Submission of the Annual Report to the Executive Authority

To the President of the Republic of South Africa, Mr Jacob Zuma, I have the honour of submitting to you, in terms of Section 40 of the Public Finance Management Act 1 of 1999, the Annual Report of the Presidency for the period 1 April 2011 to 31 March 2012.

Dr Batandwa Siswana
Chief Operations Officer and Deputy Secretary to Cabinet
OUR VISION
Excellence in governance for a better life for all.

OUR MISSION
To realise the strategic agenda of government and enhance the integrity of the state by:

• Ensuring coherence in planning, coordination, policy development and implementation
• Promoting a culture of accountability across the spheres of government through performance monitoring and evaluation
• Communicating progress against the priorities of government
• Mobilising the nation towards a common vision.

OUR VALUES
The Presidency commits itself to the following values, in line with the President’s personal commitment.

Dedication
To be resolute, selfless, purposeful and steadfast in all that we do.

Commitment
To persevere as we seek to fulfil our duties and responsibilities.

Discipline
To exercise self-control and to work with decorum.

Integrity
To pursue professionalism, a commitment to ethics, and a focus on justice, fairness and accountability. To be honest, trustworthy, open and accountable.

Passion
To strive for personal growth, energy and purpose.

Service excellence
To commit to results orientation, cost effective, superior performance and customer satisfaction. To meet and exceed delivery service standards.
The following are the specific constitutional, legislative and policy directives that set the parameters within which The Presidency operates and from which the institution derives its mandate:

<table>
<thead>
<tr>
<th>ACT/LEGISLATION</th>
<th>MANDATE</th>
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<tr>
<td>Chapter 5 of the Constitution (1996)</td>
<td>The Presidency houses the President and the Deputy President of the Republic. The Presidency therefore exists to service the President and the Deputy President in the execution of their constitutional responsibilities and duties, as articulated in Chapter 5 of the Constitution. Chapter 5 of the Constitution defines the President as the head of state and head of the national executive. His primary responsibility is to uphold, defend and respect the Constitution as the supreme law of the Republic, as well as to promote the unity of the nation and that which will advance it. Section 85 of the Constitution confers the executive authority of the Republic on the President.</td>
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<td>Proclamation No. 44(2009) – (the proclamation) in terms of Section 97 of the Constitution</td>
<td>The proclamation resulted in the creation of two new ministries within The Presidency, namely the Ministry of Performance Monitoring and Evaluation, and the Ministry for National Planning. In addition, three functions – the Office on the Status of Women, the Office on the Status of Disabled Persons and the Office on the Rights of the Child – were transferred to a stand-alone Ministry of Women, Children and People with Disabilities.</td>
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<td>National Youth Development Agency Act (Act No.54 of 2008)</td>
<td>The Minister in The Presidency responsible for Performance Monitoring and Evaluation is the Executive Authority for the National Youth Development Agency (NYDA). The agency's mandate is drawn from the act, which resulted in the merger of Umsobomvu Youth Fund and the National Youth Commission to form the NYDA.</td>
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<td>Brand South Africa trust gazetted as a schedule 3A public entity in accordance with the Public Finance Management Act (PFMA) (1999)</td>
<td>Brand South Africa, formally known as the International Marketing Council of South Africa, was established as a trust in 2002, and gazetted as a schedule 3A public entity in accordance with the Public Finance Management Act (1999) in October 2006.</td>
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<td>Section 7(5) of the Public Service Act (1994)</td>
<td>The Government Communication and Information System (GCIS) was established as a national department in terms of section 7(5) of the Public Service Act. The executive authority of the GCIS is the Minister in The Presidency responsible for Performance Monitoring and Evaluation.</td>
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<td>Media Development and Diversity Agency Act of Parliament (Act No.14 of 2002)</td>
<td>The Media Development and Diversity Agency (MDDA), a public entity within GCIS, derives its mandate from the Media Development and Diversity Agency Act. It enables historically disadvantaged communities and individuals inadequately served by the media to gain access to the media. Its beneficiaries are community media and small commercial media. The agency's executive authority is the Minister in The Presidency responsible for Performance Monitoring and Evaluation.</td>
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<td>Statistics Act (Act No.6 of 1999)</td>
<td>The Presidency also draws its mandate from the section in the proclamation that resulted in the transfer of legislation, powers and functions entrusted to the Minister of Finance in terms of the Statistics Act to the Minister in The Presidency responsible for the National Planning Commission. The Minister in The Presidency responsible for the National Planning Commission is therefore the executive authority for Statistics South Africa (StatsSA).</td>
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<td>Revised Green Paper on National Planning</td>
<td>The revised Green Paper on National Planning gives expression to one of the key responsibilities of The Presidency. Under the revised paper, the National Planning Commission has the key priorities of developing a long-term vision for South Africa and a national development plan. The long-term vision, Vision 2030, is to become a plan around which all government programmes, priorities and budgets can be shaped to achieve greater policy coherence. All sectors of society are also expected to contribute towards achieving Vision 2030. The revised green paper also sets out the role and purpose of the National Planning Commission, describes how it would work and interact with government and the broader society, and presents an institutional framework to support the work of the commission.</td>
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<tr>
<td>The Green Paper on Performance Monitoring and Evaluation</td>
<td>The Green Paper on Performance Monitoring and Evaluation sets out the work of the Minister in The Presidency responsible for Performance Monitoring and Evaluation, the executing authority for this function. Under the Minister's guidance, the Department of Performance Monitoring and Evaluation (DPME) is responsible for coordinating the development of the delivery agreements and plans for the 12 outcomes that are government’s priority areas in the medium term. The department is also responsible for ensuring that progress on the implementation of the delivery agreements is monitored and advising the President accordingly to ensure informed decision making on service delivery.</td>
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NON-ENTITY-SPECIFIC LEGISLATION

Non-entity-specific legislation also governs the operations of the organisation, which include among others:

- Public Finance Management Act (1999)
- Public Service Act (1994)
- Labour Relations Act (1995)
- Employment Equity Act (1998)
- Basic Conditions of Employment Act (1997)
- Skills Development Act (1998)
- Promotion of Access to Information Act (2000)
- National Key Points Act (1980)
- Government Immovable Asset Management Act (2007)
- Remuneration of Public Office Bearers (1998)
November 2011 marked the mid-point of this administration's term in office. As such, it was also a period of reflection as we reviewed our work and our commitment to making a difference in the lives of our people. During this period, The Presidency needed to report back and provide an account to citizens on whether government is making progress on the mandate it received for this electoral term.

To this end, government has produced the *Midterm Review of the Priorities of Government 2012* report, which gives an account of how government is performing against our 12 priority outcomes. The report assisted the President in executing his responsibilities of leading and coordinating the work of the national executive. Through the DPME, the President has been able to monitor the performance of government and promote a culture of accountability.

The report indicates that commendable progress against the targets for the delivery of services has been made. Captured below are some of these achievements that give an account of how our new way of coordinating government work is beginning to produce results.

The Presidency’s responsibilities have been increasing since 2009, particularly with regard to international relations. This is due to the country’s changing role on the world stage. South Africa has assumed membership in the Brazil-Russia-India-China-South Africa (BRICS) group of emerging economies and it has mediated conflicts on the African continent. South Africa has also made a conscious effort to move towards a green economy as part of the country’s long-term plan towards sustainable development, while mitigating the effects of climate change. In the year under review, South Africa hosted the United Nations’ Climate Change Conference COP 17/ CMP7. The South African government is committed to engaging in international climate change negotiations to secure a binding, multi-lateral international agreement that will ensure that climate change does not negatively impact our future.

The Presidency also moved Brand South Africa, formerly the International Marketing Council, from being an entity within GCIS to one reporting to The Presidency. This was to allow the President to lead the country’s brand.

The Presidential Infrastructure Coordinating Commission (PICC) and Job Creation Commission were formed. These increased responsibilities have had implications for The Presidency’s budget. The Presidency, in this annual report, gives an account on the progress it has made in promoting and facilitating the coordination of a coherent government and in achieving the realisation of national priorities. Detailed reports on how government is delivering against its priorities are available on The Presidency’s website. This ensures that all South Africans are able to hold government to account.

It is my pleasure to table The Presidency’s annual report for the 2011/12 financial year. We are also particularly pleased that we have received an unqualified report from the Auditor-General. We are, however, mindful of the emphases of matter raised by the Auditor-General. We will work with the Auditor-General of South Africa and the National Treasury to ensure that all matters raised are addressed. As The Presidency is at the forefront of building a performance-oriented state, it is important that we consistently receive a clean audit report without any emphases of matter.

We are addressing the financial constraints we have experienced during the period under review with the National Treasury. This will allow us to operate optimally and help the President fulfil his constitutional mandate.

In presenting this report, let me take the opportunity to congratulate the Director-General in The Presidency, Dr Cassius Lubisi, the Chief Operations Officer, Dr Batandwa Siswana, management and all staff for their efforts.

We also thank President Jacob Zuma, Deputy President Kgalema Motlanthe, Minister Trevor Manuel and Deputy Minister Obed Bapela for their sterling leadership.

Ohm Collins Chabane
Minister in The Presidency: Performance Monitoring, Evaluation, and Administration
The 2011/12 financial year is the mid-point of the 2009–2014 electoral periods, marking yet another milestone for government. Great strides were made in changing the way government works to further improve the quality of service provision to citizens.

During the year, The Presidency conducted service-delivery visits across the country to test government’s delivery record on the ground. In addition to signing performance agreements with Ministers, a process initiated in 2010, steps were taken to increase the accountability of heads of departments and senior managers through the introduction of the Forum of South Africa Directors-General (FOSAD) plan to improve service delivery through the way government works, which was approved by Cabinet. The plan seeks to overcome administrative and managerial inefficiency and ineffectiveness, which are within the powers of accounting officers to address. It entails 22 commitments for improving service delivery and is being implemented in earnest. It is within the powers of directors-general and heads of department to achieve all of the commitments in the plan. FOSAD is monitoring the implementation of the plan’s deliverables, and provides the President and the Presidential Coordinating Council with quarterly reports on progress and challenges.

During the year, The Presidency took the lead by volunteering to pilot the management performance assessment tool designed by the DPME. The tool assesses the state of management practices in public service organisations. The results of the assessment were used to develop improvement plans to address identified areas of weakness.

During the year under review, Cabinet established the PICC, which will oversee the massive infrastructure development plan announced by the President in the State of the Nation Address in February 2012.

The Presidency is the strategic centre of government. This report provides an overview of what The Presidency has achieved in this respect over the 2011/12 financial year.
The Presidency plays a key role in the management of government. It directs the manner in which government plans, implements, monitors and evaluates its work.

Further changes to the administration of The Presidency were made during the year under review. These include shifting the function of the Presidential Hotline to the DPME, and the relocation of Brand South Africa to The Presidency. Our principals also now lead the newly established PICC and the short-term Job Creation Commission. These structures are chaired by President Jacob Zuma and Deputy President Kgalema Motlanthe, respectively.

In the current financial year, The Presidency finalised a new budget programme structure, aligned to the new strategic direction of the organisation. The Presidency now has three budget programmes: Administration, National Planning, and Auxiliary and Associated Services.

As with other government departments, The Presidency has been under financial pressure for some time. Accordingly, it has continued implementing significant cost-cutting measures. In 2011/12, senior managers in The Presidency focused on improving work processes and systems to ensure operational efficiency, fiscal discipline, and economic and efficient use of the allocated budget. They also focused on demonstrating a commitment to trimming costs and ensuring good financial conduct.

However, the budget allocations of The Presidency have not grown in proportion to its increased domestic and international obligations and responsibilities, especially in the context of the increasing international stature and leadership responsibilities of the President. We hope to rectify this in the coming year and have been working with the National Treasury on a new funding model based on a detailed review of the baseline allocation for The Presidency.

While government programmes, policies and more detailed explanations of the development plans are available in specific government department reports, this annual report describes our efforts to streamline the work we do, mainly from the perspective of The Presidency’s role in promoting and facilitating the coordination of coherent governance and achieving the realisation of national priorities.

I would like to thank the top management team and Audit Committee. See page 91 of this report for their guidance, which has contributed to the satisfactory audit outcome achieved by The Presidency. Our work, however, is not yet done. Over the coming year, we will focus on improving compliance and strengthening identified weak internal controls.

Dr Batandwa Siswana
Chief Operations Officer and Deputy Secretary of the Cabinet
SECTION A
GOVERNMENT’S PROGRAMME OF ACTION OUTCOMES – SUMMARY OF KEY ACHIEVEMENTS AND CHALLENGES FOR 2011/12
The current administration has passed its halfway mark and is moving into the second half of its term. At the beginning of the term, government identified five strategic priorities: improving the quality of education, ensuring that South Africans are safe and feel safe, improving the quality of healthcare, promoting rural development and land reform, and working towards job-creating, inclusive economic growth.

Government spent the first few months in office translating these priorities into implementable plans and programmes. Part of this work included the President signing performance agreements with Ministers. The performance agreements outlined what each Minister is expected to achieve. Ministers entered into delivery agreements with their counterparts in provinces and municipalities to give effect to the agreements they had signed with the President.

SUMMARY OF KEY ACHIEVEMENTS AND CHALLENGES

Much work has been done in each of the priority areas. Progress is being made in education, despite the significant challenges that remain. The matric pass rate, for example, has been steadily increasing. The pass rate was 62.6 percent in 2008, 60.6 percent in 2009, 67.8 percent in 2010 and 70.2 percent in 2011. However, overall average marks are not improving and the quality of passes remains a challenge.

Owing to the introduction of the annual national assessments system, government is now able to objectively assess the health of the education system below grade 12. All learners in grades 1 to 6 are now being tested annually in literacy and numeracy using a standard national test. This is a massive undertaking as it requires assessing over 6 million learners in 19 000 schools.

During the year under review, government printed and distributed 24 million workbooks in all official languages for grades 1 to 3, and in English and Afrikaans for grades 4 to 6. This is an important step towards increasing each learner’s access to quality written material regardless of where they attend school.

Government also increased access to higher education programmes by expanding spaces and options available at further education and training colleges and universities. Introducing the national certificate vocational system in 2011 also marked a significant
milestone in developing alternative avenues for skills development. It resulted in the creation of additional opportunities for 164,713 learners at further education and training colleges.

During the year under review, 30,117 unemployed learners entered into learnerships against a target of 17,531 for 2011. Similarly, the target for workers entering learnerships was exceeded, with 19,192 workers entering learnerships against the target of 13,243. A total of 11,335 learners entered the artisan training system, with 8,102 learners, from a target of 10,000, passing their trade tests and obtaining their trade certificates. The trade test pass rate increased from 41 percent in 2010 to 57 percent in 2011.

Work is progressing towards the establishment of two new universities in Mpumalanga and the Northern Cape. Between 2011/12 and 2013/14, R300 million was allocated towards establishing these new institutions. Work has begun on identifying possible sites for each institution and the physical design of the universities.

There has also been progress regarding health. For instance, the rate of new HIV infections has decreased from 1.4 percent to 0.8 percent in the 15-to-24 age group. Nationally, there has been a reduction in mother-to-child transmission of HIV from about 8 percent in 2008 to 3.5 percent in 2011. This means that annually, over 30,000 babies are protected from infection and poor health.

This turnaround can be attributed to an acceleration and expansion of HIV awareness and prevention campaigns, counselling and testing, treatment, care and support. Since the presidential launch of the HIV counselling and testing campaign in April 2010, for example, the number of people tested has increased substantially, confirming improvements in health-seeking behaviour among South Africans. By mid-2011, 15.1 million people had been tested and, since then, a further 4.8 million people were tested.

Tuberculosis (TB) control and management is improving, with more than 8 million people screened during the HIV counselling and testing campaign. Of these, 1 million were referred for further diagnosis and management at relevant health facilities. The number of people who default on their TB treatment declined from 7.9 percent in 2009 to 6.5 percent in 2010 and, for the first time, the national TB cure rate reached the 70 percent mark in 2010. Despite these significant strides, much work is required to achieve the 85 percent cure rate recommended by the World Health Organisation.

Government has also focused on developing and implementing a strategy that promotes job creation and inclusive economic growth. It developed a New Growth Path, a strategy for inclusive growth and job creation. Government has also reached a series of stakeholder agreements regarding the implementation of elements of the New Growth Path, notably in education and skills development, green growth and local procurement. Progress has been made in measuring income distribution and developing a macroeconomic framework to support sustainable growth. Currency volatility and inequality remain significant challenges.

The focus on labour absorption has helped develop policy in areas like mineral beneficiation. Significant procurement reforms to promote employment were completed in December 2011. In addition, the Jobs Fund was established and is operating.

A multipronged strategy for youth employment was discussed and supported, but is not yet fully implemented. For the remainder of the term, agreeing on and implementing measures to reduce youth unemployment substantially should become one of the highest priorities.

To underline the importance of infrastructure development for economic growth and job creation, Cabinet established the PICC to spearhead government’s efforts in infrastructure development. The PICC has, at the core of its infrastructure plan, strategic infrastructure projects (SIPS). Work is already under way to implement these.

With regard to improving the country’s international competitiveness, there has been definite progress in the implementation of government’s industrial policy action plan and job drivers in some sectors, including minerals beneficiation, automobile manufacturing and clothing.

Government is also making progress in rural development and land reform. Since 2009, when the current administration assumed office, over 823,300 hectares of land have been acquired and allocated to 20,290 beneficiaries. This rate of land redistribution is an improvement over previous years and is an indication that our systems are improving.

Introducing the national rural youth service corps in 2010 has contributed to youth employment and skills development in rural areas. Through this programme, partnerships were forged with 35 further education and training colleges countrywide to train 5,340 unemployed youths. The training covered various civil
Government has made strides in its battle against crime. Between 2009/10 and 2010/11, overall serious crime decreased from 3 872 to 3 680 per 100 000 of the population. This represents a reduction of 5 percent. In the same period, the murder rate came down from 34 to 32 per 100 000, or 6.5 percent, and attempted murder fell from 35 to 31 per 100 000, or 12 percent. Carjackings declined from 28 to 21 per 100 000, or 24 percent, while house robbery dropped from 38 to 34 per 100 000, 11 percent.

These successes are also borne out by the results of the 2011 Victims of Crime Survey, conducted by StatsSA. The survey found that over 40 percent of households felt that the level of both violent and non-violent crime had decreased in their area of residence between 2008 and 2010. Of those surveyed, about 60 percent of households were satisfied with the way police and the courts were doing their work. About 32.1 percent of households felt that levels of crime had increased compared to 2007, when 57.1 percent felt that crime had increased. On personal safety, 88.2 percent and 27 percent felt safe walking in their areas during the day and at night, respectively, compared to 2007 when the response was 76 percent and 23 percent, respectively.

Despite the progress shown by these indicators, serious challenges remain for our society as a whole. Some of the challenges arise from serious weaknesses in government itself. The National Planning Commission clearly articulated some of these in the diagnostic report it released in June 2011. Some of the problems arise from difficult global economic conditions that began during the course of the current administration. All things considered, the progress that has been made points to a concerted effort by government and the people of South Africa to work together to improve the lives of all citizens.
GOVERNMENT’S PROGRAMME OF ACTION OUTCOMES
SUMMARY OF KEY ACHIEVEMENTS AND CHALLENGES FOR 2011/12