

REPORT OF THE PORTFOLIO COMMITTEE ON EDUCATION, CULTURE, SPORT AND RECREATION ON THE 3RD QUARTERLY PERFORMANCE OF THE DEPARTMENT OF CULTURE SPORT AND RECREATION FOR THE 2018/19 FINANCIAL YEAR CONSIDERED BY THE COMMITTEE ON THE 19 MARCH 2019 IN COMMITTEE ROOM 4/5

1. INTRODUCTION

Rule 218 sub-rule (1) (2) and (3) of the Rules and Orders of the Mpumalanga Provincial Legislature requires Provincial Departments to table Quarter reports in the legislature, the Member of the Executive Council to table quarterly reports of a department to the Speaker of the Legislature, within 30 calendar days after the end of a quarter. The Speaker refers the report to the relevant committee for consideration and report to the legislature. The Portfolio Committee on; Culture, Sport and Recreation is further mandated in terms of Section 114 (2) (a), (b) of the Constitution of South Africa (Act 108 of 1996) to ensure that all provincial executive organs of state are accountable to it and maintain Oversight.

The report provides a detailed account of the Departmental 3rd Quarterly performance and a determination of the extent to which the Department was able to align the resources allocated for the 3rd quarter of the 2018/19 financial year in fulfilling its vision, mandate, strategic goals and strategic objectives.

2. METHOD OF WORK

The MEC tabled the departmental 3rd quarterly performance report in the Legislature. Subsequently the Speaker referred the report to the Committee for consideration and will report back to the House. Invitations to the deliberations were issued to the MEC and HOD of the Department, the Department of Public Works, Roads and Transport; Provincial Treasury; Office of the Auditor-General (AG); Office of the Public Service Commission (PSC) and South African Local Government Association (SALGA).

On 20 February 2019 the researcher briefed the Committee on the analysis of the 3rd quarterly performance report and met with the Department on the 26 February 2019 to deliberate on the 3rd quarterly performance report. Both parties resolved that the Department will provide follow up responses by the 06th March 2019. The Committee considered and adopted the report on the 19 March 2019.

3. THE OVERVIEW BY THE MEC.

The MEC for Culture, Sport and Recreation presented a political overview on the Department's 3rd quarterly performance for the 2018/19 financial year. She reflected on the achievements of the fifth administration as it reaches its conclusive phase.

- a. The MEC commended the Department for the success it achieved under the guidance of the Committee which includes amongst others, the introduction of the signature event, called the Mpumalanga Cultural Xperience (MPUCE) which continues to grow, as one of the biggest in the country.
- b. The festival benefited the people of the province especially the youth. A total of 2065 Artists participated and only 35 artists were from outside the province.
- c. The festival will be decentralised around Mpumalanga in the future so that all areas of Mpumalanga including areas of traditional leaders benefit from it.
- d. She committed to continue working together with the Cultural and Creative Industries Federation of South Africa (CCIFSA) and the Creative Workers Union of South Africa (CWUSA) in promoting and assisting local talent to reach new levels of stardom.
- e. The department was able to correct the aesthetic features on the Nelson Mandela monument that creates a preservation Liberation history and attracts visitors to our province at the Legislature precinct at no cost to the Department. This will be a lesson to the service provider not to do dodgy work.
- f. The Department, through the Loskop marathon and Mpumalanga Cycling Tour managed to bridge the cultural barriers so that our people can reach out to one another. Inclusion of black people in the sport will be looked at in future.
- g. The province competed with all other provinces in three sport seasons that are annually hosted namely the winter, autumn and summer games. The province consistently attained position 4 in the summer games following Gauteng, Western Cape and Kwa Zulu-Natal respectively and attained position 1 in Gymnastics.
- h. The Department has been able to redress the imbalances of the past by building a total number of 15 new state of the art libraries in the last five years. Two of this libraries (Kanyamazane in Mbombela and MP Streams in Bushbuckridge) were completed within the reporting time.
- i. The Department through the intervention of Sport and Recreation SA managed to construct and upgrade existing sporting facilities using the municipal Infrastructure Grant. Six infrastructure facilities (eMalahleni, Lekwa, Mkhondo, Msukaligwa, Victor Khanye and Nkomazi Local Municipalities) have been upgraded and the other

six facilities are in progress. Three community- outdoor Gyms were also built and completed in the three districts.

j. The two anchor projects, the Cultural Hub and High Altitude Training centre which were aimed at diversification to grow the economy through cultural industries and sport tourism have been delayed. The amount of R13 million allocated to the Cultural Hub project in the 3rd Quarter has been allocated to other programmes in the Department.

4. GENERAL OBSERVATIONS

The Committee interacted with the Department and made the following observations:

- a. During the main appropriation, DCRS was allocated a budget of **R468 461 000** for the 2018/19 financial year and was adjusted by an increase of **R13 277 000 (2.8%)** resulting in a total adjusted budget of **R481 738 000**.
- b. The Department accumulated expenditure of **R375 478 000** or (77.9. %) by the end of 31 December 2018.
- c. Although the budget has been increased, the projections of the Provincial Treasury indicated an over spending of **R3 688 000** by the end of the financial year.
- d. The over spending is anticipated on cultural affairs on the 3rd Mpumalanga Cultural Experience.
- e. In promoting human rights, reconciliation, cultural diversity and nation building the Department conducted a Dialogue at Gert Sibande, Mkhondo Town Hall.
- f. Three Community Cultural structures(Caster Bridge Music Development agency, SA National Community Theatre and MP Gospel Awards) were not supported by the Department in the 2nd and 3rd Quarters of the financial year because financial constraints.
- g. The planned target on maintenance was achieved for Pilgrims rest and Kghodwana Museums but could not be achieved for Barberton because of delays by the implementing Agent to appoint a contractor.

5. FINANCIAL ANALYSIS OF THE QUARTERLY BUDGET EXPENDITURE

5.1. Expenditure per programme as at 2019

5.2. According to the approved 2018/19 APP, the Department has four (4) service delivery programmes; i.e. Administration, Cultural Affairs, Library & Archives and Sports and Recreation.

Table 1 : DCSR 2018/19 Budget and 3rd Quarter expenditure

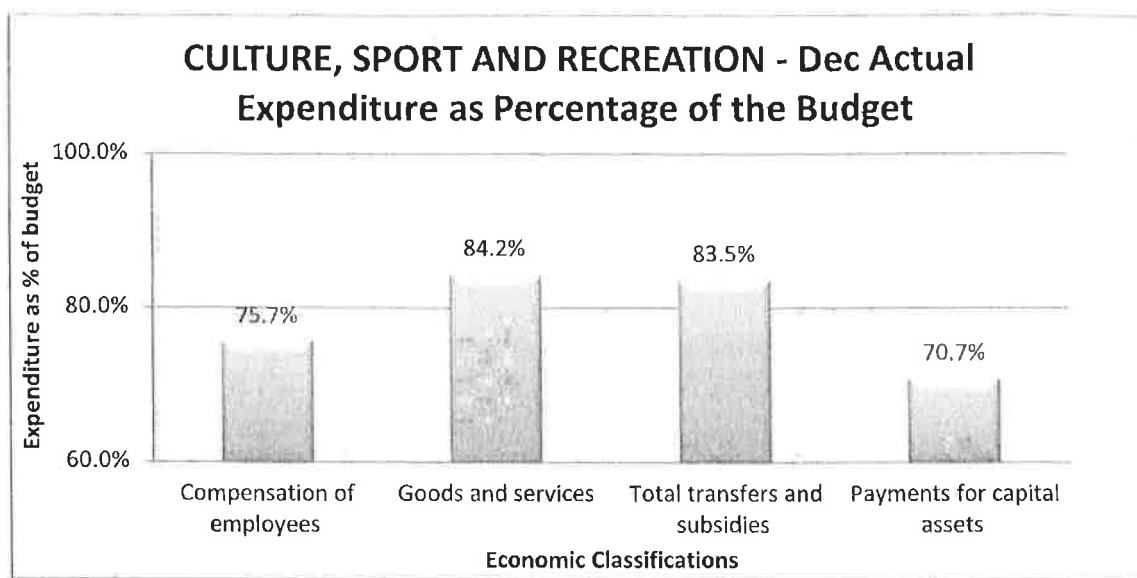
CULTURE, SPORT AND RECREATION								
R Thousands	Main Budget 2018/19	Adjustments	Adjusted Budget	Actual to the end of Dec 2018	Outcome as % Budget	Projections to end of Mar 2019	(Over) / under-spending	% (Over) / under-spending
Programme								
ADMINISTRATION	101 351	-	101 351	78 575	77,5%	22 776	-	0,0%
CULTURAL AFFAIRS	109 397	11 595	120 992	89 521	74,0%	31 471	-	0,0%
LIBRARY AND ARCHIVES SERVICES	186 403	-	186 403	159 117	85,4%	30 974	(3 688)	-2,0%
SPORT AND RECREATION	71 310	1 682	72 992	48 265	66,1%	24 727	-	0,0%
TOTAL	468 461	13 277	481 738	375 478	77,9%	109 948	(3 688)	-0,8%
Economic Classification:								
Compensation of employees	191 926	(7 665)	184 261	139 416	75,7%	45 510	(665)	-0,4%
Goods and services	172 753	6 944	179 697	151 366	84,2%	35 160	(6 829)	-3,8%
Interest and rent on land	-	-	-	-	-	-	-	-
Total transfers and subsidies	12 132	(1 000)	11 132	9 297	83,5%	1 580	255	2,3%
Payments for capital assets	91 650	14 998	106 648	75 399	70,7%	27 698	3 551	3,3%
Payments for financial assets	-	-	-	-	-	-	-	-
Total	468 461	13 277	481 738	375 478	77,9%	109 948	(3 688)	-0,8%

Table 1 above shows the budget allocation, adjustment and expenditure by the 31 December 2018.

The Department was allocated a budget of **R468 461 000** during the main appropriation for the financial year 2018/19. The budget was adjusted by an increase of (2.8%) or **R13 277 000** resulting in a total adjusted budget of **R481 738 000**.

The Department accumulated an Expenditure that amounts to **R375 478 000** or 77.9 % by the end of 31 December 2018.

Figure 1: DCSR expenditure percentage on economic classification



Adjusted Budget and Expenditure per economic classification:

- ❖ Compensation of Employees was allocated **R191 926 000** and **R184 261 000** was appropriated during adjustment resulting in a decrease of **R7 665 000** or (3.4%) and has spent **R 139 416 000** or (75.7%)
- ❖ Goods and Services was allocated **R172 753 000** and was adjusted to **R179 697 000** and spend **R151 366 000** or (84.2%)
- ❖ Transfers and Subsidies was allocated **R12 132 000**, decreased by **R1 000 000** to **R11 132 000** and has spent **R9 297 000** (83.5%) resulting in an over-expenditure of 8.5% above the 75% benchmark for the 3rd. quarter.
- ❖ Payments for Capital assets was allocated **R91 650 000**, adjusted by **R14 998 000** and spent **R75 399 000** or (70.7%) resulting in an underspending of 4.3%.
- ❖ According to Table 1 above, the Department is anticipating to over-spend on Compensation of employees and on goods and services with an amount of **R665 000** and **R6 829 000** respectively as per projections for end of March 2019 or end of the current financial year. Such over spending will be offset with the underspending on transfers and subsidies and on payments of Capital assets.

6. ANALYSIS OF THE PROGRAMME PERFORMANCE

PROGRAMME 1: ADMINISTRATION

This programme provides overall management and administrative support to the Department, in accordance with the National and provincial policies, the PFMA, the public Service Act and other prescripts.

Programme 1 consists of four sub-programmes as follows: Strategic Management, Office of the CFO, Human Resource Management and Information Technology Support which is denoted as Corporate Services in the quarterly report.

Table 2: Budget and expenditure for Programme 1

Sub-Programme Name	2018/19 Main Appropriation R'000	By the end of December 2018 R'000	Outcome as %
Administration	101 351	78 575	77.5 %

The Department spent **R78 575 000 (77.5%)** of the **R101 351 000** programme allocation, which also includes a statutory budget of **R10 245 000** and Corporate Services with a budget of **R91 106 000**

Programme performance in relation to planned targets

The Department had 16 planned targets for the programme in the third quarter and managed to achieve 14 or (87.5%). This is because Municipalities were awaiting reports from consultants, late transfer of the Mass Sport participation grant by Sport and Recreation SA and the invoices that were not paid within 30 days.

PROGRAMME 2: CULTURAL AFFAIRS

The purpose of this programme is to promote cultural diversity for socio-economic development and transformation for the citizens of Mpumalanga. The programme consists of four (4) sub-programmes.

Table 3: Budget and expenditure for Programme 2

Programme Name: Cultural Affairs 2018/19	Budget R'000	By the end of December 2018	Outcome as %
Management	1 879	1568	83
Arts and Culture	78 861	57993	73
Museum & Heritage	37 339	27591	73
Language services	2 913	2369	81
TOTAL	120 992	89 521	74.0

The programme has an adjusted budget of **R120 992 000** and spent **R89 521 000 or (74%)** during the 3rd Quarter. The budget allocation include an amount of **R6 4290 000** for the

EPWP Grant (R2 054 000 for integrated Grant and R4 375 000 for Social Sector EPWP incentive Grant).

Performance in relation to planned targets

Programme 2 has achieved **85%** or 17 out of its 20 planned targets in the 3rd quarter of the 2018/19 financial year. This is due to the fact that the targets for the two flagship projects; The Cultural hub and the High altitude Training Centre were not achieved, reason being that evaluation bids were not concluded due to expiry of the Transaction Advisory contract before it could be finalized. The process to adjudicate the two bids of private investors will be finalized before end of the financial year.

Support to Arts and Culture Structures.

Three community cultural structures (Caster Bridge Music Agency, SA National Community Theatre and MP Gospel Awards) were supported by the end of the 3rd Quarter.

The Statue of Nelson Mandela.

The imperfections raised by the public and the Committee on the statue of Nelson Mandela at the Legislature Precinct were rectified at no cost to the Department.

PROGRAMME 3: LIBRARY AND ARCHIVE SERVICES

The main purpose of this programme is to provide and promote public libraries, archives and records management in the province. Its priorities include the improvement of access to facilities, the promotion of sustainable reading culture and increasing compliance to legislation and policies by governmental bodies and parastatals on records management.

Table 4: Budget and expenditure for Programme 3

2018/19			
Programme Name: Library & Archives	Adjusted Budget R'000	By the end of December 2018	Outcome as %
Library Services	182 745	156448	87
Archives Services	3 658	2669	73
Total	186 403	159 117	85.4

Programme 3 Expenditure Analysis

The Department spent **R159 117 000 (85.4%)** of the **R186 403 000** allocated to the programme. On minor assets the Department overspend its budget of **R8 521 000** by

R2 042 000 resulting in an expenditure of **R10 563 000** due to the purchasing of additional books written in indigenous languages, price escalation and VAT increase.

Programme performance on planned targets.

The Department achieved seven (7) out of thirteen (13) planned targets (53.8%) on Programme 3 due to the following reasons:

Library Infrastructure maintenance

The Standerton Regional library and Thembisile Public library are 100% completed while Mashishing Regional library is at 90%, performance indicate the same status as the last quarter due to re assessment of floor drawings. The project will be fast tracked in the fourth Quarter.

Protection, Conservation, promotion of Heritage and Museums

- ❖ The planned target for maintenance work at Barberton could not be achieved due to delays by the implementing agent to appoint a contractor.
- ❖ Delivery of digital equipment for Mashishing Library was not achieved due to municipals internal processes.
- ❖ Nomoya Masilela library could not be supported due to delays in appointing a service provider.

Progress on Planned projects for the 3rd Quarter 2018/19

The 4th quarter performance report indicates the following progress per **library**:

- | | |
|-----------------------|--------------------------------------|
| a) MP Stream | 100% against the 100% planned target |
| b) KaNyamazane | 100% against the 100% planned target |
| c) Masobye | 100% completed in the first Quarter. |
| d) Thubelihle | 74% against the 100% planned target |

The slow progress on the implementation of Thubelihle library is due to delayed procurement processes on the part of the contractor. A steering committee meeting will be held in the fourth Quarter to develop an action plan and to mitigate challenges.

The Department has commenced with new library infrastructure that are due for completion in 2019/20 financial year. The following progress has been indicated:

- a) Sakhile is at 34% compared to the 50% planned.
- b) Thulamahashe is at 36% compared to the 50% planned target.

Sakhile and Thulamahashe libraries will be completed in the 2019/20 financial year according to the annual performance plan.

Provisioning of internet and WI –Fi

The number of libraries that were not provided with internet and Wi-Fi connections due to lack infrastructure escalated from 6 to 10. The Department will instruct the service provider to connect these libraries through the Long Term Evolution (LTE), which is a temporary solution while working on a permanent ICT infrastructure installation solution.

PROGRAMME 4: SPORT AND RECREATION

The purpose of this programme is to develop the sporting and recreation capabilities of the people of Mpumalanga.

Table 5: Budget and expenditure for Programme 4

2018/19			
Programme Name: Sport and Recreation	Adjusted Budget R'000	By December 2018	Outcome as %
Management	3 092	2514	81
Sports	20 174	15357	76.1
Recreation	27 413	14223	52
School Sports	22 313	16171	72.4
Total	72 992	48 265	66.1

Programme 4 Expenditure Analysis

The Department spent **R48 265 000 (66.1%)** of the **R72 992 000** adjusted budget allocated to the programme during the 3rd quarter.

Performance in relation to planned targets

Programme 4 achieved 11 out of 21 planned targets for the quarter, meaning almost halve of the targets were not achieved. Most targets overlap from the second quarter of the current financial year due to lack of funds. The performance correlate with the expenditure which was at 66.1% and below the 75% benchmark.

The Mass Sport and Recreation Grand allocated to this programme was **R47 367 000** of which **R11 939 000** has been consumed during the quarter being reviewed.

High Altitude Training Centre/Cultural Hub PPP

Performance targets on the two flagship projects (Cultural Hub and the High Altitude Training Centre) were not achieved in all three quarters of the financial year since the Department is yet to get approval from the National Treasury. The Department spend an amount of R114 968 000 and R115 000 000 respectively since its inception.

7. FINDINGS

The Committee made the following findings on the 3rd quarterly performance report of the Department of Culture, Sport and Recreation:

- 7.1. The Department has an Irregular Expenditure of R113 000 .00 due to litigations and investigations coordinated through the office of the premier.
- 7.2. The Department struggles to pay suppliers within 30 days due to cash flow problems.
- 7.3. The Mass Sport Participation Grant has a negative effect on the cash flow and its usage does not produce tangible results hence the under-performance as recorded in the third quarter.
- 7.4. The statue of Nelson Mandela and other statues in the province have been built but there are no educational programmes.
- 7.5. The Cultural Hub have spent R115 000 000 from 2010 up to date. The expenses include project management, Master plan studies and Designs, electrical Viability Studies, acquisition of land and economic and socio impact studies and engineering services / access road between the facility and the provincial road.(White River).
- 7.6. The High Altitude Centre have spent R114 968 000 since 2010 up to date .The costs include project management, masterplan studies and Designs, electrical viability Studies, acquisition of land economic and socio impact studies and engineering services / access road between the town and Siyathuthuka Township.
- 7.7. Delivery of the museum digital equipment for Mashishing was delayed due to municipal internal processes (Reassessment of floor drawings) and Support for Nomoya Masilela Public library was not provided due to delays in the appointment of service providers for signage and maintenance.
- 7.8. There is slow progress in maintenance work on library infrastructure (Barberton, Thubelihle Sakhile, Thulamahashe and Newton Libraries.)

- 7.9. Books bought in libraries are not relevant and does not address the needs of end users.

8. RECOMMENDATIONS

Based on the findings above, the Committee recommends that the Department must:

- 8.1. Resolve the remaining cases that were escalated to the integrity unit in the Premiers office and recover the Irregular expenditure.
- 8.2. Ensure that contractual obligations are settled within a reasonable time to avoid incurring unnecessary expenses resulting from interests charged on late payments and the supplier register should be monitored on an ongoing basis to make sure that all invoices are payed within 30 days.
- 8.3. Must submit their request on time so that the National department could transfer the Grant, at the beginning of each quarter, and ensure that it is spent on tangible projects.
- 8.4. Must develop training programmes to educate communities about the history of the statues.
- 8.5. Must close down the project and hold the responsible officials accountable for the failure of the project.
- 8.6. Together with National Treasury, must fast track the finalisation of the public private partnership (PPP) processes as a matter of urgency or consider closing the project.
- 8.7. Fast track the delivery of the digital equipment at Mashishing Library and ensure that service providers are appointed for signage and maintenance at Nomoya Masilela library.
- 8.8. Fast track the implementation and completion of all incomplete planned library infrastructure projects and a progress report per library, indicating timeframes for completion be submitted.
- 8.9. Must ensure that Libraries buy relevant books that addressing the curriculum and enriching the knowledge of end users.

9. CONCLUSION.

The Chairperson thanked the Honourable Members of the Committee for their constructive input in consideration of the 3rd **quarterly performance report** of the Department of Culture, Sport and Recreation for the 2018/19 financial year.

The MEC, Hon BT Shongwe acknowledged and thanked the Committee for the robust debates and good working relationship as they played oversight on the department there by ensuring that it provide strategic leadership towards fulfilling its core mandate.

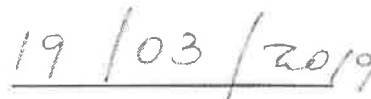
The Committee thanked the HOD Mr GS Ntombela and his senior management team for the detailed responses to all the questions in respect of the 3rd quarterly performance report.

The Chairperson requests the House to adopt this Committee report with its findings and recommendations. The Department must implement the House Resolutions herein and submit a progress report to the Legislature by 30April 2019.



HON. TS KHOZA, MPL

**CHAIRPERSON: PORTFOLIO COMMITTEE ON
EDUCATION; CULTURE, SPORT AND RECREATION**



DATE