary

PERFORMANC BY STRATEGIC OBJECTIVE (SO) & INDICATOR			STATUS
Programme 1	SO 2.2	Number of analytical reports per year	Target Met
	SO 2.3	% of strategic, procedural, legal advice and support provided within stipulated timeframes	Target Not Met
		Percentage of analysis reports on ISDs related matters within agreed time frames	Target Met
	SO 2.4	Number of reports on ISDs related resolutions	Target Met
Programme 2	SO 1.3	Number of programmes implemented	Target Met
	SO 1.2	Number of reports prepared on implementation of Sector Strategy	Target Met
Programme 3	SO 2.1	% of information available as per Service Charter levels	Target Not Met
	SO 3.1	% of population having access to participate in parliamentary processes	Target Met
		% of population participating in parliamentary processes	Target Met
Programme 4	SO 1.1	Client satisfaction level (% of clients satisfied with service levels)	Target Met
	SO 1.5	% of population who are aware of the business of Parliament	Target Not Met
	SO 1.4	% of universal access	Target Met
	SO 1.6	Client satisfaction level (% of clients satisfied with service levels)	Target Met
	SO 1.7	% of increase in talent management index	Target Met
Programme 5	SO 4.2	Average number of days to reimburse Members	Target Not Met
	SO 5.1	% of payments made compliant to policy	Target Met
Target Met			Target Not Met

As illustrated in Table 4 above, of the sixteen indicators measured in this financial year, twelve indicators met target and four indicators did not meet targets. Figure 3 below shows progress over the last five financial years.

**Figure 3: Year on Year Improvements on Overall Performance**



Parliament’s performance reflects an upward trend despite budget reductions over the same time period, largely as a result of operational efficiencies and strategic interventions pursued.

Table 5 below shows that over the last five years the number of indicators measured has decreased, as a result of Parliament refining its performance indicators to only the most strategic measures. It should be noted that thirteen of the indicators previously measured in the Core Business Programme (Programme 3), have been consolidated into a single Service Charter indicator, and thus measurements were not just removed. Furthermore, the number of indicators met has improved over time as confirmed in figure 3 above.

**Table 5: Year on Year Overall Performance**

YEAR	TARGETS MET	TARGETS NOT MET	TOTAL INDICATORS	PERCENTAGE OF TARGETS MET
2015/16	15	17	32	46,88%
2016/17	20	21	41	48,78%
2017/18	11	8	19	57,89%
2018/19	12	2	14	78,57%
2019/20	12	4	16	75%



## **b. Aim of the Vote**

The aim of the vote is to provide the support services required by Parliament to fulfil its constitutional mandate, assist political parties represented in Parliament to secure administrative support and service their constituents, and provide Members of Parliament (MPs) with the necessary services and facilities they require to discharge their constitutional responsibilities.

## **c. Strategic Outcome-Oriented Goals of Parliament**

The year 2019/2020 was an election year for South Africa and thus marked the end of the 5th democratic Parliament and a transition into the 6th Parliamentary term. The process of drafting a new Strategic Plan for the 2019 – 2024 Parliamentary term began in earnest, however the following constitutional obligations still remain:

- Oversight and Accountability;
- Law-Making;
- Public Involvement;
- Cooperative Governance;
- International Engagement

## **d. Overview of the Service Delivery Environment**

The 2019-2020 financial year marked the inauguration of the 6th democratic Parliament after the national and provincial elections on 8 May 2019, and the first sittings of the National Assembly and the National Council of Provinces on 22 and 23 May 2019, respectively. Consistent with the beginning of a new term of Parliament, foremost on the agenda was swearing in of Members of Parliament, the election and appointment of key political office bearers and the re-establishment of key political structures within Parliament. Parliament was also charged with two State of the Nation Addresses, two budget speeches, the Medium Term Budget Policy Statement and the on-boarding and orientation of Members of Parliament. The development of the Policy Priorities and Strategic Plan that would guide the work of Parliament over the 5-year term, unfolded after these processes. The development of Annual Performance Plans for the 6th Parliament could therefore only be addressed formally after the tabling of the Policy Priorities for the 6th Parliament and the Strategic Plan 2019-2024 on 9 March 2020. In the interim, the 2019/20 APP of the 5th Parliament applies to performance reporting for this financial year.

The 2019/20 financial year was an election year and thus and out of the norm year. The division was responsible for the smooth exit of non-returning members, including relocation, exit gratuities, pension exits, final salary and facility payments. For the incoming members, Member Support Services supported all travel logistics for the registration and inauguration, the onsite registration process, the arrangement of establishment fee allocations, immediate salary payments, opening of travel facilities for the members and registered dependents, supported the allocation of tools of trade, provision of facilities such as stationery, airport parking cards, office furniture and more.

### **e. Overview of the Organisational Environment**

Efforts started under the Back to Basics initiative continued to complete the realignment process. Realignment in Human Resources, International Relations and Participation, as well as the Treasury Advice Office have been completed, and will serve as learning curve for the completion of the restructuring in respect of the rest of the institution in line with the new adopted structure. The provision of the required competencies continues to be attended to, albeit under financial constraints.

### **f. Parliament's Revenue, Expenditure and Transfer Payment**

Revenue: Parliament's main revenue is tax revenue relating to funds appropriated and direct charges. Parliament is not required to return to the National Revenue Fund (NRF) any money appropriated for a particular financial year but not spent in that year in terms of section 23(1) of the FMPPLA. Section 23(4) of the FMPPLA provides that Parliament must surrender to the National Treasury for depositing into the NRF funds that are a direct charge against the NRF for any requirements related to Parliament in terms of any legislation for a particular financial year, but not spent in that year.

Expenditure trends: Parliament's planned expenditure in terms of the Annual Performance Plan (APP) for this financial year was more than the amount appropriated, which resulted in adjustments to the planned programme of activities.

Transfer payments: Parliament makes transfer payments to political parties represented in Parliament in proportion to their representation, to enable the parties to effectively perform their functions in terms of section 57 of the Constitution of the Republic of South Africa, Act 108 of 1996 and section 35 of the FMPPLA. Political parties must annually prepare and submit to Parliament annual financial statements which must detail how the allowances received in the previous financial year were expended, and be audited by a registered accountant and auditor who is subject to the Public Accountants' and Auditors' Board.

### **g. Capital Investment, Maintenance and Asset Management Plan**

Capital investment: Parliament is occupying buildings owned by the Department of Public Works (DPW), which is also responsible for maintenance thereof.

Asset Management: Parliament has the following fixed movable assets under its control:

- Furniture
- Motor vehicles
- Office equipment
- Computer equipment
- Library books

Maintenance: Parliament incurs minimal costs on normal maintenance of property assets, as the DPW owns the buildings occupied by Parliament.







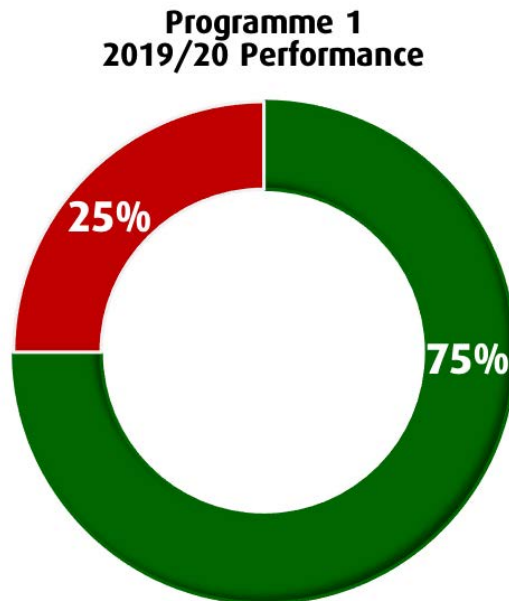
## 7. PROGRAMME PERFORMANCE

### a. Programme 1: Strategic Leadership and Governance

This programme outlines the performance of the offices reporting to the Executive Authority of Parliament; the Parliamentary Budget Office and the Office on Institutions Supporting Democracy. The Parliamentary Budget Office (PBO) was established in terms of the Money Bills Amendment Procedure and Related Matters Act, No 9 of 2009 (Money Bills Act). The key function of the PBO is to provide independent, objective and professional advice and analysis to Parliament on matters related to the budget and other money Bills.

The Constitution requires other organs of state, through legislative and other measures, to assist and protect the institutions supporting democracy, and to ensure their independence, impartiality, dignity and effectiveness. The Office supporting ISDs (OISD) in Parliament acts as a conduit between the National Assembly (NA) and the state institutions supporting democracy, which are accountable and report to the National Assembly.

*Figure 4: Programme 1 Overall Performance 2019/20*



The performance indicators of Programme 1 consist of budget analysis to parliamentary committees, analysis reports on Institutions Supporting Democracy and reports on ISD related resolutions and strategic, procedural, legal advice and support on ISDs. Three of the four indicators in programme 1 met target, resulting in overall programme performance of 75%.

The table below shows the performance of each indicator in the programme.

**Table 6: Programme 1 5-Year Performance Per Indicator**

<b>STRATEGIC LEADERSHIP AND GOVERNANCE</b>					
<b>Indicator</b>	<b>Performance</b>				
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
2.2 Number of analytical reports per year	32	23	45	35	32
2.3 % of strategic, procedural, legal advice and support provided within stipulated timeframes	n/a	n/a	n/a	n/a	80%
Percentage of analysis reports on ISDs related matters within agreed time frames	n/a	n/a	n/a	n/a	100%
Number of reports on ISDs related resolutions	n/a	n/a	n/a	n/a	4

#### **i. Parliamentary Budget Office**

The PBO supports the implementation of the Money Bills Act, by undertaking research and analysis for the finance and appropriations committees established for each House. The objective seeks to improve independent, objective and professional analysis and advice on matters relating to the budget and other Money Bills tabled in Parliament, ensuring the strengthening of oversight capacity of parliamentary committees in exercising oversight of public finances.

Strategic Objective (SO 2.2)	Improve independent, objective and professional analysis and advice on matters related to the budget and other Money Bills tabled in Parliament, by increasing advisory and analytical reports from 8 to 19 by 2019.
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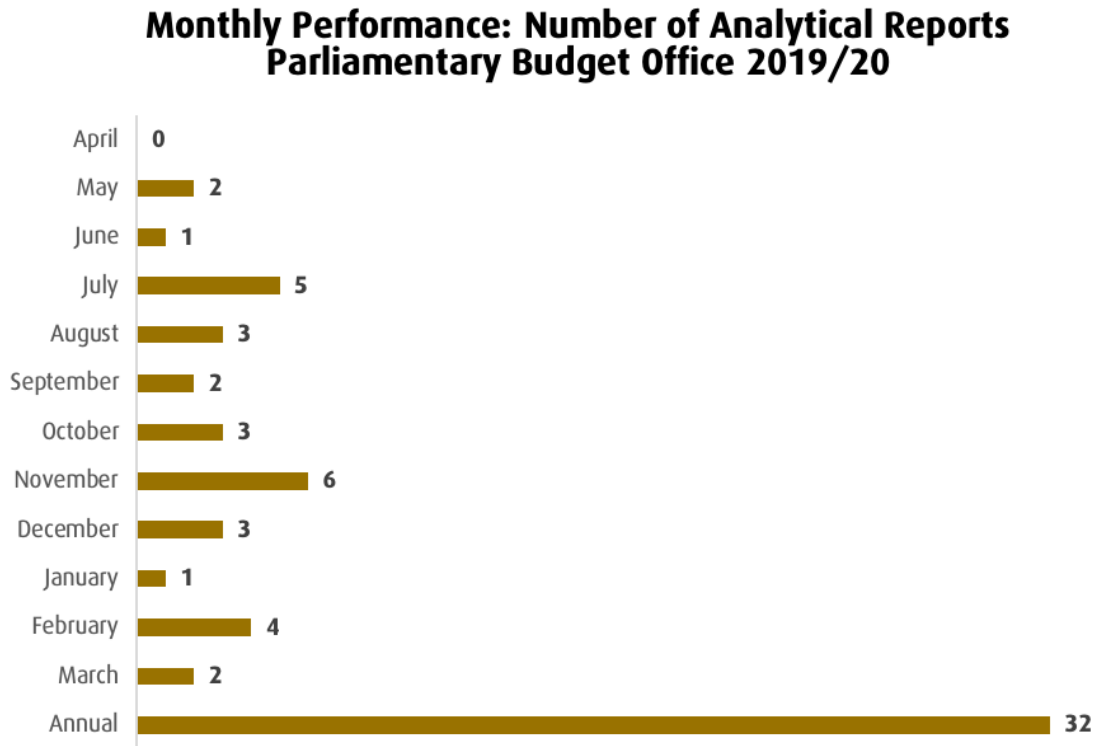
Performance Indicators		Annual Target	Actual performance	Variance	Reasons for variance and mitigation factors
2.2	Number of analytical reports per year	24	32	+8	This indicator performed above the set target largely as a result of additional research requests made by the committees of Parliament.

#### **PERFORMANCE TRENDS**

To fulfil the institutional strategic objective which arises from the Money Bills Act, a range of analytical and advisory products and services were produced and provided by the PBO to the relevant Parliamentary Committees during the 2019/20 financial year. The figure below shows the provision of analytical and advisory reports per month for 2019/20:

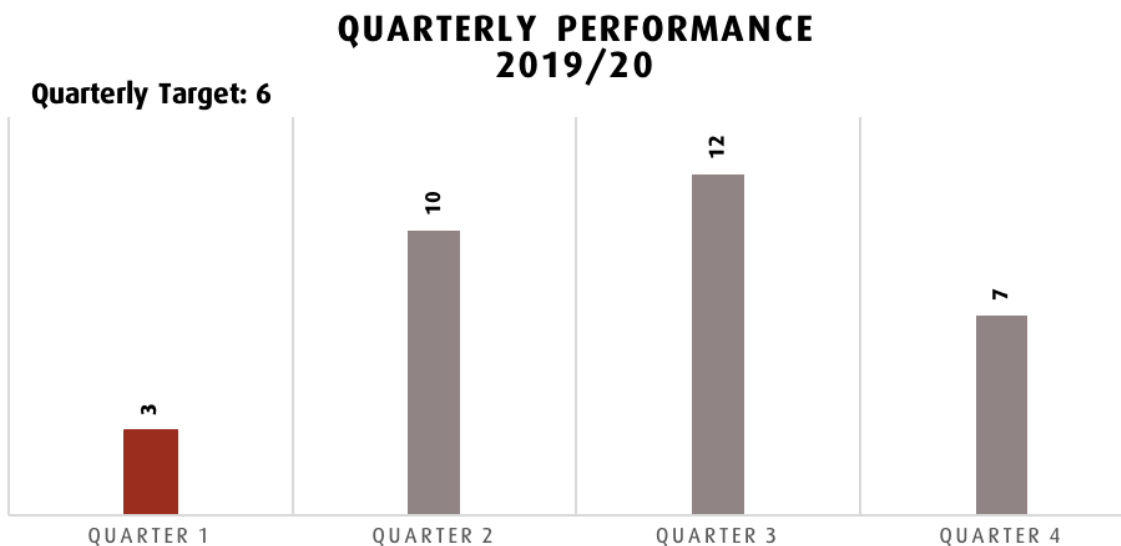


Figure 5: Monthly Provision of Analytical Reports 2019/20



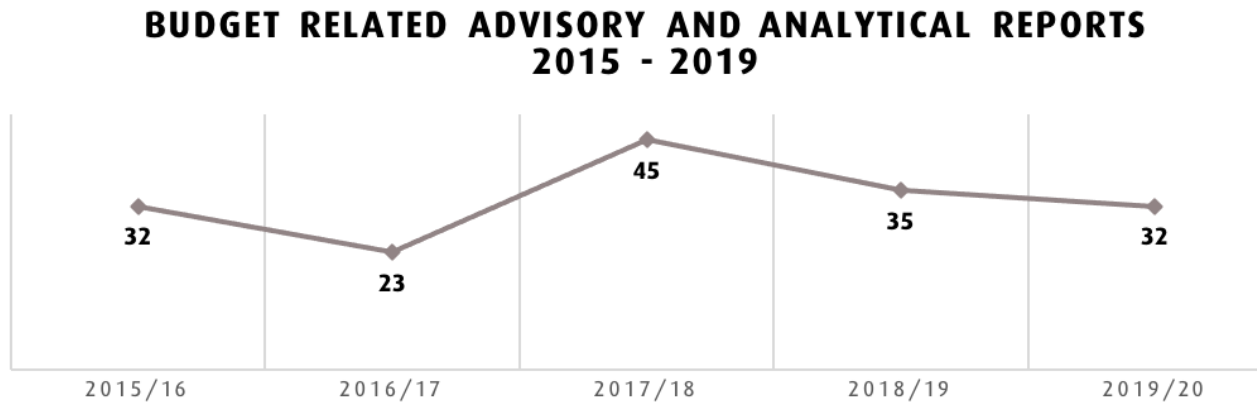
In terms of quarterly performance, the number of analytical reports was below the set target of six in the first quarter, given that Parliamentary Committees were not sitting prior to the national and provincial elections in May 2019. As the sittings of Parliamentary Committees resumed in the second quarter, and continued through the third and fourth quarters, higher volumes of analytical reports were produced as illustrated in figure 6 below.

Figure 6: Quarterly Provision of Analytical Reports 2019/20



The number of analytical reports required is demand driven, and over the last five years there has been a steady increase in demand for independent advice on budget related matters at Parliament. And while the capacitation initiative for the PBO has stalled, outputs have continued to keep up with demand. The graph below depicts the total number of reports produced by the PBO over the last five years.

**Figure 7: 5-Year Provision of Analytical Reports - Annual**



**ii. Office on Institutions Supporting Democracy**

The mandate of the Office on Institutions Supporting Democracy is to enhance the capacity of the National Assembly to perform its functions of oversight and accountability relating to the Institutions Supporting Democracy (ISDs), and to coordinate all interactions between the NA and ISDs.

Strategic Objective (SO 2.3)	Improve the provision of objective strategic, procedural and legal advice, research and content support to Parliament on ISDs related matters to strengthen constitutional democracy
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Performance Indicators		Annual Target	Actual performance	Variance	Reasons for variance & mitigation factors
2.3	Percentage of strategic, procedural, legal advice and support provided within stipulated timeframes	100% in 7 days	80% (48 out of 60 procedural and legal advice prepared within 7 days)	- 20%	All procedural and legal advice was prepared, however of the 60, 12 was produced outside of the 7-day timeframe.
	Percentage of analysis reports on ISDs related matters within agreed time frames	100% within agreed time frames	100 % (6 out 6 analysis reports prepared within time frames)	0	

**PERFORMANCE TRENDS**

In respect of the strategic, procedural and legal advice prepared, 48 of the 60 were provided within the required 7 days – 100% of advice was provided.

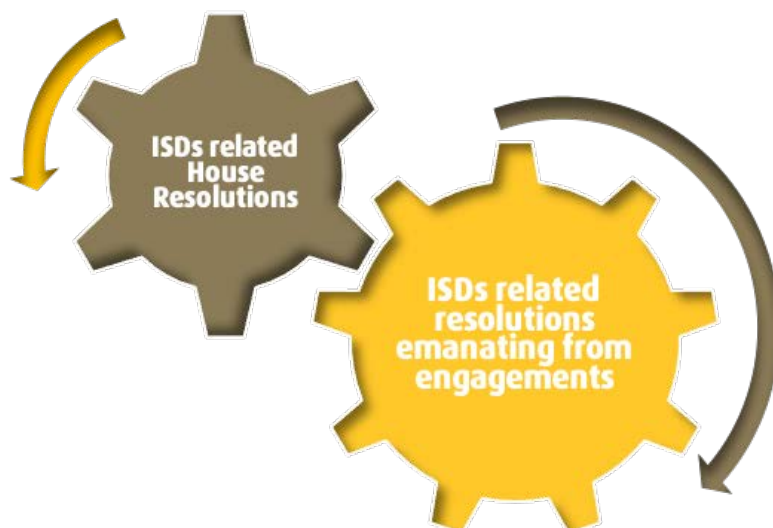
The majority of advice and support was provided for the filling of ISD related vacancies as per legislative parameters (28), and then advice on substantive reports (21), and lastly memoranda on governance matters (11).

Strategic Objective (SO 2.4)		Improve stakeholder liaison and coordination by facilitating implementation of Parliament’s resolutions on ISDs related matters			
Performance Indicators		Annual Target	Actual performance	Variance	Reasons for variance & mitigation factors
2.4	Number of reports on ISDs related resolutions	4	4	0	

**PERFORMANCE TRENDS**

The OISD prepares detailed quarterly reports and weekly schedules to ensure timely communicating and tracking of resolutions for seamless processing of matters before Parliament. All quarterly reports were prepared as required. The figure below depicts the areas that inform the drafting, communicating and tracking of ISDs related resolutions.

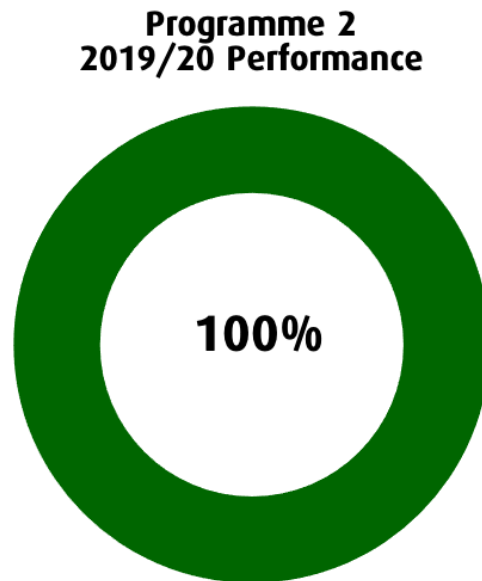
**Figure 8: Provision of strategic support and relationship with Institutions Supporting Democracy (ISDs)**



**b. Programme 2: Administration**

The purpose of this programme is to provide development programmes for Members, and consists of the Legislative Sector Support.

Figure 9: Programme 2 Overall Performance 2019/20



The objective of this programme is to improve capacity building programmes provided to Members by increasing the usefulness, relevance and accessibility of these programmes. The objective is accomplished through ensuring integrated capacity building programmes based on the needs of Members.

Table 7: Programme 2 5-Year Performance Per Indicator

ADMINISTRATION						
Indicator		Performance				
		2015/16	2016/17	2017/18	2018/19	2019/20
1.3	Number of programmes implemented	100% (3 of 3)	100% (4 of 4)	100% (8 of 8)	8	1
1.2	Number of reports prepared on implementation of Sector Strategy	n/a	n/a	n/a	n/a	4

**i. Legislative Sector Support**

Strategic Objective (SO 1.3)	Improve institutional capacity by providing specialised development programmes for Members
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Performance Indicators	Annual Target	Actual performance	Variance	Reasons for variance & mitigation factors
1.3a Number of programmes implemented	1	1	0	



**PERFORMANCE TRENDS**

The 2019/20 financial year was an election year and thus the normal capacity building programmes were not run; instead an induction programme for new Members of Parliament was conducted over the course of the financial year. Induction was implemented in the 2nd quarter and the LSS coordinated exhibitions presented on the role of the Legislative Sector during induction sessions were as follows:

MODULE 1: Rules, Practice and Procedure in the House

MODULE 2: Legislative Process

MODULE 3: Committee Procedures, Practices and Systems

MODULE 4: Oversight and Accountability of the Legislature

MODULE 5: Public Participation

MODULE 6: International Relations and Protocol

Additionally, practice guides in Law-Making, Oversight and Protocol and Diplomacy were developed and distributed to Members. An induction workshop was also conducted for new Speakers and Deputy Speakers of the 6th term.

Strategic Objective (SO 1.2)		Improve co-ordination, co-operation and intergovernmental relations of Parliament with Provincial Legislatures by reporting on the implementation of Speakers’ Forum and SALSA resolutions			
Performance Indicator		Annual Target	Actual performance	Variance	Reasons for under/over performance & mitigation strategies
1.3b	Number of reports prepared on implementation of Sector Strategy	4	4	0	

**PERFORMANCE TRENDS**

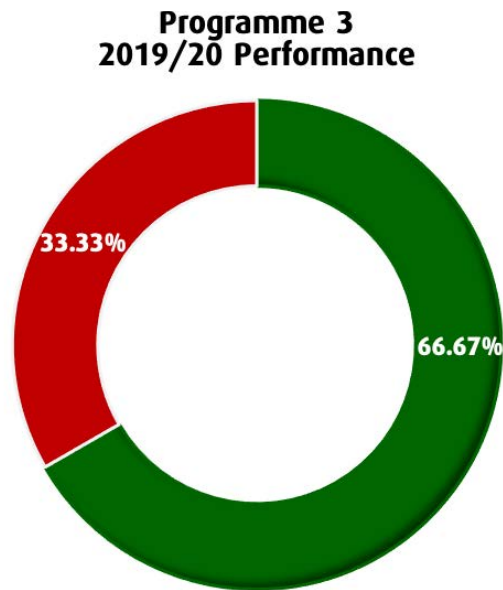
The Legislative Sector Support programme consolidated the Sector Plan based on planning discussions emanating from planning sessions by National Parliament and provincial Legislatures. A SWOT analysis, legacy reports and a draft sector results chain were used as inputs into these planning processes.

In an effort to facilitate better coordination in the sector, support was provided for the Sector Collective Bargaining launch and signing ceremony. Further, an Integrated Oversight Strategy was finalised, as well as a concept document on an inter-governmental relations approach to Oversight, which was presented to the Speakers’ Forum. Additionally, the NDP Summit concept document was presented by the Core Business Reference Group and adopted by the Speakers’ Forum.

**c. Programme 3: Core Business**

The purpose of this programme is to provide procedural and legal advice, analysis, information and research, language, content and secretarial and legislative drafting services for meetings of the National Assembly, National Council of Provinces and their committees; to provide public education, information and access to support public participation and to provide analysis, advice and content support for international parliamentary engagement.

**Figure 10: Programme 3 Overall Performance 2019/20**



Programme 3 has three performance indicators. Two indicators met target and one did not meet target, as depicted by the table below. This resulted in an overall programme performance of 67%.

**Table 8: Programme 3 5-Year Performance Per Indicator**

CORE BUSINESS				
Indicator	Performance			
	2016/17	2017/18	2018/19	2019/20
2.1 % of service provision as per Service Charter	85,39%	83,64%	93,33%	91,57%
3.1a % Population having access to participate in parliamentary processes	11,5%	10%	10%	14%
3.1b % Population participating in parliamentary processes	8,7%	6%	15%	7%

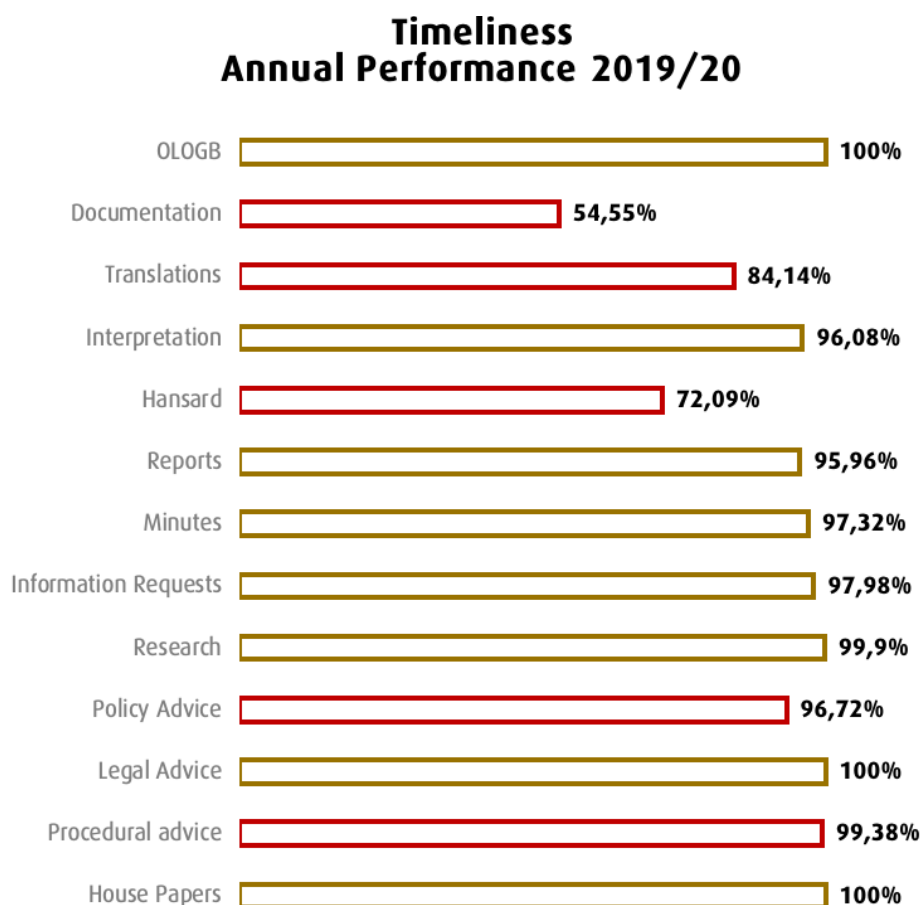
**i. Service Charter**

Strategic Objective (SO 2.1)		Improve the availability of advisory and information services, in support of plenary and committee proceedings, from 91% to 95% by 2021.			
Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
2.1	% of information available as per Service Charter levels	94%	91,92%	-2,08%	8 of the 13 sub-indicators met target. Hansard and Documentation performed at 23% and 50% below target, respectively.

**PERFORMANCE TRENDS**

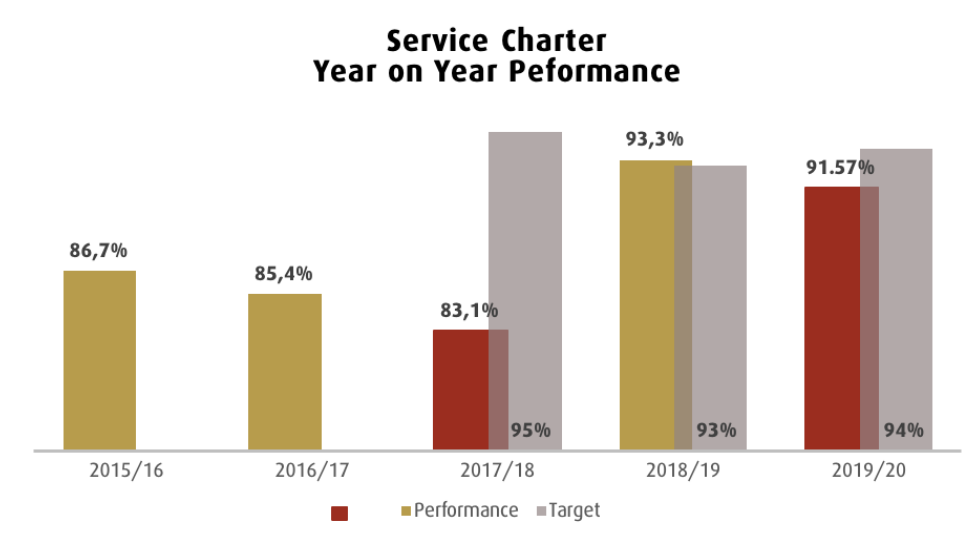
The following figure shows performance per sub-indicator for the service charter.

*Figure 11: Service Provision as per Service Charter 2019/20*



Eight of the thirteen service charter sub-indicators met target, including house papers, legal advice, research, information requests, minutes and reports, interpretation and the tracking of the published document to the Leader of Government Business. Five indicators, including procedural and policy advice, Hansard, translations and documentation (response to PAIA requests), did not meet target. While the target for 2019/20 was not met, performance on the service charter has improved from 86,7% in 2015/16 to 91,57% in 2019/20.

**Figure 12: Year on Year Service Charter Provision 2015/16 - 2019/20**



**2.1a House Papers – 100% Available on Sitting Days**

HOUSE PAPERS	
Annual Performance	100%
Target	100%
Volume	360/360

**2.1b Procedural Advice – 100% within a 7-day Average**

PROCEDURAL ADVICE	
Annual Performance	99,38%
Target	100%
Volume	643/647



**2.1c Legal Advice – 100% within 7-day Average**

<b>LEGAL ADVICE</b>	
Annual Performance	100%
Target	100%
Volume	13/13

**2.1d Policy Advice – 100% within 7-day Average**

<b>POLICY ADVICE</b>	
Annual Performance	96,72%
Target	100%
Volume	59/61

**2.1e Research – 95% within time Allocated**

<b>RESEARCH WITHIN TIME ALLOCATED</b>	
Annual Performance	99,9%
Target	95%
Volume	1009/1010

**2.1f Information Requests – 95% within time Allocated**

<b>INFORMATION REQUESTS</b>	
Annual Performance	97,98%
Target	95%
Volume	242/247

**2.1g Minutes – 90% within 3 Days**

<b>MINUTES</b>	
Annual Performance	97,32%
Target	90%
Volume	1127/1158

**2.1h Reports – 95% within 8 Days**

REPORTS	
Annual Performance	95,96%
Target	95%
Volume	309/322

**2.1i Official Report (Unrevised Hansard) – 95% within 5 Days**

OFFICIAL REPORT - HANSARD	
Annual Performance	72,09%
Target	95%
Volume	93/129

**2.1j Interpretation - 95% Available**

INTERPRETATION	
Annual Performance	96,08%
Target	95%
Volume	1347/1402

**2.1k Translations – 95% within Agreed Time**

TRANSLATIONS	
Annual Performance	84,14%
Target	95%
Volume	716/851

**2.1l Documentation - 100% responses of PAIA Requests within prescribed time**

PAIA REQUESTS	
Annual Performance	54,55%
Target	100%
Volume	6/11

**2.1m Office of Leader of Government Business – 100% tracking document published**

OLOGB TRACKING	
Annual Performance	100%
Target	100%
Volume	171/171

**ii. Core Business Support Division**

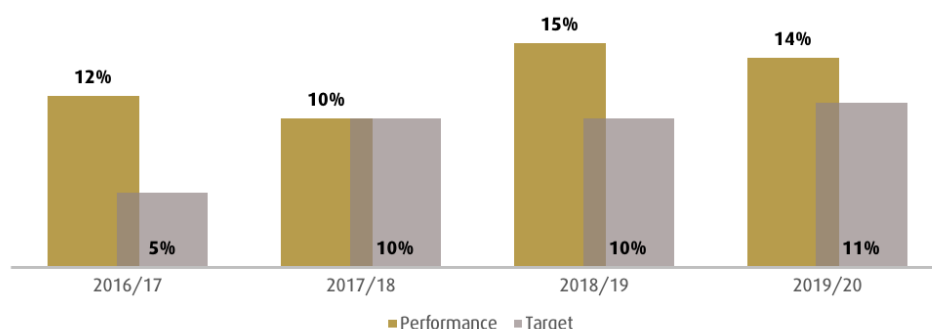
Strategic Objective (SO 3.1)	Increase access to, and participation in, the processes of Parliament through enhanced programmes to ensure participatory democracy.
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Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
3.1a	% Population having access to participate in parliamentary processes	11%	14%	+3%	Increased access to participate refers to the ability of stakeholders to participate in parliamentary processes – 3% fewer participants responded that they did not know how to participate in parliamentary processes.

**PERFORMANCE TRENDS**

Ipsos South Africa was commissioned to conduct independent and objective third party research into the perceptions of South Africans regarding Parliament. This report reflects on data collected in November 2019 during a follow up wave of the study, the aim of which was to measure the South African citizens’ understanding of Parliament. The percentage of the population is measured by affirmative responses to the question “do you know how to participate in the activities of Parliament”, through an independent national IPSOS survey. The figure below shows performance over the last four years.

**Figure 13: % Population having access to participate in parliamentary processes 2016 - 2020**



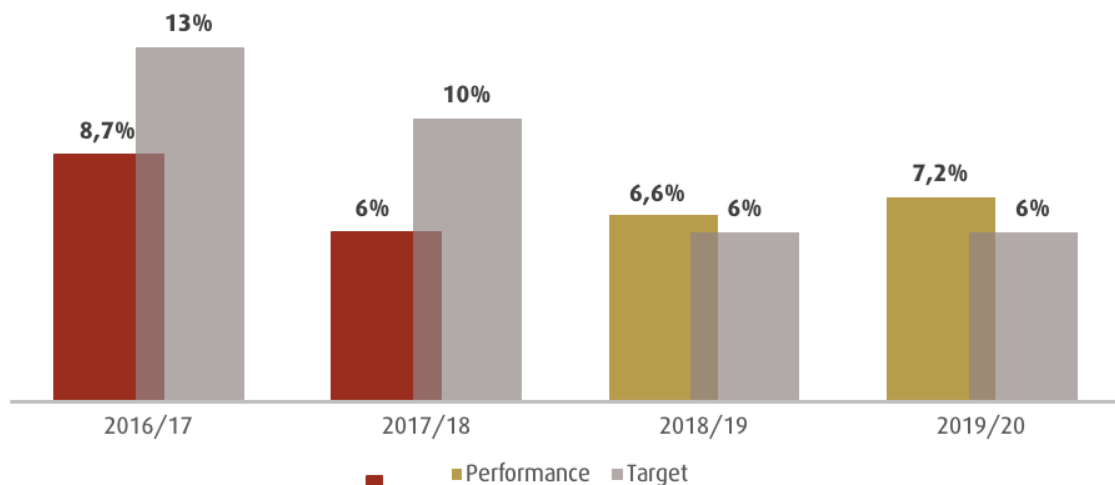
While overall citizen access to participating in parliamentary processes has improved, there was a slight drop between the 2018/19 and 2019/20 reporting periods. A greater focus on public participation in the 6th Parliament will enhance the implementation of the public participation model, and improve performance in this area.

Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
3.1b	% Population participating in parliamentary processes	6%	7%	+1%	Actual participation improved for public education workshops, sittings of Parliament, committee meetings, tours, submissions of petitions and Parliamentary Democracy Offices. Almost 10% fewer people responded that they had not participated in any activities of Parliament.

**PERFORMANCE TRENDS**

The IPSOS survey measures this indicator by responses to the question “Have you participated in any of the following activities of Parliament?”, with options including the following avenues for participation: Social Media; Phone-in programmes; SONA (attended; listened; watched); Taking Parliament to the People; Sectoral Parliament (Youth Parliament; Women’s Parliament); Committee meetings or Public Hearings; Parliamentary Committee Programmes; Public Education Workshops; Sittings of Parliament; Committee Meetings in or outside of Parliament; Parliamentary Tours (or virtual tour)s; Petition submissions; Parliamentary Democracy Offices. Social media and phone-in programmes had the highest number of citizen participation; with SONA and Taking Parliament to the People following. Participation through the Parliamentary Democracy Offices had the least amount of participation, however given that there are only three across the country, it is reasonable to deduce that most citizens would not interact with them.

**Figure 14: % Population participating in parliamentary processes 2016 – 2020**

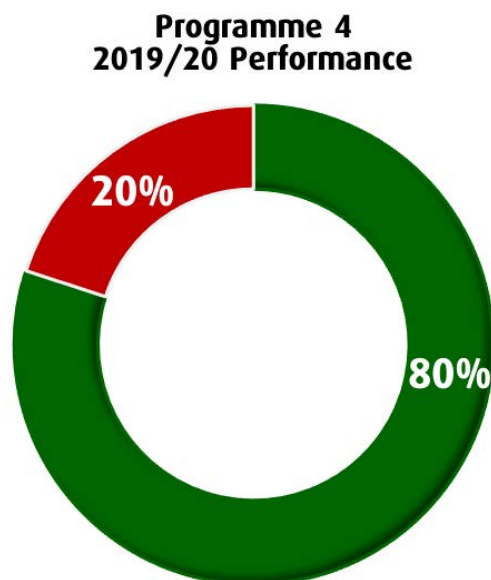




**PROGRAMME 4: SUPPORT SERVICES**

The purpose of this programme is to provide institutional communication services, human resource management, information communication technology, institutional support services and Members’ support services.

**Figure 15: Programme 4 Overall Performance 2019/20**



Programme 4 has five performance indicators; 4 of which met target and one that did not meet target resulting in an overall performance of 80% for the programme as depicted by the table below.

Table 9: Programme 4 5-Year Performance Per Indicator

SUPPORT SERVICES					
Indicator	Performance				
	2015/16	2016/17	2017/18	2018/19	2019/20
1.1 % of clients satisfied with service levels	Not Met	71,5%	70%	71,23	66,35%
1.5 % of population who are aware of the business of Parliament	9,35%*	9,75%	24%	27%	23%
1.4 % of universal access	54%	63%	72,7%	80,75%	94,12%
1.6 % of clients satisfied with service levels	71,75%	66,6%	69,7	67,10%	69%
1.7 % increase in talent management index	11%	6,4%	9%	9%	9%

**i. Parliamentary Communications Services**

Strategic Objective (SO 1.1)		Improve overall Member satisfaction with services rendered, from 61% to 64% by 2021			
Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
1.1	Client satisfaction level (% of clients satisfied with service levels)	Annual Target 62%	66,35%	+4,35%	Overall, satisfaction levels were high for ICT, procedural advice, cleaning and maintenance, as well as language and library services. This resulted in the positive variance recorded for this indicator.

**PERFORMANCE TRENDS**

The study seeks to improve relationships with stakeholders and clients and to increase overall Member satisfaction with services rendered. The stakeholder management plan maps out external and internal stakeholders and clients, their various needs and expectations, and the required services and service levels wanted from the institution. An annual survey measures the overall level of satisfaction, where after the results will serve as an input to planning. The aim is to ensure an eventual increase in satisfaction levels, thereby meeting the needs of stakeholders and clients.

Members of Parliament were asked about their satisfaction levels with 16 services provided by the Administration. Five services received relatively high satisfaction levels which included information, communication and technology (ICT) services and support (72,34%); procedural advice (63,83%); cleaning and maintenance (62,77%); community support (62,76%); language and library services (60,64% each). Relatively strong dissatisfaction was noted among MPs for the service of claims processing and cleaning and maintenance. In 2019/2020, the survey methodology was changed with the addition of a “neutral” response option which is why the target was different from previous years.

Strategic Objective (SO 1.5)		Increase awareness of the business of Parliament from 27% to 29% by 2021, by improving the communication of Parliament.			
Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
1.5	% of population who are aware of the business of Parliament	Annual Target 27%	23%	-4%	Awareness is measured for only those who feel they know Parliament extremely and fairly well – Those who may know Parliament a little are excluded <sup>1</sup>

<sup>1</sup> The exclusion of those who know little/slightly ensures the development of a strategy that includes the focus in these area, it also demands data mining for further refined understanding.

**PERFORMANCE TRENDS**

This survey, which focuses on public perception, enables stakeholders and the public to share their views and make suggestions on how Parliament can serve them better. This indicator performed below target. Survey results show that it is not purely a function of communication, but that there is a general lack of understanding of the business of Parliament. and that some segments of the population do not differentiate between Parliament and the Executive Arm of State.

This indicator is measured by the number of citizens who respond positively to the question “How well do you feel you know Parliament”. Familiarity with Parliament has declined from 2018/19 to 2019/20, with only 23% of those who responded reported knowing Parliament extremely and fairly well. There is, however, a larger number of respondents, about 38%, who report knowing Parliament “a little”, and about 30% who know Parliament only by name.

**ii. Information Communications Technology**

Strategic Objective (SO 1.4)		Leverage current, new and innovative technologies to meet the information and communication needs of Members and staff by increasing universal access of integrated information services from 80% to 85% by 2021			
Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
1.4	% of universal access	80%	94,12%	+14,12%	The implementation of iProcurement, Staff Disclosures on the ERP, the ARIS business process mapping tool and Microsoft Teams increased universal access.

**PERFORMANCE TRENDS**

Over the course of the year, the rollout of several systems contributed to the improvement of universal access. This included the iProcurement automation, the implementation of Staff Disclosures on the ERP, the ARIS business process mapping tool and Microsoft Teams. The average in respect of web and mobile accessibility in Parliament is 94,12%, as depicted by the table below.

**Table 10: ICT Accessibility**

	<b>System</b>	<b>Web Platform (A)</b>	<b>Mobile Platform (B)</b>
1	Website	Yes	yes
2	Intranet	Yes	yes
3	Chamber Systems (NA)	No	n/a
4	Chamber Systems (NCOP)	no	n/a
5	uVimba	yes	yes
6	ERP	yes	yes
7	Broadcast Infrastructure (streaming to Website, Faranani & YouTube)	yes	yes
8	ICT Service Desk	yes	yes
9	E-mail	yes	yes
10	Bungeni	yes	n/a
11	My Parliament	yes	yes
12	HR Analytics and Dashboards	yes	yes
13	iRecruitment	yes	yes
14	iProcurement (automated travel)	yes	yes
15	Staff Disclosures	yes	yes
16	ARIS	yes	yes
17	Teams	yes	yes
	Average (%Accessibility A + % Accessibility B)	15/17 = 88.2%	15/15 = 100%

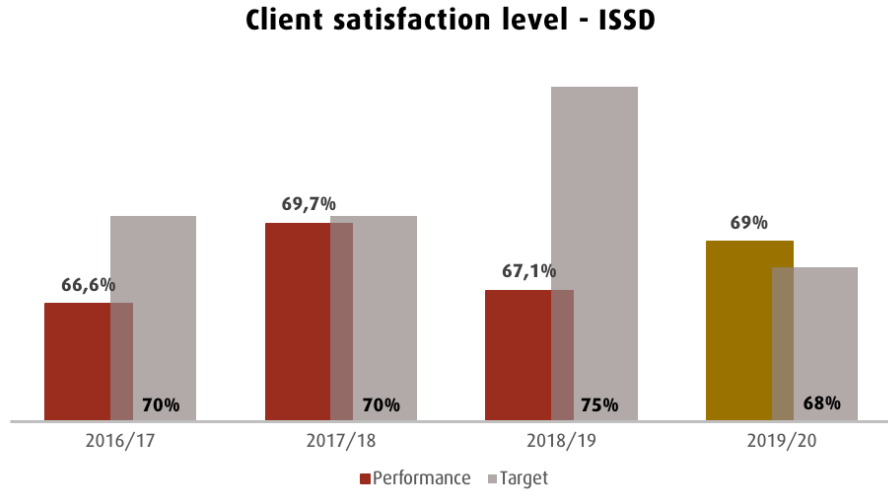
**iii. Institutional Support Services**

Strategic Objective (SO 1.6)		Optimise facilities’ usage and provide adequate and appropriate functional space by creating a conducive working environment to achieve an increased level of satisfaction, from 67% to 70% by 2021.			
Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
1.6	Client satisfaction level (% clients satisfied with service levels)	68%	69%	+1%	Improved performance was recorded due to improved human resource management, with a focus on appropriate skills and better stakeholder management.

**PERFORMANCE TRENDS**

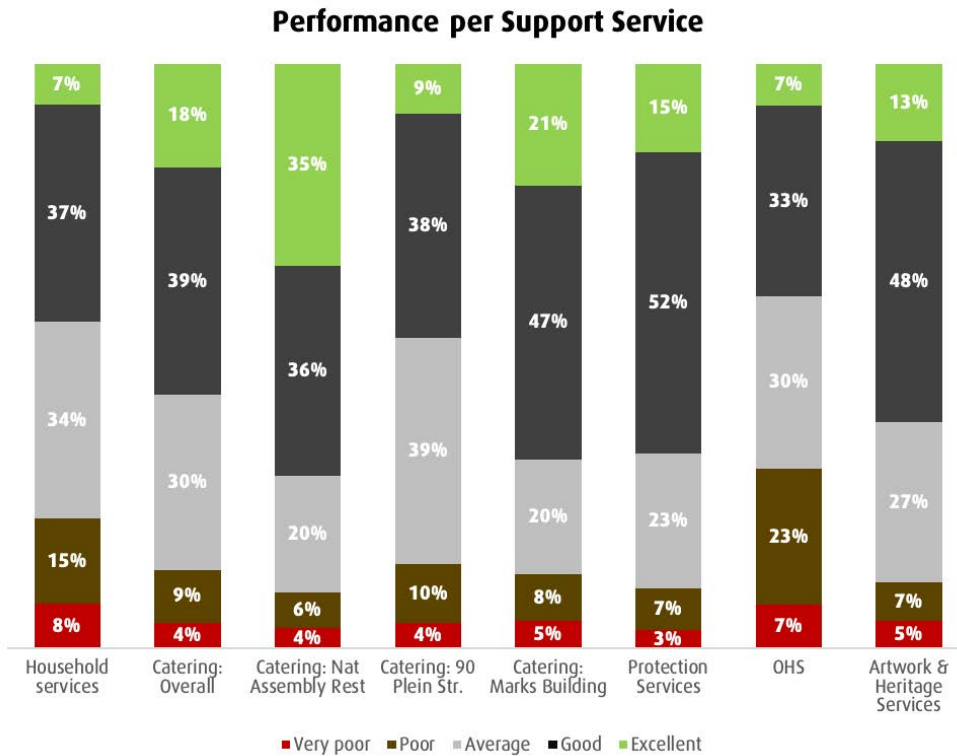
Client satisfaction with institutional support services including household, catering, protection services and artworks and heritage services, has exceeded its target. The figure below shows an almost 2% improvement in satisfaction between the 2018/19 and 2019/20 reporting years.

**Figure 16: ISSD Client Satisfaction 2016-2020**



Overall the satisfaction levels for each area was as follows:

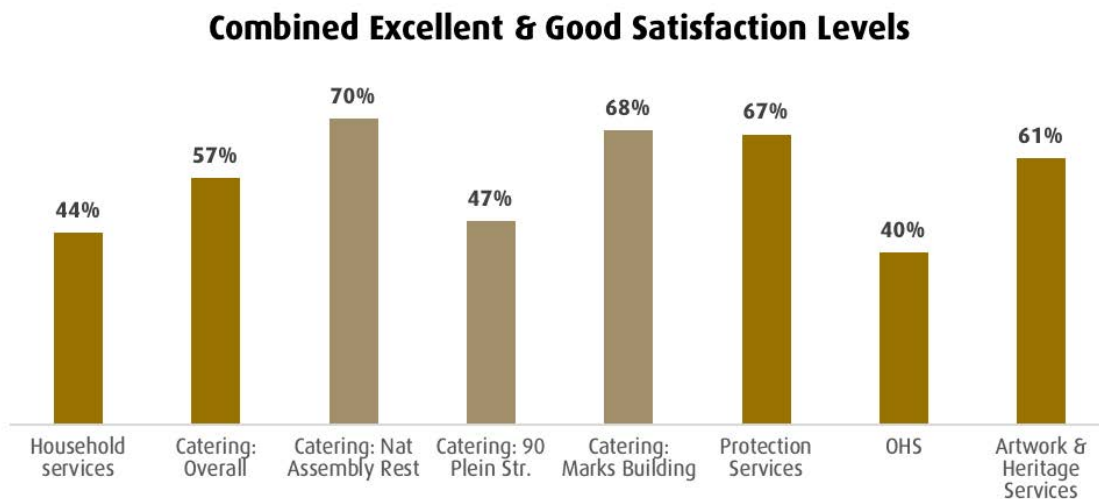
**Figure 17: Performance per Support Service**





Overall, catering has the highest satisfaction levels (18% excellent), although there are large variations in “excellent” ratings depending on the restaurant (35%, 9% & 21% for the National Assembly, 90 Plein Street and Marks Building restaurants respectively). Protection services has the second highest excellent satisfaction ratings, with artworks following closely (13%). Overall, the combined excellent and good ratings, however, show that satisfaction levels are higher for protection services, followed by artworks, and then catering. Household and Occupational Health and Safety remain with below 50% satisfaction levels. As follows:

**Figure 18: ISSD Excellent & Good Satisfaction Levels**



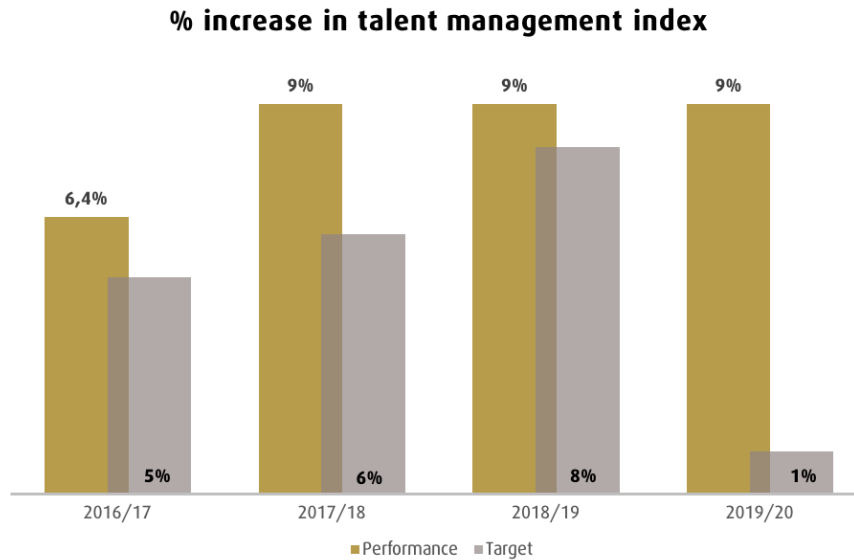
**iv. Human Resource Division**

Strategic Objective (SO 1.7)		Increase availability of strategic competencies, talent and skills by increasing performance on the talent management index by 3% by 2021.			
Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
1.7	% increase in talent management index	1%	9%	+8%	Improved performance was recorded due to improved recruitment and selection processes, and more active participation by employees in various training programmes

**PERFORMANCE TRENDS**

For the 2019/20 reporting year, human resources recorded performance of 8% above its target, consistent with performance in previous years as seen below.

**Figure 19: % increase in talent management index 2016 - 2020**



The talent management index is composed of measures including acquisition, growth, retention and a conducive environment. These components are discussed below in more detail.

**Talent Acquisition**

The annual vacancy rate is 9.82% and is within the annual target of 10%, which is a positive and encouraging trend. Focussed recruitment campaigns, the full implementation of the online i-Recruitment model and the HR Business Partner model have contributed to the efficiency of the recruitment and selection process, resulting in faster turnaround times as well as reduced costs.

**Talent Growth**

As part of its integrated talent management strategy, Parliament offers learning and development opportunities to ensure that a competent workforce is readily available. Learning interventions, based on Personal Development Plans and business needs, are an integral part of the performance management process.

In order to influence the achievement of overall institutional performance targets, efforts were made to identify and close performance and skills gaps of individual employees. The identified learning and development interventions, aligned to current and future growth needs, is an effective approach in addressing performance and skills challenges. It is encouraging to note that employees are actively participating in training and development interventions. A particular focus this year was on leadership development. To this end, the Executive Leadership, Women in Leadership and New Managers Development Programmes were developed and accomplished. Participants in all programmes have responded positively to these initiatives, which in some cases contributed to the appointment of some participants into more senior roles.

Parliament also offers a bursary scheme to support staff who want to improve their academic qualifications. In the 2019/20 financial year, 58 employees were enrolled in the bursary scheme.

In recognising the need to respond to the youth unemployment problem, Parliament introduced a Graduate Development Programme. Twenty-two recent graduates will be appointed into different functional areas in the institution. The graduates will participate in the programme for a period of three years, which is aimed at providing them with a comprehensive and relevant introduction to the world of work and to acquire experience and learn useful skills, in particular in the legislative sector.

**TALENT RETENTION**

Over the years, Parliament has been able to maintain a low staff turnover. There are several interventions that are being considered in order to maintain, and even improve, the current retention rate. The 2019/20 financial year closed with a retention rate of 1.52% against the annual target of 5%, which is an excellent performance against the target set.

**CONDUCTIVE ENVIRONMENT**

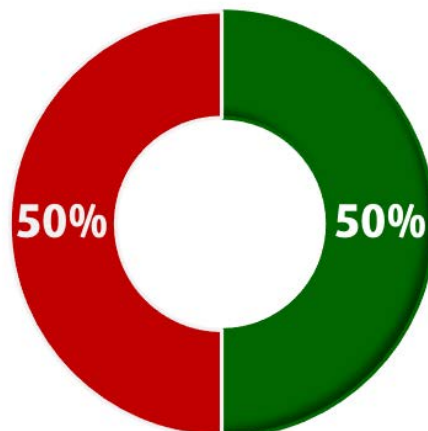
The labour relations climate is stable. This positive climate should continue as good working relationships are being maintained with regular and productive engagements between Management and organized labour taking place on conditions of service and various other employee issues. The parties’ commitment to building and improving the current good working relationship is encouraging and indicative of a partnership towards a more conducive working environment. The implementation of the HR Business Partner model has seen regular monthly engagements between the shop stewards and the Human Resources(HR) Business Partners. This close partnership has served to resolve labour issues as they happen, before they are escalated.

**v. Programme 5: Associated Services**

The purpose of this programme is to provide travel, communication and other facilities for Members of Parliament to fulfil their duties as elected public representatives. The programme is also aimed at providing financial support to political parties represented in Parliament, their leaders and constituency offices.

*Figure 20: Programme 5 Overall Performance 2019/20*

**Programme 5  
2019/20 Performance**



Programme 5 is made up of the reimbursement of Members of Parliament for expenses incurred in the discharge of their parliamentary work, as well as payment to political parties. Programme 5 has two performance indicators, one which met target and one that did not meet target resulting in an overall programme performance of 50% as depicted by the table below.

**Table 11: Programme 5- 5-Year Performance Per Indicator**

ASSOCIATED SERVICES						
Indicator		Performance				
		2015/16	2016/17	2017/18	2018/19	2019/20
4.2	Average number of days to reimburse Members	2,6	2,44	2,37	2,53	3,61
5.1	% of payments made compliant to policy	92,3% (60)	100% (62)	100% (65)	100% (65)	100%

**i. Members Support Services**

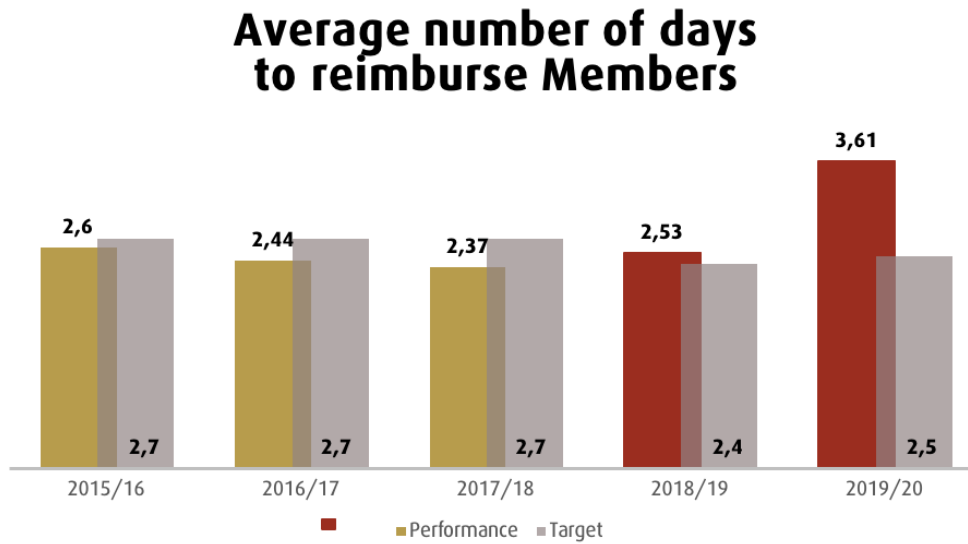
Strategic Objective (SO 4.2)	Reduce average turnaround time for the processing and payment of reimbursements to Members from 2.5 to 2.4 working days by 2021.
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Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
4.2	Average number of days to reimburse Members	2.5	3,61 Days	-1,11 Days	There was a high volume of claims during the financial year as a result of the end of the 5 <sup>th</sup> term of Parliament and the start of the 6 <sup>th</sup> term of Parliament. This resulted in slower turnaround times in processing claims.

**PERFORMANCE TRENDS**

There was a high volume of claims during the financial year, as a result of the end of the 5th term of Parliament and the start of the 6th term of Parliament. This resulted in slower turnaround times in respect of the processing of claims. The figure below shows performance in respect of the processing of claims over the last five years.

Figure 21: Average number of days to reimburse Members 2015 - 2020



**ii. Financial Management Office**

Strategic Objective (SO 5.1)		Ensure effective payment and compliance of transfer payments.			
Performance Indicator		Annual Performance target	Performance level (actual performance)	Variance	Reasons for under/over performance & mitigation strategies
5.1	% of payments made compliant to policy	100%	100%	0%	

**PERFORMANCE TRENDS**

100% of payments have been made to political parties compliant with policy. This level of performance is consistent with performance in previous reporting periods.









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**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

Parliament of the Republic of South Africa  
Financial statements  
for the year ended 31 March 2020

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Postal address</b>	P O Box 15 Cape Town 8000
<b>Bankers</b>	Nedbank
<b>Auditors</b>	Auditor General of South Africa Registered Auditors
<b>Acting Secretary to Parliament</b>	P N Tyawa

#### Reporting on Parliament's mandate

The Parliament of the Republic of South Africa is a legislature and established in terms of Chapter 4 of the Constitution of the Republic of South Africa, 1996.

The principal activities of the Parliament are to:

- Pass laws (legislation);
- Oversee and scrutinize Executive (Oversight)
- Promote public participation

Parliament's operations are governed by the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No.10 of 2009).

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

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## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Officer's Report

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The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against misstatement.

The financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice ( SA Standards of GRAP) , including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgment and estimates.

The Accounting Officer acknowledges that she is responsible for the system of internal financial control established by Parliament and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, management sets standards for internal controls aimed at reducing the risk of error. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the year and all employees are required to maintain the highest ethical standards in ensuring the Parliament's business is conducted in a manner that in all reasonable circumstances, is above reproach. The focus of risk management in Parliament is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, Parliament endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer has reviewed Parliament's cash flow forecast for the year ending 31 March 2021 and in the light of this review, is satisfied that Parliament has access to adequate resources to continue in operational existence for the foreseeable future. Although the statement of financial position indicates a net deficit which is mostly due to the provision made for the post retirement medical benefits for current and former members of Parliament and Provincial Legislatures, Parliament has sufficient budgeted amount to make the contributions for the qualifying former members. Parliament is wholly dependent on National Treasury for the continued funding of its operations. The financial statements are prepared on the basis that the entity is a going concern and that Parliament has neither the intention nor the need to liquidate or curtail materially the scale of the Institution.

The Accounting Officer is primarily responsible for the financial affairs of Parliament, is supported by the internal auditors who are responsible for independent review reviewing of Parliament's financial statements.



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**Ms. P N Tyawa**  
**Acting Secretary to Parliament**

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Statement of Financial Position as at 31 March 2020

	Note(s)	2020 R '000	2019 Restated* R '000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	2 230	1 122
Receivables from non- exchange transactions	3	1 584	1 815
Receivables from exchange transactions	4	1 222	1 955
Overspent statutory appropriation	5	22 185	-
Prepayments	6	13 853	15 349
VAT Receivable	34	283	99
Asset held for sale		-	113
Cash and cash equivalents	7	113 163	148 153
		<b>154 520</b>	<b>168 606</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	70 247	58 625
Intangible assets	9	10 004	7 413
Heritage assets	10	55 404	55 316
		<b>135 655</b>	<b>121 354</b>
<b>Total Assets</b>		<b>290 175</b>	<b>289 960</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	11	11 787	108
Payables from exchange transactions	12	39 900	62 284
Payables from non-exchange transactions	13	1 250	1 759
Unspent statutory appropriation	14	-	23 789
Employees and Members benefit obligations	15	184 135	165 452
Provisions	16	6 520	2 170
		<b>243 592</b>	<b>255 562</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	11	4 036	74
Employees and Members benefit obligations	17	1 698 022	1 670 738
		<b>1 702 058</b>	<b>1 670 812</b>
<b>Total Liabilities</b>		<b>1 945 650</b>	<b>1 926 374</b>
<b>Net Liabilities</b>		<b>(1 655 475)</b>	<b>(1 636 414)</b>
Accumulated deficit		(1 655 475)	(1 636 414)

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Statement of Financial Performance

	Note(s)	2020 R '000	2019 Restated* R '000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods	19	10 799	11 921
Other revenue		88	657
Commissions received		446	438
Bad debts recovered		92	37
Interest earned	18	16 034	17 013
<b>Total revenue from exchange transactions</b>		<b>27 459</b>	<b>30 066</b>
<b>Revenue from non-exchange transactions</b>			
Annual appropriation	20	1 993 460	1 872 694
Statutory appropriation	21	622 703	469 372
Service in kind rental	35	129 446	118 757
<b>Transfer revenue</b>			
Other revenue		134	98
<b>Total revenue from non-exchange transactions</b>		<b>2 745 743</b>	<b>2 460 921</b>
<b>Total revenue</b>		<b>2 773 202</b>	<b>2 490 987</b>
<b>Expenditure</b>			
Compensation of employees and Members	22	(1 730 494)	(1 621 226)
Depreciation and amortisation	23	(21 811)	(36 363)
Finance costs	24	(1 230)	(234)
Debt Impairment	25	(147)	(71)
Transfers to non-profit institutions	26	(470 759)	(454 653)
Repairs and maintenance	27	(8 969)	(6 168)
Cost of sales	28	(8 738)	(11 868)
General Expenses	29	(502 646)	(569 595)
<b>Total expenditure</b>		<b>(2 744 794)</b>	<b>(2 700 178)</b>
<b>Operating surplus (deficit)</b>		<b>28 408</b>	<b>(209 191)</b>
(Loss)/profit on disposal of assets		371	(255)
Actuarial (losses)/gain	17	(47 649)	(15 748)
<b>Other comprehensive incomes/(Losses)</b>		<b>(47 278)</b>	<b>(16 003)</b>
<b>Deficit for the year</b>		<b>(18 870)</b>	<b>(225 194)</b>

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Statement of Changes in Net Assets

	Accumulated surplus (Deficit) R '000	Total net assets R '000
<b>Balance at 01 April 2018</b>	<b>(1 236 854)</b>	<b>(1 236 854)</b>
Changes in net assets		
Surplus/(Deficit) for the year	(225 194)	(225 194)
Prior adjustments Note 40	(172 693)	(172 693)
Adjustment in prior year annual report	(1 673)	(1 673)
<b>Total changes</b>	<b>(399 560)</b>	<b>(399 560)</b>
Opening balance as previously reported	(1 468 609)	(1 468 609)
Adjustments		
Prior year adjustments-Note 40	(167 805)	(167 805)
<b>Restated balance at 01 April 2019</b>	<b>(1 636 414)</b>	<b>(1 636 414)</b>
Changes in net assets		
Surplus/(Deficit) for the year	(18 870)	(18 870)
Adjustments in opening balances	(191)	(191)
<b>Total changes</b>	<b>(19 061)</b>	<b>(19 061)</b>
<b>Balance at 31 March 2020</b>	<b>(1 655 475)</b>	<b>(1 655 475)</b>

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Cash Flow Statement

	Note(s)	2020 R '000	2019 Restated* R '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Annual appropriation		1 993 460	1 872 694
Statutory appropriation		600 518	493 161
Departmental revenue		11 424	13 532
Interest received		16 815	17 351
		<b>2 622 217</b>	<b>2 396 738</b>
<b>Payments</b>			
Employee costs		(1 684 527)	(1 459 534)
Suppliers		(455 174)	(494 321)
Finance costs		(1 230)	(50)
Statutory appropriation surrendered to National Revenue Fund		(23 789)	(100 768)
Transfer to non-profit institutions		(471 268)	(454 326)
		<b>(2 635 988)</b>	<b>(2 508 999)</b>
<b>Net cash flows from operating activities</b>	<b>32</b>	<b>(13 771)</b>	<b>(112 261)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(8 348)	(18 459)
Proceeds from sale of property, plant and equipment	8	364	185
Purchase of intangible assets	9	(4 406)	(3 471)
Purchases of heritage assets	10	(88)	(40)
<b>Net cash flows from investing activities</b>		<b>(12 478)</b>	<b>(21 785)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(8 741)	(112)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(34 990)</b>	<b>(134 158)</b>
Cash and cash equivalents at the beginning of the year		148 153	282 311
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>113 163</b>	<b>148 153</b>



## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Revenue</b>						
Annual appropriation	1 993 460	-	<b>1 993 460</b>	1 993 460	-	
Statutory appropriation	527 518	73 000	<b>600 518</b>	600 518	-	
	<b>2 520 978</b>	<b>73 000</b>	<b>2 593 978</b>	<b>2 593 978</b>	-	
<b>Expenses</b>						
Compensation of employees	(1 113 692)	-	<b>(1 113 692)</b>	(1 061 824)	<b>51 868</b>	<b>39.1</b>
Compensation of Members	(527 518)	(73 000)	<b>(600 518)</b>	(622 703)	<b>(22 185)</b>	
Goods and services	(493 938)	-	<b>(493 938)</b>	(455 174)	<b>38 764</b>	<b>39.2</b>
Transfer to non- profit institutions	(473 730)	-	<b>(473 730)</b>	(471 268)	<b>2 462</b>	
	<b>(2 608 878)</b>	<b>(73 000)</b>	<b>(2 681 878)</b>	<b>(2 610 969)</b>	<b>70 909</b>	
<b>Net cash flows from operating activities</b>	<b>(87 900)</b>	-	<b>(87 900)</b>	<b>(16 991)</b>	<b>70 909</b>	
<b>Cash flows from investing activities</b>						
Acquisition of property, plant and equipment	(9 052)	-	<b>(9 052)</b>	(8 348)	<b>704</b>	<b>39.3</b>
Purchase of heritage assets	(92)	-	<b>(92)</b>	(88)	<b>4</b>	
Purchase of intangible assets	(4 506)	-	<b>(4 506)</b>	(4 406)	<b>100</b>	
<b>Net cash flows from investing activities</b>	<b>(13 650)</b>	-	<b>(13 650)</b>	<b>(12 842)</b>	<b>808</b>	
Net increase/(decrease) in cash and cash equivalents	(101 550)	-	<b>(101 550)</b>	(29 833)	<b>71 717</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>(101 550)</b>	-	<b>(101 550)</b>	<b>(29 833)</b>	<b>71 717</b>	

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
<b>Reconciliation</b>						
<b>Net cash from (used) operating</b>						
<b>Basis difference</b>						
Interest paid				(1 230)		
Statutory funds surrendered				(23 789)		
Departmental revenue				11 424		
<b>Interest received</b>						
Interest received				16 815		
<b>Net cash from (used) investing</b>						
<b>Basis difference</b>						
Proceeds from sale of property, plant and equipment				364		
<b>Net cash from (used) financing</b>						
<b>Basis difference</b>						
Finance lease payments				(8 741)		
<b>Actual Amount in the Cash flow statement</b>				<b>(34 990)</b>		

# Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

## Accounting Policies

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### 1. Basis of presentation

The financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice ( SA Standards of GRAP ) , issued by the Accounting Standards Board in accordance with Section 56 of the Finance Management of Parliament and Provincial Legislatures Act.

The accounting policies applied are consistent with those that were applied in the previous year, except where indicated otherwise. Management has used assessment and estimates in preparing the annual financial statements. The estimates used were the best information available at the time of preparing the financial statements.

#### 1.1 Significant judgements

In the process of applying accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### Options granted

##### Impairment of trade receivables

The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments . This was performed per service-identifiable categories across all classes of debtors.

##### Employee and Members benefits, provisions contingent liabilities and contingent assets

Management's judgment is required when recognising and measuring employees and Members benefit obligations, provision, contingent liabilities and contingent assets. Employees and Members benefit obligations are discounted where the effect of discounting is material using actuarial valuations.

##### Going concern assumption

The financial statements have been prepared on the assumption that Parliament will continue to operate as a going concern for at least the next 12 months as indicated in the Accounting Officer's report.

##### Post- retirement benefits

The cost of post - employment medical benefits for former members of Parliament is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, medical inflation, mortality rates and average retirement age. Due to the long-term nature of the plans, such estimates are subject to significant uncertainty.

Also the cost of exit gratuity for members of Parliament is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rate, real rate, future salary increases, general inflation and withdrawal rate being end of the term of fifth Parliament.

##### Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements, and required return on assets to determine the optimum useful life expectation, where appropriate. The estimated residual values of assets is based on management's judgment on whether the assets will be sold or used at the end of their useful lives and what will be the condition of the assets at that time.

The impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has decreased below the carrying value of the asset. This is performed across all classes of property, plant and equipment during the physical verification process.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.2 Hierarchy of standards used

The standards used in compiling the annual financial statements are those stipulated in Directive 5 of the Accounting Standard Board.

#### Adoption of new and revised standards

In the current financial year Parliament has adopted the revised standards and interpretations issued by the Accounting Standards Board (ASB) as set out in Directive 5 that are relevant to its operations, and effective. The adoption of these revised standards and interpretations did not result in the changes to the accounting policies. Parliament has not adopted any SA Standards of GRAP that are not yet effective.

In terms of Directive 5, the below listed Standards of GRAP were approved and not yet effective:

- GRAP 34 - Separate Financial Statements
- GRAP 35 - Consolidated Financial Statements
- GRAP 36 - Investments in Associates and Joint Ventures
- GRAP 37 - Joint Arrangements
- IGRAP 38 - Disclosure of Interests in Other Entities
- GRAP 110 - Living and Non-living Resources

All the above standards where applicable will be complied with in preparation of the financial statements, once the effective date has been set. Preliminary investigations indicated that the impact of these standards on Parliament will be minimal.

#### 1.3 Comparative figures

Where the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated. The nature and reason for the amendment is disclosed. Where the accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year's comparative figures are restated accordingly.

#### 1.4 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to Parliament directly in return for services rendered and goods sold, the value of which approximates the fair value consideration received or receivable.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.4 Revenue from exchange transactions (continued)

##### Recognition

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- Parliament has transferred to the buyer the significant risks and rewards of ownership of the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to Parliament and the cost incurred or to be incurred in respect of the transaction can be measured reliably.
- Parliament retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

##### Rendering of services

Revenue from services rendered is recognised as and when the services are completed. If Parliament cannot reliably estimate the outcome of the transaction, revenue is recognised to the extent that expenses recognised are recoverable.

##### Interest

Interest revenue is recognised on a time proportion basis if it is probable that the economic benefits or service potential associated with the transaction will flow to Parliament and the amount can be measured reliably.

##### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### 1.5 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions that are not exchange transactions. In non-exchange transaction, Parliament receives value from another entity without directly giving approximately equal value in exchange.

The following broad categories of revenue from non-exchange transactions are received by Parliament:

- Statutory appropriation
- Grants, sponsorship and donation
- Annual appropriation
- Service in kind rental .



## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.5 Revenue from non-exchange transactions (continued)

##### Recognition

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount in the event of non-performance.

Grants, sponsorships and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, sponsorship or donation is conditional. The liability is transferred to revenue as and when the condition attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from the recovery of unauthorised, irregular and fruitless and wasteful expenditure is based on legislated procedures, including those set out in the FMPPLA and is recognised when the amount is recoverable and can be reliably measured.

##### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by Parliament.

#### 1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Property, plant and equipment are recognised at cost or at fair value at acquisition date where assets have been acquired through non-exchange transaction, less accumulated depreciation and impairment. Where item of property plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period the impairment is identified.

Subsequent expenditure incurred relating to property, plant and equipment is capitalised if it is probable that the future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the original assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

Parliament maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for an economic gain, and thus no residual values are determined on assets. The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the Statement of Financial Performance.

Depreciation commences when the asset is ready and available for its intended use. Depreciation is calculated on the cost price, using the straight-line method over the estimated useful lives of the assets. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciable amount of an asset is allocated on a systematic basis over its useful life. The annual depreciation rates are based on the following estimated average lives of assets of property, plant and equipment :

Item	Depreciation method	Average useful life
Furniture	Straight line	5 to 20 years
Motor vehicles	Straight line	5 to 14 years
Office equipment	Straight line	5 to 20 years
Computer equipment	Straight line	3 to 15 years
Library books	Straight line	5 years
Finance assets - cell phones and modems	Straight line	2 years

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.6 Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Parliament assess at each reporting date whether there is any indication that the expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, Parliament revise the expected useful life and/or residual value accordingly. The changes are accounted for as a change in an accounting estimate in accordance with the Standard of GRAP 3.

Parliament separately discloses expenditure for repair and maintain of property, plant and equipment in the notes to the financial statements.

#### 1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

##### Recognition

Parliament recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to Parliament, and the cost or fair value of the asset can be measured reliably.

##### Initial measurement

A heritage asset that qualifies for recognition as an asset shall be measured at its cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

##### Subsequent measurement

Heritage assets are carried at cost less any accumulated impairment losses.

##### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

##### Depreciation

Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation will be immaterial. However, they are assessed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, Parliament estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### 1.8 Intangible assets

##### Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Parliament recognises intangible assets in its Statement of Financial Position when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to Parliament for more than one reporting period, and the cost or fair value of the asset can be measured reliably. Intangible assets are initially recognised at cost. Where an intangible asset is acquired through non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.8 Intangible assets (continued)

##### Measurement

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses.

##### Amortisation

Amortisation commences when the asset is readily available for its intended use. Intangible assets are amortised on straight line bases over the estimated useful life of assets. The annual amortisation rates are based on the following estimated average asset lives.

Item	Useful life
Computer software, other	3 to 12 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Parliament discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

#### 1.9 Impairment of assets

Parliament assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, Parliament estimates the recoverable service amount of each individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Irrespective of whether there is any indication of impairment, Parliament also test intangible assets with an indefinite useful life or an intangible asset not yet available for use for impairment at reporting date, by comparing its carrying amount with its recoverable service amount.

An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall, be increased to its recoverable service amount, but should not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for an asset shall be recognised immediately in surplus or deficit.

#### 1.10 Inventories

Inventories consist of raw material, consumables and finished goods purchased and held for resale.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.10 Inventories (continued)

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs is the fair value as at the date of acquisition.

Subsequently, inventories are measured at the lower of cost determined on the weighted average basis and net realisable value.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.11 Financial instruments

Parliament recognises financial instruments when Parliament becomes a party to the contractual provisions of the instrument and are initially measured at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Parliament subsequently measures all financial assets and financial liabilities after initial recognition at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and Parliament has transferred substantially all risks and rewards of ownership, or when Parliament loses control of contractual rights that comprise the assets.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. Parliament has the following types of financial assets (and liabilities) as reflected on the face of the Statement of Financial Position or in the notes thereto:

##### - Trade and other receivables

Trade and other receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year end.

Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that Parliament will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

##### - Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institution with maturities of three months or less and are subject to an insignificant risk of change in value as well as notice deposits. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with a bank. Parliament categorises cash and cash equivalents as financial assets, loans and receivables which are accounted for at amortised cost.

##### -Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.12 Provisions

##### Provisions

A provision is recognised when Parliament has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

#### 1.13 Leases

Leases are classified as finance leases at the inception of the lease if substantially all the risks and rewards associated with ownership of an asset are transferred to Parliament. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest.

In discounting the lease payments, Parliament uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. The lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the finance lease definition. Operating lease rentals are accrued on a straight-line basis over the term of the lease.

The difference between the amounts recognised as an expense and the contractual payments are recognised as either a pre-paid expense (asset) or liability depending on whether the payment exceeds the expense or vice versa.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.14 Employees and Members benefits

##### Short-term employee and Member's benefits

Short-term employee benefits are employee benefits that are due to be settled within twelve months after the end of the period in which the employees render the related service.

The costs of all the short-term employee benefits is recognised during the period in which the employee rendered the related service. The employee-related costs are recognised as an expense in the Statement of Financial Performance. Any undiscounted amount not paid to an employee for the services that were rendered at reporting period is recognised as a current liability.

Parliament recognises the expected cost of the performance bonus, the staff salary saving, leave entitlements, overtime, salaries and members gratuities at undiscounted amounts in exchange for services that were rendered. A liability is recognised (accrued expense) after deducting any amount already paid. Parliament has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

If the amount already paid exceeds the undiscounted amount of the benefits, Parliament recognises excess as an asset, that will need to be recovered from the employee.

##### Post-employment benefits: Defined contribution plan

It is a post-employment benefit plan under which Parliament pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all Members benefits relating to Members service in the current and prior periods.

The defined benefit funds are administered on a national basis and for which specific actuarial information in respect of individual participating employers is unavailable due to centralised administration. These funds are accounted for as if they were defined contribution funds as Parliament is only obligated to make contributions. When an employee has rendered service to Parliament during a reporting period, Parliament recognises the contribution payable to a defined contribution plan in exchange for that service.

##### Post-employment benefits: Defined benefit plans

Parliament has an obligation to provide the agreed retirement benefits to its employees and former Members of Parliament. There is no fund to cover any shortfalls.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability, Parliament recognises the actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

The liability in respect of these subsidies is discounted and recognised at fair value together with adjustments for actuarial gains and losses, current service costs and past service costs. The current service costs, past service costs and actuarial gains and losses are recognised in the Statement of Financial Performance as expenses incurred for the year.

The amount recognised as a defined benefit liability is the present value of the defined benefit obligation at the reporting date. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

##### Defined benefit plans

The related current service costs and where applicable, past service costs are determined by using the projected unit credit method. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as adjusted for unrecognised actuarial gains or losses and unrecognised past service costs, and reduced by the fair value of plan assets. To the extent that there is uncertainty as to the entitlement to the surplus, no asset is recognised. Current service costs are recognised as an expense in the current year

Past service costs, experience adjustments, the effects of changes in actuarial assumptions and the effects of plan amendments in respect of existing employees are recognised as an expense or as income systematically over the expected average remaining working lives of those employees. The effects of plan amendments in respect of retired employees are measured at the present value of the effect of the amended benefits and are recognised as an expense or as income in the year in which the plan amendment is made.



## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.15 Assets held for sale

Non current assets are classified as held for sale if their carrying amount is to be recovered principally from a sale transaction, rather than through continuing use. These are non-current assets that have been identified to be sold at their approximate fair value in their present condition and the sale highly probable.

A sale is highly probable if the appropriate level of management is committed to a plan to sell. This happens when the entity has performed the following steps:

- have begun an active programme to locate a buyer and complete the sale;
- be actively marketing the asset or disposal group at a price that is reasonable compared to its current fair value;
- have made a sale to be completed within one year from the date of classification, unless a delay is caused by events beyond the entity's control; and
- carry out actions required to complete the plan, which should indicate that it is not likely that there will be significant changes made to the plan or that the plan will be withdrawn.

#### Initial recognition

Before applying the measurement requirements of this Standard, the non-current assets held for sale are measured in accordance with the relevant SA Standards of GRAP under which they are currently accounted for. Non-current assets or disposal groups that meet the classification conditions to be held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Non-current assets that have been classified as held for sale are not depreciated or amortised. The assets are presented separately as non-current assets held for sale in the statement of financial position.

#### Subsequent measurement

The assets are assessed for impairment and recognises impairment losses on measurement and remeasurement to fair value less costs to sell in the same way as the entity would under the SA Standards of GRAP on impairment of assets.

#### 1.16 Commitments

The amounts of contractual commitments for acquisition of property, plant and equipment at reporting date are disclosed in the notes to the financial statements.

#### 1.17 Contingent liabilities and assets

##### Contingent liabilities

Contingent liabilities are not recognised as liabilities because they are possible obligations and yet to be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Parliament, that could lead to an outflow of resources embodying economic benefits or service potential, which cannot be measured with sufficient reliability.

The following is disclosed for each class of contingent liability at the reporting date:

- A brief description of the nature of the contingent liability and, where practicable an estimate of its financial effect is measured.
- An indication of the uncertainties relating to the amount or timing of any outflow and any the possibility of any reimbursement.

##### Contingent assets

Contingent assets are not recognised in the statement of financial position because are possible assets whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Parliament.

When an inflow of economic benefits or service potential is probable, a brief description of the nature of the contingent assets at the reporting date and where practicable, an estimate of their financial effect is disclosed.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.18 Related parties

Parliament operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national spheres of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of Parliament, including those charged with the governance of Parliament in accordance with legislation, in instances where they are required to perform such functions.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed and remuneration of management as defined.

#### 1.19 Prepayments

Prepayments includes payments made in advance before the services rendered or goods received. The prepayments are not discounted as the goods and services are expected to be provided within the next financial year.

#### 1.20 Irregular expenditure

The FMPPLA defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of this Act or any other applicable legislation.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance in the year incurred and where recovery is highly probable is subsequently recognised as an asset in the Statement of Financial Position and revenue in the Statement of Financial Performance.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the current financial year, the disclosure note to the financial statements is updated with the amount condoned. Irregular expenditure that is incurred and identified during the current financial year is disclosed and reduced by any amounts condoned.

#### 1.21 Fruitless and wasteful expenditure

The FMPPLA defines fruitless and wasteful expenditure as expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Where fruitless and wasteful expenditure was incurred in the previous financial year and is only condoned in the current financial year, the disclosure note to the financial statements is updated with the amount condoned. Fruitless and wasteful expenditure that is incurred and identified during the current financial year is disclosed and reduced by any amounts condoned.

#### 1.22 Budget information

Parliament Budget comprises of the allocations by National Treasury and retained earning of previous years as Parliament is not required to return to National Revenue Fund any money appropriated but not spent.

The statement of financial performance is prepared on accrual basis, while the budget is prepared on cash basis. Therefore the actual amounts as per the financial statements are adjusted to be compared to the budget on a cash basis. The variance between budget and the actual amounts of five per cent are regarded as material and the variances are explained.

#### 1.23 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of Parliament. Unless stated otherwise, all figures are rounded to the nearest R1,000 (thousand Rand).

#### 1.24 Offsetting

Assets, liabilities, revenue and expenses have not been off-set except where offsetting is required or permitted by a SA Standards of GRAP.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.25 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus (deficit) of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

#### 1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Parliament adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurs.

Parliament discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>2. Inventories</b>		
Food and beverage	2 230	1 122
Opening balance	1 122	855
Additions	9 846	12 135
Cost of sales	(8 738)	(11 868)
	<b>2 230</b>	<b>1 122</b>
<b>3. Receivables from non- exchange transactions</b>		
Staff and Members debt	2 194	2 429
Provisions for doubtful debts	(610)	(614)
	<b>1 584</b>	<b>1 815</b>
<b>Reconciliation of the doubtful debt provision</b>		
Opening balance	614	649
Contribution to provision	89	39
Reversal of provision	(91)	(37)
Amount written off as uncollectable	(2)	(37)
	<b>610</b>	<b>614</b>
	-	-
<b>4. Receivables from exchange transactions</b>		
Government organisations	44	12
Other receivables	275	203
Provision for doubtful debts	(143)	(87)
Accrued Income	1 046	1 827
	<b>1 222</b>	<b>1 955</b>
<b>Reconciliation of doubtful debt provision</b>		
Opening balance	87	66
Contribution to provision	57	31
Amounts written off as uncollectible	-	(5)
Reversal of provision	(1)	(5)
	<b>143</b>	<b>87</b>
The receivables from exchange transactions over 90 days, where there is no arrangement for payment, were impaired.		
	-	-
<b>5. Overspent Statutory appropriation</b>		
Amount received	(600 518)	-
Utilised	622 703	-
	<b>22 185</b>	<b>-</b>

Unspent statutory appropriation must be surrendered to National Revenue Fund (NRF) in terms of section 23 (4) of the FMPPA and in the same context overspending statutory appropriation must be claimed from NRF.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>6. Prepayments</b>		
<b>Prepayment balances</b>		
*Prepayments to DIRCO	100	9 032
** Prepared expenses	13 011	6 082
Advances - short term	412	64
S&T Advance	133	89
Control: Petty Cash	165	82
Credit Card	32	-
	<b>13 853</b>	<b>15 349</b>

\*Prepayments to the Department of International Relations and Cooperation (DIRCO) for service to be delivered during international travel of Members of Parliament and staff.

\*\*Prepaid expenses relates to portion of the payments made relating to periods in the next financial year, such as annual subscriptions and membership fees and also prepayment made for open tickets which were not used.

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	146	234
Bank balances	75 597	85 869
Short-term deposits	37 420	62 050
	<b>113 163</b>	<b>148 153</b>

The exposure to credit risk is the carrying amount of each class of cash and cash equivalents. Cash and cash equivalents and short term deposits are placed with high credit quality rated financial institution, therefore the carrying values were not impaired.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000		2019 R '000			
<b>7. Cash and cash equivalents (continued)</b>						
<b>Parliament had the following bank accounts</b>						
Description	Bank statement balances		Cash book balances			
	March 2020	March 2019	March 2020	March 2019		
Nedbank Limited: Primary Bank Account	55 803	17 864	-	55 803	17 864	-
Nedbank Limited: Salary Account	1 028	546	-	1 028	546	-
Nedbank Limited: Petty Cash Account	35	41	-	35	41	-
Nedbank Limited: EU Account Main R	17 944	36 111	-	17 944	36 111	-
	787	31 308	-	787	31 308	-
<b>Total</b>	<b>75 597</b>	<b>85 870</b>	<b>-</b>	<b>75 597</b>	<b>85 870</b>	<b>-</b>

#### Short term deposits

Short term deposits do not exceed six months and are kept with Nedbank as follows:

	Bank Statement Balances		Cash Book Balances		
	March 2020	March 2019	March 2020	March 2019	
Nedbank Limited: Call Deposit (30 Days)	2 093	1 963	2 093	1 963	-
Nedbank Limited: Notice Deposit (183 Days)	1 327	60 087	1 327	60 087	-
Nedbank Limited: EU fixed deposit 365 day	34 000	-	34 000	-	-
	<b>37 420</b>	<b>62 050</b>	<b>37 420</b>	<b>62 050</b>	<b>-</b>

The 30 days notice deposit account bears interest at 5.05% per annum and the interest is compounded monthly.

The 183 days notice deposit account bears interest at 7.95% per annum and the interest is compounded monthly.

The 365 days notice account bears interest at 7.65% per annum and the interest is compounded yearly.



## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

Figures in thousand

8. Property, plant and equipment	2020		2019	
	Cost / Valuation	Accumulated depreciation and impairment	Cost / Valuation	Accumulated depreciation and impairment
Furniture	46 747	(41 799)	46 477	(40 485)
Motor vehicles	9 136	(6 139)	9 136	(5 095)
Office equipment	124 485	(100 677)	120 814	(96 835)
Computer equipment	118 350	(81 155)	92 917	(69 501)
Library books	32 138	(30 839)	31 822	(30 625)
<b>Total</b>	<b>330 856</b>	<b>(260 609)</b>	<b>301 166</b>	<b>(242 541)</b>

Reconciliation of property, plant and equipment - 31 March 2020					
	Opening balance	Additions	Disposals	Depreciation	Total
Furniture	5 992	511	(28)	(1 527)	4 948
Motor vehicles	4 041	-	-	(1 044)	2 997
Office equipment	23 979	3 998	(13)	(4 156)	23 808
Computer equipment	23 416	26 871	(38)	(13 054)	37 199
Library books	1 197	316	-	(214)	1 299
	<b>58 625</b>	<b>31 696</b>	<b>(79)</b>	<b>(19 995)</b>	<b>70 247</b>

Included in property, plant and equipment are leased assets with carrying value of R16 945 156 (31 March 2019: R415 007)

**Parliament of the Republic of South Africa**

Financial Statements for the year ended 31 March 2020

**Notes to the Financial Statements**

Figures in thousand

8. Property, plant and equipment (continued)									
Reconciliation of property, plant and equipment - 31 March 2019									
	Opening balance	Additions	Re-instatement	Disposals	Transfers to asset held for sale	Reclassification	Depreciation	Total	
Furniture	7 395	342	-	(23)	-	-	(1 722)	5 992	
Motor vehicles	1 618	3 583	-	-	(113)	-	(1 047)	4 041	
Office equipment	40 522	2 068	-	(7)	-	(58)	(18 546)	23 979	
Computer equipment	23 148	9 703	3	(324)	-	58	(9 172)	23 416	
Library books	1 172	256	-	-	-	-	(231)	1 197	
	<b>73 855</b>	<b>15 952</b>	<b>3</b>	<b>(354)</b>	<b>(113)</b>	<b>-</b>	<b>(30 718)</b>	<b>58 625</b>	

Included in property, plant and equipment are leased assets with carrying value of R415 007 (31 March 2018: R588 000).

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

Figures in thousand

9. Intangible assets	2020		2019	
	Cost / Valuation	Accumulated Carrying value amortisation and accumulated impairment	Cost / Valuation	Accumulated Carrying value amortisation and accumulated impairment
Computer software, other	31 855	(21 851)	10 004	27 449
				(20 036)
				7 413
<b>Reconciliation of intangible assets - 31 March 2020</b>				
	Opening balance	Additions	Amortisation	Total
Computer software, other	7 413	4 406	(1 815)	10 004
<b>Reconciliation of intangible assets - 31 March 2019</b>				
	Opening balance	Additions	Amortisation	Total
Computer software, other	9 583	3 471	(5 641)	7 413
<b>10. Heritage assets</b>				
Art Collections, antiquities and exhibits	2020		2019	
	Cost / Valuation	Accumulated Carrying value impairment losses	Cost / Valuation	Accumulated Carrying value impairment losses
	55 404	-	55 404	-
				55 316
<b>Reconciliation of heritage assets - 31 March 2020</b>				

**Parliament of the Republic of South Africa**

Financial Statements for the year ended 31 March 2020

**Notes to the Financial Statements**

Figures in thousand

<b>10. Heritage assets (continued)</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Total</b>
Art Collections, antiquities and exhibits	55 316	88	55 404
<b>Reconciliation of heritage assets - 31 March 2019</b>			
Art Collections, antiquities and exhibits	55 276	40	55 316

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>11. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	12 836	115
- in second to fifth year inclusive	4 152	76
	16 988	191
less: future finance charges	(1 165)	(9)
<b>Present value of minimum lease payments</b>	<b>15 823</b>	<b>182</b>
Non-current liabilities	4 036	74
Current liabilities	11 787	108
	<b>15 823</b>	<b>182</b>

The average lease term is 2 years for computer equipments (cell phones, modems and tablets and laptops). The laptops are only leased for Members of Parliament. The average effective borrowing rate is prime interest rate and the present value is used.

Leases have fixed monthly payments. However, lease payments vary due to contingent rentals (airtime, data-packages, etc). Transfer of ownership and risk takes place at the end of the lease term.

### 12. Payables from exchange transactions

Trade payables	14 837	20 106
Accrued expenses	25 063	42 178
	<b>39 900</b>	<b>62 284</b>

The fair value of trade and other payables approximates their carrying amounts.

Standard credit terms of 30 days apply.

### 13. Payables from non-exchange transactions

Disability support	1 250	1 759
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### 14. Unspent statutory appropriation

#### Movement during the year

Amount received	-	493 161
Utilised	-	(469 372)
	-	<b>23 789</b>

Unspent statutory appropriation must be surrendered to National Revenue Fund (NRF) in terms of section 23 (4) of the FMPPLA.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000		
<b>15. Employees and Members benefit obligations</b>				
<b>15.1 Reconciliation of employee benefits - 31 March 2020</b>				
	Opening Balance	Additions	Utilised during the year	Total
Leave liability	47 818	18 952	(6 599)	60 171
Staff salary savings	2 850	2 685	(2 850)	2 685
Accrued long service awards	538	103	(538)	103
Overtime	1 096	1 755	(1 096)	1 755
Performance bonus	10 643	9 198	(10 643)	9 198
Long service awards provision	4 440	1 525	(4 440)	1 525
Shift and Stand in Allowance	104	-	(104)	-
Other	90	737	(90)	737
	<b>67 579</b>	<b>34 955</b>	<b>(26 360)</b>	<b>76 174</b>

#### Reconciliation of employee benefits -31 March 2019

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave Liability	47 593	4 211	(3 986)	-	47 818
Staff salary savings	2 901	2 850	(2 901)	-	2 850
Accrued long service awards	-	538	-	-	538
Overtime	1 037	1 096	(1 037)	-	1 096
Performance bonus	-	10 643	-	-	10 643
Long service awards provision	1 820	4 948	(2 328)	-	4 440
Shift and stand in allowance	-	104	-	-	104
Other	3 747	-	(3 295)	(362)	90
	<b>57 098</b>	<b>24 390</b>	<b>(13 547)</b>	<b>(362)</b>	<b>67 579</b>

#### Performance Bonus

The performance bonuses were calculated at 1% of the salary bill of employees who completed 12 month service as at 31 March.

#### 15.2 Members benefit obligations

##### Reconciliation of Members benefit obligations - 31 March 2020

	Opening Balance	Additions	Utilised during the year	Total
Member's gratuities	4 935	1 252	(3 510)	2 677
Post- retirement medical aid benefits	81 563	92 754	(81 563)	92 754
Current portion -Post employment travel benefits	11 375	12 530	(11 375)	12 530
	<b>97 873</b>	<b>106 536</b>	<b>(96 448)</b>	<b>107 961</b>

##### Reconciliation of Members benefit obligations-31 March 2019



## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

			2020 R '000	2019 R '000
<b>15. Employees and Members benefit obligations (continued)</b>				
	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Total</b>
Member's gratuities	2 913	3 698	(1 676)	4 935
Post- retirement medical aid benefits	62 409	81 563	(62 409)	81 563
Post employment travel benefits	10 699	11 375	(10 699)	11 375
	<b>76 021</b>	<b>96 636</b>	<b>(74 784)</b>	<b>97 873</b>
<b>16. Provisions</b>				
Opening balance			2 170	3 384
Contribution			4 350	286
Reversal of provision			-	(1 500)
			<b>6 520</b>	<b>2 170</b>

The provision relates to the legal cases where Parliament is liable to pay costs however the bill of costs have not yet been granted. The amount is estimated based on Parliament experience regarding the cost normally paid for the same matters.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>17. Employees and Members benefit obligations</b>		
<b>17.1 Members benefit obligations</b>		
<b>The Political Office Bearers Pension Fund ( POBF)</b>		
Retirement benefits are provided by membership to POBF, Parliament's responsibility is limited to the current contributions made on behalf of its Members of Parliament. The obligation of the fund is guaranteed by the NRF. This responsibility is governed by the Pension Scheme Act, 1984 ( Act No. 112 of 1984)		
Contribution to POBF for the reporting period	64 587	62 053

#### Post- retirement medical aid benefits

In terms of existing practice, Parliament provides to contribute a maximum of 66.67% to the Parmed scheme for the retired Members of Parliament ( for before and post 1994) and Provincial Legislatures Members (post 1994). This defined benefit liability for potential post-retirement medical aid costs in respect of existing Members has been actuarially valued as at 31 March 2020.

#### Medical: Post - retirement benefit

	1 299 510	1 169 467
<b>Reconciliation of movement in liability</b>		
Opening balance	1 169 467	1 081 328
Current service costs	28 366	33 793
Interest	115 643	96 416
Actuarial (gain)/loss on basis	78 788	39 493
Transferred to current employee benefits	(92 754)	(81 563)

The interest cost was calculated using a liability-weighted average of the yields from the zero coupon SA Government bond curve for the components of the liability. The source is the Johannesburg Stock Exchange through Inet BFA data service.

The annual average contribution for the post retirement medical aid amounts to R81.5 million and is funded by National Treasury. The provision of R 1.392 billion is in terms of actuarial valuations for contributions to be made until the former Members of Parliament and Provincial Legislatures and/or their spouses passes away, children until their are 21 years or 26 years if they are still studying and children with disabilities until they passes away.

#### Principal actuarial assumptions:

##### Key Financial Assumptions

Assumptions	31 March 2020 Value p.a	31 March 2019 Value p.a
Weighted discount rate	12.65%	9.44%
Health care cost inflation rate	8.82%	6.9%
Net discount rate	3.52%	2.38%

##### Summary of key demographic assumptions

	31 March 2020	31 March 2019
Average benefit commencement age	55	55
Continuation of membership at cessation of service	75%	75%
Proportion with a spouse dependant at cessation of service	50%	50%
Mortality during employment	SA 85-90	SA 85-90
Mortality post-retirement	PA(90)-2	PA(90)-2
Male spouse older than female spouse	4 years	4 years

	Change %	Current service cost	Interest
Central assumptions	-	29 435	172 215
Discount rate	(1)	35 032	175 549

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

		2020 R '000	2019 R '000
<b>17. Employees and Members benefit obligations (continued)</b>			
	1	25 001	169 080
Health care inflation	(1)	24 825	156 044
	1	35 195	191 147
Post-employment mortality age rating (1 year decrease)	-	30 240	177 661
Post-employment mortality age rating (1 year increase)	-	28 623	166 930
Average benefit commencement Age (1 year decrease)	-	28 804	175 076
Average benefit commencement Age (1 year increase)	-	28 745	169 295
	-	-	-

Assumption	Central assumption	Discount rate	Health care inflation	Post- employment mortality age rating	Average benefit commencement Age
1% decrease	1 392 264	1 535 020	1 266 761	-	-
Cost/(Saving)	-	142 756	(125 502)	-	-
1% increase	-	1 271 719	1 539 044	-	-
Cost/(Saving)	-	(120 545)	146 781	-	-
1 year decrease	-	-	-	1 434 932	1 415 187
Cost/(Saving)	-	-	-	42 669	22 924
1 year increase	-	-	-	1 350 875	1 369 515
Cost/(Saving)	-	-	-	(41 388)	(22 748)
Subtotal	-	-	-	-	-
	-	-	-	-	-

Actuarial Gains and Losses	Column heading
Contribution to Actuarial Gain:	-
Increase in net discount rate	(24 980)
Eligible individuals' profile different from assumed	(8 207)
Actual benefits vested, greater than expected	2 752
<b>Total</b>	<b>(30 435)</b>

Liability history summary	2020	2019	2018	2017	2016
Accrued liability	1 392 264	1 251 030	1 143 737	1 010 304	1 219 332
Plan assets	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>(1 392 264)</b>	<b>(1 251 030)</b>	<b>(1 143 737)</b>	<b>(1 010 304)</b>	<b>(1 219 332)</b>

History of experience adjustment: Gains and losses	2020	2019	2018	2017	2016
Liabilities (Gain)/Loss	(109 190)	24 690	48 442	(109 027)	148 257

#### Member's loss of office gratuity

This provision for loss of office gratuity is calculated for all current Members of Parliament with service of five years and more, assuming termination of service at the reporting date. It is calculated as 4 months pensionable salary for every five years in service or prorata share of the five year period. Pensionable salary is 60% of their total gazetted remuneration package.

Liability has also been raised for Member's who have not completed five years of service. There is a probability that 57 percent of these Members will complete five years of service based on the past five year's termination rate.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>17. Employees and Members benefit obligations (continued)</b>		
The liability is not discounted due to the fact that the salary increase rate will be the same as the inflation rate or the difference would be minimal.		
<b>Provision: Members' loss of office gratuity</b>		
Opening balance	140 225	127 150
Contributions	38 329	17 897
Utilised	(88 585)	(4 822)
	<b>89 969</b>	<b>140 225</b>

#### Exit gratuity

The exit gratuity is payable to relevant eligible Members of Parliament who are Members of Political Office Bearers Pension Fund when they exit the Fund and is payable due to amendments made in rules in terms of the Proclamation 48 of 21 July 2016. These Members were Members of Fund on or before 2016 and did not exit as consequence of of 2019 general elections. The Members exit gratuity fund value is projected to the election date of 7 May 2019 and compared to the benefit that would have been payable to each Member under the old fund benefits rules. This gratuity is then projected to each future year end with inflation.

<b>Provision: Exit Gratuity</b>		
Opening balance	200 026	162 337
Current service cost	2 460	32 852
Interest cost	17 713	14 701
Benefit paid	(53 063)	(2 693)
Net transfers between divisions	(402)	-
Actuarial (gains)/loss	(479)	(7 171)
	<b>166 255</b>	<b>200 026</b>

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
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#### 17. Employees and Members benefit obligations (continued)

##### Principal actuarial assumptions:

##### Key Financial Assumptions

	31 March 2020	31 March 2019
Assumptions	Value p.a	Value p.a
Discount rate	8.80%	9.09%
Asset returns	8.80%	9.09%
Price inflation	4.80%	5.61%
Salary inflation	4.80%	5.61%

The discount rate of 8.80% proposed for the 2020 valuation has been set with reference to the yields obtained from the zero coupon yield curve published by the Johannesburg Stock Exchange at 31 March 2020 at points which would best match the term of the liabilities, 4 years.

Asset returns: It has been assumed that members' Fund Credits grow in line with the discount rate of 8.80%.

Price inflation rate was calculated as the difference between the yield obtained from the zero-coupon yield curve published by the Johannesburg Stock Exchange and the yield obtainable on the real yield curve constructed from the available data for inflation linked bonds at the arrangement's duration at the valuation date. In the derivation of the proposed inflation rates allowance was made for a 0.5% inflation risk premium.

Salary inflation: It has been assumed that salary increases for Parliament members would increase in line with price inflation.

Given the short term nature of the Gratuity arrangement, it is proposed that a simple allowance of 5% per annum is made for members claiming the gratuity in each year (i.e. through withdrawal, retirement or death). All Members remaining to 30 June 2024 (the deemed date of the next National Election) are assumed to be paid out their full gratuity amount due at this date. Thereafter, no further gratuity payment is assumed to be payable to Members.

##### Sensitivity of defined benefit obligation

Defined Benefit Obligation (central scenario)	166 255	200 026
Defined Benefit Obligation (discount rate + 1%)	162 527	183 188
Defined Benefit Obligation (discount rate - 1%)	172 128	217 757
Defined Benefit Obligation (Salary escalation + 1%)	172 270	-

- -

Liability history summary	2020	2019	2018	2017
Accrued liability	166 255	200 026	162 337	115 887
Plan Asset	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>(166 025)</b>	<b>(200 026)</b>	<b>(162 337)</b>	<b>(115 887)</b>

History of experience adjustment: Gains and losses	2020	2019	2018	2017
Liabilities: (Gain)/Loss	3 138	-	-	2 907

##### Post employment travel benefits

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>17. Employees and Members benefit obligations (continued)</b>		
In terms of the Ministerial handbook of 2007, Parliament is liable for the post employment benefits of Members, former Executives (Ministers and Deputy Ministers) and their spouses travel entitlements. Beneficiaries receive travel benefits in line with the highest designation attained during service, are given a set travel allocation each calendar year and unused allocation does not carry over to the following year.		
The travel privileges come into effect on the first day following the date on which they relinquish their office, excluding the journeys made when vacating State-owned residences to the places where they intend to settle.		
<b>Summary of post employment travel benefits (local travelling per annum):</b>		
Former Minister are entitled to 48 single business class tickets and their spouses to 24 business class tickets for life.		
Former Deputy Ministers are entitled to 36 single business class tickets and their spouses to 18 business class tickets for life.		
Former Members are entitled to 4 single economy class tickets (joint allocation to former Member and spouse)		
The benefit is for life except Former Members as their benefit is equal to years of service, limited to 15 years.		
There is no minimum service required to qualify except for Former Member which is five years.		
After the benefit commences, the spouse is entitled to continue with the benefit of 12 single business class tickets upon death of Beneficiary (Former Minister/Deputy Minister). This benefit is not applicable to spouse of former Member.		
There is no benefit accruing to spouse upon death in service for all categories.		
<b>Post employment travel benefits</b>		
<b>Reconciliation of movement in liability</b>		
Opening balance	154 777	161 849
Current service cost	5 728	6 360
Interest	15 174	14 517
Actuarial (gain)/loss	(30 258)	(16 574)
Transferred to current employee benefits	(12 530)	(11 375)
	<b>132 891</b>	<b>154 777</b>



# Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

## Notes to the Financial Statements

	2020 R '000	2019 R '000
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### 17. Employees and Members benefit obligations (continued)

#### Key Financial Assumptions

The interest cost were calculated using a liability-weighted average of the yields for the two components of the liability. The source is the Johannesburg Stock Exchange.

Assumptions	31 March 2020 Value p.a	31 March 2019
Weighted average discount rate	10.98%	9.37%
Benefit inflation rate (cost per allocation used)	6.21%	6.35%
Net discount rate	4.49%	2.84%
<b>Summary of key demographic assumptions</b>	<b>Same for 2019/20 and 2019/20</b>	
Average benefit commencement age	59	
Average Benefit Years (Members only)	7 years	
Mortality during employment	SA 85-90	
Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010	
Proportion with a spouse at benefit commencement	Executives 70% Members 50%	
Withdrawal from service (applies to members who have accrued less than 5 years of service)	5% per annum	
Proportion of members who become a minister / deputy minister for some duration of their service	5% / 5%	
Proportion of deputy ministers who become a minister for some duration of their service.	5%	
<b>Average Allocation Utilisation Per Annum Category</b>		
Former ministers with / without spouses	18.6 / 12.1	
Former deputy ministers with / without spouses	15.2 / 8.7	
Former members with / without spouses	2.1 / 0.9	
Widow(er)s	3.0	
Average Cost Per Allocation Used (2019/20 terms)	Former Executives R4,340 Former Members R5,022	

#### Impact of COVID- 19

It is difficult to estimate what impact the pandemic is likely to have on the liability at this early stage. There is much uncertainty as to how it will affect mortality, and whether (and when) a treatment or vaccine will become available. If the return to economic normality is extended, then the experience regarding resignations and retrenchments may also be affected. Flight costs may also be more volatile over the short- to medium-term as a result. Furthermore, 31 March 2020 long-term government bond yields (which drive the main figures in this report) increased dramatically from the previous month. This pushed up the net discount rate which in turn reduces the liability. It is impossible to say how long-lasting this volatility in the prescribed discount rate and its consequent impact on the liability is likely to be.

Assumptions	Change percentage	Current service cost	Interest cost	Total
Central assumptions	-	5 728	15 449	21 177
Benefit inflation rate	1	6 507	17 146	23 653
	(1)	5 077	14 011	19 088
Discount rate	1	5 121	15 489	20 610
	(1)	6 461	15 357	21 818
Post employment mortality -1 year	-	5 869	15 934	21 803
Average benefit commencement age -2yr	-	4 070	16 290	20 360
Proportion that reach a higher designation	5	7 661	16 790	24 451
Allocation utilisation p.a. X1.1	-	6 296	16 995	23 291
	-	-	-	-

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

		2020 R '000	2019 R '000		
<b>17. Employees and Members benefit obligations (continued)</b>					
<b>Assumption</b>	<b>Change percentage</b>	<b>Future Beneficiaries</b>	<b>Current Beneficiaries</b>	<b>Total</b>	
Central assumptions	-	42 360	106 098	148 458	
Benefit inflation rate	1	47 383	115 625	163 008	
	(1)	38 095	97 829	135 924	
Discount rate	1	38 468	98 671	137 139	
	(1)	46 983	114 760	161 743	
Post-employment mortality +1yr	-	41 302	102 957	144 259	
-1yr	-	43 402	109 256	152 658	
Average benefit commencement age -2yr	-	46 832	106 098	152 930	
Proportion that reach a higher designation	5	48 638	106 098	154 736	
Allocation utilisation p.a. x1.1	-	46 595	116 726	163 321	
	-	-	-	-	
<b>Liability history summary</b>		<b>2020</b>	<b>2019</b>	<b>2018</b>	
Accrued liability		148 458	169 091	175 559	
		-	-	-	
<b>Surplus / (Deficit)</b>		<b>(148 458)</b>	<b>(169 091)</b>	<b>(175 559)</b>	
<b>History of experience adjustments:</b>	<b>2020</b>	<b>Column heading</b>	<b>Column heading</b>	<b>Column heading</b>	<b>Column heading</b>
<b>Gains and Losses</b>					
Liabilities: (Gain) / Loss	5 455	-	-	-	-

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>17. Employees and Members benefit obligations (continued)</b>		
<b>17.2 Employees benefit obligations</b>		
<b>The Government Employee Pension Fund (GEPF)</b>		
Retirement benefits are provided by membership to GEPF which is a defined benefit fund. Parliament's responsibility is limited to the current contributions made on behalf of its employees. The obligation of the fund is guaranteed by the NRF and not by the individual government departments and entities. This responsibility is governed by the Government Employees Pension Law, Proclamation 21 of 1996.		
Contribution to the GEPF for the reporting period	2020 63 853	2019 56 144
<b>Pension Scheme for Officers of Parliament (PSOP)</b>		
The PSOP is a defined benefit plan. The obligation of the fund is guaranteed by the National Revenue Fund and Parliament does not make any contributions. This responsibility is governed by the General Pensions, Act 29 of 1979		
<b>Long service awards</b>		
Parliament rewards employees for the long service provided once they reach the agreed mile stones indicated below. Management made estimate of employee who will reach the milestones based on the employee turnover as indicated below:		
<b>Years of Service</b>	<b>Percentage to reach milestone</b>	
10 years	94%	
15 years	98%	
20 years	98%	
25 years	80%	
30 years	96%	
<b>Reconciliation of long service awards</b>		
Opening balance	6 243	8 716
Contributions	4 679	761
Transferred to current employee benefits	(1 525)	(3 234)
	<b>9 397</b>	<b>6 243</b>
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carring values</b>		
<b>Members benefit obligations</b>		
Post- retirement medical aid benefits	(1 299 510)	(1 169 467)
Member's loss of office gratuity	(89 969)	(140 225)
Exit gratuity	(166 255)	(200 026)
Post employment travel benefits	(132 891)	(154 777)
<b>Employee benefits</b>		
Long service awards	(9 397)	(6 243)
	<b>(1 698 022)</b>	<b>(1 670 738)</b>
<b>18. Interest earned</b>		
Interest earned	16 034	17 013

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>19. Sale of goods</b>		
Catering sales	10 799	11 921

Sale of goods refers mainly to catering sales made at Parliamentary restaurants.

### 20. Annual Appropriation

#### Programmes

Appropriated funds	1 993 460	1 872 694
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Voted funds are the amounts appropriated to Parliament in accordance with the final budget known as Adjusted Estimates.

Unexpended voted funds are not surrendered to the NRF and are available to Parliament for future utilisation in terms of section 23 (1) of the FMPPLA. These funds are appropriated to fund the following Parliament programmes:

1. Strategic Leadership and Governance
2. Administration
3. Core Business
4. Support Services and
5. Associated Services

### 21. Statutory Appropriation

#### Amount utilised

Statutory funds	622 703	469 372
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Amount forming a direct charge on the NRF in respect of salaries, allowances and other benefits of Members of the National Assembly and the National Council of Provinces in terms of remuneration of Public Office Bearers Act (Act No.20 of 1998)

Unexpended Statutory Appropriation is surrendered to the NRF in terms of section 23 (4) of the FMPPLA.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>22. Compensation of employees</b>		
Basic remuneration	891 246	834 250
Performance awards	9 198	10 644
Annual Leave	18 952	2 585
Contributions to Pension Funds	63 853	56 144
Phone allowance	624	694
Compensative/circumstantial	13 602	13 048
Long service awards	4 782	3 012
Contribution to UIF	2 325	2 314
Acting allowance	8 442	5 165
Group life fringe benefit	15 261	12 315
	<b>1 028 285</b>	<b>940 171</b>
<b>Compensation of Members</b>		
Pensionable remuneration	296 462	285 398
Contributions to Pension Fund	64 587	62 053
Loss of office gratuity	38 724	18 719
Other non pensionable allowances	117 353	112 214
Exit gratuity	-	4 032
Current service cost	36 554	73 005
Interest cost	148 529	125 634
	<b>702 209</b>	<b>681 055</b>
<b>Average number of employees and Members</b>		
Average number of employees	1 323	1 300
Average number of Members	390	381
	<b>1 713</b>	<b>1 681</b>
<b>23. Depreciation and amortisation</b>		
<b>Depreciation</b>		
Motor vehicles	1 043	1 047
Computer equipment	13 054	9 127
Office equipment	4 157	18 595
Library books	215	230
Furniture	1 527	1 722
<b>Amortisation</b>		
Amortisation	1 815	5 642
	<b>21 811</b>	<b>36 363</b>
<b>24. Finance costs</b>		
Finance costs	1 230	234
<b>25. Debt impairment contribution</b>		
Bad debt written off	-	1
Contributions to provision for bad debts	147	70
	<b>147</b>	<b>71</b>

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>26. Transfers to non-profit institutions</b>		
*Party Leadership Support	11 489	11 693
*Party Support Allowance	119 544	121 144
*Constituency Allowance	338 476	320 057
**Disability support	1 250	1 759
	<b>470 759</b>	<b>454 653</b>

These transfers were made to political parties represented in Parliament in terms of section 34 of the FMPPLA

\* Party Leadership Support, Party Support Allowance and Constituency Allowance are transferred to political parties represented in Parliament in terms of section 34 of the FMPPLA.

\*\* The Disability Support is transferred to political parties represented in Parliament which have Members with special needs in terms of the policy on facilities for Members with special needs.

### 27. Repairs and maintenance

Repairs and maintenance - Motor vehicle	64	-
Repairs and maintenance - Furniture	273	495
Repairs and maintenance - Computer equipment	945	50
Repairs and maintenance - Heritage assets	85	175
Repairs and maintenance - Office equipments	2 815	4 475
Repairs & Maintenance - Buildings	4 786	973
	<b>8 968</b>	<b>6 168</b>

### 28. Cost of sales

<b>Sale of goods</b>		
Cost of goods sold	8 738	11 868



## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>29. General expenses</b>		
Advertising	8 627	20 541
Auditors fees	4 374	4 658
Bank charges	137	69
Consultants, contractors and special services	14 477	19 202
Subscriptions	13 981	11 556
Consulting and professional fees- Legal	13 077	7 245
Consumables	1 890	992
Communications	20 709	25 274
Busaries	1 879	1 713
Entertainment	318	375
Flowers and other decorations	1 265	1 492
Insurance	3 370	2 521
Translations and transcriptions	642	541
Motor vehicle expenses	744	1 286
Re-settlement costs	10 035	2 823
Printing and stationery	16 181	15 860
Postage and courier	441	422
Personnel agency fees	2 818	3 133
Protective clothing	1 002	739
Operating lease rentals	11 137	11 717
Registration and membership fees	745	4 063
Training and development	6 101	9 257
Travel - local	213 879	248 765
Travel -international	10 831	36 345
Bereavement support	26	111
Transport costs	5 524	4 754
Sports materials	7	162
Service in kind rental expense	129 446	118 757
Venue expenses	179	1 598
Catering	8 804	13 624
	<b>502 646</b>	<b>569 595</b>
<b>30. Irregular expenditure</b>		
Opening balance	336	336
Add: Irregular Expenditure - current year	-	-
Less: Amounts condoned	(336)	-
<b>Details of irregular expenditure</b>	-	-
Awarded to Members of Parliament	-	20
Local content not specified	-	316
<b>Total</b>	<b>-</b>	<b>336</b>

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>31. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	299	299
Add: Fruitless and wasteful expenditure - current year	12	-
	-	-
<b>Closing balance</b>	<b>311</b>	<b>299</b>
<b>Detail of fruitless and wasteful expenditure</b>		
Cancellation fees under investigation	28	28
Interest on late payments	40	28
Damaged/lost hired goods	192	192
Traffic fine admin fees	2	2
Other	49	49
	<b>311</b>	<b>299</b>
<b>32. Cash used in operations</b>		
Deficit	(18 870)	(225 194)
<b>Adjustments for:</b>		
Depreciation and amortisation	21 811	36 363
Loss/(Profit) on sale of assets	(371)	255
Proceeds on sale of assets	-	-
(Gains)/losses in changes in estimate	-	-
Interest received	16 815	17 351
Debt impairment contribution	147	71
Movements in non current employee benefits	27 284	66 950
Movements in current employee benefits	18 683	94 742
Interest earned	(16 034)	(17 013)
<b>Changes in working capital:</b>		
Inventories	(1 108)	(237)
Receivables from non- exchange transactions	231	482
Receivables from exchange transactions	733	414
Statutory receivables	(22 185)	-
Prepayments	1 496	(1 086)
Asset held for sale	113	(113)
Payables from exchange transactions	(22 384)	(7 273)
VAT receivable	(184)	(79)
Payable from non exchange transactions	(509)	299
Unspent statutory appropriation	(23 789)	(76 979)
Provisions	4 350	(1 214)
	<b>(13 771)</b>	<b>(112 261)</b>
<b>33. Contingent liabilities</b>		
The following amounts are in respect of pending claims against Parliament. The certainty and timing of the outflow of these liabilities are uncertain. The amounts disclosed below are possible outflows.		
Litigations	11 500	15 750
<b>34. Contingent assets</b>		
This relates to a matter that was heard at Labour Court and the case was dismissed with costs to the Applicant. Parliament is still waiting for confirmation from State Attorney of costs paid to be recovered from the Applicant. The amount was estimated on the basis of professional experiences of management and precedents of the past cases of this nature.		
Costs incurred to be recovered	500	-

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>35. Related parties</b>		
<p>Related party relationship exists with all national government departments, trading entities, major state owned entities (Schedule 2), national government business enterprises (Schedule 3B) and national public entities (Schedule 3A) within the National Sphere of Government due to Parliament's oversight of these entities.</p> <p>Related party transactions are consistent with normal supplier and client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect Parliament to have adopted if dealing with an individual entity or person in the same circumstances. Transactions with these entities occur within terms and conditions within the normal operating parameters established by Parliament.</p>		
<b>Related party balances</b>		
<b>Amounts included in trade payables regarding related parties</b>		
<b>Intergovernmental payables - Departments</b>		
Justice	1 750	714
Public Works	1 761	2 129
South African police	165	349
Total	2 664	3 192
<b>Trade payables - Other Government Entities</b>		
Government Motor Transport	191	135
Government Printing Works	17	205
Total	208	340
<b>Amounts included in trade receivables regarding related parties</b>		
Sport and Recreation	-	6
South African Police	11	6
Office of the Presidency	26	-
Social development	7	-
Total	44	12
<p>Parliament occupies buildings which are owned by Department of Public Works (DPW). Parliament occupies these buildings which are significant to its operations for free and does not pay any rental costs to DPW. These buildings were occupied for the entire financial year ended 31 March 2020.</p> <p>Parliament is provided with protection services by the South African Police Services for free, which are not significant to Parliament operations and were made available for the entire financial year ended 31 March 2020.</p> <p>There is co-operation between DIRCO and PARLIAMENT regarding the payment of expenses for accommodation, transport, conference services, etc. by missions on behalf of Parliament when parliamentary officials are required to travel abroad on official business. Refer to note 6 for balances.</p>		
<b>Service in kind revenue</b>		
Service in kind rental benefit	129 446	118 757

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
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#### 36. Remuneration of management

Parliament is governed by the Executive Authority, comprising the Speaker ( and Deputy) of the National Assembly and Chairperson ( and Deputy) of the National Council of Provinces. The Executive Authority, together with the Secretary to Parliament, two Deputy Secretaries to Parliament, Secretary to the National Council of Provinces, Secretary to the National Assembly, Chief Financial Officer and Division Managers are responsible for the planning, directing and controlling of the activities of the institution. During the period under review, the following remuneration was paid/payable to these members of management for the services rendered to Parliament.

##### Executive Authority

##### 31 March 2020

	Basic Salary	Post employment benefits	Other short term benefits	Total
Hon. B. Mbete -Speaker of the National Assembly	173	39	77	289
Hon. T R Modise - Speaker of the National Assembly	1 695	381	749	2 825
Hon. L. Tsenoli - Deputy Speaker of the National Assembly	1 168	263	516	1 947
Hon. R. Tau - Deputy Chairperson of the National Council of Provinces	166	37	73	276
Hon. NA Maseko-Chairperson of the National Council of Provinces	1 822	328	280	2 430
Hon. SE Lucas - Deputy Chairperson on the National Council of Provinces	1 274	229	195	1 698
	<b>6 298</b>	<b>1 277</b>	<b>1 890</b>	<b>9 465</b>

Honourable TR Modise was Chairperson of National Council of Provinces (NCOP) and became Speaker of NA after the 2019 elections, replacing Honourable B Mbete.

Honourable SE Lucas became Deputy Chairperson of National Council of Provinces (NCOP) after 2019 general elections and replaced Honourable R Tau.

##### 31 March 2019

	Basic Salary	Post employment benefits	Other short term benefits	Total
Hon. B Mbete - Speaker of the National Assembly	1 695	381	749	2 825
Hon. T R Modise - Chairperson of the National Council of Provinces	1 695	381	749	2 825
Hon. L Tsenoli - Deputy Speaker of the National Assembly	1 187	267	524	1 978
Hon. R Tau -Deputy Chairperson of the National Council of Provinces	1 187	267	524	1 978
	<b>5 764</b>	<b>1 296</b>	<b>2 546</b>	<b>9 606</b>

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Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000			
<b>36. Remuneration of management (continued)</b>					
<b>Senior Management</b>					
<b>31 March 2020</b>					
	Basic Salary	Post Employment Benefits	Performance Bonus Provision	Long Service Awards Provision	Total
*Mr G Mgidlana - Secretary to Parliament	1 724	24	-	-	1 748
*Ms P N Tyawa - Acting Secretary to Parliament	2 983	217	20	5	3 225
Adv M Phindela - Secretary to National Council of Provinces	2 036	241	22	8	2 307
Mr M Xaso - Acting Deputy Secretary to Parliament: Core Business	2 040	203	21	21	2 285
Mr HJ Nkuna - Acting Chief Financial Officer	1 805	169	16	7	1 997
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<b>10 588</b>	<b>854</b>	<b>79</b>	<b>41</b>	<b>11 562</b>

\*Ms PN Tyawa -Deputy Secretary to Parliament: Support Services is acting Secretary to Parliament from June 2017 after Mr G Mgidlana was suspended and subsequently his contract terminated.

#### 31 March 2019

	Basic Salary	Post Employment Benefit	Performance Bonus Provision	Long Service Awards Provision	Total
Mr G Mgidlana - Secretary to Parliament	2 956	42	-	3	3 001
Ms P N Tyawa - Deputy Secretary to Parliament : Support Services	2 737	182	20	4	2 943
Adv M Phindela - Acting Deputy Secretary to Parliament : Core Services	1 913	219	21	8	2 161
Mr M Xaso - Secretary to the National Assembly	1 884	185	20	19	2 108
** HJ Nkuna - Acting Chief Financial Officer	395	40	15	6	456
**Mr M Manenzhe - Chief Financial Officer	1 371	19	-	-	1 390
	<b>11 256</b>	<b>687</b>	<b>76</b>	<b>40</b>	<b>12 059</b>

\*Ms PN Tyawa -Deputy Secretary to Parliament: Support Services is acting Secretary to Parliament from June 2017 after Mr G Mgidlana was suspended and subsequently his contract terminated.

\*\*Mr M Manenzhe resigned in December 2018 and Mr HJ Nkuna is acting Chief Financial Officer from 01 January 2019.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000			
<b>36. Remuneration of management (continued)</b>					
<b>Divisional Managers</b>					
<b>31 March 2020</b>					
	<b>Basic Salary</b>	<b>Post employment benefits</b>	<b>Performance Bonus Provision</b>	<b>Long Service Awards Provision</b>	<b>Total</b>
Ms M Zungu - Institutional Support Services	1 846	215	20	3	2 084
Adv Z Adhikarie - Legal Services	1 894	224	21	14	2 153
Ms S Schalk - Legislative Support Programme	1 985	33	20	9	2 047
*Mr S Nyenyiso Chief Audit Executive	1 432	154	-	-	1 586
*Mr RD Gilfillan Acting Chief Audit Executive	299	5	14	1	319
Mr K Zweni - Office of Institutional Supporting Democracy	1 718	203	19	8	1 948
RK Begg - Core Business Support	1 846	218	20	3	2 087
Dr Gabriel LK - Knowledge and Information Systems	1 846	218	20	3	2 087
**Mr G Mokate - Head of the Chairperson's Office	1 422	26	-	1	1 449
Mr MK Mothapo- Parliamentary Communication Services	1 889	156	20	2	2 067
Mr DJ Sithole - International Relations and Protocol	1 850	218	20	2	2 090
Mr VGM Mavuso - Members Support Services	1 846	218	20	2	2 086
Mr DR Moodley - Strategy and Governance	2 031	34	20	2	2 087
Ms NF Nojozi - Head of Speaker's Office	1 962	33	20	2	2 017
**Mr PM Sebegoe - Head of the Chairperson's Office	342	22	-	-	364
Ms F Boltman - Chief Information Officer	2 129	27	20	8	2 184
Mr MM Monkonyana - Human Resources Executive	2 012	33	20	10	2 075
	<b>28 349</b>	<b>2 037</b>	<b>274</b>	<b>70</b>	<b>30 730</b>

\*Mr S Nyenyiso - Chief Audit Executive resigned in January 2020 and Mr RD Gilfillan started to act in the position from February 2020.

\*\*Mr PM Sebegoe - - Head of the Chairperson's Office resigned in May 2019 and replaced in July 2019 by Mr G Mokate.

#### 31 March 2019

	<b>Basic Salary</b>	<b>Post employment benefits</b>	<b>Performance bonus provision</b>	<b>Long Service Awards Provision</b>	<b>Total</b>
Ms M Zungu - Institutional Support Services	1 716	199	19	2	1 936
Ad Z Adhikarie - Legal Service	1 761	204	19	15	1 999
Ms S Schalk - Legislative Support Programme	1 845	27	18	8	1 898
Ms RK Begg - Core Business Support	1 716	199	19	2	1 936
Mr S Nyenyiso - Chief Audit Executive	1 459	170	16	8	1 653
Mr MK Mothapo - Parliamentary Communication Services	1 888	27	19	2	1 936
Mr DJ Sithole - International Relations and Protocol	1 716	199	19	2	1 936
Ms U Mtya- Chief Information Officer	764	11	-	-	775



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Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

				2020 R '000	2019 R '000
<b>36. Remuneration of management (continued)</b>					
Mr K Zweni - Office of Institutional Supporting Democracy	1 597	185	18	7	1 807
Dr Gabriel LK - Knowledge and Information Systems	1 716	199	19	2	1 936
** Mr MM Mokonyana - Acting Human Resources Executive	1 431	20	18	9	1 478
Mr LH Makele - Human Resources Executive	416	45	-	-	461
Professor M Jahed - Director Parliamentary Budget Office	1 296	18	-	-	1 314
* Ms F Boltman - Acting Chief Information Officer	1 070	12	14	8	1 104
Mr DR Moodley - Strategy and Governance	1 888	27	19	2	1 936
Mr VGM Mavuso - Members Support Services	1 716	199	19	2	1 936
Ms Nojozi- Head of the Speaker's Office	1 757	26	18	1	1 802
Mr PM Sebegoe - Head of the Chairperson's Office	1 808	211	19	3	2 041
	<b>27 560</b>	<b>1 978</b>	<b>273</b>	<b>73</b>	<b>29 884</b>

\*Ms U Mtya - Chief Information Officer resigned in August 2018 and Ms F Boltman started to act in the position from September 2018.

\*\*Mr LH Makele - Human Resources Executive resigned in June 2018 and Mr MM Monkonyana started to act in the position from July 2018.

### 37. Financial Instruments

#### 36.1 Financial Instruments exposed to risk

##### Liquidity risk

Liquidity risk is the risk that Parliament will not be able to pay current liabilities as they fall due.

Parliament manages its liquidity risk to ensure it is able to meet estimated expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents and ongoing review of future commitments.

The maturity dates of Parliament's liabilities are set out below as undiscounted cash flows.

##### Financial liabilities at amortised cost

###### Payable within 1 year

Payables from exchange transactions	39 900	62 284
Payable from non exchange transactions	1 250	1 759
	<b>41 150</b>	<b>64 043</b>

##### Finance leases

Payable within 1 year	11 787	108
Payable within 2- 5 years	4 036	74
	<b>15 823</b>	<b>182</b>

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
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#### 37. Financial Instruments (continued)

##### Credit and interest rate risks

Credit risk arises from the risk that a counter-party may default or not meet its obligation timeously.

Credit risk consists mainly of cash deposits, cash equivalents and receivables. Parliament only deposits cash with major bank with high quality credit standing.

Receivables mainly comprises of related parties which lowers the counter-party risk.

Interest rate risk results from the cash inflows due to uncertainty arising from the interest rate fluctuations.

Financial assets exposed to credit and interest risk as at 31 March 2020 are as follows:

##### Financial assets at amortised cost

Bank balances	75 597	85 869
Short-term deposits	37 420	62 050
Receivables from exchange transactions - within 1 year	1 222	1 955
Receivables from non exchange transactions - within 1 year	1 584	1 815
	<b>115 823</b>	<b>151 689</b>

#### 36.2 Financial instruments not exposed to risk

##### Financial assets

The overspent statutory appropriation is not exposed to risk as it will be refunded by National Revenue Fund in terms of section 23 (4) of the FMPPLA.

##### Financial assets at amortised cost - receivable within 1 year

Overspent statutory appropriation	22 185	-
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##### Financial liabilities

The unspent statutory appropriation is not exposed to risk because if Parliament fails to surrender it to the National Revenue Fund in terms of section 23 (4) of the FMPPLA, National Treasury would deduct such from the following years appropriated fund.

##### Financial liabilities at amortised cost - payable within 1 year

Unspent statutory appropriation	-	23 789
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## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>38. Commitments</b>		
<b>Commitments in respect of capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	2 283	769
• Intangible assets	320	-
	<b>2 603</b>	<b>769</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	2 603	769

This committed expenditure will be financed by existing cash resources.

#### Operating leases - as lessee (expense)

At the reporting date Parliament had outstanding commitments under operating leases which fall due as follows:

<b>Minimum lease payments due</b>		
- within one year	3 091	3 714
- in second to fifth year inclusive	27	3 046
	<b>3 118</b>	<b>6 760</b>

Operating lease payments represent rentals payable by Parliament for office equipment and rental of Parliamentary Democracy Offices (PDO) . Leases of equipment are negotiated for an average term of three years and rentals are fixed for the entire lease term. The contract for the lease of PDO's is for three years.

#### 39. Budget differences

##### Material differences between budget and actual amounts

Parliament's budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2019 to 31 March 2020. The comparison of Parliament's actual performance with the budget is set out in the statement of comparison of budget and actual amounts.

##### Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting basis differ. The financial statements are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis. The variance of five per cent and above between budget and the actual amounts prepared on a cash basis is regarded as material and is explained below:

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
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#### 39. Budget differences (continued)

##### 39.1 Compensation of employees

The underspending on compensation of employees is as a result of resignations and/or terminations during the financial year as well vacant critical positions. Due to the reduced Parliamentary budget over the years an institutional determination of critical positions was undertaken wherein certain positions were frozen. The underspending will be part of retained earnings for the next financial year in line with sections 16(2)(b)(iii) and 23(1) of the FMPPLA

##### 39.2 Goods and services

The underspending on goods and services is due to the fact that there was general elections during the financial year and it took time to set up Committees, resulting in less oversight activities. Certain oversights (Taking Parliament to the People and the Public hearings on amendments to the Constitutions) had to be cancelled in March 2020 due to the outbreak of COVID 19 pandemic. The amount will be available for spending in the next financial year as Parliament is no required to surrender appropriated funds not spent in a financial year in terms of section 23(1) of the FMPPLA.

##### 39.3 Property, plant and equipment

The underspending on property, plant and equipment is due to delivered assets that were not paid as at year end.

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
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#### 40. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments are presented to the nearest thousand. All errors identified were corrected, however only the overall change of 5 percent and above or R500 thousand in the account balance, class of transactions and cash flow movements are explained.

##### 40.1 Non current and current employee benefits

The current employee benefits were understated by R97 745 mainly due to :

Current portion of post retirement medical aid benefits of R81 563 and current portion of long service awards amounting to R3 234 that were classified as non current employee benefits of R84 797. The understatement of current employee benefits and compensation of employees was also due to payment of performance bonus at R1 961 more than was provided for.

The post employment travel benefits liability as outlined in note 17 above is recognised for the first time. The expenses paid for these benefits were recognised in previous years but the liability not recognised. An Actuarial valuation was performed for the current year and two preceding years. Based on the valuation the current employee benefits were understated by R11 375, non current employee benefits by R154 777, employee costs understated by R20 877, accumulated deficits understated by R172 548 and actuarial losses overstated by R16 574.

The current service cost and interest costs relating to exit gratuity were not separately disclosed in the compensation of Members note disclosure as required by GRAP 25, instead were disclosed as exit gratuity, the amount has since been disclosed as per the requirements of GRAP 25.

##### 40.2 Provisions and general expenses

The provisions and general expenses were overstated by R1 500 due to actual legal cost billing being less than provision and a matter being withdrawn.

##### 40.3 Payables from exchange transactions and General expenses

The payables from exchange transactions were understated by R1 901 due to mainly expenses that were incurred and not recognised for international travel and local travel.

General expense were overstated by R10 658 due mainly to travel benefits of former Members that were reclassified to employee benefits as detailed in note 17

##### 40.4 Asset held for sale

The carrying value of asset held for sale amounting to R113 was recognised as disposed asset.

##### 40.5 Cash Flow Statement

Payment to suppliers was overstated by R26 968 and payment to employees understated by R27 266 mainly due to travel benefits of former Members that were reclassified to employee benefits as detailed in note 17.

#### Note Disclosure

##### 40.6 Operating lease commitment

The operating lease commitments were understated by R1 026 due to lease agreement for the Parliamentary Democracy Offices that was recognised as month to month contract instead of three three year agreement.

##### 40.7 Financial Instruments disclosure

#### Financial liabilities

## Parliament of the Republic of South Africa

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

	2020 R '000	2019 R '000
<b>40. Prior period errors (continued)</b>		
The unspent statutory appropriation amounting to R23,789 was not disclosed under financial instruments.		
<b>40.8 Reclassifications</b>		
The group life fringe benefit and acting allowances has been reclassified from basic remuneration and disclosed separately, as they are not basic remuneration.		
The correction of the error(s) results in adjustments as follows:		
<b>Statement of financial position</b>		
Increase in property, plant and equipment	-	6
Increase in intangible assets	-	170
Decrease in inventory	-	(32)
Increase in receivables from exchange transactions	-	56
Increase asset held for sale	-	113
Increase in cash and cash equivalents	-	8
Increase in payables from exchange transactions	-	(1 901)
Increase in current employee benefits	-	(97 745)
Decrease in provisions	-	1 500
Increase in non current employee benefits	-	(69 980)
Total	-	(167 805)
<b>Statement of financial performance</b>		
Increase in revenue from exchange transactions	-	63
Increase in compensation of employees and Members	-	(22 443)
Increase in depreciation and amortisation	-	(49)
Increase in interest paid	-	(184)
Decrease in transfers to non-profit	-	1
Decrease in repairs and maintenance	-	67
Decrease in cost of sale	-	85
Decrease in general expenses	-	10 658
Decrease in loss on disposal of assets	-	116
Decrease in actuarial losses	-	16 834
Total	-	4 888
<b>Cash flow statement</b>		
<b>Cash flow from operating activities</b>		
Increase in departmental revenue	-	374
Decrease in interest received	-	(465)
Increase in employee costs	-	(27 266)
Decrease in suppliers	-	26 968
	-	<b>(389)</b>
<b>Cash flow from investing activities</b>		
Decrease in purchase of property, plant & equipment	-	317
Increase in purchase of intangible assets	-	(218)
	-	<b>99</b>

#### 41. Events after the reporting date

The Executive Authority condoned irregular expenditure amounting to R336 255 in terms of section 65 (4)(a) of the FMPPLA and as a result the irregular expenditure note disclosure was adjusted accordingly. There was no significant impact of Covid-19 on the Parliament annual financial statements for the year under review. Parliament is not aware of any other events after the reporting date, other than the one disclosed.



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## Report of the auditor-general to Parliament on vote no. 2: Parliament of the Republic of South Africa

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of Parliament of the Republic of South Africa set out on pages 71 to 121, which comprise the statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Parliament of the Republic of South Africa as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standard of GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009) (FMPPLA).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of Parliament in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International code of ethics for professional accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of FMPPLA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting officer is responsible for assessing Parliament's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate

governance structure either intends to liquidate parliament or to cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

10. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the Parliament of the Republic of South Africa. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by Parliament enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of parliament for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 3: core business	48-54

13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following:

- Programme 3: core business

**Other matter**

14. I draw attention to the matter below.

**Achievement of planned targets**

15. Refer to the annual performance report on pages 48 to 54 for information on the achievement of planned targets for the year.

**Report on the audit of compliance with legislation**

**Introduction and scope**

16. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on Parliament’s compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

17. I did not identify material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

**Other information**

18. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee’s report. The other information does not include the financial statements, the auditor’s report and the selected programme presented in the annual performance report that have been specifically reported in this auditor’s report.

19. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

20. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
21. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

#### Internal control deficiencies

22. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

#### Other reports

23. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the Parliament of the Republic of South Africa's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
24. Investigations into the allegations and possible maladministration levelled against the secretary of Parliament in the previous financial periods were concluded in the 2019-20 financial period.

*Auditor-General*

Cape Town

30 September 2020



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on Parliament of the Republic of South Africa’s compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parliament of the Republic of South Africa’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Parliament of the Republic of South Africa to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the Parliament of the Republic of South Africa to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Audit Committee Report

### Introduction

The Audit Committee (“the Audit Committee”) is established as an independent statutory committee in terms of section 47 of the Financial Management of Parliament and Provincial Legislatures Act (“the FMPPLA”). The Committee’s terms of reference are formalised in the Audit Committee Charter (“the Charter”), which is reviewed annually and approved by the Executive Authority. Overall, the Committee operated in terms of its mandate as set out in the FMPPLA and the Charter.

### Committee members and meeting attendance

The Committee consists of five (5) independent non-executive members who are appointed by the Executive Authority. During the reporting period, there were no changes to the composition of the Committee. The Committee is required in terms of the FMPPLA and the Charter to meet at least four (4) times a year. During the period under review, five (5) meetings were held, including a special meeting to consider the financial and non-financial performance reports. The attendance of the Committee members is outlined in the table below.

Committee Member	Meetings Attended
Ms. KT Mdlulwa (Chairperson)	4
Mr. C de Kock	5
Ms. T Njozela	4
Ms. P Mzizi	5
Mr. A Amod	5

### Responsibilities and functions

The responsibilities and functions of the Committee are set out in section 48 of the FMPPLA and the Charter. The Committee assessed the performance against its mandate, and is satisfied that it has executed its mandate and diligently discharged its responsibilities independently and objectively within the relevant provisions of the FMPPLA and the Charter. The following is a summary of how the Committee carried out its functions:

### Internal control framework

The Committee reviewed the reports of management, internal and external auditors on the design, implementation and effectiveness of the systems of internal controls. Based on the reasonable assurance provided by management, Internal Audit and the Auditor- General South Africa (AGSA), no material breakdown was reported in the system of internal control. The Committee is satisfied with the resilience of internal controls over supply chain management, fraud risk management and human

resources management. The ongoing efforts to further improve controls over institutional performance management processes are also encouraging. However, the asset management controls and the financial health of the Institution remains a concern, particularly as the budget constraints continue to threaten the ability of the Institution to deliver on its mandate.

### **Risk Governance**

Whilst management is ultimately responsible for maintaining an effective risk management process, the Committee assessed the adequacy of the risk management process. The risk management process of Parliament is guided by the enterprise risk management framework. The Risk Management Committee, which comprises senior members of management, was in place.

The Committee is concerned about the lack of adequate skills to ensure implementation of a robust risk management program for the institution and recommended further improvement of the risk management practices. In particular, management was advised to improve its risk governance processes, including the functioning of the Risk Management Committee and use of the organisational redesign process that is underway to determine the most suitable resourcing model for Parliament's governance, risk management and compliance functions.

### **Internal Audit**

The Internal Audit Unit has been established as an independent function from management in line with section 50 of the FMPPLA. During the reporting period, this Unit operated in terms of the approved Charter, and the risk based annual audit plan. The Unit reported quarterly to the Committee against the approved plan. The Committee is satisfied that the Internal Audit Unit has operated effectively and addressed pertinent risks in its audits. The Committee remains concerned about the structure and resourcing of the Internal Audit Unit as the frozen positions impacts negatively on the Unit's ability to cover the Institution's audit universe and fully deliver on its mandate.

### **External Audit**

The Committee is required in terms of its Charter to evaluate the independence, objectivity and effectiveness of the audit process of the AGSA, and to discuss the audit strategy, the engagement letter and the audit results. The AGSA was represented in all the meetings of the Committee and presented the audit strategy, engagement letter and the audit results for consideration by the Committee. In addition, the Committee concurs with the audit results as reported in the auditor's report.



**Combined assurance**

The responsibility to oversee combined assurance was delegated to the Committee in terms of the Charter. However, combined assurance is still at an infancy stage, and the Committee commits to work with management to further improve this area towards a fully integrated and streamlined assurance provision across all lines of assurance. In this regard, the Committee mandated the Internal Audit Unit to facilitate the development of a combined assurance framework.

**The quality of in-year management reports**

The Committee reviewed the quality and the content of the quarterly management reports, including financial and non-financial performance. The Committee is encouraged by the progress made in improving the quality of financial and non-financial performance reporting. This includes an increase in the overall achievement of set performance targets as well as the availability of documentation to support the reported performance. However, a robust monitoring and evaluation process is still required to sustain these improvements.

**Quality of audited annual financial statements**

The Committee noted with concern the Institution's failure to submit the annual financial statements by 31 May 2020 for auditing as prescribed by section 57 of the FMPPLA and notes the subsequent non-compliance with section 59 of the FMPPLA. Although the declaration of a national state of disaster and the associated regulations which restricted movement of people contributed to the non-compliance; the Committee is concerned about the resilience of the institution's business continuity plans and Management is encouraged to be more akin to the impact of non-compliance with laws and regulations.

Notwithstanding the missed submission deadline and the non-compliance emanating from it; the annual financial statements were prepared in accordance with generally recognised accounting practice, and in compliance with the FMPPLA. The Committee reviewed the annual financial statements prior to submission for auditing and considered the audit report by the AGSA. The Committee is pleased that the 6<sup>th</sup> Parliament has commenced its term with a clean audit opinion which is the sixth consecutive clean audit for the institution. This symbolises that good governance practices established during the 5<sup>th</sup> Parliament were maintained as no material deficiencies were identified in the system of internal control, governance, financial management and performance management. The Committee encourages management to implement action plans to address the concerns raised by the Committee on risk and compliance management.

**Conclusion**

The Committee would like to once more congratulate Parliament on its clean audit opinion. In particular, we would like to express our appreciation to the Executive Authority, Accounting Officer, Management and the Parliamentary team. It is through this support that the Committee will continue to work with Management to further enhance the good governance practices. Lastly, we would like to express our appreciation to the AGSA and the internal audit team for their professionalism and support in our oversight role.



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**Ms. K.T Mdlulwa**  
**Chairperson of the Audit Committee**  
**Date: 09 October 2020**

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SOUTH AFRICA

## 8. HUMAN RESOURCE MANAGEMENT

<b>TOTAL NUMBER OF EMPLOYEES [INCLUDING EMPLOYEES WITH DISABILITIES] IN EACH OF THE FOLLOWING SALARY BANDS AS AT 31 MARCH 2020</b>									
SALARY BAND	Female				Male				Grand Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Lower Skilled (Level A)	23	32	0	5	14	20	0	2	<b>96</b>
Lower Skilled (Level X)	43	10	0	0	19	3	0	0	<b>75</b>
Skilled (Level B)	70	39	3	5	52	57	3	9	<b>238</b>
Highly Skilled Production (Level C)	240	112	4	31	208	73	8	15	<b>691</b>
Highly Skilled Supervision (Level D)	56	20	8	13	83	15	8	12	<b>215</b>
Senior Management (Level E)	3	2	1	0	8	0	2	0	<b>16</b>
Top Management (Level F)	1	0	0	0	0	0	0	0	<b>1</b>
<b>Grand Total</b>	<b>436</b>	<b>215</b>	<b>16</b>	<b>54</b>	<b>384</b>	<b>168</b>	<b>21</b>	<b>38</b>	<b>1332</b>
Employees with Disability	0	1	0	1	5	2	1	1	<b>11</b>

<b>PERSONNEL EXPENDITURE [VARIED COST]: NEW HIRES: PACKAGE CALCULATED ONLY FOR THE PERIOD OF EMPLOYMENT</b>	
Total Staff: Apr19 to Mar20	1414
Staff Numbers as at 31 Mar20	1332
Terminations: Apr19 to Feb20	82

<b>RECRUITMENT / APPOINTMENTS FOR THE PERIOD: 2019 / 2020</b>									
Salary Band	Female				Male				<b>Grand Total</b>
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Lower Skilled (Level A)	7	3	0	0	8	0	0	0	<b>18</b>
Lower Skilled (Level X)	15	6	0	0	7	2	0	0	<b>30</b>
Skilled (Level B)	3	0	0	1	4	3	0	0	<b>11</b>
Highly Skilled Production (Level C)	11	4	0	1	13	5	0	2	<b>36</b>
Highly Skilled Supervision (Level D)	4	1	0	0	6	1	0	0	<b>12</b>
Senior Management (Level E)	0	0	0	0	1	0	0	0	<b>1</b>
Top Management (Level F)	0	0	0	0	0	0	0	0	<b>0</b>
<b>Grand Total</b>	<b>40</b>	<b>14</b>	<b>0</b>	<b>2</b>	<b>39</b>	<b>11</b>	<b>0</b>	<b>2</b>	<b>108</b>
Employees with Disability	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>

<b>EMPLOYMENT AND VACANCIES BY PROGRAMME FOR THE PERIOD: 2019 / 2020</b>				
-	-	-	-	-
Programme	Number of Posts	Number of Posts Filled	Active Vacant	Vacancy Rate
Strategic Leadership and Governance (Programme 1)	86	77	9	0,6%
Administration (Programme 2)	135	122	13	0,9%
Core Business (Programme 3)	669	621	48	3,2%
Support Services (Programme 4)	587	512	75	5,1%
Associated Services (Programme 5)	0	0	0	0,0%
Grand Total	1477	1332	145	9,82%
FORMULA FOR CALCULATION OF:				
Vacancy Rate = Number of Active Vacant Post divided by Total Number of Filled & Vacant Posts				

<b>EMPLOYMENT AND VACANCIES BY SALARY BAND FOR THE PERIOD: 2019 / 2020</b>				
SALARY BAND	Number of Posts	Number of Posts Filled	Active Vacant	Vacancy Rate
Lower Skilled (Level A)	111	96	15	1,02%
Lower Skilled (Level X)	82	75	7	0,47%
Skilled (Level B)	284	238	46	3,11%
Highly Skilled Production (Level C)	743	691	52	3,52%
Highly Skilled Supervision (Level D)	235	215	20	1,35%
Senior Management (Level E)	20	16	4	0,27%
Top Management (Level F)	2	1	1	0,07%
Grand Total	1477	1332	145	9,82%
FORMULA FOR CALCULATION OF:				
Vacancy Rate = Number of Active Vacant Post divided by Total Number Filled and Active Vacant of Posts				

<b>ANNUAL TURNOVER RATES BY SALARY BAND FOR THE PERIOD: 2019 / 2020</b>			
SALARY BAND	Number of Employees per band as at 31 Mar 2020	Resignations	Turnover Rate
Lower Skilled (Level A)	96	0	0,00%
Lower Skilled (Level X)	75	0	0,00%
Skilled (Level B)	238	1	0,08%
Highly Skilled Production (Level C)	691	12	0,91%
Highly Skilled Supervision (Level D)	215	3	0,23%
Senior Management (Level E)	16	1	0,08%
Top Management (Level F)	1	0	0,00%
Grand Total at 31 March 2020	1332	17	1,28%
Average number of employees for 19/20	1323		



<b>REASONS WHY EMPLOYEES ARE LEAVING PARLIAMENT FOR THE PERIOD: 2019 / 2020</b>		
Termination Type	Number of Terminations	% of Total
Contract Termination	1	1,22%
Deceased	5	6,10%
Desertion	1	1,22%
Dismissal	2	2,44%
End of Contract	3	3,66%
End of Political Term	13	15,85%
Resignation	17	20,73%
Retirement	10	12,20%
Retirement Early	26	31,71%
Retirement: Due to Ill Health	4	4,88%
Grand Total	82	100,00%







2019/ 2020

# ANNUAL REPORT



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA