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**REPORT OF THE PORTFOLIO COMMITTEE ON ARTS AND CULTURE
ON THE ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR
2004/2005 OF THE DEPARTMENT OF ARTS AND CULTURE AND ITS
PUBLIC ENTITIES.**

1. INTRODUCTION

In terms of current National Assembly's processes, all Parliamentary Portfolio Committees are required to consider and report on Departmental and Public Entities annual reports after tabling and referral. The objective of consideration of the annual reports is to assess the performance of the department and public entities against the targets set in the previous financial year. Furthermore to ascertain whether the strategic plan, budget and business plan are in line with the requirements of section 654 (1) of the Public Management Finance Act (1996)(PMFA).

On the 30th of September the National Assembly referred the Department of Arts and Culture Annual report and their entities to the Portfolio Committee on Arts and Culture. The Committee decided to call upon some of the entities for extensive hearings on the Annual Reports, Financial statements, and the Auditor General's report.

The Committee having heard and considered evidence on annual report of: Department of Arts and Culture, William Humphrey's Art Gallery, Robben Island Museums, South African Heritage Resources Agency, South African Library for the Blind, National Arts Council, Freedom Park Trust, National Film and Video Foundation and the National Museums of Bloemfontein in Parliament from the 17 October to 01 November 2005 to engage them. For the year ended 31 March 2005 tabled in parliament and referred to its reports as follows:

2. OVERVIEW OF THE PRESENTATIONS ON DEPARTMENT AND ENTITIES.

The Chairperson welcomed the presenters and gave them an opportunity to make their submissions.

2.1 DEPARTMENT OF ARTS AND CULTURE (SEE ANNEXURE)

The Director General (DG) apologised on behalf of the Minister and the Deputy Minister for not attending the meeting due to a UNESCO meeting on cultural diversity.

The DG has outlined the activities of the Department through the following six programmes.

- The administration - that is responsible for overall management and provision of centralised support services
- Arts and Culture in society - created to develop and promote Arts and Culture in South Africa and mainstream its role in social development
- The National Language Services - to promote the official languages of South Africa and enhance the linguistic diversity of the country

- Cultural Development and International Cooperation – created to improve the economic and other development opportunities for South African arts and culture nationally and globally through mutually beneficial partnerships.
- Heritage promotion - to develop and monitors the implementation of policy, legislation and strategic direction for the identification, conservation and promotion of cultural heritage.
- National Archives, Records, Meta-information and Heraldry Services - to develop and monitor the implementation of policy, legislation and strategic direction for the identification, conservation and promotion of cultural heritage.

The total allocation for the Department for 2004/2005 is R1, 176,097 billion. The total actual amounts per statement of financial performance expenditure for 2004/2005 they have spend R1, 095,049 billion. The DG indicated that there is a surplus of R84, 631 million which is under spend by the department due to Programme 2 has under spent by R8, 113million, Programme 4 under spent by R8, 466million. Programme 5 under spent by R65, 412 million. The Department have acknowledge the under spending, due to the slow implementation of these programmes.

According to the Auditor General “the financial statement fairly present in all material respects, the financial position of the department of Arts and culture as at 31 March 2005 and the results of its operations and cash flow for the year ended in accordance with prescribed accounting practices and in the manner required by the Public Finance Management Act, 1999”

The Auditor General has drawn the attention of the department to the transfer payments, management of assets, reconciliation between BAS and PERSAL system.

After questions for clarification and comments were raised the Committee accepted the report

2.2 WILLIAM HUMPHREY’S ART GALLERY (See annexure B)

The Director of the William Humphrey’s Art Gallery Ms A Pretorius, presented the annual report and the financial statement of the gallery.

The Auditor General indicated that the financial statement of the Gallery fairly present, a matter of emphasis was raised concerning the Post Medical benefit cost.

After questions for clarification and comments were raised the Committee accepted the report and commended the gallery of the good work.

2.3 ROBBER ISLAND MUSEUM (RIM) (See annexure C)

The Chief Executive Officer Mr P Langa, of the Robben Island Museums presented the annual report.

The financial statement was submitted late to the department due to the resignation of Chief Financial Officer.

The Auditor General opinion reflects that the financial statements fairly present the financial status of the RIM and however attention should be paid to the compliance with the PMFA on balancing of donations and records of assets.

After questions for clarification and comments were raised the Committee accepted the report.

2.4 SOUTH AFRICAN HERITAGE RESOURCES AGENCY (See annexure D)

The Chief Executive Officer Mr P. Buthelezi briefed the committee on SAHRA's vision is to provide for the identification, conservation, protection and promotion of heritage resources for present and future generations.

Most of the issues raised by the Auditor General for attention had been attended to.

Auditor General's opinion is that the financial statement of SAHRA fairly reflects its financial status. However two matters of emphasis were raised, the compensation of employees is not considered and the lottery funding donated was not mentioned in the report.

After questions for clarification and comments were raised the Committee accepted the report.

2.6 NELSON MANDELA MUSEUMS (See Annexure E)

The Chief Executive Mr K Mpumlwana, Councillor Mr V Xarana and the newly appointed Councillor and Finance Committee Chairperson Ms AJ Vikilahle presented the Annual report and the financial statement of the Nelson Mandela Museums.

According to the Auditor General "the financial statement fairly represent the financial status of the Nelson Mandela Museum, the report complied with provisions of the PFMA.

After questions for clarification and comments were raised the Committee accepted the report.

2.7 SOUTH AFRICAN LIBRARY FOR THE BLIND (See annexure F)

The Chief Executive Officer Mr J Roos and Ms W Ling the Chief Financial Officer briefed the Committee on the annual report and the financial statement for year 2004/2005.

Audit opinion the financial statement fairly represent the financial status although they did not submit the report on time, due to the fact that the audit committee was constituted late.

After questions for clarification and comments were raised the Committee accepted the report.

2.8 NATIONAL ARTS COUNCIL (NAC) (See annexure G)

The Acting Chief Executive Officer Ms J Diphofa and the Chief Financial Officer Mr K Isvarlal presented the annual report and the financial statement of the National Arts Council for 2004/2005.

Challenges faced by the NAC:

- The previous board of directors was dissolved by the Minister due to mismanagement
- The funds of the board had to be frozen until the interim personnel was appointed
- Most of the positions in the NAC are currently not filled

Concerns raised by the Committee

- The allocation of funds to provinces are not equitable
- There is no clear criteria used for funding institutions
- No shift in funding in line with the NAC's vision and mission
- The Board should do a proper analysis and learn from the mistakes of the previous Board
- The NAC is not represented in all provinces
- Funding requirements to be revisited
- The annual report is outdated and does not address recent developments in the NAC

After questions for clarification and comments were raised the Committee accepted the report with a recommendation for a follow up meeting with the NAC.

2.9 FREEDOM PARK TRUST (See annexure H)

The Freedom Park Trust Chief Executive officer Dr. WM Serote presented the annual report and the Chief Executive Officer presented the financial statement of the Trust. The CEO explained that the trust is an unprecedented project.

The audit opinion, the financial statements fairly represent the financial status of the Freedom Park Trust. Compliance with the PFMA was observed.

- The Committee commended the Freedom Park Trust for its efforts in the promotion of reconciliation among all the people of South Africa

After questions for clarification and comments were raised the Committee accepted the report.

2.10 THE NATIONAL FILM AND VIDEO FOUNDATION (See annexure I)

The Chief Executive officer Mr E Mbalo, The Chairperson of the Council Mr M Vundla, and the Chief Financial Officer Ms K Son and the Senior Manager marketing Ms J Motsepe.

The Chairperson of the Council briefed the Committee that during the financial year 2005/2006 the budget allocation was reduced by the amount of 12 million. The NFVF has formulated a strategy together with the business plan and presented to the Department but the department decline it stating that the plan was sectoral. The NFVF was forced to withdraw funding to the feature film industry. It has done a number of presentations to the department citing the compliance of the plan to the Microeconomic Reform Strategy. Despite numerous attempts by the NFVF to secure an interaction between themselves and the Department of Arts and Culture nothing has yet been confirmed.

The foundation is now pleading with the Portfolio Committee to facilitate such an interaction.

The situation has created more strain to the industry, currently NFVF cannot commit to the stakeholders for productions.

The audit opinion the Auditor General gave the NFVF an unqualified audit.

The Committee considered the report and raised the following concerns:

- No service delivery contract between the Department of Arts and Culture and the NFVF
- Lack of communication between the Department of Arts and Culture and the National Film and Video Foundation
- The Committee resolved to call the Department and the NFVF to hear both sides before they can decide

The Committee accepted the report and committed to facilitate a meeting between the two parties as a matter of urgency.

2.11 NATIONAL MUSEUM OF BLOEMFONTEIN

The National Museum of Bloemfontein, the Director Mr R Nattal and the Deputy Director Mr A Clementz presented to the Committee the annual report and the financial statement.

Concerns raised:

- Adequately qualified staff is a major problem
- Salaries paid by the museums is not market related

The audit opinion was unqualified. However the audit of the computer environment revealed certain internal control weaknesses related to the information technology system.

After questions for clarification and comments were raised the Committee accepted the report.

3. Conclusion

The Committee unfortunately did not have adequate time to consider the Annual Reports of all the DAC's subsidiaries. However, the Committee was satisfied with the majority of reports presented to them.

The reports of the NAC an NFVF do need further interrogation (as mentioned in the recommendations thereon). The Committee will deal with these as a matter of urgency.