

**REPORT OF THE PORTFOLIO COMMITTEE ON EDUCATION; CULTURE,
SPORT AND RECREATION: 2ND QUARTERLY PERFORMANCE REPORT OF
THE DEPARTMENT OF CULTURE, SPORT AND RECREATION (2015/16)
CONSIDERED BY THE COMMITTEE ON 04 DECEMBER 2015**

1. INTRODUCTION

Rule 218 sub-rule (1) (2) and (3) of the Rules and Orders of the Mpumalanga Provincial Legislature (the Legislature) requires the Member of the Executive Council to table quarterly performance reports of the department to the Speaker of the Legislature, within 30 calendar days after the end of a quarter.

The Portfolio Committee on Education; Culture, Sport and Recreation (the Committee) considered the 2nd quarterly report of the Department of Culture, Sport and Recreation (the department) for the 2015/16 financial year. The objective of this oversight was to assess progress made by the department in implementing its 2nd quarter targets, as set out in its 2015/16 Annual Performance Plan and in line with the allocated budget vote 11, as per the Mpumalanga Appropriation Bill, 2015.

2. METHOD OF WORK

The Honourable Speaker referred the 2nd quarterly report of the department to the Committee on 04 November 2015 for consideration and report back to the House.

The Committee received the research analysis of the 2nd quarterly report; questions emanating from the analysis were sent to the department for submission of written responses. On 04 December 2015 the Committee met the department to deliberate on the 2nd quarterly report and the written responses. Follow up questions were posed to the department, which were responded to in writing by 11 December 2015. The responses were incorporated into the Committee's report, which was adopted on 17 February 2016.

The department was led by Hon Norah Mahlangu-Mabena, the MEC for Culture, Sport and Recreation and the HOD, Mr WS Mnisi. The senior management team of the department. The Office of the Auditor-General (AG) and the Department of Public Works, Roads and Transport were also in attendance.

3. OVERVIEW BY THE MEC

The Honourable MEC appreciated the opportunity to appear again before the Committee to account for the 2nd quarterly performance of the department for the 2015/16 financial year.

The Committee noted the following from the overview by the MEC:

- In the main, the department has achieved its mid-term objectives. Nonetheless there are certain areas that still need to be improved which will be mitigated before the end of the financial year.
- One area of great concern was the low expenditure as at 30 September 2015. The MEC indicated that this should not necessarily be linked to low performance. She further indicated that the technicality on the cash flow has been resolved. Hence, the Department managed to move from 34% to 60% expenditure to date. The MEC was confident that the department would break even at the end of the 2nd quarter.
- The department has continued implementing the audit action plan to address the 2014/15 concerns of the Auditor-General.
- The MEC indicated that the internal audit dashboard report for the 2nd quarter of 2015/16 financial year was included in the documentation for the meeting. The Committee noted the department's commitment to strengthen its internal controls to achieve the clean audit in the 2015/16 financial year.
- **Library infrastructure:** the MEC acknowledged the backlog in terms of infrastructure delivery and the impact it has had on the department's spending. She further indicated that in order to mitigate the projected underspending, the implementing agent had brought certain projects such as the Verena and Boekenhouthoek (Zithabiseni) libraries forward to start earlier than planned.
- **Social cohesion and nation building:** The MEC applauded Karabo Mogale, from Mpumalanga, who won the first prize of the 2015 South African Idols singing competition. She emphasized that for the past three consecutive years, Mpumalanga has produced Top 3 finalists which points to the remarkable talent amongst young people that needs to be capitalized.

- As part of the department's mandate to promote tolerance and celebrate cultural diversity, the Province will be hosting a National Day of Reconciliation that will be integrated with a Festival at Steve Tshwete Municipality on 16 December 2015. The event will start with a carnival in the morning, displaying all cultures and will continue during the day. The MEC extended an invitation to Hon Members of the Committee.
- The department won four awards under Environment and Culture category in the Expanded Public Works Programme Awards coordinated by the Department of Public Works, Roads and Transport, namely:
 - Best Innovative Project Social Sector;
 - Best Innovative Project Environment and Culture;
 - Best Provincial Project;
 - Best Performing Institution: Environment and Culture.
- The department also won the category Best Project: Creative Industries My Village My Art in the Mpumalanga National KAMOSO awards, which was held on 26 November 2015 by the National Department of Arts and Culture.

4. OBSERVATIONS

- a. The 2nd quarterly report was neatly packaged and tabled correctly by the Hon MEC within the stipulated timeframe (30 days after the end of the 2nd quarter). The department was commended for maintaining the standard of a neatly packaged document, using the correct reporting format and official sign off by the Hon MEC and the HOD.
- b. The 2nd quarter dashboard report was submitted as an attachment to the responses on the 2nd quarterly report. The Committee advised that the 3rd quarter dashboard report must be submitted as an attachment to the 3rd quarterly report of the department.
- c. The department was commended for submitting the progress report for the 1st quarterly report House resolutions within the stipulated timeframe and for showing a commitment to implement them.
- d. The department spent 34.1% of its quarterly budget (15.9% below the 50% benchmark for the 2nd quarter expenditure) as most of the planned targets were not achieved in the main service delivery programmes 2, 3 and 4. The department explained that the underspending was mainly due to the persistent slow progress on construction of

library facilities and sports combo courts, resulting in slow expenditure on conditional grants as well.

- e. The Committee raised a concern that in the first two quarters of both the 2014/15 and 2015/16 financial years, the department has underspent significantly yet most of the planned targets were not achieved.
- f. The department implemented the 1st quarter House Resolution (develop a plan to distribute the unachieved 1st quarter targets into the 2nd quarter). The progress report in this regard was submitted to the Committee and the achievements were noted. Hence the Committee was satisfied that deferred 1st quarter targets were met.
- g. At the end of the 2nd quarter, the registration of the Cultural Hub and the High Altitude Training Centre as a Public Private Partnership (PPP) had still not been finalized.

5. OBSERVATIONS ON THE 2nd QUARTER BUDGET EXPENDITURE

5.1. Overall expenditure trend

Expenditure across the four (4) service delivery programmes was as follows:

Programme (Table 1)	Appropriation 2015/16 R' 000	Actual Expenditure 2 nd quarter R' 000	% SPENT as at the end of the 2 nd quarter
1. Administration	81 116	41 075	50.6%
2. Cultural Affairs	88 417	25 280	28.6%
3. Library and Archives Services	195 731	67 363	34.4%
4. Sport and Recreation	89 627	21 439	23.9%
TOTAL	454 891	155 157	34.1%

The Committee made the following observations on the 2nd quarter expenditure:

- a. The recurring reason given by the department for the underspending was slow on the implementation of infrastructure projects. This had an impact on service delivery in that communities were not receiving the libraries and combo courts as planned.
- b. **Programme 1** spending at 50.6% (0.6% over the 50% benchmark).
- c. **Programme 2** underspending at 28.6% (21.4% below the 50% benchmark).
- d. **Programme 3** underspending at 34.4% (15.6% below the 50% benchmark).
- e. **Programme 4** had the lowest spend at 23.9% (26.1% below the 50% benchmark).

Reasons for underspending and remedial action taken

- f. **Programme 2** underspent due to R23 000 000.00 for the Cultural Hub that was not spent due to cashflow constraints. Remedial action to mitigate the underspending in Programme 2 was that payments were made for the Cultural Hub and the High Altitude Training Centre, amounting to R43 000 000.00 in October 2015.
- g. **Programme 3** underspent due to slow progress in the construction of five (5) new libraries. Despite the department's assurances in the 1st quarter that the poor spending on programmes 3 and 4 (17% and 9.7% respectively) would improve at the end of the 2nd quarter after the transfers of grant funding, this did not happen. Programme 3 and 4 expenditure did not improve at all by the end of the 2nd quarter.
- h. Remedial action to mitigate the underspending on Programme 3 in the 2nd quarter was that the issues that had caused delays on the Thusiville library (consultations for the unconventional method using structural insulated panels like Acornhoek Library) and the Kanyamazane Library (rezoning of the land) were resolved and contractors were reported to be on site as at 04 December 2015.
- i. **Programme 4** underspent due to R20 000 000.00 that was deferred to October 2015 due to cashflow constraints for the High Altitude Training Centre. The completion date of the three (3) sport combo courts was extended to October 2015, which amounted to R3 600 000.00 not spent in the 2nd quarter. Remedial action included the completion of the three (3) sport combo courts in Gert Sibande district and the payment for the High Altitude Training Centre in October 2015.

5.2. Expenditure per Economic Classification

Economic Classification (Table 2)	2015/16 Budget Allocation R'000	Actual Expenditure as at 30/09/2015 R'000	2 nd quarter Expenditure %
Compensation of Employees	153 310	77 686	50.7%
Goods and Services	144 276	50 282	34.9%
Transfers and Subsidies	7 220	7 542	104.5%
Payment of Capital Assets	150 085	19 647	13.1%
Total	454 891	71 004	34.1%

- j. **Compensation of Employees (COE)** allocation was fully spent for the quarter, at 50.7%. In the 1st quarter the Committee had noted the potential to overspend on COE, noting that the department was yet to pay performance bonuses for 2014/15 and

implement pay progression for 2015/16. The department was cautioned to monitor the COE budget to avoid overspending at the end of the financial year 2015/16.

- k. **Goods and services** spending remained low, at 34.9% (15.1% below the benchmark); in the 1st quarter the expenditure was 13.4% (11.6% below the benchmark). The reason for this was (i) conditional grants activities that are unevenly spread throughout the year; (ii) Spending on library books and furniture for the Community Library Grant which depends on the completion of library infrastructure projects.
- l. During the 1st quarter deliberations, the department had expected the goods and services expenditure to improve over the course of the year upon completion of infrastructure projects, which usually happens in the latter quarters of the year; then subsequent spending on library books and furniture from the Community Library Grant. However, by the end of the 2nd quarter, this had not happened.
- m. **Transfers and subsidies** continued to overspend into the 2nd quarter. At the end of the 1st quarter, 40.5% of the budget was spent (15% over the 1st quarter benchmark) and now at the end of the 2nd quarter, 104.5% of the budget was spent (54.5% over the 2nd quarter benchmark) due to the R1 500 000.00 transfer to the Innibos Festival in 2015. The Committee noted with concern that Provincial Treasury has projected an overspending of 23% on Transfers and Subsidies by March 2016. The department plans to effect cost curtailment measures on travel and subsistence to absorb the overspending.
- n. **Payment for capital assets** continued to underspend significantly, at 13.1% (36.9% below the 2nd quarter benchmark). This trend has continued since the 1st quarter, which was 6.9% spending (18.1% below the benchmark). In the 1st quarter the department reported that the two main infrastructure projects, namely the Cultural Hub and the High Altitude Centre had not recorded any spending.

5.3. Expenditure on Conditional Grants received for 2015/16 (Table 3)

Grants	Budget	1 st Quarter Expenditure R'000	2 nd Quarter Expenditure R'000	Expenditure %
EPWP Integrated Grant	2 148	258	575	38.8%
Social Security incentive	1 199	276	588	72.1%
Community library Grant	150 325	20 642	20 920	27.6%
Mass Sport & Recreational grant	44 039	3 814	7 580	25.9%
Total	197 711	24 990	29 663	28.1%

The Committee noted the low spending on conditional grant funding allocated to the department and asked the department how it would ensure that the funding will be 100% spent by 31 March 2016. The department indicated that accelerated spending plans were implemented as from October 2015; procurement processes were finalized and assessment of maintenance needed at libraries in the 18 municipalities was about to be finalized.

6. CONSIDERATION OF THE 2nd QUARTER DASHBOARD REPORT

The Committee considered the department's dashboard report as at 30 September 2015:

Supply Chain Management

There were four (4) audit findings on SCM in the 2014/15 financial year. The dashboard report showed an improvement on all of them, as the SCM Manager and the CFO implemented the recommended remedial action by 31 September 2015.

Financial Reporting and Compliance;

Misstatements on Annexures to the Annual Financial Statements (AFS), non-agreement of the commitments schedule with the AFS and overstatement of leave entitlements were resolved by 31 July 2015 by the acting CFO.

Human Resource Management

There was no change on the audit finding on key positions vacant for more than 12 months; this was due to the EXCO directive to abolish all vacant funded posts due to the existing moratorium at the time. The dashboard indicated that the Chief Operations Officer (COO) and the HR Manager would have to submit special requests to EXCO for approval to fill critical posts should the need arise.

Planning and Management Reporting

The audit finding on performance indicators in the 2014/15 APP and the Annual Report that were different was resolved during the 2014/15 audit. The dashboard report indicated an improvement. The AG recommendations were implemented by the senior manager planning by 31 July 2015.

ICT Management

There were three (3) audit findings on ICT management in 2014/15. There was an improvement on inadequate user access controls, whereby the recommendations for remedial action were implemented by the acting CFO by 30 September 2015. The Business

Continuity Plan showed no change; it had to be reviewed by 30 September 2015. The Information Security Plan was reported to in the final phase as at 30 September 2015.

7. ANALYSIS OF THE PROGRAMME PERFORMANCE

PROGRAMME 1: ADMINISTRATION

The purpose of this programme is to provide overall management and administrative support to the department. It consists of two sub-programmes, which are the Office of the MEC and Office of the HOD.

The Committee was satisfied with programme 1 performance on budget and planned APP targets. Four (4) out of the five (5) planned targets for the 2nd quarter (80% performance) were achieved. The one (1) unachieved target related to the Provincial Management Committee (PMC) meetings, of which three meetings were attended instead of the planned six. The department indicated that three meetings had been cancelled due to some departments' engagements with the Auditor-General.

The 2nd quarter report and the Provincial Budget and Expenditure Outcomes for the period ended 30 September 2015 shows a budget of **R81 146 000** for programme 1, of which **R40 847 000 (50.3%)** was spent. This was in line with the 2nd quarter benchmark of 50%.

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 spent 28.6% (R25 281 000.00) of its 2nd quarter budget of R88 417 000.00.

Arts and Culture sub-programme

Cultural Hub

The department confirmed that the 2015/16 allocated budget for the Cultural Hub was R41 080 000.00 and according to the department, the milestones were payment of professional fees and attraction of a Public Private Partnership (PPP) through the Transaction Advisor.

During the 1st quarter the department reported to have down scaled the Cultural Hub and was in the process of registering it through a PPP. However, it was noted from the progress

report on the 1st quarter House Resolution that the registration process of the Cultural Hub as a PPP was still not finalized.

Furthermore, by 30 September 2015, the department had failed in the 1st and 2nd quarters to achieve the milestone to pay consultancy fees for the Environmental Impact Assessment (EIA) and the master plan for the Cultural Hub, reportedly due to inadequate cash flow. The department reported that a cash flow request had been made to the Provincial Treasury. On 04 December 2015, the department reported that all payments in respect of consultancy fees for the Cultural Hub had been paid in full during October 2015 (R23 000 000.00), indicating that the cashflow issue had been addressed.

It was also noted that the Provincial Treasury had advertised the position of Transaction Advisor; applications have been received by the DCSR for adjudication and appointment.

Cultural Festival

The department failed to make preparations for the media launch of the cultural festival; conceptualize and solicit funding internally and externally for the launch in the 1st and 2nd quarters of the 2015/16 financial year. The department reported that the project was put in abeyance and would resume after finalization of the consultation process.

It was noted on 04 December 2015 during the meeting with the department, that EXCO had directed that the festival be coordinated internally by the department. Due to the cost implications of this, the department decided to integrate the festival with the National Day of Reconciliation on 16 December 2015.

Heritage Services sub-programme

The sub-programme achieved two (2) of the three (3) planned targets for the quarter. The department failed to host the Gold Panning championships because the championships were shifted to 07-10 October 2015 to coincide with school holidays. The department reported that the target will be appropriately placed in the next financial year 2016/17.

Naming of the Provincial government buildings

The 1st quarter House Resolution required the department to provide a progress report on this matter. It was noted from the progress report that the department anticipated to have the final shortlist ready for the PMC by 07 December 2015. The Committee urged the department to ensure this process is finalized before the end of the 2015/16 financial year.

Museum Services sub-programme

The sub-programme achieved two (2) of its three (3) planned targets. 5 055 brochures and marketing publications were distributed instead of 6 000. However, the department reported that more brochures were distributed in the 1st quarter and hence the total was reconciled by the end of the 2nd quarter.

Language Services sub-programme

The sub-programme achieved all four (4) of its planned targets.

PROGRESS REPORT ON PROGRAMME 2: UNACHIEVED 1ST QUARTER TARGETS

The 1st quarter House Resolution had required the department to put a plan in place to make up for the unachieved targets. The following progress report as at 03 December 2015:

Planned output	Actual Achievement	Date Achieved
High Altitude Training Centre: Professional fees payment	The R20m professional fees to the architects were paid. However the building of the high parameter wall has been suspended because of the Private, Public Partnership (PPP) that is being pursued by the Provincial Government. Adverts for Transactional Advisors have been published in the Provincial Government Gazette and upon their appointment they will attract external investment	30 October 2015
5000 people actively participating in organised active recreation events	The 572 outstanding number of people were achieved	30 October 2015
20 people trained as part of community sport	The 20 people outstanding for training in the 1 st quarter were trained as part of community sport	30 October 2015.
3 sport projects implemented by Sport Councils	The 1 outstanding sport council event at Dr JS Moroka was achieved.	30 October 2015.
10 government bodies inspected on compliance to record management	The four (4) outstanding government bodies were inspected	
	Ehlanzeni District Municipality	21 August 2015
	Mpumalanga Economic Growth Agency	21 August 2015
	Dr. JS Moroka Local Municipality	01 September 2015
	Department of Agriculture Rural Development Land and Environmental Affairs	22 September 2015
39 records managers trained	The outstanding training was achieved	24- 28 August 2015

100 schools provided with preamble of the Constitution made accessible in poster form in at least 3 official languages to recite at school assemblies in partnership with DoE	In the second quarter only 200 schools was planned and 273 schools benefited that is 73 more to cover the backlog of the previous quarter	
Packaging of the project to attract Public Private Partnership (PPP) through Provincial Treasury	Payment of R23 million was made for the Cultural Hub and advertisement for the Transactional Advisor was issued on the Tender Bulletin and appointment is due in the 3 rd quarter	30 September 2015
Conceptualization and solicit funding internally and externally	Bids to conceptualize and solicit funding were received by August 2015, but the process has since been put on hold due to the EXCO resolution to coordinate the festival internally. This festival will be integrated with the National Day of Reconciliation due on 16 December 2015.	31 August 2015
1 Capacity building workshops coordinated for visual artist and crafters	The outstanding capacity building programme for visual artist and crafters was conducted at Nkomazi Municipality with 29 people who benefited.	31 August -04 September 2015
1 Capacity building workshops coordinated to promote Indigenous Knowledge System (IKS)	The Department has already conducted three workshops to offset the backlog of the first quarter. The IKS training were held as follows:	
	Nkomazi Municipality	18 September 2015
	Thembisile Hani Municipality	19 September 2015
	Msukaligwa Municipality	08 October 2015
25 Citizen based cultural programmes supported	The Department managed to make transfer payment to 19 structures. There are 3 structures still outstanding who did not comply and will be attended in the 3 rd quarter	July-September 2015.

PROGRAMME 3: LIBRARY AND ARCHIVE SERVICES

The purpose of this programme is to promote public libraries, archives and record management in the province.

The programme spent 34.5% (R67 589 000.00) of its 2nd quarter budget of R195 731 000.00. 11 out of 15 planned targets were achieved (73.3%). The Committee asked the department to explain how the performance targets would be accelerated to ensure that the programme targets were delivered.

Library Services sub-programme

The sub-programme achieved four (4) out of seven (7) planned targets. The department failed in the 1st and 2nd quarters to reach the 60% stage of completion for (5) libraries. The following reasons were provided by the department on 04 December 2015:

- **Mgobodzi Library** – (55% complete). The contractor was very slow due to capacity constraints, such that construction had to be put on hold. However, the matter has been resolved and the service provider was back on site as at 04 December 2015.

The Committee raised a concern that the same contractor was awarded the tenders of building both Mgobodzi Library and Emthonjeni Library at the same time. The contractor did not have the capacity to build both projects at the same time and this is what led to the slow progress at Mgobodzi Library and ultimately he abandoned the project. The department assured the Committee that progress at Mgobodzi Library was visible now, because the contractor has completed the building of Emthonjeni Library.

- **Daggakraal Library** – The project was withdrawn due to its close proximity to other existing libraries in Dr. Pixley ka Isaka Seme Municipality; it was re-placed by Verena Library, which was re-prioritized to the 2015/16 financial year.
- **Kanyamazane Library** – the project was delayed by the Mbombela Council resolution to re-zone the site; the matter has been finalized and the department reported that the appointed contractor was on site as at 04 December 2015 but delivery has been re-prioritized to 2016/17 financial year.
- **Verena Library** – the project was re-prioritized to the 2015/16 financial year due to the delays in relation to the Kanyamazane Library and the withdrawal of Daggakraal Library. It was in the tendering phase (pre-awarding phase) by 14 December 2015, which was the closing date for submission of proposals.
- **Acornhoek Library** – site handover was done on 07 September 2015 and the project was at 17% progress by 04 December 2015. As at 28 January 2016 the project was at 35% progress and was experiencing cashflow problems due to non-payment of invoices by the department. Planned completion was by 07 March 2016.

The 1st quarter House Resolution directed the department to conduct consultation sessions with the community on the benefits of the unconventional building method and to assure them that there was no asbestos in the material which entailed health risks. The department reported in the 1st quarter progress report that the contractor was requested at the site handover meeting on 07 September 2015 to make a presentation

to the local Municipality of the materials to be used and the processes to be followed. The Committee noted the department's explanation that the unconventional building method at Acornhoek makes use of a 125mm thick panel consisting of two 12mm sheets of Magnesium Oxide on the outside and 101mm thick polyurethane sandwiched between the sheets. The department further explained that they would facilitate another consultative session with the community in conjunction with the Department of Public Works Roads and Transport by the end of December 2015.

- **Thusiville Dual Purpose Library** – the project was at 1% progress as at 30 September 2015 and by 04 December 2015 it was at 11%.

Measures put in place to speed up service delivery on Programme 3

It was noted that the department has started with a 2-year implementation plan for infrastructure projects, to allow for issues of land and scoping to be conducted in the 1st year and then construction in the 2nd year. Furthermore, the department will strictly enforce the Service Level Agreement with the DPWRT to ensure that contractors are monitored to deliver within the stipulated timeframe. These measures would ensure that the libraries would be completed within the timeframes.

The department assured the Committee that in order to make progress on the 1st and 2nd quarter unachieved targets and also to improve the performance of the programme before the end of the financial year, they would shortly appoint service providers.

Unachieved target to provide support to libraries

The Committee raised a concern about the slow procurement of resources to libraries at Thaba Chweu, Thembisile and Dr. Pixley ka Isaka Seme municipalities due to inconsistencies on specifications and the bids received, which had to be corrected.

Hence the department failed to achieve this target in the 1st and 2nd quarters.

As at 04 December 2015, the department assured the Committee that the situation had been rectified and work was in progress. The support provided to these municipalities included:

- **Upgrading of Sabie Library and Mashishing Library** to the value of R2 000 000.00 and R4 000 000.00 respectively.
- **Support to Thembisile Hani** included kitchen appliances (R45 112.00), catering for literacy event (R6 350.00), marketing of libraries (R1 100 000.00) and maintenance (R1 000 000.00)

- **Support to Dr Pixley ka Isaka Seme** included furniture (R462 337,30), cleaning materials (184 444.00), promotional items (R20 433.60) and catering (R36 250.00).

The department supported four (4) instead of eight (8) municipal libraries marketing initiatives. The department reported that some municipalities did not indicate their needs in order for the department to provide them with support. The department assured the Committee that pro-active steps will be taken in the next (3rd) quarter.

Migration to SLIMS

The 1st quarter House Resolution had requested the department to speed up the migration of all municipalities to the use of SLIMS (SITA Library Information Management System). In the 1st quarter progress report, the department reported that it had requested SITA (State Information and Training Authority) to fast track the migration by 15 December 2015.

The Committee also noted that training for librarians in all three (3) districts commenced on 16 November 2015 and will be concluded on 15 December 2015.

Archives Services sub-programme

Under the Archives sub-programme, the department achieved five (5) of the six (6) planned targets. The department failed to transfer one (1) institutional document to the provincial repository to be archived. The department reported that the targeted institutions did not transfer documents and had to be assisted.

PROGRAMME 4: SPORT AND RECREATION

The purpose of this programme is to develop and enhance the sporting and recreation capabilities of the people of Mpumalanga. It consists of four (4) sub-programmes namely Sport, Community Sport and Recreation, School Sport and Club Development.

The Committee made the following observations on programme 4:

65.4% of planned 2nd quarter targets were achieved (17 out of 26) against **23.9% of the quarterly budget spent (R21 439 000.00 of R89 627 000.00 spent)**. The programme underspent by 26.1% below the 2nd quarter benchmark of 50%.

Previously in the 1st quarter report deliberations, the department informed the Committee that most of the programme 4 activities were located in the 2nd and 3rd quarters of the financial year, as they were driven by the APP of the national Department of Sport and Recreation.

Grant transfers were only made towards the end of the 1st quarter. Therefore the Committee expects a significant improvement in the 3rd quarter performance on planned targets, noting that there were nine (9) unachieved 2nd quarter targets.

Sport Sub-programme

The sub-programme achieved one (1) out of the four (4) planned targets. The 2nd quarter report indicated that the department failed in the 1st and 2nd quarters to commence with the construction of part 1 of the perimeter wall for the High Altitude Training Centre due to shortage of funds. In the written response submitted on 04 December 2015 to the Committee, the department stated that the perimeter wall was put on hold due to the EXCO directive to first get PPP investment. It was further reported that the available budget will be utilized for the payment of the transaction advisor. The Committee noted therefore, that the perimeter wall would not be implemented in the 2015/16 financial year as previously planned.

The department failed to package a project to attract Public Private Partnership (PPP) through Provincial Treasury due to delays in the appointment of the transactional advisory committee. It was explained that the appointment of the transactional committee followed normal tender processes that had their own timeframe for advertising until awarding of the tender. As at 04 December 2015, the tender had closed and it was anticipated that the tender would be awarded before the end of December 2015.

Sport combo courts

The department planned to construct three (3) sport combo courts by the 2nd quarter of the 2015/16 financial year. However, on 04 December 2015 the department reported that, the target was only realized in the 3rd quarter (30 October 2015) as indicated in the progress report on 1st quarter House Resolutions. The completion date had to be extended due to delays caused by importing suitable soil from the Amersfoort area. The department reported that a practical site handover was done for the three (3) sport combo courts at Dr. Pixley ka Isaka Seme Secondary School and Sezimele Primary; and the one in Dipaliseng municipality (Setsheng Primary).

The Committee again raised concerns about the department's lack of planning, which affects implementation of these sport combo courts. Identification of a site for such complex projects must be preceded by geotechnical surveys to ensure that the soil type is suitable before the site is selected. It should not be necessary to import soil thereafter.

In relation to the re-building of the poorly constructed sport combo courts from the previous financial years 2013/14 and 2014/15, the department reported that the DPWRT had communicated with the two service providers for the six (6) combo courts and according to the correspondence received from the DPWRT, only three (3) sport combo courts would be corrected (Ithafa in Ermelo; Emagcekeni in Nkomazi and Letshele in Bushbuckridge). The department indicated that the service provider for the other three sport combo courts was not responding positively to correct the combo courts and it was noted that the DPWRT had begun legal action to address the issue. The Committee noted in the 1st quarter progress report that there had been written communication between the two HOD's (DPWRT and DCSR).

Sub-programme Community Sport and Recreation

The department achieved one (1) out of the four (4) planned targets for the 2nd quarter. The department failed in the 1st and 2nd quarter to achieve 10 000 people, to actively participate in the organized active recreation events, the actual achievement was 8 646 people who participated in the organized recreational events. The reason for non-achievement was the same in both quarters as the department attributed the failure to lack of attendance by participants at Ehlanzeni Local Municipality.

The Committee asked the department what efforts were made to encourage attendance in Ehlanzeni at the organized recreational events. The department assured the Committee that an acceleration plan has since been put in place and there will be a significant improvement in the 3rd quarter in attendance at these events in Ehlanzeni.

The department trained 20 instead of 50 people as part of community sport as the contracted training service providers were not accredited to provide the gym instructor training. In addition, the department failed to provide 18 hubs with sport equipment and/or attire due to late delivery of the gym equipment by the service provider.

The Committee raised a concern that the department was appointing service providers who were not accredited and who did not deliver goods on time. The department was urged to improve the way in which contracts are awarded to service providers, to strengthen monitoring of them and also to apply stronger penalties to poor performing service providers. The Committee noted that the department re-negotiates with service providers to improve their performance, failing which the contract is cancelled. However, the cancellation of contracts also has implications to the budget for the planned activity. More importantly, it results in the target not being achieved.

Sub-programme School Sport

The department achieved seven (7) out of its eight (8) planned targets for the 2nd quarter. The department failed to provide support (sport equipment) to four (4) schools because Sports and Recreation SA wanted to verify the (4) targeted schools before funds could be transferred. The department reported on 04 December 2015 that, Sports and Recreation SA has verified the (4) sport focus schools and to date all the schools have benefitted.

Sub-programme Club Development

The department attained eight (8) out of its ten (10) planned targets for the 2nd quarter. The unachieved targets were:

- Failed to create one (1) job opportunity through club development due to withdrawal of one (1) official from the post; the post was withdrawn until the next financial year 2016/17 as the department decided to re-organize its staff to make use of administrative staff at Head Office to do the work. The budget for the post was re-prioritized to service delivery projects.
- Failed to provide sport attire and equipment for 60 sport clubs due to late delivery of the goods by the service provider; distribution of goods was deferred to 3rd quarter. The Committee raised a concern with the department's response to the question that the department re-negotiates with the service provider and then cancels the contract if they do not improve. This is a counter-productive approach and the department must tighten its criteria for awarding service contracts, as well as its contract management.

Financial Management workshops for sport federations

The 1st quarter House Resolution directed the department to interact with Provincial Treasury to conduct financial management workshops for the sport federations supported by the department, in order to assist them to comply with the criteria to receive financial support. However, the Committee raised a concern that the workshops had not taken place even by the end of December 2015. According to the 1st quarter progress report on House Resolutions, the workshops were scheduled to take place in February or March 2016 to coincide with the federations closing off their books at the financial year end, thereby allowing the facilitators from Provincial Treasury to make use of the actual current statements in the workshops.

8. FINDINGS

The Committee made the following findings on the 2nd quarterly report of the Department of Culture, Sport and Recreation:

- 8.1. The Committee raised a concern that the department has struggled for the second consecutive year (2014/15 to 2015/16) to achieve its planned targets and spend allocated budget for the 1st and 2nd quarters, especially pertaining to infrastructure delivery through the conditional grant funding.
- 8.2. Regarding expenditure of the budget as at 30 September 2015:
 - a) The department spent only 34.1% of its 2nd quarter budget (15.9% below the 2nd quarter benchmark) due to underspending in programmes 2, 3 and 4. Thus service delivery to communities was compromised. Remedial action was taken to address the 1st and 2nd quarter underspending across all three service delivery programmes from October 2015, specifically the R43 000 000.00 payment made towards the department's two flagship projects (Cultural Hub and the High Altitude Training Centre).
 - b) Only 28.1% of conditional grant funding was spent and the department was in danger of not spending 100% of the grant funding by 31 March 2016. The department indicated that accelerated spending plans were implemented from October 2015; procurement processes in respect of office furniture, computer equipment and promotional materials were finalized and assessment of maintenance needed at libraries in the 18 municipalities was to be finalized.
- 8.3. The Committee noted the 2nd quarter dashboard report and that most of the remedial action on ICT Management, Supply Chain Management (SCM), Financial Reporting, Human Resource Management, and Planning and Management Reporting had to take place by 30 September 2015.
- 8.4. The registration of the Cultural Hub and the High Altitude Training Centre as a Public Private Partnership (PPP), the appointment of the transaction advisory committee and the Transaction Advisor to oversee the PPP is long overdue.
- 8.5. Concerning the naming of the government buildings at the Riverside Government Complex in Mbombela, the department finalized the consultation process by 30 September 2015 and expected to have the final shortlist ready by 07 December 2015.

- 8.6. a) The department requested SITA (State Information and Training Authority) to finalize the migration of all municipalities to the SLIMS (SITA Library Information Management System) by 15 December 2015.
- b) Training for newly appointed library staff in all three (3) districts commenced on 16 November 2015 and was to be concluded by 15 December 2015.
- 8.7. In relation to the re-building of six (6) poorly constructed combo courts from the previous financial years 2013/14 and 2014/15, the department reported that only three (3) combo courts were corrected (Ithafa in Ermelo; Emagcekeni in Nkomazi and Letshele in Bushbuckridge). The department indicated that the service provider for the other three combo courts was not responding positively to correct the combo courts and that the DPWRT had begun legal action to address the issue.

9. RECOMMENDATIONS

Based on the findings above, the Committee recommended that the department must:

- 9.1. Indicate progress to date on how the 2016/17 APP has been aligned with timeframes for funding received from national government. There should be no deferring of 1st and 2nd quarter targets in the 2016/17 financial year.
- 9.2. Improve the spending of the departmental budget and the conditional grant funding over the next two quarters (3rd and 4th). A progress report must clearly indicate:
- a) Service delivery impact of the measures that were put in place to improve spending as from October 2015 and a breakdown of the R43 000 000.00 that was reportedly paid for the Cultural Hub and High Altitude Training Centre;
- b) Service delivery impact of the improved spending on conditional grants and indicate if the department is on track to spend 100% of grant funding by 31 March 2016. (Accelerated spending plans, fast tracking of procurement; rollout of maintenance at libraries).
- 9.3. Ensure that all recommended remedial actions as per the dashboard report are implemented and provide an updated progress report as at 18 March 2016.
- 9.4. Update the Committee on the status of the registration process of the Cultural Hub and the High Altitude Training Centre as a Public Private Partnership (PPP) and recommendations for the appointment of the Transaction Supervisor, which should be

completed by 31 March 2016 as the process has been ongoing for too long. Indicate clearly whether the Environmental Impact Assessment (EIA) was done, breakdown of consultancy fees paid for the EIA, as well as the allocated budget and deliverables for the 2016/17 financial year.

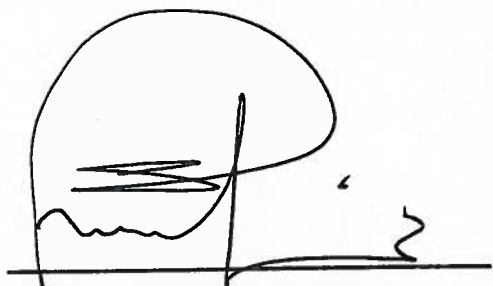
- 9.5. Finalize the process of naming the buildings in the Riverside Government Complex before the end of the 2015/16 financial year and submit the final shortlist as presented to the PMC.
- 9.6. Concerning migration of municipalities to the SLIMS, provide a progress report on:
- a) The finalization of the migration process by the stipulated deadline of 15 December 2015 and the functionality of the system at all libraries. This process has been ongoing for too long and must be finalized by the end of the financial year 2015/16.
 - b) The training of newly appointed library staff in the province that was to be concluded by 15 December 2015.
 - c) The above two progress reports must be brought to the Committee deliberations on the 3rd quarter report.
- 9.7. Indicate updated progress on the three (3) corrected combo courts (Ithafa in Ermelo; Emagcekeni in Nkomazi and Letshele in Bushbuckridge) and progress on the status of legal action being pursued by the DPWRT against the contractors who were not responding positively to correct the poorly constructed combo courts. Finalize this matter by 31 March 2016.

10. CONCLUSION

The Chairperson thanked the Honourable Members for their constructive input in consideration of the 2nd quarterly report of the Department of Culture, Sport and Recreation for the 2015/16 financial year. The Committee also acknowledged the assistance of its support staff.

The Committee appreciated the Honourable MEC's overview which reflected on various aspects of the department's achievements and challenges as at the end of the 2nd quarter. One of the key challenges was the department's difficulty to spend its budget allocation in the 2nd quarter due technical challenges with the Department of Public Works, Roads and Transport to implement planned infrastructure projects. The HOD of the department and his senior management team were also commended for the efficient presentation of the quarterly report and supporting information requested by the Committee.

Finally, the House is requested to adopt this Committee report with its recommendations. A progress report on the implementation of the House resolutions contained in this report must be submitted to the Legislature by **11 March 2016**.



HON. SK MASHILO, MPL
CHAIRPERSON: PORTFOLIO COMMITTEE ON
EDUCATION; CULTURE, SPORT AND RECREATION

17.02.2016

DATE

