1. **Report of the Portfolio Committee on Sports, Arts and Culture on Budget Vote 37: Department of Arts and Culture, Dated 09 July 2019**

The Portfolio Committee on Sports, Arts and Culture, having considered the 2019/20 budget and the Annual Performance Plan (APP) of the Department of Arts and Culture, Vote 37, reports as follows:

**1. Introduction**

* 1. The Portfolio Committee on Sports, Arts and Culture (hereafter referred to as the “Committee”) considered the 2019/20 budget of the Department of Arts and Culture (DAC) as part of its oversight function over the Department as mandated by Public Finance Management Act (Act No 1 of 1999) and Money Bills Amendment Procedure and Related Matters Act (Act No 9 of 2009). The Department briefed the Committee on its 2019/20 budget on 03 July 2019.

**2. Background**

2.1 The aim of the report is to present an exhaustive analysis of the 2019/20 budget of the Department of Arts and Culture, and it will assist the Committee to fulfill its monitoring and oversight functions effectively. This analysis particularly enables the Committee to monitor and oversee the Department’s expenditure of public funds and its impact of service delivery.

* 1. Information contained in the report is based on the Department’s 2019/20 APP, 2019/20 budget, as well as the 2019 Estimates of National Expenditure (ENE) as tabled in the National Assembly.

2.3 The Report presents a programme-by-programme summary of the Department of Arts and Culture Budget, an overview of the key observations and recommendations made by the Committee.

**3. Committee observations**

3.1 The Department derives its mandate from the Constitution of the Republic of South Africa (Act No. 108 of 1996) with specific focus on language and culture, access to information and, to some extent, education.

3.2 The work of the Department is central to the implementation of Chapter 15, Nation *Building and Social Cohesion,* of the National Development Plan (NDP) Vision 2030. It is the responsibility of the department to lead Outcome 14: Transforming society and uniting the country.

3.3 Through the implementation of the Mzansi Golden Economy (MGE) strategy, a strategy developed during the 2009-2014 term, the Department aims to contribute to national priorities of job creation and economic development.

3.4 The United Nations has declared 2019 as the international year of indigenous languages in order to raise awareness of them, not only to benefit the people who speak these languages, but also for others to appreciate the important contribution they make to our world’s rich cultural diversity. Thus, it is vital to ensure government departments use indigenous languages in their documents.

3.5 The Department funds public entities, a constitutional institution, libraries and non-profit organisations. These amount to 28 entities making the portfolio cumbersome. The Department should consider streamlining the number of entities according to their intended purpose.

3.6 The Department has to finalise the amalgamation of the Department of Arts and Culture and the Department of Sports and Recreation South Africa.

**4. Overview of the 2018/19 financial year**

The mandate of the Department is derived from the Constitution of the Republic of South Africa and a number of Acts which provide the primary legislative framework. This legislative framework, and thus the Department’s mandate, has remained unchanged. The National Development Plan (NDP): Vision 2030 remains central to the government’s strategic policy, and therefore forms part of the Department’s focus and planning over the medium-term.

To reiterate the Department’s function in the implementation and realisation of the goals set out in the NDP, the following objectives are of particular relevance and importance:

* The importance of arts and culture activities in nation building and social cohesion;
* The revitalisation of arts and culture in schools through educator support and the placement of arts practitioners at schools; and
* The potential of the creative arts sector as a stimulus of economic growth and job creation.

Annual reports for national departments have not yet been tabled. The information related to performance over the last financial year is extracted from in-year quarterly expenditure and financial reports. The review of progress made on the 2018/19 budget will thus only focus on the first three quarters.

In order to evaluate service delivery, it is essential to look at expenditure per programme. The summary of the budget versus expenditure is tabulated below.

**Table 1: DAC expenditure as at the end of the third quarter of the 2018/19 financial year**

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme** | **Adjusted Appropriation 2018/19** | **Expenditure as at 31 December 2018** | **Percentage spent** |
| **R million** |  |  |  |
| **Operational Expenditure** |  |  |  |
| 1. Administration | 310.3 | 231.4 | 74.6% |
| 2. Institutional Governance | 287.8 | 153.3 | 53.3% |
| 3. Arts and Culture Promotion and Development | 1 167.5 | 857.1 | 73.4% |
| 4. Heritage Promotion and Preservation | 2 573.1 | 1 904.7 | 74.0% |
| **Sub Total** | **4 338.7** | **3 246.5** | **72.5%** |
| **Economic Classification** |  |  |  |
| **Current payments** | 631.0 | 483.4 | 76.6% |
| Compensation of Employees | 253.5 | 178.3 | 70.3% |
| Goods and Services | 377.5 | 296.2 | 78.5% |
| Interest and Rent on Land | - | 0.2 | - |
|  |  |  |  |
| **Transfers and subsidies** | 3 580.5 | 2 620.9 | 73.2% |
| **Payments for capital assets** | 127.2 | 41.9 |  33.0% |
| **Payments for financial assets** | - | 0.1 | - |
| Awaiting classification |  | 0.0 |  |
| **Total** | **4 338.7** | **3 146.5** | **72.5%** |

*Source: Standing Committee on Appropriations (2018).*

As per the report issued by the Standing Committee on Appropriations (SCOA), as at the end of the third quarter, i.e. 31 December 2018, the Department had spent 72.5 per cent, or R3.15 billion, of its total adjusted appropriation of R4.34 billion. Actual spending is less than the projections by R28.8 million or 0.9 percent, mainly on payments for capital assets and goods and services.

The following key issues per programme are extracted from the third quarter expenditure report compiled by the Standing Committee on Appropriations:[[1]](#footnote-1)

**Programme 1: Administration -** Spending in the third quarter is lower that the projections by R10.3 million. This is due to the delay in invoicing for office accommodation and municipal charges by the Department of Public Works.

**Programme 2: Institutional Governance** – Expenditure is higher than the projected R4.9 million due to higher spending on goods and services. There was under-budgeting on events such as BRICS Summit, Nelson Mandela Centenary and the Minister’s Imbizos.

**Programme 3: Arts and Culture Promotion and Development** – Expenditure is lower by R1.3 million, although there is improvement in spending in this programme. Improved spending can be attributed to more efficient management of calls for proposals and allocation of spending on Mzansi Golden Economy (MGE) projects in the second and third quarters.

**Programme 4: Heritage Promotion and Preservation** – Expenditure is lower than projected by R22.2 million, mainly on transfers and subsidies. This is due to the delay in processing the capital transfer payment for the Iziko Museums infrastructure project, which is processed on a recovery basis by the Department of Public Works (DPW), due to lack of progress on the project.

SCOA noted that that there was a reduction of 15 posts from the Human Resource Business Partner’s (HRBP) target of 408 posts on the approved establishment. This shows a commitment to keeping expenditure on personnel down. Spending on personnel was R178.3 million or 94.7 per cent of the projected expenditure, resulting in a variance of R9.7 million or 5.3 per cent in the third quarter. This is due to 23 vacant posts and less than projected payments of performance bonuses.

**5. Policy Priorities and alignment with National Development Goals**

During the 2014-2019 term of government, the Medium-term Strategic Framework (MTSF) is linked to the National Development Plan (NDP). The Department plays a dual role in relation to the MTSF:

* To lead and coordinate the delivery of the outputs of Outcome 14: A diverse, socially cohesive society with a common national identity. The Department is delegated to coordinate the implementation of Outcome 14; and
* To ensure alignment with and support for other outcomes of the MTSF through programmes and interventions by the sector.

The DAC devised 10-Point Plan for the 2018/19 MTEF in order to rethink the strategic direction of the Arts, Culture and Heritage sector. The following is the 10-Point Plan”[[2]](#footnote-2)

* Accelerating and amplifying nation building and social cohesion and dealing with, inter alia, the challenges of racism;
* Focusing on Africa and the global space;
* Resistance and Liberation Heritage (RLH) Route Infrastructure Programme, including the National Heroes’ Acre Project;
* Promotion of all languages and improving the functioning of the Pan South African Language Board (PanSALB);
* Ensuring that Mzansi Golden Economy (MGE) benefits previously disadvantaged artists;
* Ensuring that the Libraries Programme provides access to library infrastructure for all, and encouraging society to read and visit libraries;
* Using available spaces for Community Arts;
* Ensuring that the school curriculum teaches correct South African heritage and history through the Arts Education Programme and DAC Schools Programme;
* Improving the quality of reporting and compliance; and
* Ongoing skills audits in the DAC to ensure that human resources are correctly placed in the organisation.

According to its 2019/2020 APP, the Department’s programme of action is guided by the following priorities:[[3]](#footnote-3)

* Accelerating and amplifying nation building and social cohesion and dealing with, inter alia, the challenges of racism;
* Focusing on Africa and the global space;
* The infrastructure programme, including the National Heroes’ Acre Project and the Liberation Heritage (RLH) Route;
* Promotion of all official languages;
* Ensuring that Mzansi Golden Economy (MGE) benefits previously disadvantaged arts practitioners;
* The library and archives programme;
* The Community Arts Programme; and
* Ensuring that the school curriculum teaches correct South African heritage and history through the Arts Education Programme and DAC Schools Programme.

**6. Committee Engagements**

* **The Committee held engagements with the Department of Arts and Culture and the following issues emerged**

The Committee noted that the Department’s presentation was submitted late. As such, Committee Members did not have enough time to read and interrogate the information. This puts the Committee at a disadvantage especially since the Committee advised the Department to send the information documents a few days before the meeting to ensure the Members have sufficient time to prepare for constructive deliberations within the meeting.

The Committee stated that the Department should define goods and services to be clear on how the Department expends funds on these. The Committee noticed a drop in the allocation of budget on Institutional Governance Programme. The Department explained that the budget for infrastructure was moved from the Institutional Governance Programme to Heritage Promotion Programme, hence the decrease in the former and increase in the latter.

**7. Budget analysis**

In the 2019 Budget Speech, the Minister of Finance stated the following, “Since October (2018), government has taken steps to adjust baseline expenditure downwards by a total of R50.3 billion over the medium term. Half of these reductions come from adjustments to government’s spending on compensation. R12.8 billion comes from measures to reduce spending on specific programmes”[[4]](#footnote-4). For the DAC, Cabinet approved budget reductions of R5.2 million in 2019/20, R5.7 million in 2020/21 and R6 million in 2021/22 on the Department’s allocation (MTEF). The aforementioned reductions will be effected on transfers to entities in line with the approved freeze on salary increases for senior management staff earning more than R1.5 million per year, and a 2.8 per cent increase for senior managers earning between R1 million and R1.49 million.[[5]](#footnote-5)

The ENE has full details on the reductions in terms of curtailing in all the entities. However, it is not stated how the reductions will affect Robben Island Museum (RIM). In future engagements, the Committee should establish why the Department has not disclosed the reductions on the RIM.

 The budget structure for the Department remains unchanged and has four expenditure programmes:

* Programme 1: Administration
* Programme 2: Institutional Governance
* Programme 3: Arts and Culture Promotion and Development
* Programme 4: Heritage Promotion and Preservation

For the 2019/20 financial year, the total budget allocation is R4.6 billion. The nominal increase is R278.8 million or 6.4 per cent from the adjusted budget of R4.3 billion in 2018/19. When the inflation rate is taken into consideration, the budget allocation increased by R50.6 million or 1.2 per cent in real terms.

 Table 2 below reflects the budget summary indicating allocations across the MTEF.

**Table 2: Vote 37 – Budget Summary**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **R million**  |  |  | **2019/20**  |  | **2020/21**  | **2021/22**  |
| **Total**  | **Current payments**  | **Transfers and subsidies**  | **Payments for capital assets**  | **Total**  | **Total**  |
| **MTEF allocation**  |  |  |  |  |  |  |
| Administration  | 308.3  | 299.6  | -  | 8.6  | 326.2  | 344.1  |
| Institutional Governance  | 150.4  | 115.4  | 35.0  | -  | 159.6  | 169.7  |
| Arts and Culture Promotion and Development  | 1132.2  | 134.4  | 997.8  | -  | 1195.2  | 1264.9  |
| Heritage Promotion and Preservation  | 3026.6  | 126.2  | 2663.8  | 236.6  | 3196.1  | 3381.4  |
| **Total expenditure estimates**  | **4617.5**  | **675.6**  | **3969.6**  | **245.3**  | **4877.1**  | **5160.1**  |

When looking at the nominal amounts for the budget allocation across the MTEF, allocations show a year-on-year increase. However, when the projected inflation rates are taken into consideration, the budget firstly increases in 2019/20 and subsequently remains virtually unchanged in the subsequent two financial years. This may have an adverse impact on service delivery.

## 4.1. Programme analysis

This section explores budget allocations per programme for the 2019/20 financial year. The table below sets out the budget allocation per programme for the current financial year and compares it to allocations in 2018/19.

**Table 3: Change to allocations per programme for 2019/20**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme**  | **Budget**  | **Nominal** **Rand change**  | **Real** **Rand change**  | **Nominal per cent change** **2019/20**  | **Real per** **cent** **change** **2019/20**  |
| R million | **2018/19**  | **2019/20**  | **2018/19 – 2019/20**  | **2018/19 – 2019/20**  |
| 1: Administration  |  310.3  |  308.3  | - 2.0  | - 17.2  | -0.6 %  | -5.6 %  |
| 2: Institutional Governance  |  129.9  |  150.4  |  20.5  |  13.1  | 15.8 %  | 10.1 %  |
| 3: Arts and Culture Promotion and Development  |  1 060.2  |  1 132.2  |  72.0  |  16.0  | 6.8 %  | 1.5 %  |
| 4: Heritage Promotion and Preservation  |  2 838.4  |  3 026.6  |  188.2  |  38.6  | 6.6 %  | 1.4 %  |
| **TOTAL**  | **4338.7**  | **4617.5**  | **278.8**  | **50.6**  | **6.4%**  | **1.2%**  |

### 4.1.1. Programme 1: Administration

The programme is responsible for the provision of leadership, management and support functions to the Minister, Deputy Minister, Director-General (DG) and the Department.

For the 2019/20 financial year, the budget allocation for this programme is R308.3 million. The adjusted allocation for 2018/19 was R310.3 million, representing a nominal decrease of R2.0 million or 0.6 per cent. Taking inflation into consideration, the budget for this programme has decreased by R17.2 million or 5.6 per cent.

The decrease in budget in real terms will have a negative effect on the Department to provide effective leadership and support as Programme 1 is a support programmes for other programmes.

Table 4 below indicates budget allocations for all sub-programmes:

**Table 4: Programme 1: Administration**

|  |  |  |
| --- | --- | --- |
| **Sub-programme**  | **Budget 2019/20**  | **Percentage of total programme budget**  |
| R million  |  |  |
| 1: Ministry  | 5.2  | 1.7%  |
| 2: Management  | 50.9  | 16.5%  |
| 3: Corporate Services  | 113.3  | 36.8%  |
| 4: Office of the CFO  | 34.6  | 11.2%  |
| 5: Office Accommodation  | 104.3  | 33.8%  |
| **TOTAL**  | **308.3**  | **100.0%**  |

Sub-programmes 3 (Corporate Services) and 5 (Office Accommodation) were allocated the bulk of the programme budget at R113.3 million or 36.8 per cent and R104.3 million or 33.8 per cent, respectively. As reflected in Table 5 below, sub-programmes 2 (Management) and 5 (Office Accommodation) had the greatest budget reductions compared to the previous financial year.

**Table 5: Change to allocations per sub-programme for Programme 1**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub-programme**  | **Budget**  | **Nominal per cent** **change in** **2019/20**  | **Real per cent** **change in** **2019/20**  |
| R million  | **2018/19**  | **2019/20**  |
| 1: Ministry  | 4.9  | 5.2  | 6.1%  | 0.9%  |
| 2: Management  | 53.4  | 50.9  | -4.7%  | -9.4%  |
| 3: Corporate Services  | 111.6  | 113.3  | 1.5%  | -3.5%  |
| 4: Office of the CFO  | 31.5  | 34.6  | 9.8%  | 4.4%  |
| 5: Office Accommodation  | 108.9  | 104.3  | -4.2%  | -9.0%  |
| **TOTAL**  | **310.3**  | **308.3**  | **-0.6%**  | **-5.6%**  |

### 4.1.2 Programme 2: Institutional Governance

The purpose of this programme is to coordinate and manage all cross-cutting functions of the Department and its public entities and provides support and oversight to public entities.

In the 2019/20 financial year, this programme has undergone a change with the removal of Sub-programme 4: Capital works that formed part of the 2018/19 Programme 2 budget. The new Infrastructure Management Office sub-programme in Programme 4: Heritage Promotion and Preservation will be explained in the section of this paper that interprets the budget analysis for Programme 4.

The budget allocation for this programme is divided amongst its sub-programmes as follows:

**Table 6: Programme 2: Institutional Governance**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub-programme**  | **Budget 2019/20**  |  | **Percentage of total programme budget**  |
| R million  |  |  |  |
| 1: International Co-operation |  | 36.8 | 24.5%  |
| 2: Social Cohesion and Nation Building  |  | 89.2  | 59.3%  |
| 3: Coordination. Monitoring. Evaluation and Good Governance  |  | 24.4  | 16.2%  |
| **TOTAL**  |  | **150.4**  | **100.0%**  |

Social Cohesion and Nation Building is the most significant sub-programme with an allocation of R89.2 million or 59.3 per cent of the total budget programme. This is in line with the Department’s responsibility of implementing Outcome 14 of the NDP.

Table 7 reflects how budget allocation per sub-programme has changed between financial years 2018/19 and 2018/20.

**Table 7: Change to allocations per sub-programme for Programme 2**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub-programme**  | **Budget** | **Nominal per cent** **change in** **2019/20** | **Real per cent** **change in** **2019/20** |
| R million | **2018/19**  | **2019/20**  |
| 1: International Co-operation  | 34.5  | 36.8  | 6.7%  | 1.4%  |
| 2: Social Cohesion and Nation Building  | 78.1  | 89.2  | 14.2%  | 8.6%  |
| 3: Coordination, Monitoring, Evaluation and Good Governance  | 17.3  | 24.4  | 41.0%  | 34.1%  |
| **TOTAL**  | **129.9**  | **150.4**  | **15.8%**  | **10.1%**  |

Budget allocations for all sub-programmes have increased between 2018/19 and 2019/20.

Considering that the Department has an important role to play in the governance of 25 public entities, it is encouraging to note that the budget for this sub-programme has increased from R17.3 million in 218/19 to R24.4 million, equating to a nominal increase of R7.1 million, or 41 per cent. This effectively means that the Department can strengthen oversight and monitoring of all its entities.

It will be crucial for the Committee to request the Department to furnish it with operational plan of the Department’s coordination, monitoring, evaluation and good governance functions. This will enable the Committee to do its oversight role over the entities with relative ease.

### 4.1.3. Programme 3: Arts and Culture Promotion and Development

The purpose of Programme 3 is to promote and develop arts, culture and languages. This programme receives the second largest allocation of the total budget, i.e. R1.1 billion or 24.5 per cent of the total appropriation of R4.6 billion.

In the 2019/20 financial year, this programme had a nominal increase in budget allocation of R72 million or 6.8 per cent. When inflation is taken into consideration, this increase stands at R16 million or 1.5 per cent. Over the medium term and factoring in inflation, the budget allocation for this programme remains virtually unchanged.

The budget allocation for this programme is divided amongst its sub-programmes as follows:

**Table 8: Programme 3: Arts and Culture Development**

|  |  |  |
| --- | --- | --- |
| **Sub-programme**  | **Budget 2019/20**  | **Percentage of total programme budget**  |
| R million  |  |  |
| 1: National Language Services  | 56.5  | 5.0%  |
| 2: Pan South African Language Board  | 120.9  | 10.7%  |
| 3: Cultural and Creative Industries Development  | 417.6  | 36.9%  |
| 4: Performing Arts Institutions  | 281.1  | 24.8%  |
| 5: National Film and Video Foundation  | 140.4  | 12.4%  |
| 6: National Arts Council  | 115.8  | 10.2%  |
| **TOTAL**  | **1132.2**  | 100.0**%**  |

Among the objectives of Programme 3 for the 2019/20 financial year are the following:[[6]](#footnote-6)

* Support cultural and creative sector projects through MGE work streams and partnerships;
* Provide financial support to nine provincial community arts development programmes; and
* Build capacity in human resources in ACH sector by providing bursaries for future language practitioners, placing artists in schools.

Table 9 below reflects how budget allocations per sub-programme has changed between financial years 2018/19 and 2019/20.

**Table 9: Change to allocations per sub-programme for Programme 3**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub-programme**  | **Budget**  | **Nominal per cent** **change in** **2019/20**  | **Real per cent** **change in** **2019/20**  |
| R million | **2018/19**  | **2019/20**  |
| 1: National Language Services  | 52.4  | 56.5  | 7.8%  | 2.5%  |
| 2: Pan South African Language Board  | 113.6  | 120.9  | 6.4%  | 1.2%  |
| 3: Cultural and Creative Industries Development  | 384.5  | 417.6  | 8.6%  | 3.2%  |
| 4: Performing Arts Institutions  | 266.6  | 281.1  | 5.4%  | 0.2%  |
| 5: National Film and Video Foundation  | 133.5  | 140.4  | 5.2%  | 0.0%  |
| 6: National Arts Council  | 109.7  | 115.8  | 5.6%  | 0.3%  |
| **TOTAL**  | **1060.2**  | **1132.2**  | **6.8%**  | **1.5%**  |

Upon closer examination of the budget, R997.8 million or 88.1 per cent of the programme budget is classified as transfers and subsidies. Of this total, R100.9 million is transferred to public corporations and private enterprises and a further R140.0 million to non-profit institutions (NPIs). The bulk of the programme’s budget resides within sub-programme 3, i.e. R417.6 million or 36.9 per cent. It will be important for the Committee to establish whether the Department has sufficient capacity to exercise proper oversight of this sub-programme.

The table below provides an overview of the transfers to the performing arts institutions reporting to the DAC. None of these entities has received a significant increase in their budget allocations.

**Table 10: Change to allocations in current transfers to performing arts institutions**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub-programme**  | **Budget**  | **Nominal per cent** **change in** **2019/20**  | **Real per cent** **change in** **2019/20**  |
| R million | **2018/19**  | **2019/20**  |
| Artscape  |  60.9  |  63.9  | 4.9%  | -0.3%  |
| The Market Theatre  |  45.3  |  47.4  | 4.6%  | -0.5%  |
| Performing Arts Centre of the Free State  |  46.3  |  48.7  | 5.2%  | 0.0%  |
| The Playhouse Company  |  49.6  |  52.1  | 5.0%  | -0.2%  |
| The South African State Theatre  |  55.5  |  59.4  | 7.0%  | 1.7%  |
| **TOTAL**  | **257.6**  | **271.5**  | **5.4%**  | **0.2%**  |

**4.1.4. Programme 4:** Heritage Promotion and Preservation

The purpose of this programme is to preserve and promote South African heritage including archival and heraldic heritage. It also oversees and transfers funds to libraries.

Programme 4 receives the bulk of the total budget, just over R3 billion or 65.6 per cent. In comparison to the budget allocation in 2018/19, this represents a nominal increase of R188.2 million or 6.6 per cent. The programme sees a budget allocation increase of R38.6 million or 1.4 per cent adjusted for inflation (see Table 11).

A total of R2.7 billion, or 88.0 per cent, of the total programme budget is classified as transfers and subsidies. This includes the Community Library Services Grant, which is transferred to provincial departments for transforming urban and rural library infrastructure and services. The allocation for 2019/20 is R1.5 billion. The details of this allocation are explained later in this section.

Table 11 provides an overview of the budget allocation per sub-programme.

**Table 11: Programme 4: Heritage Promotion and Preservation**

|  |  |  |
| --- | --- | --- |
| **Sub-programme**  | **Budget 2019/20**  | **Percentage of total programme budget**  |
| R million  |   |   |
| 1: Heritage Promotion  |  60.5  | 2.0  |
| 2: National Archive Services  |  48.8  | 1.6  |
| 3: Heritage Institutions  |  571.8  | 18.9  |
| 4: National Library Services  |  137.2  | 4.5  |
| 5: Public Library Services  |  1 531.7  | 50.6  |
| 6: Infrastructure Management Office  |  541.9  | 17.9  |
| 7: South African Heritage Resources Agency  |  58.3  | 1.9  |
| 8: South African Geographical Names Council  |  5.1  | 0.2  |
| 9: National Heritage Council  | 71.4  | 2.4  |
| **TOTAL**  | **3026.6**  | **100.0**  |

Table 12 reflects how budget allocations per sub-programme has changed between financial years 2018/19 and 2019/20

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub-programme**  | **Budget**  | **Nominal per cent** **change in** **2019/20**  | **Real per cent** **change in** **2019/20**  |
| R million | **2018/19**  | **2019/20**  |
| 1: Heritage Promotion  |  55.4  |  60.5  | 9.2%  | 3.8%  |
| 2: National Archive Services  |  46.2  |  48.8  | 5.6%  | 0.4%  |
| 3: Heritage Institutions  |  532.6  |  571.8  | 7.4%  | 2.1%  |
| 4: National Library Services  |  130.0  |  137.2  | 5.5%  | 0.3%  |
| 5: Public Library Services  |  1 452.5  |  1 531.7  | 5.5%  | 0.2%  |
| 6: Infrastructure Management Office  |  492.7  |  541.9  | 10.0%  | 4.6%  |
| 7: South African Heritage Resources Agency  |  55.7  |  58.3  | 4.7%  | -0.5%  |
| 8: South African Geographical Names Council  |  4.8  |  5.1  | 6.3%  | 1.0%  |
| 9: National Heritage Council  | 68.5  | 71.4  | 4.2%  | -0.9%  |
| **TOTAL**  | **2838.4**  | **3026.6**  | **6.6%**  | **1.4%**  |

The Community Library Services Grant is allocated R4.9 billion over the next three years, with R1.5 billion set aside for 2019/20. The following outputs are expected:[[7]](#footnote-7)

* 430 000 items of library materials (books, periodicals, toys etc.) purchased;
* Library information and communication technology infrastructure and systems software installed and maintained in all provinces;
* New services established for the visually impaired at 30 identified community libraries in all provinces;
* 32 new library structures completed;
* 10 new library services established for dual-purpose libraries;
* 25 upgraded library structures;
* 20 maintained library structures;
* 1 924 existing contract library staff maintained in all provinces;
* 25 new staff appointed for dual-purpose libraries;
* 50 new staff appointed at public libraries to support the shifting of the function to provinces; and
* Capacity building programmes for public librarians.

**8. Key issues and Committee findings**

During the process of considering the 2019/20 APP of the Department the following issues were identified:

**8.1** **Increase in the budget**

There has been a more significant increase in the 2019/20 budget compared to the increase from 2017/18 to 2018/19. The Department’s overall budget sees a nominal increase of R278.8 million or 6.4 per cent. Upon consideration of the inflation rate, the budget has in fact increase by R50.6 million, or 1.2 per cent. Programme 2: Institutional Governance has seen the biggest nominal percentage increase, i.e. 15.8 per cent, with the sub-programme: Coordination, Monitoring, Evaluation and Good Governance within this Programme receiving the most substantial nominal percentage budgetary increase, i.e. 41 per cent. This most likely indicates increased efforts on the part of the Department to ensure better oversight of entities and projects.

**8.2 Transfers and subsidies**

The Department transfers approximately 80% of its budget to the entities. Thus, it is imperative for the Department to strengthen its monitoring and evaluation unit to ensure that money transferred to entities is used effectively and efficiently.

**8.3 Use of consultants by the Department**

In the 2019/20 financial year, the Department plans to spend R26 million on consultants. This increases to R27.5 million in 2020/21 and R29.0 million in 2021/22.[[8]](#footnote-8) This planned expenditure on consultants is worrisome in light of national cost containment measures.

**8.4 Infrastructure spending**

In the summary of expenditure on infrastructure, there is total of R165.8 million set aside over the MTEF for the construction of the Isibhubhu Cultural Arena at eNyokeni.[[9]](#footnote-9)

 **8.5 Flags in schools and hospitals**

South Africa's flag was adopted on 27 April 1994 – now known as national Freedom Day and is a representation of the country's democracy, with each colour depicting an important element in our history and country. Some public schools and hospitals do not have the national flag, which is not appropriate.

**8.6 Travel and Subsistence**

The Department needs to improve the monitoring of spending against budget for official travel and ensure that budgeting for events is more accurate.

**9. Recommendations**

The Committee welcomes the Annual Performance Plan and 2019/20 budget of the Department of Arts and Culture. The Committee further recommends the following:

**9.1** **Increase in the budget**

Seeing that there is substantial nominal increase of 41 per cent in the subprogramme: Coordination, Monitoring, Evaluation and Good Governance , the Department should use the increase in the budget to play effective oversight on entities and projects.

**9.2 Transfers and subsidies**

As approximately 80 percent of the budget that is transferred to entities, the monitoring and oversight unit of the Department should be strengthened. There should be close monitoring of all the entities for effective governance and management. The Department should ensure that there are no conflicts between management and the Councils of entities, and this can be achieved by close monitoring of entities. The litigation in entities should be curtailed to spare the entities from paying large sums of moneys for litigation.

**9.3 Use of consultants by the Department**

The increase of budget to be spent on consultants should not happen. Increased expenditure and reliance on consultants is worrisome in light of national cost-containment measures. The Department has to build internal capacity in order to refrain from relying on consultants.

**9.4 Infrastructure spending**

The Department has to ensure that the eNyokeni project is regularised as it has been dominated by irregular expenditure and poor workmanship resulting in the Department instituting a forensic report.[[10]](#footnote-10) The Department should provide the Committee with a plan and a timeframe of the completion of the construction.

 **9.5 Flags in schools and hospitals**

It is important for all schools and hospitals to have the national flag. In schools teachers should teach learners the history and the meaning of the colours of the flag. The Department has to install national flags in all public schools and hospitals.

**9.6 Travel and Subsistence**

The Department should explore the possibility of using video conferencing instead of physically travelling to Parliament make presentations to the Committee.

**10. Conclusion**

The Portfolio Committee acknowledges the importance of the mandate of the Department of Arts and Culture in building and uniting South Africa. It further acknowledges that through various, the Department plays a vital role in facilitating job creation in the sector as well as developing and capacitating arts, culture and heritage practitioners.

The Committee recommends that the House adopt the Budget Vote Report of Vote 37: Department of Arts and Culture.

**Report to be considered**

1. SCOA Third Quarter Report, 2018. [↑](#footnote-ref-1)
2. Clayton (2019) [↑](#footnote-ref-2)
3. Clayton (2019) [↑](#footnote-ref-3)
4. Minister of Finance (2019). [↑](#footnote-ref-4)
5. National Treasury (2019), p. 820. [↑](#footnote-ref-5)
6. Ibid, p. 831. [↑](#footnote-ref-6)
7. Division of Revenue Bill (2019), p. 128. [↑](#footnote-ref-7)
8. http://www.treasury.gov.za/documents/national [↑](#footnote-ref-8)
9. National Treasury (2019), p. 841. [↑](#footnote-ref-9)
10. Portfolio Committee on Arts and Culture (2018). [↑](#footnote-ref-10)