**REPORT OF THE SELECT COMMITTEE ON EDUCATION AND TECHNOLOGY, SPORT, ARTS AND CULTURE OF THE BUDGET VOTE 37: SPORT, ARTS AND CULTURE, DATED 03JUNE 2020.**

The Select Committee on Education and Technology, Sport, Arts and Culture (hereafter, the Committee), having considered the Budget Vote 37: Sport, Arts and Culture and the 2020/2021 Annual Performance Plan (APP) of the Department of Sport, Arts and Culture, reports as follows:

1. **Introduction and background**

In the State of the Nation Address on 16 February 2018, the President of the Republic of South Africa, Mr Cyril Ramaphosa pronounced that the growth, development and transformation depend on a strong and capable state. He stated that it was critical that the structure and size of the state was optimally suited to meet the needs of the people and ensure the most efficient allocation of public resources.

Therefore, he committed to initiate a process to review the configuration, number and size of national government departments. The President also pronounced in his budget vote speech on 23 May 2018 “A review of the size, composition and efficiency of Government was being undertaken by a task team led by the Presidency”.President Ramaphosa announced his new Cabinet on 29 May 2019. The reconfigured and reducedNational Executive saw the merging of some departments.The President outlined that some portfolios were to be merged in order to strengthen them.

He also committed to a process of further reforms to "promote coherence, better co-ordination and improved efficiency" of the Government. This whole process saw the merger of the former Department of Arts and Culture (DAC) and the Department of Sport and Recreation South Africa (SRSA), to form the Department of Sport, Arts and Culture (DSAC) with effect from 1 April 2020.

This 2020/21 financial year is thus the first for the newly formed Department.Therefore, the 2020/21 budget allocation that represents the first year of the new 2019 – 2024 Medium Term Strategic Framework (MTSF) and Vote 37: Sport, Arts and Culture pertains to the Department of Sport, Arts and Culture (hereafter, the Department) as constituted before the Cabinet.

The Portfolio Committee on Sport, Arts and Culture and Select Committee on Education and Technology, Sports, Arts and Culture, considered the 2020/21 Annual Performance Plan (APP) and 20/21 – 2024/25 Strategic Plan of the Department of Sport, Arts and Culture on Tuesday, 12 and Wednesday, 20 May 2020. Due to the current COVID-19 Lockdown, the meetings were held virtually via Microsoft TEAMS.

Those that appeared before the two Committees during the Budget Review session included the following:

Mr EN Mthethwa, the Minister of Sport, Arts and Culture; Ms N Mafu, the Deputy Minister of Sport, Arts and Culture; Mr V Mkhize, the Director General: DSAC; Mr M Matlala, the CFO; Ms S Khan, the Deputy Director General; Dr S Tyiso, the Chief Director; Mr S Nkanunu, the PLO (Minister’s Office); Mr S Watani, the Coordinator; and Mr R Mudau, the PLO (Deputy Minister’s Office).

This report gives a brief summary of the presentations made by the DSAC to the Committees, focusing mainly on the Department’s 2020 - 21 Annual Performance Plan, the 2020 Medium Term Expenditure Framework (MTEF) allocations, and the overview of allocations per programme. The report also provides the Committee’s key deliberations and recommendations relating to the Vote.

Copies of all presentations on the Budget Review of the Department of Sport, Arts and Culture (DSAC) are available from the office of the Committee Secretary.

1. **Overview of 2020 Division of Revenue Bill (DoRB)**

Slow and declining economic growth, declining tax revenues and increasing debt costs over the past few years has strained the country’s public finances. The Government’s past efforts to place the fiscus on a more sustainable path have been focused on cutting expenditure and raising tax revenue, however; these interventions have not stabilised the debt. The Government’s fiscal consolidation efforts over the 2020 Medium Term Expenditure Framework (MTEF), continues to target expenditure, with the aim of reducing expenditure as a share of the Gross Domestic Product (GDP), as well as improving the composition of expenditure (i.e. reduce non-interest spending).

 The 2020 Budget, therefore, proposes a net non-interest expenditure reduction of R156.1 billion over the medium term, which is largely to be derived from the proposed cut of R160.2 billion on compensation spending over the same period. Other measures include baseline reductions of R66 billion in 2020/21, R88.1 billion in 2021/22 and R106.8 billion in 2022/23, which will be effected to Government programmes across all three spheres.

The Budget amounts to R1.77 trillion in 2020, which is an increase of R82.6 billion or 4.9 per cent from the adjusted allocation of R1.68 trillion in 2019. The R1.77 trillion budget for 2020/21 is allocated as follows: National Government receives R1.2 trillion, Provinces receive R538.5 billion and the Local Government receives R74.7 billion. The National Government allocation of R1.2 trillion constitutes the bulk of nationally raised revenue, at 65.3 per cent in 2020/21. When the Contingency Reserve; Debt Service Costs and the Provincial and Local Government Conditional Transfers are excluded, the national equitable share amounts to 49.2 per cent; Provinces receive 42.2 per cent; and the Local Government receives 8.6 per cent in 2020/21.

* 1. **Provincial Transfers**

Provincial transfers (i.e. both the equitable share and conditional grants) have been cut in line with the Government’s fiscal consolidation efforts. Provinces had to identify a number of cost-saving measures (without compromising services) and these include:

* Maintaining compensation limits;
* Reduced costs by merging provincial public entities, improved integrated planning to avoid the duplication of services and enhanced contract management to ensure the correct pricing of projects; and
* Identified savings of 5 to 7 per cent in their Budget for each year over the medium term.

There are, however, limitations in the Provinces’ ability to effect cost reductions, savings and reprioritisation. Given that 80 per cent of provincial transfers are allocated through the equitable share, more needs to be done to identify new revenue sources, or alternatively assessing the effectiveness of current revenue sources for optimal revenue generation. In 2020/21, total transfers to Provinces amount to R649.3 billion of which the equitable share amount to R538.5 billion and conditional grants amount to R110.8 billion. Included in the total conditional grant allocation of R106.7 billion is an unallocated amount of R433 million, which is the funding that is set aside for Provincial Disaster Relief (i.e. R138.5 million for 2020/21) and Emergency Housing (i.e. R294.9 million).These funds are only released once a disaster has been declared.Despite the cuts, the Provincial Equitable Share (PES) grows on average by 6.3 per cent, which is above the projected average inflation rate of 4.5 per cent over the 2020 MTEF period.

Table 1 below, shows the estimated budget allocations for all nine provinces over the 2020 MTEF.

**Table 1: Budget allocations over 2020 MTEF**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Province R`million** | **Equitable Share** | **Conditional Grants** | **Total Transfers 2020/21** | **Equitable Share 2021/22 est** | **Equitable Share 2022//23 est** |
| Eastern Cape | 71 415 | 12 488 | 83 903 | 75 306 | 78 841 |
| Free State | 30 017 | 8 239 | 38 256 | 31 897 | 33 657 |
| Gauteng | 112 118 | 23 935 | 136 053 | 121 121 | 129 908 |
| KwaZulu-Natal | 111 442 | 22 011 | 133 453 | 117 755 | 123 544 |
| Limpopo | 62 239 | 9 890 | 72 219 | 66 256 | 69 935 |
| Mpumalanga | 44 105 | 8 312 | 52 417 | 46 996 | 49 724 |
| Northern Cape | 14 290 | 4 542 | 18 832 | 15 207 | 16 068 |
| North West | 37 548 | 7 743 | 45 291 | 40 174 | 42 682 |
| Western Cape | 55 208 | 13 191 | 68 399 | 59 276 | 63 194 |

* 1. **Conditional Grant Transfers to the Provinces**

The extent to which conditional grants are used and their design depend very much on the constitutional, institutional and fiscal circumstances of the country. In the most general sense, the purpose of conditional grants is to influence the fiscal decisions of the provincial government, presumably with the express intent of achieving some objective of national government,

* + 1. **Conditional Grant Transfers to the Eastern Cape**

**(a). Reprioritisation of grant funding:**

* None for sport, arts and culture sector.

**(b). Reductions to baselines:**

* The Community Library Services Grant’s baselinehas been reduced by 6.6 per cent, 5.7 per cent and 4.7 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R283 million over the medium term.
* TheMass Participation and Sport Development Grant’s baselinehas been reduced by 8.8 per cent, 10 per cent and 10.5 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R201 million over the medium term.
	+ 1. **Conditional Grant Transfers to the Free State**

**(a). Reprioritisation of grant funding:**

* None for sport, arts and culture sector.

**(b). Reductions to baselines:**

* The Community Library Services Grant’s baseline has been reduced by 6.6 per cent, 5.7 per cent and 4.7 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R283 million over the medium term.
* The Mass Participation and Sport Development Grant’s baseline has been reduced by 8.8 per cent, 10 per cent and 10.5 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R201 million over the medium term.
	+ 1. **Conditional Grant Transfers to the Gauteng**

**(a). Reprioritisation of grant funding:**

* None for sport, arts and culture sector.

**(b). Reductions to baselines:**

* The Community Library Services Grant’s baseline has been reduced by 6.6 per cent, 5.7 per cent and 4.7 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R283 million over the medium term.
* The Mass Participation and Sport Development Grant’s baseline has been reduced by 8.8 per cent, 10 per cent and 10.5 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R201 million over the medium term.
	+ 1. **Conditional Grant Transfers to the North West**

**(a). Reprioritisation of grant funding:**

* None for sport, arts and culture.

**(b). Reductions to baselines:**

* The Community Library Services Grant’s baseline has been reduced by 6.6 per cent, 5.7 per cent and 4.7 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R283 million over the medium term.
* The Mass Participation and Sport Development Grant’s baseline has been reduced by 8.8 per cent, 10 per cent and 10.5 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R201 million over the medium term.
	+ 1. **Conditional Grant Transfers to the KwaZulu-Natal**

**(a). Reprioritisation of grant funding:**

* None for sport, arts and culture sector.

**(b). Reductions to baselines:**

* The Community Library Services Grant’s baseline has been reduced by 6.6 per cent, 5.7 per cent and 4.7 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R283 million over the medium term.
* The Mass Participation and Sport Development Grant’s baseline has been reduced by 8.8 per cent, 10 per cent and 10.5 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R201 million over the medium term.
	+ 1. **Conditional Grant Transfers to the Limpopo**

**(a). Reprioritisation of grant funding:**

* None for sport, arts and culture sector.

**(b). Reductions to baselines:**

* The Community Library Services Grant’s baseline has been reduced by 6.6 per cent, 5.7 per cent and 4.7 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R283 million over the medium term.
* The Mass Participation and Sport Development Grant’s baseline has been reduced by 8.8 per cent, 10 per cent and 10.5 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R201 million over the medium term.
	+ 1. **Conditional Grant Transfers to the Mpumalanga**

**(a). Reprioritisation of grant funding:**

* None for sport, arts and culture.

**(b). Reductions to baselines:**

* The Community Library Services Grant’s baseline has been reduced by 6.6 per cent, 5.7 per cent and 4.7 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R283 million over the medium term.
* The Mass Participation and Sport Development Grant’s baseline has been reduced by 8.8 per cent, 10 per cent and 10.5 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R201 million over the medium term.
	+ 1. **Conditional Grant Transfers to the Northern Cape**

**(a). Reprioritisation of grant funding:**

* None for sport, arts and culture sector.

**(b). Reductions to baselines:**

* The Community Library Services Grant’s baseline has been reduced by 6.6 per cent, 5.7 per cent and 4.7 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R283 million over the medium term.
* The Mass Participation and Sport Development Grant’s baseline has been reduced by 8.8 per cent, 10 per cent and 10.5 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R201 million over the medium term.
	+ 1. **Conditional Grant Transfers to the Western Cape**

**(a). Reprioritisation of grant funding:**

* R90 million has been reprioritised within the *Mass Participation and Sport Development Grant* over the 2020 MTEF, to support the Netball World Cup that will be hosted in the Western Cape in 2023.

**(b). Reductions to baselines:**

* The Community Library Services Grant’s baseline has been reduced by 6.6 per cent, 5.7 per cent and 4.7 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R283 million over the medium term.
* The Mass Participation and Sport Development Grant’s baseline has been reduced by 8.8 per cent, 10 per cent and 10.5 per cent, respectively for each year of the 2020 MTEF. The reductions in total amount to R201 million over the medium term.
	1. **Purpose of the Budget Vote:37**

After the Minister of Finance has presented the Budget, the Committee should call the Department to present its Annual Performance Plan (APP). The Committee shall scrutinisethe Department’splans to achieve its planned targets against the allocated budget. The Committee can also check whether the Department has followed through on its undertakings made for the previous year and whether it has appropriately spent taxpayers’ money. This is in line with the Constitution of the Republic of South Africa, 1996 and the Rules of Parliament that mandates the Committee to oversee the activities and performance of the Department. After Members of each House of Parliament (National Assembly and National Council of Provinces) have approved Budget Vote 37, the Minister will then proceed to spend the money as budgeted. Therefore, it is vital for the Committee to approve this Budget Vote.

1. **Strategic Overview of the Department of Sports, Arts and Culture**
	1. **National Development Plan (NDP) vision 2030**

The NDP is a guiding document for South Africa. In 2012, Cabinet adopted the NDP as a long-term vision and plan for the country. The former SRSA and DAC responded to Chapter 15: Transforming society and uniting the country.

This chapter draws together what is needed to transform the South African society to be prosperous, non-sexist, non-racial and democratic. These are key values in the Constitution of the Republic of South Africa. The newly merged Department of Sport, Arts and Culture (DSAC) as such responds to Chapter 15 of the NDP and with its strategic plan supporting the Government priorities.

* **The 2019-24 Medium Term Strategic Framework (MTSF)**

The Sixth Administration of the South African Government considers the next five years as the era that is defined by working together to implement the deliverables, as per the Medium Term Strategic Framework (MTSF) 2019-24. The following outcomes provide framework for the work of the Department.

* **Transformed, capable and professional sport, arts and culture sector:**

Thriving cultural and sporting activities can help in building and maintaining social capital encouraging strong community bonds, active citizenship and participation. Senses of identity, place, ownership and belonging are among the significant benefits that culture, arts and sport activities bring to a community and its environment. Cultural facilities such as museums and libraries contribute to the cultivation of attractive, vibrant, busy places that people can enjoy in safety. High-quality outdoor space enriches local culture, and engaging young people in sport and culture is a way of fostering social inclusion and preventing antisocial behaviour.

* **Integrated and accessible sport, arts, culture and heritage infrastructure and information:**

Planning for the provision of opportunities to participate in culture, arts and sport has met a key requirement of the NDP. Culture,arts and sport are fundamental to buildingsustainable communities in which people want to liveand work. Participation in cultural and sporting activities enhances people’s personal enjoyment, development, and fulfilment and improves their physical and mental health and wellbeing. High-quality cultural and sports facilities help to make places more attractive, help to boost economic activity and prosperity, and aid the development of shared identities and increased understanding between different communities.

* **Compliant and responsive governance:**

Responsive and accountable public governance begins with the State leadership working with the citizens to formulate and agree on a NDP 2030 vision for the country that will guide the development efforts focused on the well-being of the people.The DSAC’s programmes will benefit the public as well promoting a citizen-driven initiatives and people’s willingness to participate in decision making.

* **Increased market shares of and job opportunities created in sport, cultural and creative industries (CCI)**

The aim is to transform the South African economy to enable the meaningful participation of Black people, women, and rural communities in the mainstream of the economy. This is to be done in a manner that has a positive impact on employment, income redistribution, structural readjustment and economic growth in the sport, arts and cultural sector.

* 1. **Sustainable Development Goals (SDGs)**

The mandate of the NDP is closely aligned to the United Nations (UN) Sustainable Development Goals (SDGs) Agenda 2030, as well as the African Union (AU) Agenda 2063. The 17 UN SDGs are the global plan to build a better world for humanity and the environment by 2030. The UN SDGs were adopted by all member states in 2015, with SDGs calling for action by all countries, rich and poor, to promote prosperity while protecting the environment. The SDGs also recognised that ending poverty must go hand-in-hand economic growth and addressing social needs such as health, education, equality and work opportunities, while tackling climate change and preserving our oceans and forests. These are integrated into the government planning systems and processes at national, provincial and local level (United Nations, 2019). The United Nations Children’s Emergency Fund (UNICEF) South Africa hasthrough its sport for development initiatives, shown that the introduction of inclusive sporting programmes can result in a 77% violence reduction, a learner attendance improvement of 81%, and an increase of 76% in positive life skills such as cooperation, teamwork, and respect in communities (UNICEF, 2018). Cultural and creative industries are major drivers of economies by contributing to the creation of 29.5 million jobs globally, and 3% of all jobs in South Africa, rising to nearly 7% or 1 million jobs when creative industry support occupations are included. In addition to economic benefits, the cultural and creative industries also generate merit to people-centred value, sustainable urban development, development of creativity and culture, and contribute to the achievement of 2030 Agenda. At the same time, creativity and culture also have a significant non-monetary value that contributes to inclusive social development, to dialogue and understanding between peoples. Culture is both a driver and an enabler of human and sustainable development. It empowers people to take ownership of their own development, and stimulates the innovation and creativity which can drive inclusive and sustainable growth.

1. **Vote 37: Sport, Arts and Culture**

The 2020 Budget, tabled amid a weak economic outlook, technical recession and the instabilities in the country due to the coronavirus (COVID-19) pandemic. The 2020 Budget is built around six prescripts; namely, achieving higher economic growth, increasing tax collection, restraining expenditure, stabilising and reducing debt, reconfiguring state-owned enterprises, and managing the public sector wage bill.In his 2020 Budget Speech, the Minister of Finance proposed reductions of R261 billion over the next three financial years, i.e. the medium-term. This includes a R160.2 billion reductions to the wage bill of national and provincial departments and national public entities. For the Department, Cabinet has approved budget reductions amounting to R1.2 billion over the medium-term (R376.3 million in 2020/21, R416.3 million in 2021/22 and R431.1 million in 2022/23) to the Department’s baseline allocation.These reductions will mainly be effected on: transfers to heritage assets and institutions, spending on goods and services across all programmes, transfers to entities, transfers to libraries and the Community Library Services Conditional Grant (CLSG), transfers to performing arts institutions, funding for projects linked to the Mzansi Golden Economy (MGE) strategy, transfers to LoveLife and transfers to the Mass Participation and Sport Development Grant. The details of how these reductions will affect the DSAC’s budget programmes are discussed in the section below that looks at the programme analysis. The nominal amounts for the budget allocation across the Medium Term Expenditure Framework (MTEF), allocations show a year-on-year increase. However, when the projected inflation rates (2020/21: 4.4%; 2021/22: 4.6% and 2022/23: 4.6%) are taken into consideration, the budget remains almost unchanged around R5.5 billion.

**Table 1: Medium Term Expenditure Framework (MTEF) Projection**

|  |  |  |  |
| --- | --- | --- | --- |
| **R million** | **2020/21** | **2021/22** | **2022/23** |
| **Total** | **Current payments** | **Transfers and subsidies** | **Payments for capital assets** | **Total** | **Total** |
| **MTEF allocation** |  |
| 1: Administration | Purpose: Provide strategic leadership, management and support services to the Department. | 451.9 | 440.2 | 0.1 | 11.5 | 462.4 | 476.3 |
| 2: Recreation Development and Sport Promotion | Purpose: Support the provision of mass participation opportunities, the development of elite athletes, and the regulation and maintenance of facilities. | 1 460.3 | 189.1 | 1 073.4 | 197.8 | 1 525.4 | 1 566.7 |
| 3: Arts and Culture Promotion and Development | Purpose: Promote and develop arts, culture and languages, and implement the national social cohesion strategy. | 1 295.1 | 266.4 | 1028.7 | - | 1 369.5 |  1422.1 |
| 4: Heritage Promotion and Preservation | Purpose: Preserve and promote South African heritage, including archival and heraldic heritage. Oversee and transfer funds to libraries.  | 2 512.8 | 123.0 | 2 389.9 | - | 2 678.1 | 2 804.5 |
| **Total expenditure estimates** | **5 720.2** | **1 018.7** | **4 492.1** | **209.3** | **6 035.5** | **6 269.6** |

* 1. **The 2020/21 Budget allocation per Programme**

The budget structure for the Department has four expenditure programmes with a total of 41 targets and a total allocation of R5.7 billion for 2020/21. The Department’s budget will be spent over the four major programmes, namely:

* Programme 1 – Administration;
* Programme 2 – Recreation Development and Sport Promotion;
* Programme 3 – Arts and Culture Promotion and Development; and
* Programme 4 – Heritage Promotion and Preservation.

These programmes fulfil the Department’s mandate of realising the full potential of sport, arts and culture in social and economic development. The percentage budget allocation to these Programmes and sub-programmes have completely changed due to the merger between two departments at the beginning of the new 2020/2021 financial year.

Given the constrained fiscal environment, the 2020 budgeting process will primarily focus on strengthening measures of efficiency and effectiveness, identifying areas of rescheduling or termination, managing budgetary and service delivery risks and identifying areas to strengthen collaboration with other departments or entities to deliver services more efficiently and effectively.

This requires tough policy and budgetary decisions, evidence-based decision-making and the need to reprioritise towards policy priorities. Strengthened collaboration and partnerships with the private sector, civil society and other spheres of government will play a pivotal role in delivering more efficient and effective services to ensure that the Department meets the needs of the people. The budget allocation for each programme and the performance targets against the budget is discussed below.

* + 1. **Programme 1: Administration**

Programme 1 has five targets and the total budget allocation for this programme is R451.9 million for the 2020/21 financial year. This programme aim at working towards the simplification of administrative processes within the Department; and support and enable line function units (programmes) to contribute towards the achievement of the targets set by the Commission on Gender Equality (CGE) and the Ministry for Women, Children and People with Disabilities for the advancement of women’s rights and report as required.

As this is a newly established department, no direct comparison with the previous financial year can be made.The table below reflects on the comparative analysis of the percentage budget distribution of the programme 1 sub-programmes.As reflected on table 2, sub-programmes 4 (Corporate Services) and 6 (Office Accommodation) receive the bulk of the programme budget at R146.6 million or 32.4% and R122.0 million or 27%, respectively.

**Table 2: Programme 1: Administration**

|  |  |  |
| --- | --- | --- |
| **Sub-programme** | **Budget****2020/21** | **Percentage of total programme budget** |
| R million |
| 1: Ministry | 5.4 | 1.2% |
| 2: Management | 84.4 | 18.7% |
| 3: Strategic Management and Planning | 24.7 | 5.5% |
| 4: Corporate Services | 146.6 | 32.4% |
| 5: Office of the Chief Financial Officer | 68.8 | 15.2% |
| 6: Office Accommodation | 122.0 | 27.0% |
| **TOTAL** | **451.9** | **100.0%** |

* + 1. **Programme 2: Recreation Development and Sport Promotion**

The budget allocation for Programme 2 for the current financial year is R1.46 billion. There are four sub-programmes in Programme 2. The table below reflects on the comparative analysis of the percentage budget distribution of the programme 2 sub-programmes. As reflected on table 3, the highest allocation is for sub-programme 2: Active Nation with R723.2 million or 49.5% of the total programmes budget. The lowest allocation is for sub-programme 1: Winning Nation, which was R93.9 million or 6.4% of the total programmes budget.

**Table 3: Programme 2: Recreation Development and Sport Promotion**

|  |  |  |
| --- | --- | --- |
| **Sub-programme** | **Budget****2020/21** | **Percentage of total programme budget** |
| R million |
| 1: Wining Nation | 93.9 | 6.4% |
| 2: Active Nation | 723.2 | 49.5% |
| 3: Sport Support | 166.4 | 11.4% |
| 4: Infrastructure Support | 476.8 | 32.7% |
| **TOTAL** | **1 460.3** | **100.0%** |

* + 1. **Programme 3: Arts and Culture Promotion and Development**

This programme carries the same name as Programme 3 in the DAC 2019/20 budget structure. However, it incorporates two sub-programmes from the former DAC Programme 2: Institutional Governance, namely International Cooperation and Social Cohesion and Nation Building. For the 2020/21 financial year, the budget allocation for this programme is R1.3 billion. No direct comparison with the previous financial year can be made, however changes in allocations to certain sub-programmes between 2019/20 and 2020/21 can be compared. It is worth noting that the Mzansi Golden Economy (MGE), a significant spending item, is now a standalone sub-programme within Programme 3. This sub-programme seeks to create economic and job opportunities in the arts, culture and heritage sector by supporting programmes designed to develop audiences, stimulate demand, increase market access, and develop skills. In previous financial years within the DAC budget, the MGE strategy was contained within a differently named sub-programme, i.e. Cultural and Creative Industries Development, which also supported creative industries by developing strategies, implementing sector development programmes, supporting projects and providing training. It should now be simpler to track the implementation of the MGE strategy.

**Table 4: Programme 3: Arts and Culture Development**

|  |  |  |
| --- | --- | --- |
| **Sub-programme** | **Budget 2020/21** | **Percentage of total programme budget** |
| R million |
| 1: National Language Services | 60.0 | 4.6% |
| 2: Pan South African Language Board | 125.5 | 9.7% |
| 3: Cultural and Creative Industries Development | 90.7 | 7.0% |
| 4: International Cooperation | 47.4 | 3.7% |
| 5: Social Cohesion and Nation Building | 91.5 | 7.1% |
| 6: Mzansi Golden Economy | 322.4 | 24.9% |
| 7: Performing Arts Institutions | 291.3 | 22.5% |
| 8: National Film and Video Foundation | 145.9 | 11.3% |
| 9: National Arts Council | 120.3 | 9.3% |
| **TOTAL** | **1 295.1** | **100.0%** |

The above table reflects on the comparative analysis of the percentage budget distribution of the programme 3 sub-programmes. As reflected on this table, sub-programme 6: Mzansi Golden Economy receives the bulk allocation at R322.4 million or 24 % followed by sub-programme 7 at R291.3 million or 22.5 %, sub-programme 8 at R145.9 million or 11.3 % of the total programmes budget allocation respectively. Sub-programme 4 at R47.4 million or 3.7 % receives the least of the total programme budget allocation.

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

Programme 4 receives the bulk of the total departmental budget, just over R2.51 billion or 43.9%. The table below shows that sub-programme 5 receives the bulk allocation at R1.5 billion or 60.1 % followed by sub-programme 3 at R598.3 million or 28.8 % of the total programme budget allocation.

**Table 4: Programme 4: Arts and Culture Development**

|  |  |  |
| --- | --- | --- |
| **Sub-programme** | **Budget 2020/21** | **Percentage of total programme budget** |
| R million |
| 1: Heritage Promotion | 65.1 | 2.6% |
| 2: National Archive Services | 56.1 | 2.2% |
| 3: Heritage Institutions | 598.3 | 23.8% |
| 4: National Library Services | 141.9 | 5.7% |
| 5: Public Library Services | 1 511.2 | 60.1% |
| 6: South African Heritage Resources Agency | 60.9 | 2.4% |
| 7: South African Geographical Names Council | 5.1 | 0.2% |
| 8: National Heritage Council | 74.2 | 3.0% |
| **TOTAL** | 2 512.8 | 100.0% |

A total of R2.39 billion, or 95.1%, of the total programme budget is classified as transfers and subsidies. This includes the CLSG, which is transferred to provincial departments primarily for the purpose of transforming urban and rural library infrastructure and services through targeting previously disadvantaged communities. The allocation for 2020/21 is R1.48 billion.

Through the CLSG, which is funded by sub-programme 5, an estimated 96 new libraries will be built, 135 community libraries will be upgraded and 430 000 library materials will be procured over the medium term. An amount of R4.73 billion is allocated over the next three years, with R1.48 billion set aside for 2020/21.

The following outputs are expected for the current financial year:

* the 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;
* 19 new library structures completed;
* 10 new library services established for dual-purpose libraries;
* 17 upgraded library structures;23 maintained library structures;
* 1 956 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.
1. **Committee Observations and Deliberations**

The Committee, having considered and deliberated on the Strategic Plans 2020 - 2025 and Annual Performance Plans 2020/21, made the following key observations and findings:

* Members were of a view that the Department should have had any engagements with the South African Football Association (SAFA) and Premier Soccer League (PSL) regarding resumption of games.
* Members were concerned that the application form for the fund was not user friendly and the deadline was too short
* notice for people in remote areas.
* Members have commended the Department for the work they do and for formulating coherent strategies and performance plans in their APP and Strategic Plan.
* Members wanted the Department to specify which of the entities receiving additional allocations in 2020/21 for the reasons stated in the Estimates of National Expenditure (ENE).
* Members noted that according to the ENE, the budget reductions over the medium term will be effected on, *inter alia*, the CLSG and wanted to find out from the Department the impact this mean in terms of service delivery and the transformation of library services and provision of library infrastructure in South Africa.
* Members needed the Department to brief the Committee on how, at a practical level, this budget programme will fulfil its purpose after the COVID-19.
* Members wanted to know the measures that the Department have in place to reduce expenditure on Goods and services, particularly Travel and subsistence in the current financial year as well as over the medium term.
* The Committee was concerned about the number of people actively participating in organised sport and active recreation events and the delay in reporting by provinces and wanted the Department to correct this problem.
* Members also showed concerns with the level of communication between itself and the Department. Some members raised the fact that, their omission from Departmental programmes hinder their chances of doing oversight to the Department and its entities, holistically.
* Members were concerned about Mzansi Golden Economy (MGE) and they encouraged the Department to find ways of utilising these funds effectively so that the anticipated objectives could be achieved.
* In light of the recent merge between two Departments, Members wanted the Department to outline how they were going to be streamlining and simplifying administrative processes to improve support service value-add to the organisation to promote and optimise compliance.
* Members wanted the Department to provide the rationale behind selecting which project to stall and which of the Resistance and Liberation Heritage Route (RLHR) earmarked sites were affected by the post-COVID-19 adjustments.
* Members were concerned that for athletes to be medal potentials at Olympic Games they needed a long-term support, especially in terms of training and high performance but were left confused as to why there was a reduction in the number of athletes supported through the scientific support programme from 80 to 40 when the Olympic Games were closer in July 2021.
* Members noted that athletes and artists have lost income, as well as endorsements, because of the COVID-19 pandemic and therefore require more Government support. They encouraged the Department to help all affected people without discrimination.
* The Members wanted the Department quantify the total budget set aside across all Accountable Community for Health (ACH) projects for the benefit of disabled persons.
* Members commended that the Department roll out anti-femicide campaigns in selected communities through community conversations/dialogues, the ‘after-school programme’, and the Social Cohesions Advocates programme. In addition, the Department was also encouraged to also collaborate with the Moral Regeneration Movement (MRM) in the implementation of Point 10: The emergency response on gender-based violence and femicide.
* Members asked the Department to clarify all items listed in the Minister of Finance’s budget speech of 2019 that were included in the 2020/21 APP where the Minister noted, “Officials from the National Treasury and the Department of Arts and Culture will consider proposals for the development of a new national theatre, a new national museum, and also consider financial support for the National Archives, a national orchestra and ballet troupe”.
* Members then wanted the Department's operational plan to be presented to Parliament when its ready. This was because “the building of multipurpose sports courts” was not listed as an indicator in the 2020/21 APP and the Department indicated to the AG that it has moved the indicator to its operational plan because the Department's operational plan was not presented to the AG because it was not ready.
* Members wanted to check with the Department the criteria for awarding the schools and clubs with equipment and attire as per norms and standards.
* Members needed the Department to clarify on how it provided municipalities with technical and management support during construction and their criteria.
* Members needed clarity on the location of the budget structure for the former DAC that introduced an “Infrastructure Management Office” sub-programme within Programme 4: Heritage Promotion and Preservation. This sub-programme funded capital works and administered capital allocations for the construction and maintenance of heritage institutions, playhouses, libraries, national archives, new structures of national legacy projects and other capital projects.
* Members were worried that for the current financial year, the spending on transfers and subsides constitutes 78.5% of the total budget allocation and wanted clarity on whether the Department have sufficient human resource capacity to provide effective oversight of the institutions they fund.
* Members also requested the regular feedback on the non-profit institutions, public corporations and private enterprises to which funds are transferred.
* Members were not happy that the Public entities, particularly those with an art, culture and heritage focus, already spend a major share of their budget allocations on compensation of employees.
* Members wanted the Department to assist with devising plans and strategies to ensure that museums and performing arts institutions manage to create premium exhibitions and shows to attract new and diverse audiences, with the ultimate goal of being self-sustainable.
* The Committee queried that the Department come back and present the standard operating procedures (SOP).
* The Committee queried whether the Department has made any forecast of the impact of the COVID-19 pandemic on the targets set for the MTEF.
* Members were of a view that the Department should fill the vacant posts of a DD Corporate Services and DDG Arts, Culture Promotion and Development.
* Members noted that the Department should present the Adjusted Estimates of National Expenditure (ENE) to give the Committee a clearer indication of the effects of the COVID-19 pandemic on departmental planning, budgeting and implementation.
1. **Responses from Department of Sport, Arts and Culture**

The Minister gave the following political overview regarding the work that his Department was doing and the plans to continue to work under the COVID-19 pandemic:

He acknowledged that the Department has reprioritised its budget allocation from the first quarter of the 2020/21 financial year to make more than R150 million available to provide much-needed relief to practitioners in the sport, arts and culture (SAC) sector. It was planned to prioritise artists and practitioners who have already booked to perform at some of the cancelled and postponed events funded by the Department. To safeguard the health of athletes and others involved, most major sporting events at international, regional and national levels have been cancelled or postponed from marathons to football tournaments, athletics championships, netball to basketball games, handball, rugby, cricket, sailing and more. The Olympics and Paralympics, for the first time in the history of the modern games, have been postponed, and will be held in 2021. The global market value of the sports industry is estimated at 490 Billion USD (R8.5 Trillion) billions of rand. In the face of COVID-19, many millions of jobs are therefore at risk globally, not only for sports professionals but also for those in related retail and sporting services industries connected with leagues and events, which include travel, tourism, infrastructure, transportation, catering and media broadcasting, among others.

Professional athletes are also under pressure to reschedule their training, while trying to stay fit at home, and they risk losing professional sponsors who may not support them as initially agreed. The Department of Sport, Arts and Culture through the Director General (DG) and the Deputy Minister further outlined the following with regards to the budget and the COVID-19 relief fund:

* *Timelines:* The relief fund initiative started from 16 March 2020 when President Ramaphosa announced the state of disaster until the disbursement of funds to successful applicants that took place from 23 April to 22 May 2020.
* *Criteria and Eligibility:* Loss of income due to cancelled events/projects/productions as a result of the national lockdown and loss of income to athletes and arts practitioners who were confirmed to participate in events that had been cancelled. Proof of booking and or cancellation to be attached and applicants’ taxes to be in order.
* *Application Process:* Application forms were received via a specially created email address and only applicants affected by an event or events cancelled for the period from 16 March to 30 June 2020 were prioritised. Only applicants who met the criteria could apply and the submission deadline for applications was 6 April 2020.
* *Status of Applications:*The independent panel had already had two sittings and had conditionally approved applications or declined some application with recommendations. The sport sector received 470 applications, 297 of them were approved, and 173 were declined. The arts and culture sector received 3 346 applications and 2 671 of these had been processed while the rest should have been finalised by 22 May 2020. Payments were disbursed to 282 successful applicants and unsuccessful applicants were also informed andadvised about the appeals procedure and invited to appeal if they wished to do so.
* *Risk Matrix:* In order to ensured objectivity, impartiality, transparency as well as to safe guard the integrity of the adjudication process, the DSAC appointed an independent panel of experts, set up the threshold for different categories, set up the Appeals Committee and also had a verification and authentication of compliance documents.
* *Monitoring and Evaluation:*Banking details of successful applicants were verified before processing payments and proof of tax exempt status to be provided as well as proof of payment stubs to be submitted to the “paymaster”.
* *Deadline on Applications:* The Minister made a commitment that the DSAC would share the legitimate list of applicants with Members to avoid any confusion regarding the list. He also acknowledged that the deadline for applications was short notice because the DSAC wanted to finalize payments within 90 days, but this was rectified by giving applicants a second chance through the appeals committee.
* *Provinces:* The Department confirmed that collectively, all nine provinces have made R61 million available in order to ensure that even artists and athletes who were in remote areas get to benefit from the relief fund. The actual amounts per province were; Gauteng was R28 million, North West was R9.5 million, Mpumalanga was R3 million, KwaZulu-Natal was R3.7 million, Free State was R12.5 million, Eastern Cape was R15 million, Northern Cape was R 3.58 million, Western Cape was R7 million and Limpopo was R8 million.
* *Panel Members:*The Department explained that the additional members of the panel were included in order to fast track the process because the DSAC realized that the volume of appeals was too much and the initial panel members were not coping.
* *Contact and Non- Contact Sport Codes:*The Department has developed a framework that looked at opening both non-contact and contact sport, and a submission was made to the National Command Council motivating for reopening of non-contact sport. The DSAC could come back with the specific details of the submission for Members to understand.
* *Adjudication Panel:*Department explained that the adjudication panel used the criteria provided but also used discretion based on the prevailing environment in the country. The sport and recreation sector received 470 applications and 297 were approved and to date 282 had been paid and that constituted 91.6% of applicants who had been paid.
* *Funding:*The Department indicated that the criteria did not cater for hopefuls for the Olympic Games but it specifically catered for athletes, coaches and technical people supporting the athletes and it was very clear that it was for loss of income.
* *OPEX Programme:*The Department mentioned that the Operation Excellence (OPEX) was a programme of sustained support to elite athletes. When OPEX athletes participated in an event, they were not paid by SASCOC but by the organizers of that particular event. They met the criteria for the relief fund because the events they were meant to participate in were cancelled due to COVID-19.
* *The Department outlined the breakdown of actual payments to date:* Sport was R5.6million, Arts and Culture was R5.8 million, Contracts awarded were R3.29 million, Legends were R2 million, Digital applications were R26 million.
* *Minimum Payments:*The Department explained the reason why the minimum payment in the arts sector was R20 000.00 but if someone requested a lesser amount they were given 100% of what they requested. In the digital sector, the threshold was R75 000.00 and this was based on setting up of a digital concert.
* *Repatriation Process:*On the issue of young artists who were stuck in Turkey, the Department explained that it was working together with the Department of International Relations and Cooperation (DIRCO) and they were doing their best to make sure that all South Africans who were trapped abroad were repatriated.
* *Conflicts:*The Department indicated that it has not received any complaint about a union asking people to join before they could receive relief funding. If there was such a union, artists were going to be made aware of participating in those illegal and unethical activities and they should be reported to the law enforcement.
* *Service Providers:*The Department explained that Mr. Arthur Mafokate was one of three different service providers involved in the project and had every right to compete for a tender like any other South African and he was awarded on merit. The DSAC was in no position to discriminate against any individual and they were complying with Note 8 of the Treasury instruction on the Emergency Employment Process. Everything was done in accordance with the Public Finance Management Act (PFMA).
* *Business Deals:*The Department did not do business with non-tax compliant businesses or individuals and that was the reason the DSAC asked for tax clearance from anyone who was applying for the relief fund. The DSAC was also in a way assisting the South African Revenue Service (SARS) in the collection of revenue from those applicants who received the relief fund.
* *Advise:*The Department also advised the Members not to consider any list circulating on social media and should only rely on the list that the DSAC submitted to the Committees and if that list was proven to be inaccurate then the DSAC would be able to take full accountability for that. The DSAC noted that Members requested that the list be expanded to those applicants who were unsuccessful and the list would be provided to members in due course.
* *Applications:*Department outlined that the list of applicants that was provided to Members, 87 were paid R20 000 and 37 applicants were paid less than R20 000.
* *Accusation:*The Department also explained that Ladysmith Black Mambazo did not receive any amount of R20 million.
* *Promises:*The Department promised that the list of digital people that were approved would be made available to Members as soon as the process of adjudication was finalised.
1. **Recommendations**

The Committee, having considered the Strategic Plan 2020 – 2025 and Annual Performance Plan 2020/21 of the Department recommends that the Minister of Sport, Arts and Culture consider the following:

* The Department should discuss late payment of invoices with service providers to avoid legal battles.
* The Department should engage the National Treasury for additional budget because there is a concern that the overall budget allocation is below the inflation rate, therefore giving the Department less buying power and a possibility that it may not reach all its targets.
* If any performing artists were booked for the cancelled celebration of national days, the Department should provide the Committee with a list of these artists and also indicate which of them have applied for the COVID-19 Relief Fund and the status of their applications.
* The Department should come present a summary of expenditure on infrastructure for the medium term to the Committee. This report should include an itemisation of the project name, service delivery outputs, current stage of the project, total project cost and expenditure trends and estimates.
* Department should engage the Committee on how it plans to achieve more performance outputs with a reduced budget.
* The Department should engage the Committee on where the cost cutting measures will take place and how this will affect the day-to-day running of its operations.
* The Department should ensure that it eliminates the use of consultants.
* The Department should also get the best out of their available human resources (through innovation) in order to improve efficiency with limited resources.
* The Department need to brief the Committee on its efforts to reduce irregular and wasteful expenditure, especially when it comes to hiring of contractors for building of sports, arts, culture and heritage infrastructure, as well as organising of events and campaigns where exorbitant amounts are being paid to suppliers.
* The Department needs to provide the Committee with a detailed long-term plan for the ongoing support for practitioners in light of the impact of COVID-19 with respect to job and income losses.
* The Cultural and Creative Industries Federation of South Africa (CCIFSA), launched in 2015, is an independent body formed to give the cultural and creative industries decision making and bargaining power in the issues that affect them the most. Practitioners in the sector have however raised their discontent with CCIFSA. Issues cited include poor communication and lack of representation. The Department should update the Committee on the progress made to date by this body and how this body, especially at this time when practitioners in the cultural and creative sector are severely affected by the COVD-19 pandemic, is assisting artists. In addition, the Department should give clarity of the available funding to CCIFSA over the MTEF.
* In the 2020/21 financial year, the Department plans to spend R51.5 million on consultants. This increases to R54.1 million in 2021/22 and R57.8 million in 2022/23. The Department should reduce its dependence on consultants and the Committee should be given information on which projects these consultants will be employed to assist the Department with.
* A series of data sets to gauge progress made in respect of nation-building and social cohesion. The information presented indicates that inequality is one of the top sources of social division. It is predicted that the effects of the COVID-19 pandemic will exacerbate this. The Department should thus ensure that it accelerates its efforts to build a socially cohesive nation.
1. **Concluding remarks**

The COVID-19 pandemic has had and will continue to have very considerable effects on the sporting world as well as on the physical and mental well-being of people around the world. The above issues were raised to both support the safe re-opening of sporting events and tournaments following the pandemic, as well as to maximize the benefits that sport and physical activity can bring in the age of COVID-19 and beyond. At this point, almost three months have passed since the first local case of COVID-19 was confirmed and it has been just over three months since the World Health Organisation declared the outbreak of the virus a global pandemic. In this unprecedented time that has resulted in massive global disruptions, the SAC sector has been severely affected.The Committee should all be worried about the COVID-19 pandemic as the numbers are increasing exponentially and this is directly affecting our sport, arts and cultural programmes. The Department of Sport, Arts and Culture has clarified the plans to support our athletes and artists. The COVID-19 has forced all the Government departments to change some of the programmes in their APPs to support their affected stakeholders during the pandemic.The Committee needs to ensure that the Department has the budget to support the programmes (including the COVID-19 relief programme). It is, therefore, for this purpose that the Committee is recommending approval of the budget of the Department. The Department will then return later with a revised APP to present it to the Committee and submit a full report on the money used for COVID-19 programmes.

**Report to be considered.**