Tuesday, 11 May 2021]

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OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 11 MAY 2021

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Referral to Committees of papers tabled

(1) The following paper is referred to the **Portfolio Committee on Justice and Correctional Services:**

(a) Proclamation No R. 16, published in Government Gazette No 44546, dated 07 May 2021: Referral of matters to existing Special Investigating Unit: In respect of the affairs of the KwaZulu-Natal Department of Transport, in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No 74 of 1996).

National Council of Provinces

The Chairperson

1. Bills passed by Assembly and transmitted to Council for concurrence

(1) Bill passed by National Assembly and transmitted for concurrence on 11 May 2021:

(a) **Civil Aviation Amendment Bill** [B 44B - 2018] (National Assembly – sec 75).

The Bill has been referred to the **Select Committee on Transport, Public Service and Administration, Public Works and Infrastructure** of the National Council of Provinces.

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Mineral Resources and Energy

(a) Report and Financial Statements of the South African Nuclear Energy Corporation SOC Limited (NECSA) for 2019-20, including the Report of the Auditor-General on the Financial Statements and Performance Information for 2019-20.

National Council of Provinces

1. The Chairperson

(a) NOTICE OF INTERVENTION ISSUED IN TERMS OF SECTION 139(1)(b) OF THE CONSTITUTION, 1996 TO DITSOBOTLA DISTRICT MUNICIPALITY, NORTH WEST.

Referred to the **Select Committee on Cooperative Governance and Traditional Affairs, Water and Sanitation** and **Human Settlements** for consideration and report.

COMMITTEE REPORTS

National Assembly

1. The Budget Vote Report of the Portfolio Committee on Health, dated 11 May 2021

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Report of the Portfolio Committee on Health on Budget Vote 18: Health, Annual Performance Plan of the Department of Health, and its entities, Dated, 11 May 2021

The Portfolio Committee on Health (the Committee), having considered Budget Vote 18: Health, together with the 2021/22 Annual Performance Plans (APP) of the Department of Health (the Department), the Compensation Commissioner for Occupational Diseases (CCOD), South African Medical Research Council (SAMRC), Council for Medical Schemes (CMS), South African Health Products Regulatory Authority (SAHPRA), National Health Laboratory Services (NHLS) and the Office of Health Standards Compliance (OHSC), reports as follows:

1. INTRODUCTION

Section 5(2) of the Constitution of South Africa (No. 108 of 1996) and section 27(4) of the Public Finance Management Act (No.1 of 1999) sets out the role of Parliamentary committees in overseeing the performance of government departments and entities. Furthermore, the Money Bills Amendment Procedure and Related Matters Act (Act No. 9 of 2009), provides for for the National Assembly, through its committees to assess the budget votes of departments and its entities with their respective strategic and annual performance plans.

1.1. Purpose of the report

This report summarises a presentation received from the Department and its entities focusing on the 2021/22 Annual Performance Plan and Budget as well as allocations over the medium-term expenditure framework (MTEF) period. The Committee further received analysis from the Financial and Fiscal Commission (FFC) and the Auditor-General South Africa (AGSA). The report details the deliberations, observations and recommendations made by the Committee relating to Vote 18.

1.2. Process

On 4 to 7 May 2021, the Portfolio Committee on Health engaged the Department and its entities on their Annual Performance Plans and budgets for 2021/22.

1.3. Report of the Financial and Fiscal Commission

The Financial and Fiscal Commission (FFC) noted that according to the Special Appropriation Bill (2021) an amount of R1.250 billion was appropriated to the vote of Health in order to procure Covid-19 vaccines and implement a related Covid-19 vaccine research project. This is in terms of section 16 (1) of the PFMA.

The FFC further noted that the departmental budget for the 2020/21 financial year was R58,1 billion in the revised estimate. R2.5 billion in 2021/22 main budget. The 2020/21 revised estimate showed an over-expenditure in transfers and subsidies for the Covid-19 vaccine roll-out at 5.5% of the total departmental budget. Goods and services also overspent by 1.5% of the total budget. Approximately R2.5 million was added in the Department's 2020/21 adjusted appropriation relative to the baseline. Among the total adjustments, R2.9 billion was allocated for transfers and subsidies. Most of this transfer includes the R2.4 billion to the Covid-19 component of the HIV, TB, Malaria and community outreach grant.

1.4. Report of the Auditor General of South Africa

The Auditor General performed a review of Programme 2,5 and 6 of the strategic plan 2020/21 to 2024/25 and made the following findings:

- Misalignment of principles outlined in the Revised Framework for strategic plans and annual performance plans as well as unclear and unambiguous baselines for some of the outcome indicators. The indicator impacted relates to the number of provinces compliant with Emergency Medical Services Regulations.
- Differences were noted between the outcome indicators in the strategic plan and indicator titles in the technical descriptions in the strategic plan. The indicators impacted relate to contingent liability of current medico-legal cases; percentage of people requiring preventative chemotherapy for schistosomiasis reduced; and the National Health Research Strategy implemented.
- Differences were also noted between the source of date described in the technical descriptions of the strategic plan and those described in the APP. The indicator

impacted relates to the number of public nursing colleges accredited and registered to offer quality basic and specialist nursing programmes.

- The target linked to the indicator (percentage of blood alcohol tests completed with normative period of 90 days) is not measurable because the denominator was not specified in the calculation method.

The Auditor General presented its First and Second Special Report on the financial management of Government's Covid-19 initiatives. The AG undertook a comprehensive, multifaceted and risk-based audit of the key initiatives introduced by government and the management of the multibillion rand in funds made available for Covid-19. The audit focused on four focus areas across the sector as follows:

- Purchase and distribution of PPE;
- Purchase, distribution and maintenance of ventilation and additional healthcare workers;
- Community screening and testing; and
- Capacitation of hospital beds through erection of field hospitals.

Some of the Auditor General's findings were as follows:

- **PPE procurement process**: Contracts awarded to businesses that do not have a history of providing PPE. Competitive processes were not followed, resulting in contracts being awarded to specific suppliers without necessary motivation or approval.
- **PPE quality, price and delivery:** PPE were procured at prices that were higher than market-related rates. Some suppliers delivered PPE that did not meet the required specifications or was not what had been contracted to deliver or they under-delivered or delivered late.
- **PPE storage and distribution:** Ineffective stock management processes, inadequate storage facilities and poor storage practices.
- **Field hospitals:** Certain provinces that had made plans to upgrade existing facilities from start did not follow competitive procurement processes. Contracts were not always concluded and approved as required. Resulting in poor distribution of PPE to some provinces and PPE loss.

2. CONSIDERATION OF THE ANNUAL PERFORMANCE AND BUDGET OF THE DEPARTMENT OF HEALTH (2021/22)

2.1. Introduction

The National Department of Health (hereinafter the Department) aims to provide leadership and coordination of health services to promote the health of all people in South Africa through an accessible, caring and high-quality health system, based on the primary health care (PHC) approach.

Over the medium term the Department's main focus will be on responding to the COVID-19 pandemic including the various stages of the vaccine rollout strategy. The Department will also continue its focus on the following:

- The phased implementation of the National Health Insurance;
- Prevention and treatment of communicable and non-communicable diseases (NCDs); and
- Investing in health infrastructure and supporting tertiary health care services.

2.2. Policy Priorities for 2021/22

2.2.1. State of the Nation Address (SONA)

The February 2021 SONA highlighted the following main health-related issues:

- Defeating the coronavirus pandemic and the rollout of the vaccination programme was the key issue in this year's SONA. The President highlighted the comprehensive response to overcome the coronavirus. By restricting movement and activity via the lockdown, preparing health facilities, and implementing basic health protocols, government prevented potentially greater devastation by the pandemic.
- The President also highlighted the need to intensify prevention efforts and strengthening the health system. A massive vaccination programme will be rolled out with millions of vaccines having been procured and being delivered. The President applauded the scientists who lead research that discovered the Astra

Zeneca vaccine which was procured was ineffective against a new variant (known as 501Y.V2) that is dominant in South Africa.

- Emphasising that a science-driven approach will continue to be used, the President emphasised the important role SAHPRA plays in relation to all medication imported into the country.
- The President further emphasised the importance of collaboration between all sectors of society including business, labour, the health industry and medical schemes in implementing the mass vaccination drive.
- Implementation of the National Anti-Corruption Strategy. The Special Investigating Unit (SIU) was authorised to investigate COVID-19 related procurement by all state bodies. The SIU released a report in February detailing alleged personal protection equipment (PPE) corruption. Over R13.3 billion worth of tenders were investigated, in respect of 189 State institutions and entities, with allegation still being received.
- Roll out broadband to hospitals and other government facilities. This will be important to modernise particularly administration and filing systems and in preparation for the National Health Insurance which will require all users/patients to be registered on the Health Patient Registration System (HPRS).

2.2.2. The National Development Plan (Vision-2030)

The National Development Plan (NDP) identifies demographics, burden of disease, health systems and the social and environmental determinants of health as the key areas for intervention required to improve the health system in the country. Nine goals for health have been identified in the NDP, viz.:

- Average male and female life expectancy at birth increased to 70 years;
- Tuberculosis (TB) prevention and cure progressively improved;
- Maternal, infant and child mortality reduced;
- Significantly reduced prevalence of non-communicable chronic diseases;
- Injury, accidents and violence reduced by 50 % from 2010 levels;
- Health system reforms completed;
- Primary health care teams deployed to provide care to families and communities;
- Universal health coverage achieved; and

- Health posts filled with skilled, committed and competent individuals.

2.2.3. Department of Health Five Year Strategic Goals (2020/21 – 2024/25)

In addition to the NDP, the health sector is also guided by the health sector Ten Point Plan and the United Nations (UN) Sustainable Development Goals 2030 (SDGs). The Department's five-year strategic goals are:

Strategic Goal 1: Increase life expectancy, improve health and prevent disease – Improve health outcomes by responding to the quadruple burden of disease in South Africa; and address the social determinants of health through inter-sectoral collaboration.

Strategic Goal 2: Achieve universal health coverage by implementing NHI Policy – Progressively achieve universal health coverage through NHI.

Strategic Goal 3: Quality improvement in the provision of care – Improve quality and safety of care; provide leadership and enhance governance in the health sector for improved quality of care; improve community engagement and reorientate the system towards PHC through community based health programmes to promote health; improve equity training and enhance management of Human Resources for Health (HRH); improve the availability of medical products and equipment; and ensure robust and effective health information systems to automate business processes and improve evidence based decision making.

Strategic Goal 4: Build health infrastructure for effective service delivery – Execute the infrastructure plan to ensure adequate, appropriately distributed and well maintained health facilities.

2.2.4. Department of Health Planned Policy Initiatives

The key policy priorities of the Department include the following

- **COVID-19 response plan:** The Department's COVID-19 response plan aims to halt the spread of the virus in South Africa. A major focus of the plan is on vaccination rollout. The Department aims to vaccinate at least 40 million people by the end of the 2021/22 financial year.

- **Facilitate the implementation of the National Health Insurance (NHI) service.** The introduction of universal health coverage, also known as NHI, is a key priority for the Department. The first phase of a 5-year preparatory work plan to improve health systems performance and improve service delivery has been implemented. The Department is aiming to implement NHI by 2026. This will be guided by the Presidential Health Compact, a collaborative effort of multiple stakeholders who came together to contribute to improving the health sector.
- **Increased Life Expectancy.** The Department aims to increase life expectancy to at least 66.6 years and to 70 years by 2030.

2.3. Annual Performance Plan Key Indicators

Some of the key indicators in the Department of Health's 2021/22 APP include:

Programme 1: Administration

- The Department aims for an unqualified audit opinion for 2021/22 and for six Provincial departments to achieve improvements in audit outcomes with no significant matters.
- A Medico-legal claim case management system will be used in seven provinces to manage new medico legal claims.
- 100 health promotion messages will be broadcast on social media in order to reduce premature mortality due to non-communicable diseases to 26% (a 10% reduction).

Programme 2: National Health Insurance

- The Portfolio Committee and NCOP public hearings on the NHI Bill in Parliament attended.
- Medical aid beneficiaries registered on HPRS - a project plan in partnership with the Council for Medical Schemes (CMS) developed.
- Service benefits framework for PHC completed.
- 4.5 million patients registered to receive medicines through the centralised chronic medicine dispensing and distribution (CCMDD).
- 3830 health facilities reporting stock availability at national surveillance centre.

Programme 3: Communicable and Non-Communicable Diseases

- A new indicator was developed: 16.6 million people vaccinated against COVID-19 in 2021/22; with 25 million in 2022/23, and 40 million in 2023/24.
- 98 Hospitals obtain 75% or more on the food service quality assessments.
- 1600 PHC facilities with youth zones.
- National Strategic Plan (NSP) for NCDs developed and published.
- NSP for tobacco control approved and partially implemented.
- 75 State patients admitted into designated psychiatric hospitals.
- 500 medical officers and professional nurses trained to improve their skills in clinical management of mental disorders (in units listed to conducted 72-hour assessment and psychiatric units attached to general hospitals.
- Maternity care guidelines approved.
- Neonatal care guidelines approved.
- The output "100 health promotion messages marketed through social media" now falls under Administration. The Department should explain why that is the case.
- The indicator relating to malaria are absent.

Programme 4: Primary Health Care

- 100 PHC Facilities and 80 Hospitals implementing the National Quality Improvement Programme (previously 350 PHC facilities and 50 hospitals)
- 2 200 PHC facilities qualify as Ideal Clinics.
- Policy and implementation guidelines on Traditional Medicine approved and implementation commenced.
- 18 Ports of entry compliant with international health regulations (IHR).
- Monitoring system for measuring effectiveness of clinic committees tested in 200 clinics.
- 250 000 clients lost to follow up for treatment traced by community health workers (CHWs). (Please note in the previous APP it was 600,000 though now the APP says "250,000" under 2020/21)
- 1 250 Primary Health Care (PHC) facilities with Ward Based Outreach teams.

- 11 metropolitan and district municipalities assessed for adherence to environmental norms and standards (Please note in the previous APP it was 16 though now the APP says “Not applicable” under 2020/21).
- Nine provinces assessed for compliance with Emergency Medical Services (EMS) Regulations.

Programme 5: Hospital Systems

- 40 PHC facilities and 24 hospitals are to be constructed or revitalised. (Previous APP the target was 54 PHC facilities).
- 21 hospitals are to be constructed or revitalised. (Previous APP the target was 24 hospitals).
- 120 public health facilities to be maintained, repaired and /or refurbished. Previous APP the target was 150 public health facilities).

Programme 6: Health Systems Governance and Human Resources

- Community service policy published
- 90% eligible students allocated to a health facility for community service.
- 500 COVID-19 vaccination sites registered on the Electronic Vaccination Data System (EVDS)
- Revised National Health Research priorities produced.
- Alpha version of networked TB/HIV Plus Information System developed.

2.4. Budget Analysis (2021/22)

2.4.1. Consolidated Health Budget 2021/22

The public health budget spans across the national department, its entities and the provincial departments of health. The consolidated budget for 2021/22 totals R248.8 billion, up from R229.7 billion in the previous financial year. The breakdown of the 2020/21 budget, by functional and economical classification is outlined below.

- A significant segment of the consolidated health expenditure, 60.6 %, down from 63.2% in the previous year, is dedicated to Compensation of Employees (COE), which totals R150.7 billion, up from R145.1 billion.

- Consolidated health expenditure on Goods and Services totals R80.1 billion, up from R67.1 billion, which constitutes 32.2% of overall health expenditure.
- Consolidated health expenditure also makes provision for R12.2 billion (4.9%) allocated to Capital spending and transfers, and R5.8 billion (down from 6.1 billion in the previous year) for Current transfers and subsidies (2.7%).
- There is no allocation for Interest Payments.

In terms of the consolidated budget, District Health Services receives R105.5 billion (42.4%), the largest proportion of the consolidated health budget. This is followed by Other Health Services R51.4 billion (20.7%) which is now the second largest item. Central Hospital Services receives R44.1 billion (17.7%), and Provincial Hospital Services receives R38.1 billion (15.3%). Facilities Management and Maintenance Receives R9.7 billion (3.9%).

2.4.2. Department of Health Budget 2021/22

Table 1: NDoH Budget Summary

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R million	2020/21	2021/22				
Programme 1: Administration	647,9	816,3	168,4	135,5	26,0 per cent	20,9 per cent
Programme 2: National Health Insurance	1 236,0	1 340,5	104,5	50,5	8,5 per cent	4,1 per cent
Programme 3: Communicable and Non-communicable Diseases	28 137,4	32 605,4	4 468,0	3 153,8	15,9 per cent	11,2 per cent
Programme 4: Primary Health Care	277,8	222,3	- 55,5	- 64,5	-20,0 per cent	-23,2 per cent
Programme 5: Hospital Systems	21 219,6	21 372,3	152,7	- 708,8	0,7 per cent	-3,3 per cent
Programme 6: Health Systems Governance and Human Resources for Health	6 533,9	6 186,5	- 347,4	- 596,8	-5,3 per cent	-9,1 per cent
TOTAL	58 052,6	62 543,3	4 490,7	1 969,8	7,7 per cent	3,4 per cent

2.4.2.1. Programme overview

The Department receives R62.5 billion for 2021/22, up from the R58.1 billion in 2020/21. This represents an increase of 7.7% in nominal terms (3.4% in real terms). The two largest programmes, namely Programme 3: *Communicable and Non-Communicable Diseases* (R32.6 billion) and Programme 5: *Hospital Systems* (R21.3 billion), jointly constitute 86.3% of the total budget allocation to the Department. Programme 4: *Primary Health Care Services*, declines by 20% and receives the smallest allocation (R222.3 million), which is less than half a per cent (0.4%) of the Department's budget.

2.4.2.2. Economic classification

In terms of economic classification, the bulk of the Department's budget (R54.1 billion or 92.4%) consists of transfers and subsidies. This figure includes R49.3 billion to provinces and municipalities, R193.4 million to Non-Profit Organisations (NPOs), and R1.8 billion to departmental agencies and accounts.

- Current payments constitute a total value of R7.3 billion, which represents 11.7% of the total budget allocation. R845.3 million, down from R928.3 million (11.6% of the current payments budget) is allocated to Compensation of employees.
- However, most of the current expenditure (R6.5 billion) is allocated to Goods and Services, constituting approximately 88.4% of the total current payments.
- The lion's share of expenditure goes to Inventory: Medicine R4.4 billion.
- Expenditure items that also receive a large share of the Goods and Services budget are Contractors at R797.9 million; Consultants: Business and advisory services at R256.4 million; Agency and support/outsourced services at R133.6 million; Operating leases at R151.0 million.
- Travel and subsistence at R153.6 million is higher than operating leases R151 million.
- Capital assets is allocated R1.2 billion. Buildings and other fixed structures are allocated R935.7 million, and Machinery and Equipment is allocated R243.6 million

2.4.2.3. Spending priorities for 2021 MTEF

Over the medium term, the Department will focus on responding to the COVID-19 pandemic, including the vaccine rollout strategy. It will also continue to focus on the phased implementation of NHI, prevention and treatment of communicable and non-communicable diseases, supporting tertiary health care services and investing in Public Health Infrastructure.

- Responding to the COVID-19 pandemic is ongoing and a matter of extreme priority. In 2020/21, the Special Adjustments Budget allocated approximately R20 billion to the health sector for COVID-19 interventions. The Department's focus over the medium term will be on managing the COVID-19 pandemic by preventing the spread of the disease by non-pharmaceutical means, and providing vaccines to eligible persons in a phased vaccine rollout strategy. To fund the

rollout, R9 billion has been added to the Department's baseline - R6 billion in 2021/22 and R3 billion in 2022/23:

  - R6.5 billion ring-fenced in the Communicable and Non-Communicable Diseases programme for vaccine procurement and distribution nationally.
  - R2.4 billion allocated to the COVID-19 component of the HIV, TB, Malaria and community outreach grant, which is transferred to provinces to fund the service delivery costs of administering the vaccines.
  - R100 million is allocated to the South African Medical Research Council (SAMRC) for COVID-19 research.
  - R1.25 billion was also allocated in 2020/21 for vaccines and vaccine research as per emergency provisions of the PFMA.
  - If needed, the allocations for vaccines can be augmented by both government's contingency reserve and with revenue from vaccines sold to the private sector for medical scheme members.
  - A further R8 billion is allocated to the provincial equitable share through National Treasury in 2021/22 to enable provincial health departments to continue their prevention, testing, and treatment interventions including managing a possible third wave of COVID-19 infections.

- Phased implementation of the NHI will continue. The National Health Insurance Fund will be the established as the public entity – a key priority in the Department's plans to implement NHI. R121.3 million over the MTEF is allocated to the NHI programme to strengthen the Department's NHI unit which will be transferred to the entity when it is created. Over the MTEF, the *National Health Insurance Indirect Grant is* allocated R7.5 billion. R986.3 million is allocated to the personal services component which contracts health care services. R2 billion is allocated to the non- personal services component which funds projects that strengthen the health system in preparation for the rollout of NHI, and R4 billion is allocated to the health facility revitalisation component to fund infrastructure projects.
- The *HIV, TB, malaria and community outreach grant* is allocated R82.6 billion over the medium term in the HIV, AIDS STIs sub-programme in Programme 3: *Communicable and Non-Communicable Diseases*. The grant has 8 components. The largest component is the HIV and AIDS component which is allocated R69.3

billion over the MTEF period. This funds the antiretroviral treatment programme which aims to reach 6.7 million people by 2023/24, as well as HIV prevention services. The grants community outreach services component is allocated R7.7 billion over the MTEF to ensure better resourcing and management of the community health worker programme.

- Investing in health infrastructure: The *Health Facility Revitalisation Grant* is allocated R20.6 billion over the medium term to be transferred to provincial health departments through the *Health Facilities Infrastructure Management sub-programme* in *Programme 5: Hospital Systems programme*. An additional R129.4 million is allocated to the grant for the construction of the Tygerberg and Klipfontein Hospitals in the Western Cape. *Health Facilities Infrastructure Management sub-programme* also contains the health facility revitalisation component of the *NHI indirect grant*, which is allocated R4.4 billion over the MTEF.
- The *National Tertiary Services Grant* is allocated R13.7 billion in 2021/22, R14 billion in 2022/23 and R14 billion in 2023/24 in the Hospital Systems programme. The grant compensates provinces for providing tertiary services to patients from elsewhere.

2.4.2.4. Reasons for Deviations

The baseline budget has been decreased across all the economic classifications due to economic pressures as a result of the COVID-19 pandemic. This is outlined below:

- **Compensation of employees (COE):** The COE ceiling was reduced with 12%, resulting in reductions across all the programmes.
- **Goods & services:** R4.35 billion was allocated for the procurement of COVID-19 vaccines.
- The allocation for indirect NHI grants under Programmes 2 and 5 has been materially decreased. Additional funds have been allocated under Programme 1 to fund the related expenditure due to the relocation of the Department to another building.
- **Transfers & subsidies:** The allocations for conditional grants and transfers to non-profit institutions were reduced with 3% and 13% respectively, across all the

applicable programmes. SANAC received a once-off increase of R10 million, while allocations for the other Departmental Agencies have been decreased.

- **Purchase of capital assets:** The NHI Indirect grant for the construction and refurbishment of health facilities under Programme 5, have been reduced with R107 million. The allocation for the procurement of machinery & equipment of the indirect NHI grants under Programmes 2 and 5 has been decreased. The capital allocations of all the units across all the programmes has been increased once-off to make provision for procurement of computer equipment and/or furniture due possible damage because of the relocation to another building.

2.4.2.5. Conditional Grants

Tables 3 and 4 below, provide a breakdown of the Conditional Grants Direct and Indirect allocations.

Table 3: Conditional Grants Direct Allocations 2021/22

Direct Conditional Grants to Provinces	**R million**
Schedule 4, Part A	
National Tertiary Services Grant	13 708.8
Schedule 5, Part A	
HIV, TB, Malaria and Community Outreach Grant	27 585.5
Health Facility Revitalisation Grant	6 445.2
Human Resources and Training Grant	4 054.4
National Health Insurance	268.7
Total	**52 061.6**

In terms of direct grants, the Department administers R52.1 billion in 2020/21. The largest grant is the *HIV, TB, Malaria and Community Outreach Grant*, which receives R27.6 billion, followed by the *National Tertiary Services Grant (NTSG)* with R13.7 billion, and the *Health Facility Revitalisation Grant* with R6.5 billion.

For 2021/22 there is an overall reduction on direct grants of 3.4% or R1,8 billion growing over MTEF period. The major reduction is under NTSG (R1 billion) and HIV component (R1.6 billion). This is of concern as it will have serious negative impact on service delivery: this will require:

- Rationalisation of services,
- Maintenance of current services: for instance, it will be difficult to initiate new patients on ART programme.

- All the current initiatives to modernise the tertiary services and establishment of new services will have to be postponed.
- Cross-border referrals will continue which will have a direct effect on patients.

Table 4: Conditional Grants Indirect Allocations 2021/22

Conditional Grants Indirect Allocations	**R million**
Schedule 6, Part A	
National Health Insurance Indirect Grant	2 117
Total	**2 117**

With regard to the indirect grants, the *National Health Insurance Indirect Grant* is allocated R2.1 billion.

For 2021/22 the overall reduction in indirect grants is 16.3%. This is without the new allocation for COVID-19 vaccines, which means that the 21% increase is due to new COVID – 19 funding for vaccines. The major reduction is under Infrastructure indirect grant with 19.6%, followed by non-personal services with 15.6%. The reduction will have a negative impact on nationally managed programmes especially infrastructure projects. Some planned projects will need to be postponed due to limited funding. The current infrastructure backlog will continue to grow. The department is in the process of establishing oncology services in underserved provinces, however, this process will be delayed due to budget cuts.

2.5. Committee Observations

- The Committee expressed concern relating to the massive budget cuts in the health sector and were concerned that the department and provinces will not be able to deliver on their mandate which will ultimately affect service delivery.
- The Committee further noted with concern that vital programmes are underfunded such as the HIV and TB programme which might result in regression in the control and prevention of these conditions.
- The Committee noted with concern the infrastructure backlogs within the department and wanted to know how these will be eradicated.
- The Committee was concerned that awareness campaigns aimed at addressing stigma surrounding HIV/AIDS were inadequate.

- The Committee noted with concern that the department was planning to vaccinate 40 million people by the end of 2021 and noted that the R10 billion allocation may not be sufficient. Furthermore, communication should be strengthened in terms of the targets.
- The Committee expressed concern about the substantial medico-legal costs within the sector.
- The Committee expressed concern that some primary health facilities may not to be ready for the vaccination roll-out as they do not have proper systems in place such as storage, security and inadequate infrastructure.
- The Committee flagged the AG's findings on the department and proposed a special meeting to consider and deliberate on these findings.
- The Committee noted with concern that the department was not doing sufficient awareness for people to register or educating them on how to register for vaccination.
- The Committee was concerned that the department comes up with plans but challenges at healthcare facilities remains, such as staff shortages, equipment shortages, inadequate infrastructure and wanted to know when will they see concrete plans to eradicate these challenges.
- On primary health care services, the Committee raised its concern regarding the permanent employment of Community Health Workers.
- The Committee commended the department on the Ideal Clinics initiative and that these are appreciated in rural areas.

3. CONSIDERATION OF THE ANNUAL PERFORMANCE PLANS AND BUDGET OF ENTITIES (2021/22)

3.1. COMPENSATION COMMISSIONER FOR OCCUPATIONAL DISEASES (CCOD)

3.1.1. Introduction

The Occupational Diseases in Mines and Works Act 1973, (No. 78 of 1973) (ODMWA) establishes the Compensation Commissioner for Occupational Diseases in Mines and Works (CCOD). As a legislated entity of the National Department of Health (NDOH),

CCOD receives its share of voted funds from National Treasury through NDOH. Vision and mission of CCOD are articulated hereunder:

3.1.2. Achievements made over time

In its APP for 2021/22, CCOD reports of its significant achievements i.e. the completion of the auditing of its annual and financial reports for 2015/16, 2016/17 and 2017/18 by the Auditor-General of South Africa (AGSA). It further stated that the 2018/19 annual report is being audited, while the 2019/20 and 2020/21 reports would be submitted to AGSA in this financial year (2021/22). This is a noticeable milestone given the long period of unaccountability and failure to produce audited annual and financials as required by the law. It is therefore expected that by 2022/23 the entity will be up to date with its obligation of tabling audited annual and financial statement.

3.1.3. Overview of CCOD's governance

The CCOD is the only entity that the Departments of Employment and Labour as well as that of Mineral Resources and Energy recognises its functions closely. To this end, the policy mandates for occupational health and compensation services are divided between these departments including NDOH. Furthermore, provides specific actions that rise to the management of the entity. For example, the Act prescribes for the:

- Appointment of the Compensation Commissioner by the Minister of Health;
- Establishment of a fund called the Mines and Works Compensation Fund;
- Establishment of the Medical Bureau for Occupational Diseases (MBOD) to oversee the provision of Benefit Medical Examinations and certifications of claims; and
- Controlling and administering the Mines and Works Compensation Fund by CCOD.

3.1.4. Key priorities for CCOD in 2021/22

Over the period 2020/21 to 2024/25, CCOD plans to achieve the following priorities:

- Expand the electronic claims management system;
- Extend its database to cover current workers in controlled mines and works;

- Work closely with stakeholders and social partners to resolve many of the legacy challenges facing the CCOD;
- Ensure the effective and efficient management of the CCOD through collection of levies, certifications and payment of claims; and
- Submit to the Director-General of Health on amendments to the Occupational Diseases in Mines and Works Act, No. 78 of 1973.

3.1.5. Deficiencies at the CCOD

CCOD has flagged its legislation as outdated; hence, there are processes to have it amended. It is also observed that of all entities in the NDOH, CCOD is the only one that has its strategic function within the NDOH. The following are some of the discrepancies that require rectification:

- The Department carries the administration costs i.e. personnel, operational and infrastructure costs for CCOD;
- Does not have specialised personnel within its structure;
- Receives support of specialised personnel from Minerals Council South Africa;
- Currently, the Risk Committee which determines mines and works is not functioning optimally; and
- Has limitation of medical, finance and information technology personnel as well as maintenance of the database with approximately 1.1 million claimant files.

3.1.6. Performance Indicators and Planned Targets 2021/22

In order to execute its mandate, CCOD uses its five programmes, namely; Administration, Compensation of Pensioners, and Compensation of Ex-miners as well as Compensation of Tuberculosis and Eastern Cape Project for this purpose. In meeting its overall objective, careful consideration is made on performance indicators and targets, and aligned with programmes. Table 5 below highlights some of the performance indicators and targets for the current fiscal year - 2021/22):

Table 5: Performance indicators and targets 2021/22

Outcome	Output Indicator	Estimated Performance for 2020/21 (Targets)
Submission of amendments to ODMWA to the Director-General of the National Department of Health	Submission of amendments to ODMWA to the Director-General of the National Department of Health	Submission of amendments to ODMWA to the Director-General of the National Department of **No distinction between outcome, indicator and target – clarity to be sought**
Ensure the effective and efficient management of the CCOD	Report on updates of database of claims at the CCOD in terms of claims, payments, certifications and data exchange updates and/or additions	Master database updated for payments made, new claims and new certifications for the month before the 7th of the next month. External data exchange updates and/or additions to the master once a quarter database
	Report on the number of certifications finalised on the Mineworkers Compensation System per year	12 000 **A decrease from 12 400 in 2020/21**
	Report on the number of claims finalised by the CCOD (other than pensioners)	7 700 **An increase from 3 923 in 2020/21**
	Percentage of controlled mines and works liable for payment of levies per the financial system paying levies to the CCOD	80% of controlled mines and works paying levies to the CCOD **Projected to be the same throughout MTEF period**
	Report on the number of controlled mines and works inspected	77%

		Projected to be the same throughout MTEF period

3.1.7. Proposed Budget for 2021/22

National Treasury provides allocation to CCOD through the Department of Health. Table 6 presents the allocation according to the programmes for 2021/22 fiscal year.

Table 6: Budget for 2021/22 as per programmes

Programme	**Budget**				**Nominal Rand change**	**Real Rand change**	**Nominal % change**	**Real % change**
R million	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2020/21-2021/22**		**2020/21-2021/22**	
Administration	8 910	9 391	8 748,0	9 142	481	102.5	5.40%	1.15%
Compensation of Pensioners	4 272	4 507	4 674,0	4 884	235	53.3	5.50%	1.25%
Compensation of ex-miners	175 750	185 241	216 000	225 720	- 171 076	- 171 264.4	-97.34%	-97.45%
Compensation of Tuberculosis	42 572	44 871	26 000	27 170	- 37 688	- 37 884.9	-88.53%	-88.99%
Eastern Cape Project	8	0,0	0,0	0,0	225 712	216 613.9	0,0	0,0
TOTAL	**231 512**	**244 010**	**255 422**	**266 916**	**12 498**	**2 662.7**	**5.40%**	**1.15%**

With respect to table 6, some programmes show real decrease in allocation such as Programmes 3 and 4, which is a deficit of 97.45% and 88.99% respectively. In monetary terms programme 3 receives a shortage of R171 264, while programme 4 gets deficit of R37 884. The grand total for the entity shows a slight increase from R231 512 to R244 010, which resembles marginal increase of R12 498.

3.1.8. Committee Observations

- The Committee noted with concern through the report of the FFC, the substantial decrease in the number of workers in controlled mines and works paid for loss for earnings per year, from 4 498 in 2019/20 to 1 045 workers in 2020/21, and to remain at 1 045 workers per year over the medium-term.
- The Committee raised concern regarding the lack of consideration for compensation of other health issues that are associated with the industry other that lung diseases (such as diabetes, strokes, loss of hearing, maternal deaths etc.) and

reflected on the possibility of expanding the role of the CCOD in terms of other occupational diseases among mineworkers.

- The Committee raised its concern regarding the collection of levies from controlled mines and expressed the need to implement punitive measures against non-compliant mines that were not paying levies.
- The Committee implored the CCOD on its plans to enhance the Compensation Claims Management System, as to the timelines and how exactly the enhanced system would change the claims process.
- The Committee said there were concerns raised by ex-mineworkers regarding the protracted delays in payments.
- The Committee urged the CCOD to continue to address the backlog of financial statements.
- The Committee expressed concern regarding the Risk Committee that is not functioning optimally. The CCOD indicated that Risk Committee remains an impeding problem that would be changed as part of the amendments, specifically the governance structure.
- The Committee expressed the need for the CCOD to decentralise its services in order to improve access.
- The Committee expressed concern about the long-term Covid-19 implications on mineworkers, specifically the impact on the respiratory system.
- The Committee raised its concern on the shortage of finance inspectors within the CCOD, and its impact on service delivery.

3.2. SOUTH AFRICAN MEDICAL RESEARCH COUNCIL (SAMRC)

3.2.1. Introduction

The South African Medical Research Council (SAMRC) is one of the entities of the Department of Health and exists under the amended SAMRC Act, (No. 58 of 1991). It is legislated as a Schedule 3A Public Entity according to the Public Finance Management Act, (Act 1 of 1999) and reports to the NDOH as such, it receives its core funding from the National Treasury through NDOH as per its mandated to conduct research, development, innovation and technology transfer.

3.2.2. Situational analysis

South Africa is confronted with a considerable challenge of inequality between the rich and the poor as well as uneven distribution of health care resources between the private and public sector. In responding to this, a legislative process is underway i.e. the National Health Insurance (NHI), which is aimed at achieving the universal health coverage and halting inequalities in the health care sector. Another formidable challenge that has been experienced for almost a decade now in South Africa is a quadruple burden of disease, which comprise the following:

- Violence and injuries;
- Maternal and infant mortality;
- Human Immunodeficiency Virus (HIV) and Tuberculosis (TB);
- Obesity, diabetes, hypertension and cardiovascular diseases.

3.2.3. SAMRC's Strategic Goals – 2020/21 -2024/24

The period of 2021/22 marks the second year of the implementation of SAMRC Strategic Plan, which ends on 31 March 2025. Its strategic plan is in-sync with the National Development Plan (NDP) (vision 2030), Sustainable Development Goals (SDGs) and the strategic objectives of the Department. In pursuit of meeting its outcome, SAMRC implements the annual performance plan (APP) as a means towards the achievement of the following strategic goals, namely:

- Lead the generation of new knowledge;
- Administer health research effectively and efficiently;
- Translate new knowledge into policies and practices to improve health;
- Support, through funding and other mechanisms, technology development and implementation, and innovations in health and technology delivery to improve health;
- Build human capacity for the long-term sustainability of the South African health research.

3.2.4. SWOT Analysis

Similar to the previous financial year (2020/21), SAMRC provides a swot analysis that gives more weight on weaknesses and threats. For example, the threats column depicts some of the following realities - a diminishing funding for research, data security and scientific misconduct. With respect to weaknesses, the entity recognises the following as serious concerns namely, research translation, lack of diversity in senior management, inefficient succession planning and transformation at senior levels as well as lack of knowledge sharing. As argued in the past, the entity is a national pride given its services and accolades, it is therefore imperative for it as a research institution to translate its research for the public it serves. Failure in this front contradicts its core objective. In addition, it has to expedite and conclude its transformation agenda by having the national demographics at senior and executive levels.

3.2.5. Human resource management and transformation

During the consideration of the entity's annual report for 2019/20. The Portfolio Committee on Health was not impressed with the status of senior management not reflecting the national demographics. In the 2021/22 APP, the entity promises to continue to pursue transformation.in order to change the demographics of the organisation, particularly at the Senior and Executive levels. However, there are no specifics on how this will be effected.

3.2.6. SAMRC-NIH Collaboration

SAMRC continues to manage its collaboration with the National Institutes of Health of the United States through a Memorandum of Understanding (MOU). The MOU was entered into in 2013 for building long-term collaborations in biomedical and behavioural health science between the two countries. In meeting the joint initiative, the SAMRC has secured R135 million over the medium term expenditure framework (MTEF). The breakdown is as follows:

- 2019/2020 R45 million
- 2020/2021 R45 million
- 2021/2022 R45 million

This joint-partnership has yielded more advantages for both countries. With 2021/22, being the final year of this joint-partnership, clarity must be sought on the possibility for the extension.

3.2.7. Performance Indicators and Planned Targets 2021/22

SAMRC has four (4) programmes, namely Administration, Core Research, Innovation and Technology as well as Capacity Development. Accordingly, it uses the aforementioned programmes to achieve its object. As per practise in government, the annual performance plans are used as an instrument to implement the strategic goals. Similarly, SAMRC uses annual performance plan to assess its progress with research projects conducted through intra and extra-mural research units and centres. Hereunder is a cohort of performance indicators and estimated performance targets for the current fiscal year 2021/22:

Table 7: Performance targets 2021/22

Outcome	Output Indicator	Estimated Performance for 2021/22 (Targets)
1.1 To ensure good governance, effective administration, a clean audit opinion and compliance with government regulations	A clean audit opinion on the SAMRC from the Auditor-General	Clean Audit
1.2 To promote the organisation's administrative efficiency to maximise the funds available for research.	Percentage of the government allocated SAMRC budget spent on administration	20% ***Has been the same since 2018/19 and is projected to be throughout the MTEF period***
2.1 To produce and promote scientific excellence and the reputation of South African health research	Number of accepted and published journal articles, book chapters and books by SAMRC affiliated and funded authors	750 ***Shows a decrease from 800 in 2020/21 and is projected to decrease over the MTEF period to 60***

2.2 To provide leadership in the generation of new knowledge in health	Number of accepted and published journal articles where the first and/or last author is affiliated to the SAMRC	450 ***A decrease from 500 in 2020/21 and a further decrease by end of MTEF period to 255***
3.1 To support the development of new or improved innovations aimed at improving health and targeting priority health areas	Number of new innovation and technology projects funded by the SAMRC aimed at developing, testing and/or implementing new or improved health solutions	4 ***Same as in 2021/22 and projected to be so over the MTEF Period***
	Number of ongoing innovation and technology projects funded by the SAMRC aimed at developing, testing and/or implementing new or improved health solutions	30 ***Same as in 2020/21 and projected to be same throughout the MTEF Period***
4.1 To enhance the long-term sustainability of health research in South Africa by providing funding for the next generation of health researchers	Number of awards (scholarships, fellowships and grants) by the SAMRC for MSc, PhD, Post doctorates and Early Career Scientists	130 ***Marginal increase from 110 in 2020/21. It is projected to increase slightly to 150 in 2023/24 and decrease to 130 in 2024/25***
5.1 To facilitate the translation of SAMRC research findings into public understanding, policy and practice	Number of conferences, seminars and continuing development points workshops supported by the SAMRC	10 ***Same as in 2020/21 and projected to be the same throughout the MTEF Period***

3.2.8. Proposed Budget for 2021/22

As alluded, the National Treasury provides allocation to SAMRC through the Department. In order to meet its mandate, the entity raises a significant share of funding from donors and strategic partnerships through MoUs to supplement the allocation from

the National Treasury. Table 8 below depicts the full allocation for 2021/22 fiscal year for the entity.

Table 8: Budget for 2021/22 as per programmes

Programme	**Budget**				**Nominal Rand change**	**Real Rand change**	**Nominal % change**	**Real % change**
R million	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2020/21-2021/22**		**2020/21-2021/22**	
Programme 1:Administration	208 535	210 373	224 028	0,0	1 838	- 6 641	0,88%	-3,18%
Programme 2: Core Research	684 254	652 410	661 923	0,0	- 31 844	- 58 140	-4,65%	-8,50%
Programme 3: Innovation and Technology	274 697	289 496	287 498	0,0	14 799	3 130	5,39%	1,14%
Programme 4: Capacity Development	81 730	88 817	88 946	0,0	7 087	3 507	8,67%	4,29%
Programme 5: Research Translation	2 300	2 300	2 300	0,0	0,0	- 92	0,00%	-4,03%
TOTAL	**1 251 516**	**1 243 396**	**1 264 695**	**0,0**	**- 8 120**	**- 58 237**	**- 0,65%**	**-4,65%**

In respect to table 8, the difference is obvious on the total allocation for 2021/22 when compared with 2020/21. In real terms, the deficit for the present financial year is R58.2 million, which equates to a negative (minus) 4.65 percentage change. Given this decline, the entity may be unable to execute its intended programmes. Programme 2 (Core Research) is viewed as the expression of the entity's mandate; however, the considerable decline in this programme is alarming. In real terms, the decrease for this programme is R58.1 million. It is concerning and will likely hamper the planned projects.

In 2019/20, SAMRC listed 15 Infrastructure Projects that were to be undertaken worth in excess of at least R2 billion. During this financial year 2021/22, it seeks to undertake and complete 8 infrastructure projects in excess of a billion rand. Similar to previous year, the source-budget for these infrastructural projects is not stated.

3.2.9. Committee Observations

- The Committee expressed its concern in respect to the distribution of bursaries, as only 68% bursary holders were African and reflected on the need to move towards 90% black people being funded by the SAMRC.
- On Covid-19 surveillance, the Committee sought an indication on whether there was evidence of local transmission of the variant (B.1.617) found in India and whether recommendations were made to the Minister to strengthen surveillance measures or introduce mandatory quarantine for travellers.
- On vaccination, the Committee sought clarity on the inclusion of healthcare workers in rural areas as well as traditional healers in the vaccination programme.
- The Committee was concerned that transformation was slow at the entity, in changing the demographics of the organisation, particularly at Senior and Executive levels.
- The Committee noted with concern that the budget for infrastructure projects was not stated.
- The Committee was concerned that hospitals seemed to be ready for the vaccination roll-out, however primary health facilities in particular were not ready, as they are faced with infrastructure, storage and security challenges. The Committee wanted to know what was going to be done to address these shortcomings.
- The Committee sought clarity on what kind of research is being conducted to gain new knowledge to influence policy.
- The effects of vaping were questioned by the Committee and whether the entity has done any research work on this topic.

3.3. COUNCIL FOR MEDICAL SCHEMES (CMS)

3.3.1. Introduction

The Council for Medical Schemes (CMS), as the national medical schemes regulatory authority, is a public entity responsible for regulating the medical schemes industry to protect the interests of members and beneficiaries, “controlling and co-ordinating the functioning of medical schemes, collecting and disseminating information about private health care, and advising the Minister of Health on any matter concerning medical schemes.

CMS Annual Performance Plan indicates that as at 31 March 2021, the Council regulates 76 medical schemes, 19 administrators (including self-administered schemes), 41 managed care organisations and 2 231 broker organisations and 7 872 individual brokers.

CMS regulate these entities utilising the Medical Schemes Act (No. 131 of 1998) and Regulations to ensure that all the 8.9 million scheme beneficiaries' interests are protected. This means that the CMS should ensure that all the regulated entities are at all times compliant with the Act and its provisions.

In the previous financial years, the health sector has seen the release of the Medical Schemes Amendment and National Health Insurance Bills, as well as the Health Market Inquiry final report. The process of finalising and implementing these three policy initiatives will provide a basis for all the key initiatives that the Council will focus on within the next five years.

In its 2020 – 2025 Strategic Plan, the CMS adopted a new vision that seeks to promote affordable and accessible health cover towards universal health coverage (UHC). The new vision signalled a new determined approach by the CMS to support the national policy initiatives that are driven by the Department. Specifically, the vision of the CMS is "to be an agile and transformative Regulator in order to promote affordable and accessible healthcare cover towards universal health coverage." Its Mission is to regulate the medical schemes industry in a fair and transparent manner, by:

- protecting the public and informing them about their rights, obligations and other matters, in respect of medical schemes;
- ensuring that complaints raised by members of the public are handled appropriately and speedily;
- ensuring that all entities conducting the business of medical schemes, and other regulated entities, comply with the Medical Schemes Act;
- ensuring the improved management and governance of medical schemes;
- advising the Minister of Health of appropriate regulatory and policy interventions that will assist in attaining national health policy objectives; and
- Ensuring collaboration with other stakeholders in executing its regulatory mandate

3.3.2. Internal environment analysis

The CMS identified a number of threats, weaknesses, opportunities and strengths in its APP.

Strengths:

- Experienced, skilled personnel
- Success in legal challenges
- Clean audits
- Single source of information for industry performance

Weaknesses:

- Litigations
- Confidential information leaks
- Data and information security
- Succession planning continuity

Opportunities:

- Coding standards and regulation
- Optimise on COVID-19
- CMS fit for purpose
- Mid-year budget review

Threats:

- COFI Bill
- Succession plan
- Training and development
- Change management
- Leadership and mandate change

Regarding its internal environment, the CMS reports a "fairly stable environment, despite there being an increased staff turn-over during the past year, as a result of non-renewal of contracts and employees moving to "greener pastures," as well as identifying the need to restructure the organisation. Furthermore, a number of senior officials are facing allegations of unethical and corrupt behaviour. Of the seven officials, which were suspended with full pay, one has resigned. No detail is provided regarding the allegations

of corruption and unethical behaviour, and the CMS merely notes that "the investigations have been completed and the appropriate disciplinary measures implemented." The

The CMS further notes that there were a number of disciplinary matters in the organisation with most of these matters finalised at the Commission for Conciliation, Mediation and Arbitration (CCMA), though no details are provided regarding the nature of the disciplinary matters and number thereof. The Human Resource sub-programme will embark on a number of projects to improve morale, productivity and staff retention. The CMS reports being under-staffed, as it currently comprises of 132 staff members including temporary and contract staff, with interns and temporary staff performing some of the core regulatory functions. Sixteen additional posts have been identified during the Business Process Mapping exercise. The CMS is currently embarking on appointing a service provider to conduct a Broad Based Black Economic Empowerment (BBBEE) Compliance verification for the organisation. It has also hosted a workshop to address the CMS role regarding economic transformation in as far as private healthcare sector, as well as CMS BBBEE Compliance.

3.3.3. Performance Indicators and Planned Targets 2021/22

The table below highlights some of the annual and quarterly performance indicators for the CMS.

Table 9: Strategic Objectives and Performance Indicators for 2020/21

PROGRAMME	STRATEGIC OBJECTIVE	PLANNED TARGET 2020/21
1. ADMINISTRATION	Ensure that reported performance information is in accordance with the Framework for Strategic and Annual Performance Plans	Ensure that overall performance of the entity is maintained above 80%
		Produce an Annual Performance Information report that is reliable, accurate and complete by 31 July each year.
	Ensure effective financial management and alignment of	Obtain an unqualified opinion issued by the Auditor General of South Africa

PROGRAMME	STRATEGIC OBJECTIVE	PLANNED TARGET 2020/21
	budget allocation with strategic priorities	Produce a budget that is approved by Council by 31 January each year
	An effective, efficient and transparent system of risk management is maintained in order to mitigate the risks exposure of the CMS	4 Strategic risk register reports submitted to the Council for monitoring,
	An established ICT Infrastructure that ensures information is available, accessible and protected	Achieve 99% in network and server uptime
		Ensure 5% of IT security incidents
	Provide software applications that serve both internal as well as external stakeholders, that improve business operations and performance	Achieve 99% in uptime of all installed application systems where network access exists
	Effectively provide information management services and organise and management organisational knowledge with a view to enhance knowledge sharing	Ensure that 95% of physical requests for information are responded to within 30 days
	Build competencies and retain skilled employees	Minimise staff turnover to less than 15% per annum
		Average turnaround time of 120 working days to fill a vacancy
		Achievement of employment equity targets (BBBEE)
		Develop talent management Policy Framework
	Maximise performance to improve organisational efficiency and maintain high performance culture	100% of employee performance agreements are signed no later than 31 May each year
		100% of employee performance assessments are concluded bi annually
	Legal advisory and support service for effective regulation of the industry and operations of the office	210 written and verbal legal opinions provided to internal and external stakeholders, attended to within 14 days,
	Defending decisions of the Council and the Registrar	100% of court and tribunal appearance in legal matters received and action initiated by the Unit within 14 days

PROGRAMME	STRATEGIC OBJECTIVE	PLANNED TARGET 2020/21
	Corporate governance, Secretariat & Board administration Support and Legal Services for effective governance by the Accounting Authority	Develop an Annual Council Work Plan for Council and its committees by 31 March
		Develop and Review Council and Committees Governance Charters
2. STRATEGY OFFICE	Formulate prescribed minimum benefits (PMB) definitions to ensure members are adequately protected	10 PMB definitions published, per year
	Develop primary health care package to incorporate into the PMBs	Develop primary health care package to incorporate into the PMBs
	Provide clinical opinions with a view to resolve complaints and enquiries	90% of category 1 clinical opinions provided within 30 working days of receipt from Complaints Adjudication Unit
		98% of clinical enquiries received via e-mail or telephone and responded to within 7 days
	Conduct research to inform national health policy interventions	5 Research projects and support projects published in support of national health policy
3. ACCREDITATION	Percentage of broker and broker organisation applications accredited within 30 working days on receipt of complete information	80%
	Percentage of managed care organisation applications analysis completed within three months of receipt of complete information	100%
	Percentage of administrators and self-administered schemes' applications analysis completed within three months of receipt of complete information	100%
4. RESEARCH AND MONITORING	Conduct research to inform appropriate policy interventions	12 Research projects finalised, per year
	Monitoring trends to improve regulatory policy and practice	1 Non-financial report submitted for inclusion in the annual report

PROGRAMME	STRATEGIC OBJECTIVE	PLANNED TARGET 2020/21
5. STAKEHOLDER RELATIONS	To create awareness and provide training in order to enhance the visibility and reputation of CMS	Ensure 55% stakeholder awareness of CMS resulting from survey
		35 Stakeholder education and training sessions to enhance skills and in-depth understanding of governance and compliance, among stakeholders
6. COMPLIANCE AND INVESTIGATION	Inspect regulated entities for routine monitoring of compliance with the prescribed legislation	15 Routine inspections undertaken if applicable
	Strengthen and monitor governance systems medical schemes and other regulated entities	100% of Governance interventions implemented
7. BENEFITS MANAGEMENT	Ensure that rules of the schemes are simplified, standardised, fair and compliant with the Medical Schemes Act (1998)	80% Interim rule amendments are processed within 14 days of receipt of all information
		90% of annual rule amendments are processed before 31 December each year
8. FINANCIAL SUPERVISION	Monitor and promote financial soundness of medical schemes	100% of business plans processed in respect of Regulation 29
		100% Recommendations on action plans for schemes with rapidly reducing solvency (but above statutory minimum) for 100% of schemes identified
		100% of auditor applications authorised
		3 Quarterly financial return reports published, (except quarter four)
		1 Financial section prepared for the annual report
9. COMPLAINTS ADJUDICATION	Resolve complaints with the aim of protecting beneficiaries of medical schemes	70% of category 4 complaints adjudicated within 120 working days and in accordance with complaints procedure

PROGRAMME	STRATEGIC OBJECTIVE	PLANNED TARGET 2020/21
		100% of Rulings published on the CMS website within 14 days of issuing the ruling

3.3.4. Proposed Budget for 2021/22

Table 10, below provides an overview of the CMS's budget for 2021/22:

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R	2020/21	2021/22				
Programme 1: Administration	106 138 010	104 131 945	-2 006 065	-6 203 322	-1,9 per cent	-5,8 per cent
Programme 2: Strategy Office	9 867 676	10 573 646	705 970	279 777	7,2 per cent	2,8 per cent
Programme 3: Accreditation	8 451 442	7 910 129	- 541 313	- 860 147	-6,4 per cent	-10,2 per cent
Programme 4: Research and Monitoring	6 492 729	9 622 164	3 129 435	2 741 593	48,2 per cent	42,2 per cent
Programme 5: Stakeholder Relations	9 171 162	12 465 495	3 294 333	2 791 885	35,9 per cent	30,4 per cent
Programme 6: Compliance and Investigation	11 058 421	14 094 647	3 036 226	2 468 112	27,5 per cent	22,3 per cent
Programme 7: Benefit Management	6 029 699	5 927 435	- 102 264	- 341 182	-1,7 per cent	-5,7 per cent
Programme 8: Financial Supervision	11 778 311	11 733 802	- 44 509	- 517 465	-0,4 per cent	-4,4 per cent
Programme 9: Complaints and Adjudication	9 135 826	9 090 819	- 45 007	- 411 432	-0,5 per cent	-4,5 per cent
Programme 10: Capital Expenditure	900 000	1 000 000	100 000	59 693	11,1 per cent	6,6 per cent
TOTAL	179 023 276	186 550 082	7 526 806	7 513	4,2 per cent	0,0 per cent

Table 10: CMS Budget 2021/22

CMS is set to spend R186.6 million in 2021/22, up by 4.2% in nominal terms and 0 percent in real terms from 2020/21 when it spent R179.1 million.

In terms of allocation per programme, programme 1: Administration receives the biggest allocation of R104.1 million in 2021/22. This is a 1.9% nominal decrease, and 5.8% real decrease from 2020/21.

The allocation for the Office of the CEO and Registrar decreases by 51.3% nominally from R15.0 million in 2020/21 to R7.7 million 2021/22. In addition, the new sub-programme called Council Secretariat is introduced in this financial year. It would appear that this has been removed from the Office of the CEO and Registrar programme item.

Programme 4: Research and Monitoring receives the largest nominal percentage increase of 48.2% increasing from R6.5 million in 2020/21 to R9.6 million in 2021/22. Programme

5: Stakeholder Relations increases nominally by 35.9%, increasing from R9.2 million in 2020/21 to R12.5 million in 2021/22. Programme 6: Compliance and Investigation increases by 27.5% nominally from R11.1 million in 2020/21 to R14.1 million in 2021/22.

The key cost drivers per economic classification are as follows: 60.9% (R113.1 million) of CMS operating budget (R185.6 million) is allocated for Compensation of Employees (COE) and 39.1% (R72.5 million) is allocated for goods and services. In terms of spending under goods and services, the main cost drivers are lease payments (R14.1 million), legal fees (R13.1 million), consultants (R13.0) million), property payments (R4.9 million), and spending on computer services at (R4.8 million).

3.3.5. Committee Observations

- The Committee was concerned that the entity has vacant positions and wanted to know the plans in place to fill these vacancies.
- The Committee noted with concern that medical schemes members always run out of funds, although they continue to make their monthly contributions of large sums of money.
- The Committee noted with concern that medical schemes rejects Pre-Exposure Prophylaxis (PrEP) claims as well as claims submitted by sex workers and wanted to know what the provisions are in terms of accessing PrEP.
- The Committee sought clarity on the seven senior management officials who faced corruption allegations and how much money was involved and whether the entity has recovered any of the money.
- The Committee sought clarity on the total cost of the SIU investigations.

3.4. SOUTH AFRICAN HEALTH PRODUCTS REGULATORY AUTHORITY (SAHPRA)

3.4.1. Introduction

The South African Health Products Regulatory Authority (SAHPRA) was established in terms of the Medicines and Related Substance Act (Act No. 101 of 1965) (as amended by Act No. 72 of 2008, together with Act No. 14 of 2015). This was in order to regulate and control of registration, licensing, manufacturing, import and all other aspects pertaining

to active pharmaceutical ingredients, medical devices, and for conducting clinical trials in a manner compatible with the national medicines policy.

SAHPRA is a Schedule 3A public entity operating as a separate juristic entity, independent of the Department. It replaced South Africa's previous medicine regulatory authority, the Medicines Control Council (MCC), with the objective of creating an effective regulator that is responsive and publicly accountable and able to make timeous regulatory decisions. One of the critical priorities of SAHPRA, since its launch, has been the clearance of approving new medicines and clinical trials backlogs.

The Authority inherited many historical challenges that plagued the MCC, including slow regulatory decision times, and an extensive backlog of pending regulatory applications. SAHPRA Annual Performance Plan (APP) 2021/22 outlines a range of outcomes and indicators aimed at overcoming these historical challenges as well as positioning SAHPRA in a way to serve the proposed National Health Insurance (NHI) effectively.

As in 2020/21, South Africa is still in the grips of the COVID-19 pandemic, which will no doubt impact on SAHPRA's plans. Indeed, SAHPRA's role has been thrust into the limelight as it has the authority to approve (or not) vaccines, tests and treatment for the deadly virus. This paper will provide an overview of the budget and planned performance targets for 2021/22. Therefore, SAHPRA should brief the Committee on the impact of COVID-19 on its budget and the planned targets for the 2021/22 period. SAHPRA's Vision is to be an "agile and responsive African health products regulator that is globally recognised as an enabler of access to safe, effective and quality health products in South Africa." Its Mission is to "promote access to health products and protect human and animal health in South Africa through making science-based regulatory decisions." SAHPRA's impact statement is that: All health products in South Africa meet world-class safety, quality, efficacy and performance standards. To achieve its impact, SAHPRA identified the following seven (7) outcomes:

1. Effective financial management;
2. Financial sustainability achieved through revenue generated and enhanced operational efficiencies;
3. The needs and expectations of all SAHPRA stakeholders continuously met;

4. A positive and enabling working culture created;
5. Attract and retain superior talent;
6. Strengthened Information and Communication Technology and digitization; and
7. High levels of organisational operational efficiency and effectiveness in the regulatory function maintained.

SAHPRA reports having revised its Strategic Plan 2020/21 – 2024/25. The focus for the 5-year period is on achieving stabilisation and momentum out of the transition phase towards greater autonomy, effective governance and operational efficiency. The number of outcomes have been reduced from nine (9) to seven (7), to ensure that the focus is on core business. The 5-year targets linked to the outcomes have been revised to support SAHPRA's approach towards the incremental reduction of the time taken to finalise its regulatory activities such as the approval time taken to register new medicines.

3.4.2. Performance Indicators and Planned Targets 2021/22

Programme 1: Administration

This programme is responsible for providing leadership and administrative support in order for to deliver on its mandate and comply with all relevant legislative requirements. This programme has about 14 set targets for the year under review, up from eight (8) targets set in 2019/20 financial year.

This programme has four sub-programmes that include:

(1) Financial and Supply Chain Management;
(2) Governance and Compliance;
(3) Information Technology and Communication (ICT); and
(4) Human Resource Management.

Targets in this programme include, amongst others:

- Attaining an unqualified audit.
- About R162 million total revenue generated from fees.
- Fifty percent (50%) of change management interventions implemented.
- Sixty percent (60%) of budgeted positions filled.
- Thirty percent (30%) of the Workplace Skills Plan implemented.

Programme 2: Authorisation Management

This programme serves as a project office responsible for providing specialised administration support necessary for core functional programmes to enable the entity to deliver on its roles in specific reference to processing licences and permits. The programme has a total number of six targets for 2021/22 financial year. The key targets for the programme include:

- Ninety-five percent (95%) of medicine registration backlog cleared.
- Ninety-five percent (95%) of variation applications backlog cleared.
- Eighty percent (80%) of New Chemical Entities finalised within 590 working days.
- Sixty percent (60%) of generic medicines finalised within 250 working days.
- WHO maturity level 3 obtained.

Programme 3: Inspectorate and Regulatory Compliance

The programme is responsible for ensuring public access to safe and quality health products through conducting inspections and regulatory compliance. The focus of this programme includes assessment of site compliance, with good regulatory and vigilance practices, including facilitating Good Manufacturing Practice (GMP), Good Wholesaling Practice (GWP), Good Distribution Practice (GDP), Good Clinical Practice (GCP) and Good Laboratory Practice (GLP) compliance.

The programme has only three (3) targets for 2021/22 financial year. The key targets for the programme include:

- Sixty percent (60%) of new GMP and GWP related licences finalised within 125 working days.
- Seventy percent (70%) of permits finalised within 20 working days.
- Seventy percent (70%) of health product quality complaints reports produced within 30 working days.

Programme 4: Medicines Evaluation and Registration

The programme is responsible for conducting evaluation of safety, quality and therapeutic efficacy of medicines and register them for use as per delegated authority in terms of relevant legislation.

The programme has four targets (down from five in the previous financial year) that it plans to achieve during the year under review. Some of these targets include:

- Eighty-five percent (85%) applications for the sale of unregistered Category A (human) medicines finalised within 24 working hours.
- Eighty percent (80%) rate of human clinical trial applications finalised within 90 working days (down from 120 working days).
- Seventy percent (70%) reports on health product safety signals issued within 40 working days (previously 20 working days) after receipt.
- Four (4) safety awareness webinars held.

Programme 5: Medical Devices and Radiation Control

This programme is responsible for developing and maintaining regulations and guidelines pertaining to the regulatory oversight of medical devices, ionising and non-ionising radiation emitting devices and radioactive nuclides.

The programme has five (up from three) targets for 2021/22. During the year under review, the Authority plans to achieve:

- Seventy percent (70%) medical device establishment licence applications finalised within 90 days.
- Guidelines to support the medical device registration regulations approved by the Executive Authority.
- Seventy percent (70%) licence applications for listed-electronic products finalised within 30 working days.
- Seventy percent (70%) of new application licenses for radionuclide authorities issued within 30 working days.
- Board approved Co-Regulation Model with the National Nuclear Regulator.

3.4.3. Proposed Budget 2021/22

Table 11 below provides an overview of the budget per programme in SAHPRA for the period under discussion.

Table 11: SAHPRA Budget 2021/20

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
R thousand	2020/21	2021/22				
Programme 1: Administration	137 985	116 510	-21 475	-26 171	-15,6	-19,0
Programme 2: Authorisation Management	69 098	72 534	3 436	512	5,0	0,7
Programme 3: Inspectorate and regulatory compliance	38 504	35 827	-2 677	-4 121	-7,0	-10,7
Programme 4: Medicine evaluation and registration	88 217	92 962	4 745	998	5,4	1,1
Programme 5: Devices and radiation control	53 959	39 717	-14 242	-15 843	-26,4	-29,4
TOTAL	387 763	357 550	-30 213	-44 625	-7,8	-11,5

SAHPRA is set to spend R357.6 million in 2021/22, down 7.8% in nominal terms and 11.5%t in real terms from the 2020/21 financial year when it spent R387.8 million. This will likely put the entity under strain as it deals with the demands of the COVID-19 pandemic, as well as implement innovations and advances in improving its processes with technology in order to meet its goals of improved average registration times of products as well as reducing the substantial backlog it carries.

The largest reduction in budget allocation in terms of percentage is in programme 5: Devices and radiation, which declines from R53.9 million in 2020/21 to R39.7 million in 2021/22, a reduction of R14.2 million. This represents a 26.4 percent nominal and 29.4 percent real decrease year on year.

Administration (Programme 1) remains the largest programme in terms of allocation and also declines significantly, from R137.9 million in 2020/21 to R116.5 million in 2021/22, a reduction of R21.5 million or 15.6 percent in nominal terms (19 percent reduction in real terms).

Programme 3: Inspectorate and regulatory compliance budget is also reduced, declining from R38.5 million in 2020/21 to R35.8 million in 2021/22. This represents a nominal reduction of 7% (10.7% real reduction).

The two remaining programmes both receive modest increases. Programme 2: Authorisation Management increases from R69.1 million in 2020/21 to R72.5 million in 2021/22, a 5% nominal increase, which is only 0.7 percent in real terms.

Programme 4: Medicine evaluation and registration receives a R4.7 million increase from R88.2 million in 2020/21 to R92.7 million in 2021/22. This is a 5.4 percent nominal and 1.1% real increase year on year.

In terms of budget allocation on specific line-items according to economic classification, the biggest cost drivers of the Authority's total budget include COE with an allocation of R185.2 million (consumes 52% of the total budget) down from R215.7 million in the 2020/21 financial year. This is of concern, as SAHPRA is dependent on highly skilled employees to perform its functions. The committee should enquire about the plans the entity has in place to mitigate this reduced budget, whilst trying to improve the morale of staff, which it has as a priority. Goods and Services with an allocation R172.4 million, consumes 48% of the total budget for the year under review. It receives a small nominal increase of R382 000.

3.4.4. Committee Observations

- The Committee noted with concern the applications backlog and wanted to know how the entity was going to address it considering its human resources shortages.
- The Committee was concerned about funding constraints the entity faces, which impacts on its ability to deliver on its mandate.
- The Committee sought clarity on how many eligible medical cannabis permits have been granted and how many were from black farmers.
- The Committee sought clarity on the SIU outcomes which was instituted by the President in 2019.
- The Committee noted with concern about the findings highlighted by the Auditor General and wanted to know what the entity was going to do to address those findings.

3.5. NATIONAL HEALTH LABORATORY SERVICE (NHLS)

3.5.1. Introduction

The National Health Laboratory Service (NHLS) is a national public entity formed according to the National Health Laboratory Service Act No. 37 of 2000 to provide cost-effective and efficient health laboratory services, support health research and to provide training for health science education. The NHLS is the largest provider of diagnostic pathology services countrywide through its 268 laboratories, which service more than 80 percent of the South African population. The NHLS plays a pivotal role in providing testing for COVID-19 in the public sector.

3.5.2. Legislative and other mandates

The legislation that makes provision for NHLS's planning, monitoring of performance, reporting and evaluation are the following:

- The NHLS Amendment Act, No. 5 of 2019;
- Public Finance Management Act, No. 1 of 1999 as amended (PFMA);
- The National Health Act, No. 61 of 2003; and
- Constitution and Bill of Rights.

3.5.3. Organisational environment

Laboratory Services

The NHLS laboratories are predominantly based in public hospitals, in all nine provinces. In terms of the service, turnaround time (TAT) of tests is one of the most prominent indicators of laboratory service performance and quality service is often used as a key performance indicator. The NHLS has in the past years shown to have achieved good TAT during the analytical phase, however, clinicians and patients have not experienced the impact of the reported in-lab TAT. The NHLS aims to continue to improve its systems to ensure that the total turnaround times are improved to ultimately add value to the care of the patients.

COVID-19 Pandemic

The COVID-19 pandemic impacted negatively on the priority programmes, as evidenced by the decrease in the number of tests performed for many of the priority programme tests when compared to the same period in the previous financial year. This was due to patients

not accessing health facilities during the lockdown period. Despite the challenges posed by the pandemic, the NHLS continued to implement the processes of enhancing the provision of rapid, reliable and efficient service delivery at low cost.

Accreditation

The NHLS has implemented a concerted drive to ensure that all facilities are accredited for the implementation of the National Health Insurance (NHI). The NHLS has made remarkable progress in the South African National Accreditation System (SANAS) accreditation of laboratories. A total of fifty (50) laboratories were SANAS accredited, between 2018 and 2020. The NHLS will continue to uphold high-quality service in the laboratories that are not yet SANAS accredited by continuously performing quality compliance audits and enrolling all its laboratories in the Proficiency Testing Schemes.

Research and Innovation

The NHLS has developed a strategic innovation plan aimed at creating an enabling step that will allow the organisation to improve efficiencies. The plan is designed to enhance innovative ideas that will result in cost-saving as well as novel mechanisms of delivery of laboratory services, improving the competitiveness of the NHLS.

Teaching and Training

The NHLS is the sole provider of training of pathologist registrars. It also trains intern medical scientists, intern medical technologists and student medical technicians in the country. To date, the pass rate of registrars, who are trained to be pathologists, has been a huge challenge within the NHLS.

Governance

The Board, in playing its oversight role on good governance has implemented a fraud prevention and response plan. The Board received a tip-off on several alleged misconduct issues and conducted investigations and reported these irregularities to the Auditor-General's office. The Committee should follow up with the entity regarding these investigations.

SWOT Analysis

The NHLS conducted a SWOT analysis to help it understand the current situation and environment for which to plan and execute its mandate. The following shows the Strengths, Weaknesses, Opportunities and Threats for the entity:

Strengths:

- Strong academic base
- Internationally renowned intellectual capital
- Exclusive national integrated data warehouse
- National pathology laboratory footprints
- African leader in laboratory medicine
- Experts in dealing with outbreaks

Weaknesses:

- Lack of succession planning and development across various levels
- High failure rate of registrars
- Inadequate ICT infrastructure capacity
- Lack of ownership of value chain from collection of samples to return of results
- Lack of consequence management
- Limited performance monitoring system

Opportunities:

- Multi sectorial partnerships to enhance sharing of intellectual capacity
- Other source of income which can diverse the revenue stream
- Implementation of the National Health Insurance
- Remote oversight of laboratories by pathologists
- Strengthening integrated IT systems
- Opening of new medical schools will expand the teaching platform

Threats:

- International reduction in grant allocation
- Private sector competition especially in anatomical pathology
- Medical inflation in relation to goods and services
- Lack of investment in IT infrastructure
- The progressive erosion of the training platform
- COVID-19 pandemic and its impact on services and financial sustainability
- The impact of COVID-19 on employees

3.5.4. Performance Indicators and Planned Targets 2021/22

The table below provides selected strategic objectives and the planned targets for the various programmes for 2021/22 financial year.

Table 12: Programme Performance Indicators and Targets for 2021/22

PROGRAMME	PERFORMANCE INDICATOR	PLANNED TARGET 2021/22
1. LABORATORY SERVICE	Develop and implement a service delivery model	Delivery model developed
	Develop and implement the specimen tracking system	Specimen tracking system developed
	Percentage TB microscopy tests performed within specified turnaround time (40 hours)	92%
	Percentage TB GeneXpert tests performed within specified turnaround time (40 hours)	92%
	Percentage HIV CD4 tests performed within 40 hours	93%
	Percentage HIV Viral Load tests performed within 96 hours	80%
	Percentage HIV PCR tests performed within 96 hours	80%
	Percentage Cervical Smear screenings performed within 5 weeks	90%
	Percentage laboratory tests (FBC) performed within 8 hours	93%
	Percentage laboratory tests (U&E) performed within 8 hours	93%
	Develop and implement Point of Care testing (POCT) plan	Point of Care testing plan developed
	Implement digital pathology	Develop an implementation plan
2. ACADEMIC AFFAIRS, RESEARCH AND QUALITY ASSURANCE	Percentage of laboratories achieving compliance during annual quality compliance audits	92%
	Percentage of laboratories achieving proficiency testing scheme performance standards of 80%.	90%
	Number of National Central laboratories that are SANAS accredited	52
	Number of Provincial Tertiary laboratories that are SANAS accredited	15
	Number of Regional laboratories that are SANAS accredited	28
	Number of District laboratories that are SANAS accredited	28

	Number of ISO 9001 certified departments	4
	Develop and implement the pathologists national coverage plan	20% implementation of the national coverage plan
	Number of articles published in peer-reviewed journals	640
	Number of pathology registrars admitted and trained in the NHLS	30
	Number of intern medical scientists admitted and trained in the NHLS	50
3. SURVEILLANCE OF COMMUNICABLE DISEASES	Percentage of identified prioritized diseases under surveillance	90%
	Percentage of outbreaks responded to within 24 hours after notification	100%
	Percentage of NICD laboratories that are SANAS accredited	100%
	Annual report of population-based cancer surveillance	1
	Number of NICD laboratories with WHO reference status	7
	Number of articles published in the peer reviewed journals.	150
	Number of field epidemiologists qualified	7
4. OCCUPATIONAL AND ENVIRONMENTAL HEALTH AND SAFETY	Percentage of occupational and environmental health laboratory tests conducted within specified turnaround time	90%
	Number of occupational, environmental health and safety assessments completed	15
	Number of occupational health surveillance reports produced	4
	Percentage of NIOH laboratories that are SANAS accredited	100%
5. ADMINISTRATION	Ratio of current assets to current liabilities	2:1
	Cash flow coverage ratio (operating cash in-flow/ total debts)	2:1
	Number of Creditor days	30 days
	Number of Debtors days	115 days
	Percentage turnaround time for awarding tenders within 90 days	90%
	Develop and implement a revenue and costing strategy	Implement 30% of the revenue and costing strategy
	Unqualified audit opinion of the	Unqualified

	Auditor General	
	Percentage of allegations reported through the NHLS tipoff platform that are investigated within 180 days	90%

3.5.5. Proposed Budget for 2021/22

The NHLS' comprehensive budget is composed of two components namely the annual government allocation and income from providing laboratory tests to patients predominantly from public hospitals. Table 13 below depicts the statement of financial performance highlighting major categories and projected allocation for 2021/22.

Table 13: Statement of financial performance

	2020/21	2021/22
	R'000	R'000
Revenue		
Test Revenue	9 660 881	9 833 542
Government Allocation/Transfers	687 878	640 057
Other Revenue	627 238	377 238
Interest Received	166 820	175 161
Total Revenue	**11 142 818**	**11 026 000**
Expenses		
Compensation of employees	(4 497 606)	(4 834 569)
Goods and services	(6 938 654)	(6 080 641)
Total expenses	**11 436 260**	**10 915 210**
Surplus/(Deficit)	**-293 442**	**110 789**

In reference to Table 13, the NHLS projects a total expenditure of R11.1 billion in 2021/222, which comprises of Compensation of employees (R4.8 billion) and Good and Services (R6.1 billion). Total Revenue is projected to increase marginally from R11 billion in 2020/21 to R11.4 billion over the medium-term. Other Revenue is expected to decrease by approximately 40 percent from R627.2 million in 2020/21 to R377.2 million in 2021/22. Transfers are set to decrease at an average annual rate of 12.3% from R687.9 million in 2020/21 to R577.6 million in 2023/24. The NHLS highlights that the decrease in transfers received will impact negatively on activities of the National Institute of Communicable Diseases (NICD) and the National Institute for Occupational Health (NIOH).

3.5.6. Committee Observations

- The Committee noted that TB tests have gone down and is concerned that this might result in a spike in TB cases.
- The Committee noted with concern the findings of the AG and wanted to know how will the entity address these findings.
- The Committee expressed concern that there are some NHLS laboratories that are not adequately equipped and were not properly functioning.
- The Committee wanted to know what the entity has done to tighten its systems to curb corruption, noting that there are employees who were dismissed due to corrupt activities.
- The Committee wanted an update on the integration of the forensic chemistry laboratories with the NHLS and wanted to know whether there have been any discussions with the unions in this regard.
- The Committee noted with concern the budget cuts within the NICD and wanted to know if it will be able to meet the demand considering that the country is in the middle of a pandemic.
- The Committee noted with concern the high failure rate of registrars and wanted to know what the challenges were in this regard.

3.6. OFFICE OF HEALTH STANDARDS COMPLIANCE (OHSC)

3.6.1. Introduction

The Office of the Health Standard Compliance (henceforth, OHSC) is established in terms of the National Health Amendment Act, No. 12 of 2013 and is listed as a Schedule 3A Public Entity in terms of the Public Finance Management Act (PFMA). It functions under the accounting authority of the Board and the Chief Executive Officer (CEO). According to the Act, OHSC is responsible for protecting and promoting the health and safety of users of health services by:

- Monitoring and enforcing compliance by health establishments with norms and standards prescribed by the Minister in relation to the national health system; and

- Ensuring consideration, investigation and disposal of complaints relating to non-compliance with prescribed norms and standards in a procedurally fair, economical and expeditious manner.

3.6.2. OHSC governance

As stated earlier, the Act prescribes for OHSC to be governed by the Board. In strengthening the governance of the entity, the Board has structured itself into four committees that provide oversight over the running of the entity. The Board committees are:

- Audit, Risk and Finance Committee;
- Certification and Enforcement Committee;
- Human Resource and Remuneration Committee; and
- EXCO-Board Chair and Chairs of the other sub-committees.

Moreover, in this financial year (2021/22), the Board has decided to split the Audit Risk and Finance Committee according to its Charter and Terms of Reference into two committees, namely:

- Audit and Risk
- Finance and ICT

The aforementioned governance structure is significant in managing the entity's assets and advising the Accounting Authority on matters pertaining to OHSC status and direction.

3.6.3. Situational analysis

The entity has a conducted a reflective analysis within and outside of its operation to determine its strengths and challenges. In this regard, it employed three assessment methods namely PESTLE, SWOT and Stakeholder analysis. The outcome of these exercises were that there are diverse challenges for management, Board and the health sector which require attention including budget increase for the entity to be able to fulfil its mandate. The following are some of the concerns coming out of the entity's annual performance plan (APP) which paint an impression that it may struggle to meet its targets given the amount of challenges it faces.

Key Risks

- Fraud and corruption;
- High backlog of complaints;
- Litigation against the OHSC;
- Potential failure of ICT infrastructure;
- Inadequate funding for OHSC operations;
- Insufficient human resource capacity and skills-mix;
- Inconsistency in assessing compliance by Inspectors;
- Absence of Business Continuity Plans (BCP) & Disaster Recovery Plans;
- Delays in administrative decision-making process which may lead to litigations;
- Limited number of norms and standards for different types of health establishments;
- Poor submission rate for Annual Returns and Early Warning System (EWS) Reports;
- Limited understanding and clarity on independence and mandate of OHSC by key stakeholders.

3.6.4. Performance Indicators and Planned Targets 2021/22

The Office has five (5) programmes, namely Administration, Compliance Inspectorate, Complaints Management and Office of the Ombud, Health Standards Design, Analysis and Support as well as Certification and Enforcement. In executing its remit, the entity apportions activities to achieve its strategic outcomes and overall objective of ensuring that the provision of safe and quality healthcare services are experienced by the health users. The table below discusses a set of selected indicators and targets in comparison with the previous financial year.

Table 14: Performance Targets 2021/22

Outcome	Output Indicator	Estimated Performance for 2021/22 (TARGETS)
	Percentage of ICT availability for core OHSC services	95% **Projected to be the same throughout the MTEF period**

Outcome	Output Indicator	Estimated Performance for 2021/22 (TARGETS)
A fully functional OHSC	Number of community stakeholder engagements to raise public awareness on the role and powers of the OHSC and Health Ombud	12 **Projected to be the same throughout the MTEF period**
	Unqualified Audit Opinion achieved by the OHSC	Unqualified audit
Compliance with norms and standards is effectively monitored	Percentage of public (health establishments) HEs inspected for compliance with the norms and standards	8% (299 of 3 741) **Decreases from 10% (382 of 3816) in 2020/21 and projected to further decrease to 6% (224 of 3 741) in 2023/24**
	Percentage of private health establishments inspected for compliance with the norms and standards	6% (24 of 393) **Target remains the same as in 2020/21 and is projected to be throughout MTEF period**
Improved quality of health care services rendered to the users in the Health Establishments	Percentage of complaints resolved within 6 months through investigation	10% **Target has increased with 50% from 5% in 2020/21**
	Percentage of complaints resolved within 12 months through investigation	5% **It is a new target and is projected to be increased to 10% in 2023/24**
	Percentage of complaints resolved 18 months through investigation	5% **It is a marginal increase from 2% in 2020/21**
Facilitate achievement of compliance with the norms and	Number of recommendations for improvement in the healthcare sector made to relevant authorities	3 **Target remains the same as in 2020/21 and is projected to**

Outcome	Output Indicator	Estimated Performance for 2021/22 (TARGETS)
standards regulations for different categories of health establishments		**be so throughout the MTEF period**
	Number of guidance workshops conducted to facilitate implementation of the norms and standards regulations	24 **Target remains the same as in 2020/21 and is projected to be so throughout the MTEF period**
Compliance with norms and standards increased	Number of health establishment compliance status reports published every six months	2 **Target remains the same as in 2020/21 and is projected to be so throughout the MTEF period**

As observed in the previous years, most targets are largely static with marginal increase in some. Another striking observation is that the National Health Insurance Bill is before Parliament and it attributes functions to OHSC but the number of activities/performance indicators do not correlate with what the Bill envisages. Various reports including the NDOH itself acknowledge the challenges that the public health sector faces. In this regard, it is argued that OHSC given its mandate in the health sector has to have increased targets in order to improve the outlook and the quality of public health care service.

3.6.5. Proposed Budget for 2021/22

Table 15 provides the proposed allocation by the National Treasury to the entity through the National Department of Health (NDOH). The allocation is split according to programmes as discussed above.

Table 15: Budget for 2021/22 as per programmes

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
R million	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2020/21-2021/22**		**2020/21-2021/22**	
Administration	55 685 664	58 983 712	61 371 588	56 505 267	3 298 048	920 585	5.92%	1.65%
Compliance Inspectorate	48 086 600	53 988 829	55 253 818	57 001 509	5 902 229	3 726 095	12.27%	7.75%

Complaints Management and Office of the Ombud	19 797 768	20 388 822	21 733 705	21 564 179	591 054	- 230 760	2.99%	-1.17%
Health Standards Design, Analysis and Support	12 743 929	13 395 909	14 223 332	13 519 931,0	651 980	112 029	5.12%	0.88%
Certification and Enforcement	2 660 511	2 692 353	2 855 347	2 822 357	31 842	- 76 678	1.20%	-2.88%
TOTAL	**138 974 472**	**149 449 625**	**155 437 790**	**151 413 243**	**10 475 153**	**4 451 271**	**7.54%**	**3.20%**

As reflected in table 15, the overall proposed allocation for the entity is R149.4 million for 2021/22, which shows a nominal increase of R10.4 million from R138.9 million in 2020/21. This means that the real change percentage is 3.20%. However, there is a decrease in real terms on two programmes, namely; *Complaints Management and Office of the Ombud* with -R-230 760.3 and *Certification and Enforcement* with minus R76 thousand. The decrease on programme 3 is considerable and may have a greater implication to the entire entity given the magnitude of complaints that the public channel to the entity including the Office of the Ombud. There is a need for the entity to explain the plans put in place to ensure that its planned programmes would not be affected with the decrease on these two programmes.

3.6.6. Committee Observations

- The Committee noted with concern that the office has only monitored 8% of the norms and standards.
- The Committee was concerned about staff shortages at the entity especially inspectors as this affects the entity's ability to deliver on its mandate.
- The Committee noted with concern that the entity was unable to go back to check progress if its recommendations have been implemented at facilities that they have visited.
- The Committee questioned the visibility of the entities in rural areas.

4. COMMITTEE RECOMMENDATIONS

The Portfolio Committee recommends that the Minister of Health should consider the following:

4.1. Department of Health

- The Department should engage the National Treasury in order to address the massive budget cuts, including grant reductions, effected in the health sector.
- The Department should put forward tangible targets with clear timelines for the Covid-19 vaccination programme and these should be communicated to the public.
- The Department should embark on community engagements and educate communities on the importance of vaccination.
- The Department should ensure that it addresses all the findings by the Auditor General and report to the Committee on progress.
- The Department should ensure that entities are properly funded to deliver on their mandate.
- The Department should furnish the Committee with an action plan aimed at addressing infrastructure backlogs.
- The Committee should strengthen programmes aimed at raising awareness on HIV/AIDS stigma.
- The Department should progressively ensure that primary health facilities are ready for the vaccination programme in terms of storage facilities, security and adequate infrastructure.
- The Department should present to the Committee an action plan aimed to address the challenges that plague healthcare facilities.
- The Department should ensure the timeous placement of interns.

4.2. Entities

- All entities should address the findings by the AG and report to the Committee on progress made. The action plans should be shared with the Committee.
- All entities should ensure that they have proper systems in place to root out corruption, fraud and maladministration.

CCOD

- The CCOD should furnish the Committee with a detailed report on the improved Compensation Claims Management System.
- The CCOD should improve on the timelines in the payment of ex-mineworkers.
- The CCOD should collaborate with research institutions to evaluate the long-term implications of Covid-19 on mineworkers. The findings should be presented to the Committee.
- The CCOD should bolster the capacity of finance inspectors in order to improve on levy collection.

SAMRC

- The SAMRC should come up with tangible plans to address transformation at the entity.
- The SAMRC should ensure the inclusion of healthcare workers in rural areas and traditional healers in the vaccination programme.

CMS

- The CMS should ensure that all critical posts are filled timeously.
- The CMS should place more emphasis on public education on medical schemes benefits and access to certain treatments (for instance, PrEP).

SAHPRA

- SAHPRA should furnish the Committee with a report on how it is addressing the current backlog and other legacy issues.

NHLS

- The NHLS should ensure that all laboratories are adequately equipped and functional.
- The NHLS should look into the budget cuts within the NICD in order to ensure that the institute delivers on its mandate, in view of the pandemic.

OHSC

- The OHSC should ensure that vacant posts are filled, particularly posts for inspectors.
- The entity should continue to strengthen its visibility in rural areas.

5. CONCLUSION

Having considered the annual performance plans and the budget of the Department of Health and its entities, the Committee will engage the Minister of Finance to discuss the Committee's concerns relating to the budget cuts.

Unless otherwise indicated, the Department of Health should respond to the Committee recommendations in three months from the day the report is adopted by the House.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON ENVIRONMENT, FORESTRY AND FISHERIES ON THE STRATEGIC PLAN 2019/20—2023/24, ANNUAL PERFORMANCE PLANS (APPS) 2020/21 AND THE BUDGET VOTE 32 OF THE DEPARTMENT OF FORESTRY, FISHERIES AND ENVIRONMENT (DFFE), DATED 11 MAY 2021.

1.BACKGROUND

The Portfolio Committee on Environment, Forestry and Fisheries (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plan, Annual Performance Plans and Budget allocations of the Department of Forestry, Fisheries and Environment (hereinafter the Department) and having been presented the high-level strategic goals of the *five* entities reporting to it, tabled by the Minister of Forestry, Fisheries and Environment and in terms of the Public Finance Management Act (Act No 32 of 2003), reports as follows:

2.INTRODUCTION

On 4 and 5 May 2021, the Portfolio Committee invited the Department and the entities to present the overview of their medium term strategic plans, annual performance plans and the budget allocations for the 2021/22 financial year as well as medium term expenditure framework allocations for 2022/23 and 2023/24, respectively.

2.1.Overview of the Department of Forestry, Fisheries and Environment and Entities

The mandate of the Department of Forestry, Fisheries and Environment (DFFE) is to ensure the protection of the environment and conservation of natural resources, balanced with sustainable development and the equitable distribution of the benefits derived from natural resources for current and future generations. This is to be achieved while giving effect to the right of the nation to an environment that is not harmful to their health and wellbeing as stated in section 24(b) of the Constitution of the Republic of South Africa, which stipulates specifically that “all South Africans have the right to an environment that is not harmful to their health or wellbeing, and to have the environment protected for the benefit of the present and future generations” through relevant legislation.

Prior to the cabinet reconfiguration, the former Department of Environmental Affairs was a high performing organisation, having served effectively with integrity as the custodian of South Africa's environment. However, the Department started experiencing challenges in meeting audit requirement as it related to Modified Cash Standards (MCS) when the Department failed to table its 2015/16 Annual Report in Parliament at an opportune time for consideration by the then Portfolio Committee on Environmental Affairs (PCEA) in the *Fifth Parliament*. Nevertheless, DEA resolved the dispute that it had with the Auditor-General and succeeded to obtain an unqualified audit opinion, but the Department retrogressed in its audit outcomes in the subsequent 2016/17, 2017/18 and 2018/19 financial years where the Department attained adverse audit findings. However, the Department progressed from receiving an adverse audit opinion to a *qualified audit opinion* in the 2019/20 financial year. Those findings were due to disputes between the Office of the Auditor-General South Africa (AGSA) and DEA, regarding the different interpretations with regard to the application of Modified Cash Standards, insofar as transfer payments to the Expanded Public Works Programme (EPWP) projects were concerned. In contrast, leadership and management weaknesses affected the performance of the *Forestry* and *Fisheries programmes* of the Department. The results were repeat findings on biological assets, overpayments on overtime and non-compliance with supply chain prescripts in the 2019/20 financial year.

2.2 Legislative mandate

The core business of the Department is underpinned by the Constitution of the Republic of South Africa and all other relevant pieces of legislation that derived from it. The constitutional directive "*to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures*" gave rise to the formulation and adoption of notably the National Environmental Management Act (NEMA) (Act No 107 of 1998). NEMA has undergone several amendments and has provided the bedrock for enacting the following "*specific environmental management acts*" (SEMAs), or issue-specific legislation on biodiversity and heritage resources; oceans and coasts; climate change and air quality management; and waste and chemicals management. Those applicable SEMAs comprise National Environmental Management: Biodiversity Act No 10 of 2004; National Environmental Management: Protected Areas Act No 57 of 2003; National Environmental Management: Air Quality Act No 39 of 2004; and National Environmental Management: Integrated Coastal Management Act No 24 of 2008; National Environmental Management: Waste Act No 59 2008, *inter alia*.

The transfer of the Forestry and Fisheries branches/programmes of the former Department of Agriculture, Forestry and Fisheries to the Department, effective 1st April 2020, as part of the national macro-organisation of government, had meant the shifting of certain key legislation that deals with the management of these two branches to the constituted Department of Environment, Forestry and Fisheries (DEFF). However, the Department has recently undergone name from DEFF to the Department of Forestry, Fisheries and Environment (DFFE). Key acts of Parliament in this regard comprise the Sea Fishery Act No 12 of 1988; Marine Living Resources Act No 18 of 1998, which deals with the long-term sustainable utilisation of marine living resources; National Forests Act No 84 of 1998, which promotes the sustainable management and development of forests for the benefit of all and creates the conditions necessary to restructure forestry in state forests in relation to protection and sustainable use; and also the National Veld and Forest Fire Act No 101 of 1998, which makes provisions for the prevention and management of veld, forest and mountain fires throughout the Republic of South Africa. Furthermore, there are many other government policies and legislation, which affect the South African environmental, forestry and fisheries portfolio both directly and indirectly.

The Department fulfils its mandate through formulating, coordinating and monitoring the implementation of national environmental policies, programmes and legislation with the additional support from its entities, such as the iSimangaliso Wetland Park Authority (iSimangaliso), Marine Living Resources Fund (MLRF), the South African National Biodiversity Institute (SANBI), South African National Parks (SANParks), and the South African Weather Service (SAWS). The Department is structured into *nine* programmes to ensure the effective achievement of its constitutional mandate. The *nine* different programmes and their purposes are reflective of the different focus areas and subsectors of environmental management. The objective of the current programme structure is to ensure that specific attention is given to each focus area of the Department's constitutional mandate, while acknowledging the interrelationship and ensuring an integrated approach.

Programme 1: Administration provides strategic leadership, management and support services to the department.

Programme 2: Regulatory Compliance and Sector Monitoring (RCSM) promotes the development of an enabling legal regime and licensing authorisation system that will promote enforcement and compliance and ensure coordination of sector performance.

Programme 3: Oceans and Coasts promotes, manages and provides strategic leadership on oceans and coastal conservation, including relevant research and specialist services, as they pertain to the costal and oceans environment.

Programme 4: Climate Change, Air Quality and Sustainable Development: seeks to improve air and atmospheric quality, lead and support, inform, monitor and report efficient and effective international, national and significant provincial and local responses to climate change, and promote sustainable development.

Programme 5: Biodiversity and Conservation ensures the regulation and management of all biodiversity, natural heritage and conservation matters in a manner that facilitates sustainable economic growth and development.

Programme 6: Environmental Programmes is the largest departmental programme (in terms of budget allocation) and deals with the implementation of expanded public works programme and green economy projects in the environmental sector.

Programme 7: Chemicals and Waste Management manages and ensures that chemicals and waste management policies and legislation are implemented and enforced in compliance with chemicals and waste management authorisations, directives and agreements.

Programme 8: Forestry Management develops and facilitates the implementation of policies and targeted programme to ensure management of forests, sustainable use and protection of land and water as well as managing agricultural risks and disaster.

Programme 9: Fisheries Management ensures the sustainability utilisation and orderly access to the marine living resources through improved management and regulation.

3.LINKAGES BETWEEN THE DEPARTMENTAL PRIORITIES AND THE NATIONAL DEVELOPMENT PLAN VISION 2030

The National Development Plan (NDP) Vision is that by 2030, South Africa's transition to an environmentally sustainable, climate-change resilient, low-carbon economy and just society will be well underway. To achieve this requires, first and foremost, attaining of the NDP outcomes relating to the transformation of society and an economy, which is internationally competitive, equitable, job-creating and sustainable (resilient, green and low-carbon), *inter alia*. Thus, the National Development Plan sets out a vision for promoting environmental

sustainability in South Africa by making an equitable transition to a low-carbon economy, and transforming human settlements for improved local governance and spatial integration. The National Development Plan envisions environmental sustainability and transformation within the context of an integrated and inclusive economy that is supported by a capable and developmental state. This vision is given expression by the following priorities of government's 2019/20−2023/24 medium-term strategic framework (MTSF), with which the work of the Department of Forestry, Fisheries and Environment is closely aligned:[1]

- Priority 1: Economic transformation and job creation
- Priority 2: Education, skills and health
- Priority 3: Consolidating the social wage through reliable and quality basic services
- Priority 4: Spatial integration, human settlements and local government
- Priority 5: Social cohesion and safe communities
- Priority 6: A capable, ethical and developmental state
- Priority 7: A better Africa and world

The Department's 2019/20–2023/24 Strategic Plan and 2021/22 Annual Performance Plan are aligned with the priorities outlined in the MTSF. The implementation of Operation Phakisa projects have an immense contribution to the **Priority 1** "*Economic transformation* and *job creation*". In terms of **Priority 2** "*Education, Skills and Health*" and **Priority 6** "*A capable, ethical and developmental state*", the Department undertakes initiatives that improve capacities for the environment, forestry and fisheries sectors. There are many contributions in terms of education and upskilling that the Department plans to roll-out in the medium term in all three sectors. The examples include:

- The implementation of the Department's internship and environmental, education programmes;
- The placement of students in the Work Integrated Learning Programme;
- Training of teachers in various provinces in different aspects of environmental management through the "*Funds' for Change*" programme. The Programme is a partnership with the Department of Basic Education focusing on environmental learning and teacher education; and
- The implementation of key environmental awareness interventions, inform society and change behaviours, inter alia.

[1] National Treasury (2021) Vote 32: Environment, Forestry and Fisheries. National Treasury, Pretoria.

Similarly, **Priority 4** (*Spatial integration, human settlements and local government*) and **Priority 5** (*Social Cohesion and Safer Communities*) are at the heart of the Department's work. This considering that the Department carries out the effective implementation of planned Local Government support interventions to support municipalities in carrying out their environmental management mandate by assisting district municipalities to incorporate environmental priorities in their Integrated Development Plans (IDPs); pursues sound environmental management of hazardous waste streams to protect communities from being affected by dumped or badly managed waste; and implements effective air quality management interventions and ensures reduction of atmospheric emissions from major polluters. Some of the vital activities are building and skilling a climate-resilient society. Through the allocation of small-scale fishing rights, the Department is restoring dignity to many coastal communities. Similarly, the plan to transfer forests to communities contributes significantly towards social cohesion and building societies. Finally, **Priority 7** (*A Better Africa and World*) focuses on one of the Department's key functions of leading and influencing an environmental management global agenda, which includes negotiations on Climate Change, Sustainable Development, Chemicals and Waste Management, Oceans and Coastal Management, Biodiversity and Conservation. The Department pursues targeted and strategic global and regional engagements with the aim of enhancing South Africa and Africa's socio-economic development priorities.

In summary, the Department's 2021/22 APP aims to continue with implementation of the Department's approved Strategic Plan, which are aligned to Environment Sector priorities as outlined in Government's 2019/20 – 23/24 MTSF Plan and 8 priorities of the 6th administration. However, the 2021/22 APP had to be developed within the context of constrained delivery environment, considering the outbreak of the COVID-19 pandemic, declining economic climate, which resulted in a reduction of operational budget and employee budget. The 2021/22 APP also took into account implementation of the Presidential Employment Stimulus Package and key interventions in line with post-COVID-19 Green Economy Recovery Plan. Finally, the APP took on board departmental priorities and measures to address the negative socio-economic effects of COVID-19.

3.1. Medium Term Strategic Plans and Annual Performance Plans (APPs) of the Department and its Entities for 2020/21

As the national partner to provinces in a concurrent function, the Department leads the environmental, forestry and fisheries sectors by setting the policy and legislative framework and the norms and standards required for environmental protection and environmentally

sustainable development in the country. This role is evident through the large numbers of policy and legislative instruments initiated, processed and administered by the Department.

To account for the Department's strategic role, including the above, the Portfolio Committee was briefed both physically by the Department and entities on 4 and 5 May 2021 while on an oversight visit to the Kruger National Park, and also via a virtual platform (Zoom), on the strategic plans (2019/20−2023/24), annual performance plans and budgets of the Department and entities for the 2021/22 financial year. The purpose of these meetings with the Department and entities was to ascertain whether the allocated budget was aligned to achieve the Department and entities' strategic goals and APPs, and also to determine whether the budget was aligned with the government's strategic priorities, which are underpinned by the NDP. However, the other pressing reason for the Committee was to determine how the 2021/22 APP was developed within the context of constrained delivery environment imposed by the outbreak of the COVID-19 pandemic; declining economic climate, which resulted in a reduction of operational budget and employee budget. The Committee further wanted to know whether the 2021/22 APP took into account implementation of the *Presidential Employment Stimulus Package* and key interventions in line with *post-COVID-19 Green Economy Recovery Plan*.
It was also opportune for the Committee to gain a bird's eye of the impact of this ongoing coronavirus pandemic on the human capital of the Department and entities.

This report, therefore, captures the key findings, observations and recommendations of the Portfolio Committee after its engagement with the Department and entities. The discussions contained in this report are based on the strategic plans, APPs and the budget of the Department and entities.

3.2 Department of Forestry, Fisheries and Environment (DFFE)

The Department of Environmental Affairs was renamed the Department of Environment, Forestry and Fisheries (DEFF) in June 2019, incorporating the forestry and fisheries functions from the previous Department of Agriculture, Forestry and Fisheries. However, the Department has recently realised a name change to the Department of Forestry, Fisheries and Environment (DFFE) at the time of presenting its APP and budget to the Committee in the current (2021/22) financial year. Accordingly, DFFE is mandated to give effect to the right of citizens to an environment that is not harmful to their health or well-being, and to have the environment protected for the benefit of present and future generations. To achieve this, the Department provides leadership in environmental management, conservation and protection towards sustainability for the benefit of South Africans and the global community.

3.2.1 Departmental Strategic Objectives

The Department's strategic objectives over the medium term are to:

- Provide leadership, strategic, centralised administration, executive support, corporate services, and facilitate effective cooperative governance, international relations, and environmental education and awareness;
- Promote the development and implementation of an enabling legal regime and licensing/authorisation system to ensure enforcement and compliance with environmental law; promote, manage and provide strategic leadership on oceans and coastal conservation;
- Improve air and atmospheric quality, lead and support, inform, monitor and report efficient and effective international, national and significant provincial and local responses to climate change;
- Ensure the regulation and management of all biodiversity, heritage and conservation matters in a manner that facilitates sustainable economic growth and development;
- Implement expanded public works and green economy projects in the environmental sector; and
- Manage and ensure that chemicals and waste management policies and legislation are implemented and enforced in compliance with chemicals and waste management authorisations, directives and agreements.

4.BUDGET ALLOCATION TO THE DEPARTMENT AND ITS ENTITIES

Public spending on ensuring environmental sustainability, as indicated by the budget allocation to the Department (Vote 32) in the current 2021/22 financial year has remained fundamentally stable at 0.4% of the overall government expenditure since 2015/16 despite ever-increasing environmental challenges. For example, the budget allocation to the Department is 0.43% of the overall government expenditure of R2.02 trillion. The inflation figures from the South African Reserve Bank show that the level of funding for the Department has been consistent since 2016/17, without any significant upward deviation, always ranging between 0.40 and 0.45% of national expenditure. Thus, the Department's inflation-adjusted budget has remained unchanged even during the adjustments associated with COVID-19 responses. The growing trend in the budgeted expenditure of the Department is merely based on nominal allocations, without due consideration of inflation. Sovereign rating downgrades, the depreciation of the Rand, increased debt of the country, and the economic effect from the lockdown would make it difficult for government to increase budget allocations to departments.

The budget allocation of the Department is R 8.716 billion for the 2021/22 financial year, which is a nominal decrease of 12.3% (R1.221 billion) from the 2020/21 allocation (Table 1). All departmental programmes were affected by the adjustments where *five* programmes received additional funds (*Regulatory Compliance and Sector Monitoring (RCSM)*; *Oceans and Coasts; Chemicals and Waste Management; Forestry Management; and Fisheries Management*), and reduction of funds affected four programmes (*Administration; Climate Change, Air Quality and Sustainable Development; Biodiversity and Conservation; Environmental Programmes*). The transfers to entities have decreased from R2.799 billion in the 2020/21 financial year to R1.235 billion in the 2021/22 financial year. The budget decreases happened in *four* entities (South African Weather Service, iSimangaliso Wetland Park Authority, South African National Parks, and the South African National Biodiversity Institute), while an entity has an increase in its transfers (*Marine Living Resources Fund*) as shown in Figure 1.

Table 1: The Overall budget allocation to the Department and its programmes for the 2021/22 financial year and changes between the 2020/201 and 2021/22 financial years.

Programme	**Budget**		**Nominal Rand change**	**Real Rand change**	**Nominal % change**	**Real % change**
R million	**2020/21**	**2021/22**				
Administration	1 185.6	1 010.0	-175.5	-216.3	-14.8 %	-18.2 %
Regulatory Compliance and Sector Monitoring	199.0	215.7	16.7	8.0	8.4 %	4.0 %
Oceans and Coasts	469.9	487.5	17.6	-2.1	3.7 %	-0.4 %
Climate Change, Air Quality and Sustainable Development	540.9	448.7	-92.2	-110.3	-17.0 %	-20.4 %
Biodiversity and Conservation	1 915.5	921.4	-994.2	-1 031.3	-51.9 %	-53.8 %
Environmental Programmes	3 932.3	3 688.2	-244.2	-392.8	-6.2 %	-10.0 %
Chemicals and Waste Management	608.8	636.4	27.6	2.0	4.5 %	0.3 %
Forestry Management	662.2	746.2	84.0	53.9	12.7 %	8.1 %
Fisheries Management	423.6	562.8	139.2	116.5	32.9 %	27.5 %
TOTAL	**9 937.8**	**8 716.8**	**-1 221.0**	**-1 572.3**	**-12.3**	**-15.8**

Source: Adapted from National Treasury (2021).

5.DISCUSSIONS ON DEPARTMENTAL STRATEGIC PLAN, APP & BUDGET

The Minister of Forestry, Fisheries and Forestry, Hon Barbara Creecy provided the overview of the environmental portfolio and the strategic context for the Department's 2021/22 Annual Performance Plan and budget. Thereafter, the departmental presentation on the strategic plan (2019/20−2023/24), annual performance plan and the budget for 2020/21 was led by the Director-General of the Department, Ms Nomfundo Tshabalala and supported by the respective Deputy Directors-General and/or Acting Deputy Directors-General. On the part of the Committee, the Minister and the Department were commended for the commitments that they made during the High Level Panel Report presented recently, especially with regard to plans to ban captive lion breeding for hunting and lion bone trade as well as the work done in fighting the recent fires in the Cape Town area. The Committee further made pertinent observations captured under the Department (in this section), respective departmental programmes/branches and entities, as follow:

5.1 Whether it was the intention of the Department to host the 13 departmental events planned for this financial year physically, considering the fact that there were still low cases of COVID-19 and whether communities were or would be afforded an opportunity to attend these;
5.2 The Committee wanted details around the changing of the Department's name;
5.3 How the Department envisaged stimulating economic growth;
5.4 Plans the Department had in place to achieve its set targets for the period under review in light of the expected third wave of the COVID-19 pandemic;
5.5 The Committee was not convinced that the *Chemicals and Waste Management*, *Oceans and Coasts*, *Fisheries* and *Forestry* branches would meet their respective targets, considering their poor performance previously; and
5.6 Whether the Department was satisfied with the budget allocation to entities to address their ageing infrastructure.

Departmental responses

5.7 Regarding the 13 departmental events planned, these included amongst others, *six* conferences, for example, *Air Quality Lekgotla*, *People and Parks Conference* and *Chemicals and Waste Lekgotla* as well as community outreach programmes;
5.8 The Minister apologised for not informing the Committee concerning the name change of the Department since this was gazetted during the COVID-19 lockdown;

5.9 In respect to the envisaged third wave, the Department had developed hybrid platforms, filled vacancies and there was a strong and permanent leadership in order to meet its targets;

5.10 Responding to the poor performance by various departmental programmes, the Minister mentioned that any performance that was under 80 per cent was unacceptable and encouraged the Committee to put pressure as much as it liked on the programmes that were not performing. In addition, according to the performance contracts the Minister entered into with the DG and DGGs, she ensured that they were aligned to the targets set in the APPs and these were being monitored monthly and quarterly;

5.11 Regarding the stimulation of economic growth, the Department envisaged continuing the implementation of the *Phakisa programmes* under the *Oceans and Coasts*, *Chemicals and Waste Management* as well as under the *Biodiversity and Conservation programmes,* as these were critical in the stimulation of economic growth; and

5.12 The Department acknowledged that it was not happy about the allocation for ageing infrastructure of its entities.

Programme 1: Administration

There was concern that the APP of the *Administration Programme* that aims to provide strategic leadership, centralised administration, executive support, corporate services and effective cooperative governance, international relations and environmental education and awareness for the whole Department, but the *Administration Programme* saw a significant budget reduction of R216.3 million in real rand terms relative to the last year's (2020/21) allocation. This reduction seemed to affect all the sub-programmes, but especially the *Corporate Management Services* and *Financial Management Services*, which would be expected to play critical roles in the Department's quest to obtain a clean audit in the current financial year. However, the Department has provided a written response to the Committee's question on departmental Revenue Projection in the MTEF 2021/22 - 2023/24.

Programme 2: Regulatory Compliance and Sector Monitoring (RCSM)

The purpose of the *Regulatory Compliance and Sector Monitoring (RCSM) Programme* is to promote the development and implementation of an enabling legal regime and licensing/authorisation system to ensure enforcement and compliance with environmental law. However, there is no explicit reference to the fisheries sector, let alone forestry in the law

enforcement function of this Programme despite the addition of this vital branch to the Department. Consequently, there is a need for the Department to clarity whether all compliance and law enforcement functions are being merged together under the same roof instead of the split functions between the Fisheries and the RCSM branches. Of further concern is the fact that the *Compliance* and *Enforcement* sub-programmes realised budget reductions in the current financial year relative to the past financial year despite the significance of these sub-programmes in maintaining the integrity of the environment.

In engaging with the Department's 2021/22 APP and budget, the Committee asked about the strictness of the Department's enforcement initiative, considering that there were mines, which were willing to operate at a loss rather than do a proper rehabilitation. The Committee further expressed a concern on the shortage of inspectors when ships come to the shore to monitor whether they complied with the required legal documents, reflecting on the target of 3,950 jobs created through implementation of *Ocean Economy Operation Phakisa Programme*. The Department responded that there were joint enforcement efforts undertaken to prosecute illegal mines, but gave no response to the question of environmental monitoring inspectors boarding ships to inspect compliance with relevant authorisations.

Programme 3: Oceans and Coasts

The purpose of the *Oceans and Coasts Programme* is to promote, manage and provide strategic leadership on oceans and coastal conservation. Despite the significant role of this branch, for example, South Africa has jurisdiction over an extensive exclusive economic zone (EEZ), with an extent of about 1.5 million square kilometres, more than the total landscape of the country, the budget of the *Oceans and Coasts Programme* was revised downward. This raises the question as to how the Department would deal with existing and additional responsibilities such as the proclamation of the new Marine Protected Areas (MPAs). In relation to the Committee's question on what the dumping permits under the Programme referred to, the Department indicated that they referred to permits issued under the *Dumping at Sea Regulations (2017)* promulgated in terms of the National Environmental Management: Integrated Coastal Management Act No 24 of 2008 to regulate the disposal of certain substances at sea.

Programme 4: Climate Change and Air Quality Management

The purpose of this *Programme* is to improve air and atmospheric quality, lead and support, inform, monitor and report efficient and effective international, national and significant provincial and local responses to climate change. The South African Weather Service's

mandate contributes to this *Programme*. The only question that the Committee asked under this Programme was whether there were climate mitigating projects that the Department provided to Umduduzi and Umsholozi farmers. The Department responded that there were no climate change mitigation projects offered to Umfolozi and Umduduzi farmers by the Department.

Programme 5: Biodiversity and Conservation

The purpose of this *Programme* is to ensure the regulation and management of all biodiversity, heritage and conservation matters in a manner that facilitates sustainable economic growth and development. The South African National Parks, South African National Biodiversity Institute and the iSimangaliso Wetland Park Authority also contribute to this *Programme*. However, the iSimangaliso Wetland Park Authority and the South African National Parks both realised significant budget reductions in the current financial year relative to the past (2020/21) year, which could be explained in terms of the drastic decrease in the budget allocation to the whole Programme, as largely due to a return to regular transfers to entities reporting to the Programme. It seemed that the spike in budget was to cushion the entities from COVID-19 impacts because of lockdowns. However, it must be noted that it is still too early to expect the three departmental entities in this Programme to return to their former revenue generating ways through local and international tourism, as many people are generally taking a cautious approach to travel.

The Committee made several observations on the *Biodiversity and Conservation Programme*, comprising the details around the verification of the ivory and rhino horn stockpiles, and whether it was for private and public stockpiles or public stockpiles. The Committee sought clarity on the *three* Biodiversity Management Plans (BMPs) for the black rhino, white rhino and lion; the nurseries that were to be refurbished, and whether they were functioning or not; and whether the Department engaged the farmers in the Kruger National Park on the High Level Panel Report. The Department responded that verification of rhino stockpiles was for both private and public reserves conducted by the provinces, and that the nurseries to be refurbished were in Limpopo, North West and the Western Cape and that they were functional, although there was low production. The *three* Biodiversity Management Plans (BMPs) developed in the previous financial year were still applicable, but were being reviewed. The public consultation process was underway in order to finalise them by the end of the fourth quarter. Finally, the farmers around the Kruger National Park would be engaged on the HPL Report.

Programme 6: Environmental Programmes

The purpose of this *Programme* is to ensure the implementation of the Expanded Public Works Programme (EPWP) that has important implications for the environment and to conceptualise and implement green economy projects in the environmental sector. Thus, the aim of the EPWP (via the *Environmental Programmes*) is to provide unemployed mainly disadvantaged people with income support through work opportunities, while building and protecting South Africa's natural resources using labour-intensive methods. It is this recognition that the *Environmental Programmes* had received favourable budget allocations over the years, constituting the largest portion of the Department's budget. Ironically, it is the same *Programm*e with which the Department has been struggling to properly account for transfer costs, thereby earning unfavourable audit outcomes from the Auditor-General of South Africa for some time now. Despite the significant role that this programme plays in job creation and poverty relief, the significant 'real rand' reduction in the budget of the *Environmental Programmes* by over R244 million in the current (2021/22) financial year is worrying. The Programme budget appeared to be on a steady decline, as the Programme saw an unpreceded reduction in budget of over R270 million in the past (2020/21) financial year. This is of great concern, considering the huge job creation and skills and enterprise development potential in light of growing levels of poverty and unemployment among the youth and underprivileged individuals. There were no discussions under this Programme.

Programme 7: Chemicals and Waste Management

The purpose of the *Chemicals and Waste Management Programme* is to manage and ensure that chemicals and waste management policies and legislation are implemented and enforced in compliance with the chemicals and waste management authorisations, directives and agreements. The overall nominal budget to the Programme had slightly increased by 4.5% (R27.6 million), largely driven by the substantially increased allocation for the *Waste Bureau Sub-programme*. Funds were largely taken from the *Integrated Waste Management and Strategic Support*. However, during the 2020/21 financial year, funds were taken from the *Waste Bureau* and transferred to the *Integrated Waste Management and Strategic Support*, and during the 2021/22 financial year, the transfer of funds was seemingly reversed. It is indicated {in the Estimates of National Expenditure (ENE) 2021} that in order to strengthen capacity and improve waste management in municipalities, the Department would support: the development of integrated waste management plans; collection and diversion from landfills; the integration of waste pickers into formal economic activity; and the implementation of clean-up campaigns and public awareness programmes such as *War on Waste*. Notwithstanding, there are no specific annual performance targets for these initiatives, nor is there any reference to municipalities in this regard.

The Committee made *two* observations on the *Chemicals and Waste Management Programme*, asking about the support being given to local communities to undertake composting at the household level. Secondly, with regard to the *extended producer responsibility programme*, the the Committee wanted to know whether companies that use plastics, mercury from dental doctors would also be included. The Department responded that support was given to municipalities with regard to separation at source, as far as home waste composting was concerned. On the other hand, the *extended producer responsibility* would include plastic products such as beverage bottles, takeaway containers and single use plastics. In addition, regulations were developed to make recycling mandatory.

Programme 8: Forestry Management

The *Forestry Management Branch* exists to develop and facilitate the implementation of policies and targeted programmes to ensure proper management of forests and the sustainable use and protection of land and water, manage agricultural risks and disasters. However, the recurring issue in this Programme has been the lack of attention to address repeat audit findings on biological assets, which hopefully will be addressed in the current financial year, as funds for forestry operations have been increased. In response to the Committee question on relating to the publication of the list of protected trees, the Department responded that the Minister of Forestry, Fisheries and Environment had issued a notice under the relevant provisions of the National Forests Act No 84 of 1998 to publish a list of all protected trees belonging to a particular species. The effect of such a publication or declaration is that no person may cut, disturb, damage or destroy any protected tree or possess, collect, remove, transport, export, purchase, sell, donate or in any other manner acquire or dispose of any protected tree except under a license granted by the Minister, or in terms of the exemption published by the Minister in the gazette on the advice of Council. Any person who contravenes the terms of this publication is guilty of a first category offence, and hence may be sentenced to a fine or imprisonment for a period of up to three years, or to a fine and such imprisonment. Notice number 155 of government gazette number 44204 contains the details of the listed species of indigenous trees that has been provided to the Committee.

The Committee asked what the proportion of the 654 000 trees to be planted outside forests footprint in the 2021/22 financial year, would be fruit trees. The Department responded that 60 per cent of the trees would be fruit trees that should be distributed to the communities to support food security whilst the rest would be medicinal and indigenous plants meant for municipalities.

Programme 9: Fisheries Management

The *Fisheries Management Programme* serves to ensure sustainable utilisation and orderly access to marine living resources through improved management and regulation. The funds allocated to the *Fisheries Programme* make up 6.5% of the total departmental allocation. The allocation sees the Programme's budget increasing by 32.9% (R139.2 million). The Marine Living Resources Fund (MLRF), which finances the maintenance and operation of the fisheries research and patrol vessels, would get 54% of the Programme's allocation. The costs of vessel maintenance and operation are expected to be higher when factoring in the weak state of the currency and higher fuel price.

The Committee sought clarity on the proportion of the MLRF's revenue of R421 million was derived from the sale of confiscated poached perlemoen, and what the impact of stemming out of poaching would have on the MLRF revenue. The Committee further asked about the number of individuals who were legitimate fishers granted fishing rights out of the 31 cooperatives in the Western Cape Province. The Department responded that there was a misconception that MLRF derived its revenue from the poached fish products and yet only 10 per cent was collected over the past two financial years. In terms of FRASP 2021 rights allocation process, the Department was working hard to ensure that this is finalised by 31 December 2021. Concerning the reallocation of rock lobster fishing rights, the Department indicated that it was difficult to say how permits were allocated. However, there was a new process that the Department initiated to ensure that the process was fair and transparent and that those who met the criteria were awarded, as the 8,000 previous applicants were not bona fide stakeholders.

6. ENTITIES REPORTING TO THE DEPARTMENT

6.1. South African National Parks (SANParks)

SANParks was established in terms of the National Environmental Management: Protected Areas Act (Act No 57 of 2003), with the mandate to develop, expand, manage and promote a system of sustainable national parks that represents the country's biodiversity and heritage assets through innovation and best practice for the just and equitable benefit of current and future generations. It was in this regard that SANParks physically appeared before the Committee in the Kruger National Park, with some stakeholders participating via Zoom on 4 May 2021, to present its strategic plan, annual performance plan and budget. Having received the entity's presentation, members of the Committee raised several issues, as captured below.

6.1.1 Committee observations on South African National Parks (SANParks)

The following Committee observations were based on the briefing by the South African National Parks (SANParks) on their Strategic Plan (2019/20 – 2023/24) and Annual Performance Plan and budget for the 2021/22 financial year. These documents and proceedings of this meeting and those of other entities may be obtained from the Committee Secretariat.

- The Committee commended SANParks for a detailed, well-thought out presentation;
- The Committee expressed its satisfaction regarding the increase in the number of schools visiting SANParks;
- The Committee asked about the poaching situation presently in the Zinave National Park and the steps that would be taken to safeguard donated wildlife there, considering the plan underway to make such a donation;
- The Committee sought clarity on "products for sale", as it appears on page 14 of the presentation;
- The Committee asked for clarity on page 16, specifically for 2019/20 and 2020/21 figures;
- Clarity was sought on how the substantial cut in the maintenance budget indicated in page 24 was calculated;
- The Committee asked about the details of the "assets", which were not going to be replaced, as it appeared on page 29;
- The Committee wanted to know the modalities or methodology that SANParks would use to achieve its ambitious targets;
- Regarding the 39.3 per cent women in management positions, especially the people with disabilities, the Committee noted that the 1.1 per cent target was not enough;
- The Committee wanted to know the risk analysis tool that SANParks used to arrive at MTEF projections of R803 million for 2020/21, R832 million for 2021/22, R1.2 billion in 2022/23 and R1.3 billion in 2023/24;
- The Committee wanted details regarding *unqualified audit opinion* target;
- The Committee appreciated SANParks' *social poverty alleviation programmes* aimed at assisting local communities;
- The Committee welcomed the revenue generated by SANParks as it showed that the entity did not rely on the government grant only;
- The Committee further welcomed green energy implementation by SANParks and wondered whether skills were transferred to communities through this initiative in order to improve air quality;

- The Committee commended SANParks on the initiative to distribute food parcels, sanitizers and PPEs to communities to fight the COVID-19 pandemic and requested the entity to partner with local municipalities in this regard;
- The Committee encouraged SANParks to increase the number of women in senior management positions, especially previously disadvantaged individuals;
- The Committee expressed its concern that SANParks did not put more effort on skills development programmes for its employees, as the *one* per cent target was very low; and
- The Committee encouraged SANParks to set clear timeframes for Climate Change Assessments.

6.1.2 South African National Parks responses

- SANParks explained that their set targets were informed by what SANParks knew and achieved which was a baseline on how the entity had been performing in past years. In addition, the impact of COVID-19 was taken into account in developing these targets;
- SANParks took into consideration trends in resource mobilisation;
- SANParks wanted to achieve an *unqualified audit opinion* only and going forward the entity would like to achieve *unqualified audit with no matters of emphasis*;
- On the green energy strategy, if SANParks built a solar energy within a Park, for example, it would look into sharing that energy with municipality or local community. In addition, SANParks would partner with independent power producers or use local people to create awareness;
- On food parcels, SANParks partnered with TOTAL, Kolisi Foundation and Wilderness Foundation, and would continue mobilising resources to support other communities;
- On the fundraising issue, SANParks was targeting to raise R75 million on its resource mobilisation strategy and stated that it raised R30 million in 2020/21, R68 million in 2021/22 against the target of R65 million. SANParks managed to raise this amount despite many resources had to go towards COVID-19 interventions;
- Regarding the projected figures presented on slide 22, costing was derived from APP activities and that determined the amounts. For example, where there were increases in the amounts it meant that there were more activities and where there was a decrease, there were less activities;
- SANParks had planned to employ 50 per cent women and 2 per cent people with disabilities, however, the target had to be reduced due to budget cuts when the COVID-19 pandemic started;

- The skills development budget was also reduced by R250 million in the past financial year and that trend was also extended to the current financial year, meaning that the entity could not fill any vacancies to meet the targets. Unless revenue improved the target would not be achieved. In addition, the entity was losing women in senior management positions who could not work for SANParks for more than two years, and the entity is further characterised by low turnover rates for males;
- Women in senior management did not only include executive positions, but also general managers at levels D, E and F as well;
- Women Forum was established to deal not only with employment, but also assisted women to deal with gender violence and related matters; and
- *Skills Development Programmes* were also impacted by budget cuts, but SANParks had explored innovative skills development initiatives that did not require much money such as e-learning.

6.2.iSimangaliso Wetland Park Authority (IWPA)

The iSimangaliso Wetland Park Authority in KwaZulu-Natal was established in 2002 in terms of the World Heritage Convention Act (Act No 49 of 1999), with the mandate to ensure that effective and active measures are implemented in the Park for the protection and conservation of World Heritage Convention values; promote empowerment of historically disadvantaged communities living adjacent to the Park; promote, manage, oversee, market and facilitate optimal tourism and related development in the Park; and encourage, sustain, invest and contribute to job creation. Similarly, having received the iSimangaliso Wetland Park Authority's presentation at the Kruger National Park fashioned around its mandate via a virtual platform (Zoom) on 5 May 2021, members of the Committee raised several issues on the entity's strategic plan (2019/20 – 2023/24), annual performance plan and budget for the 2021/22 financial year. The matters raised by the Committee are captured below as Committee observations on this entity.

6.2.1 Committee observations on iSimangaliso Wetland Park Authority

- The Committee noted with concern the costs incurred by government in separating the river mouth from the sea and the damage this has caused to the hydrology and water salinity in

the Umfolozi River, and hence wanted to know whether iSimangaliso engaged the farmers using water upstream and how the issue of water salinity was going to be addressed;

- In addition, the water decrease from the Umfolozi and Umsunduzi rivers was not caused by farmers taking water from the upstream. Instead farmers' lands were flooded due to the buildup of water and growth of reeds, thereby leading to economic devastation for the small- and large-scale farmers and communities in the area;
- There was a concern around the new office building at a cost of R23 000 per square metre, whereas the normal cost is between R8 000 and R13 000. The Committee wanted to know how the costs got inflated;
- The Committee needed clarity on why the number of paying visitors stood at 115,000 in 2021 and then down to 45,000 in 2023/2024;
- The Committee wanted details around the security contract of which the initial cost was R9.6 million, and that had gone up to R35.6 million, from where it again increased to over 38 million. The increases should be explained as well as the person/company to which the contract was awarded;
- The Committee noted that the iSimangaliso Wetland Park Authority's target for 2023/24 was for 120 environmental monitoring inspectors, but the Committee wondered whether this number would be increased in order to address youth unemployment in South Africa.
- The Committee raised concerns that iSimangiliso would not be able to have engagements with ward councillors in Umkhanyakude and King Cetshwayo as the area is vast, in relation to stakeholder engagements, particularly the 24 meetings with Amakhosi traditional councils; and
- IWPA made no mention about targets involving women and youth in management positions.

6.2.2 iSimangaliso Wetland Park Authority responses

- The estuary used to function naturally for many years without any human intervention, however, farming practices and canalisation were introduced in the Umfolozi River, which was the major supplier of freshwater that contributed to the challenge before the GEF project was introduced. The project was aimed at addressing this issue where there was artificial breaching of the mouth (opened and closed), but during that process, there was also an artificial conversion of the Umfolozi River, which then caused problems during drought when the freshwater was going to the sea. Consequently, water salinity occurred due to lack of monitoring, but IWPA had since adopted adaptive management strategies with scientists and farmers to address the biological or the ecological issue;

- Farmers were pre-warned about the possible flooding and because this was a natural phenomenon unfortunately IWPA had no control, but in the long term, climate change strategy had to be developed;
- Regarding the inflated rate of the new office building, this was informed by the geographical location, refurbishing and reconfiguration. However, if needed, a bill of quantities and what informs that, from a scientific point of view or from an engineering perspective could be provided;
- Regarding the security contract, some of the tourists were complaining about crime, especially around the Sodwana area, for example, losing their valuables in rooms, fences were also cut as result of animosity with the community. As a result, IWPA had to appoint three security companies, resulting in few criminal incidents;
- IWPA wished it could increase the number of environmental monitors to 500, including women and youth, however, due to fiscal constraints only 120 could be accommodated. Nonetheless, IWPA augmented these numbers from time to time, for example, when a contractor is appointed the requirement is to subcontract the local SMMEs and employ youth, women and people with disabilities residing around the park;
- Regarding engagement with district municipalities, IWPA acknowledged that it was difficult to engage all the districts due to the vastness of the area, however, the entity had participated during municipal IDP meetings to coordinate and align their programmes; and
- Regarding female employment targets, IWPA would not be filling some of the existing vacancies due to fiscal challenges, but the entity has women in senior management positions, such as Chief Financial Officer, Information Technology, Tourism and Stakeholder Management.

6.3.South African National Biodiversity Institute (SANBI)

SANBI was established in September 2004, in terms of the National Environmental Management: Biodiversity Act (Act No 10 of 2004). The mandate of the Institute is to monitor and report regularly on the status of South Africa's biodiversity, all listed threatened or protected species, ecosystems and invasive species; and the impact of any genetically modified organism that has been released into the environment. The Institute is also mandated to act as an advisory and consultative body on matters relating to organs of State and other biodiversity stakeholders; coordinate and promote the taxonomy of South Africa's biodiversity; manage, control and maintain all national botanical gardens, herbaria and collections of dead animals that may exist; and advise the Minister of Forestry, Fisheries and Environment on any matter regulated in terms of the Act, and any international agreements affecting biodiversity that are binding on South Africa.

To this end, SANBI presented its strategic plan (2019/20 – 2023/24), annual performance plan and budget for the 2021/22 financial year at the Kruger National Park via a virtual platform (Zoom) on 5 May 2021. Members of the Committee raised several issues on the entity's strategic plan, annual performance plan and budget, which are captured below as Committee observations on SANBI.

6.3.1 Committee observations on SANBI

- The Committee wanted to know what happened to the human resources involved in SANBI's many outreach initiatives, considering the fact that many of those outreach activities were affected by the pandemic;
- How reduced visits to SANBI facilities during the COVID-19 pandemic had impacted the entity's ability to raise its own revenue;
- How SANBI would meet its recruitment targets if it was not generating revenue;
- How SANBI was raising awareness around biodiversity crimes, as this had not stopped, especially now during the pandemic;
- What SANBI was currently using to ensure uninterrupted power supply using solar panels, in terms of business continuity planning;
- The Committee wanted to know the envisaged increased price for international tourists and locals, in terms of dual pricing at the Kisternbosch Botanical Garden;
- The Committee cautioned SANBI not to price anybody out of the market, even if they were international tourists, as they would opt to go elsewhere to spend their money;
- Whether consequence management was taking place in SANBI for non-compliance with procurement, and the extent thereof;
- Whether it would not be possible to keep events/concerts going in summer and still keep numbers limited to 250 per concert, as this would be beneficial to artists who were hit hard by the pandemic or use upcoming artists from schools. This would lessen the impact of the COVID-19 pandemic on revenue generation from events at the Kirstenbosch Botanical Garden and others to also cater for those events that could not take place last year; and
- The Committee sought clarity on why there was no number given for e-flora, whereas for animals there were 1000 species.

6.3.2 SANBI responses

- SANBI welcomed the Committee's suggestions regarding the hosting of summer concerts and would look into its viability and cost implications in hosting the concerts;
- A written response would be submitted regarding e-flora;
- There were education centres at all the national botanical gardens to raise awareness, in relation to education and awareness raising. Addition ways had been developed to get information to targeted groups;
- SANBI had dealt with a number of consequence management cases, which is an ongoing process, with progress being reported to the audit risk committee on quarterly basis;
- SANBI was currently using generators and the entity was moving to a cleaner environment, using solar panels; and
- SANBI was projecting to collect about R2 million through dual pricing, however, regarding the percentage increase for international tourists, this would be submitted in writing. Notwithstanding, SANBI had kept its prices within the market in order to remain attractive to visitors, and had also kept its price for locals unchanged.

6.4 South African Weather Service (SAWS)

The South African Weather Service (SAWS) is a *section 3a* entity established in terms of the South African Weather Service Act (Act No 8 of 2001) as amended, Public Finance Management Act (PFMA) and associated treasury regulations. SAWS mandate is to provide *two* distinct services, i.e., the public good service, which is funded by the Government of South Africa and commercial services where the user-pays principle applies. SAWS' strategic plan (2019/20 – 2023/24), annual performance plan and budget for the 2021/22 financial year, which were presented to the Committee at the Kruger National Park via a virtual platform (Zoom) on 5 May 2021, were reflective of this dual function. The details of the interactions between the Committee and SAWS are captured below as Committee observations on SAWS and SAWS responses, respectively.

6.4.1 Committee observations on SAWS

- The Committee congratulated the new CEO, Mr Ishaam Abader on his appointment and wished him well;
- The Committee wanted to know what SAWS was doing to acquire skills and to upscale existing resources to deal with changes in technology;
- The Committee noted a decrease in revenue generation as a result of the COVID-19 pandemic where there was less demand for SAWS services. In addition, the Committee

noted the reduction in the government grant to the entity, and hence wanted to know how would this challenge be addressed;

- The Committee asked about upper air system monitoring and requested an explanation on two overlapping contracts;
- The Committee wanted a list of findings and actions taken against the former CEO of SAWS, Dr Linda Makuleni;
- The Committee wanted the case number and progress report on the case involving the other former CEO, Mr Jerry Lengoasa as well as an update on other *four* cases referred to in a written question 1648;
- The Committee requested an explanation of SAWS' commercial income;
- The Committee asked for clarity on what the impact had been on those projects where conversion from CAPEX to OPEX had occurred and capital projects were defunded and revenue was shifted across;
- In terms of performance bonuses and the salary increases, one would understand the salary increases and the need for that, but then there could be a concern, especially if one took into consideration the R37.5 million deficit from the 2019/20 audit. The Committee wanted to know the proposed solutions to resolve this challenge;
- The Committee wanted to know how the employees were motivated or incentivised to achieve ambitious targets going forward in order to make SAWS sustainable as it was not acceptable to threaten people with job losses if they did not perform, as the only way of getting results. There is a need to find ways to incentivise employees and if this could not be done through performance bonus, there should be other ways for achieving this;
- The Committee expressed its appreciation on the fact that SAWS was dealing with gender based violence and femicide issues;
- The Committee wanted details about school programmes that could motivate learners to do science and other required skills;
- The Committee noted the target for women of 36 per cent in the current (2021/22) financial year and the intention to increase it to 40 per cent in the outer years, but wondered why the target was not set at least 50 per cent; and
- Whether the lightening detection network infrastructure availability of 80-90 per cent included rural municipalities where lightning-related challenges mostly occur.

6.4.2 South African Weather Service responses

- SAWS would provide a detailed written response around the matter of the previous Chief Executive Officer, Dr Makuleni, the contracts awarded and other four cases;

- The case number for Mr Lengoasa is 57104/2019;
- On the commercial income, SAWS explained that it had non-regulated commercial revenue stream, which involved various sectors, for example, the projections for the coming year in relation to the energy sector, SAWS was looking at about R7.5 million, water sector approximately R3.9 million, general aviation R1.4 million and marine sector R1 million. Similarly, SAWS aimed to derive income from insurance, IT, as well as transport sectors;
- Regarding the conversion of CAPEX to OPEX, there had been a negative impact on some of the targets that would not be met, for example, big infrastructure projects, the observation networks and also in relation to their functioning;
- Regarding the motivation of employees, SAWS had developed opportunities for further studies to improve skills and learning. SAWS had partnership agreements with institutions of higher learning;
- The new Corporate Services Manager had been appointed and this issue of staff motivation such as promotions were discussed, given the fact that there had been no increases over the last couple of years;
- On the question of revenue loss and reduced government grant, SAWS introduced internal cost-cutting measures as well as finding new products that the entity could potentially put back on the market and then also other sources such as donations;
- Regarding programmes to encourage learners to do science at school, SAWS ran a programme in the Capricorn Municipality that provided learnerships to encourage people to come into science space and weather service;
- Regarding increasing the proportion of women from 36 percent to 50 per cent there was very little room in terms of vacant positions to actually set a high target, but in future SAWS would ensure that arising vacancies were filled by women; and
- The lightening detection network covered the entire country, including rural municipalities.

7. RECOMMENDATIONS

Having considered the inputs by the Department and entities, the Committee noted the manner in which the Department and entities planned to execute their mandate and take on new responsibilities for managing the fallout of the COVID-19 pandemic with limited financial resources. Despite the ongoing fiscal constraints, the Committee is of the view that the Department and entities have a clear roadmap for implementing their responsibilities for the people of South Africa and global community, as shown by their annual performance plans and performance targets, as defined by their respective mandates, which are, in turn, underpinned by our supreme law, the Constitutions of the Republic of South Africa and plethora of

environmental laws that directly descended from *section 24(b)* of this umbrella law. Our responsibility as the Committee now is to ensure that the Department and the respective entities do exactly, as they have proposed for themselves without any deviation except to exceed agreed targets. The Minister has already made it abundantly clear that achieving 80 per cent is an unacceptable performance. It is therefore in this regard that the Committee makes the following recommendations:

- The Department and entities should achieve all their respective set targets - it is poor planning when budgets, which are directly linked to performance targets are exhausted yet many targets remain either unachieved, are off target or are partially achieved;
- South Africa should ensure that its trade in wildlife and wildlife products is closely linked to proper pathogen surveillance focused on wildlife trade and to protect global human health, although the human health risks associated with live animal trade can never be eliminated entirely;
- The Department and SANParks should provide responses as to why anti-poaching efforts have not achieved desired results in the Kruger National Park, despite the huge allocation of resources to this cause;
- The Department should clarity to the Committee whether the *national parks agencies* of those African countries that receive rhinos translocated from South Africa to further the conservation of this highly threatened species, are adequately resourced to ensure the effective sustainability of rhino;
- The Department should provide the Committee with a detailed written report *on air quality compliance and enforcement* that shows the efforts made in bringing major emitters to full compliance, with the minimum emission standards (MES) to protect human lives in the past five years in the *three air quality priority areas* as well as in the industrial complexes in the South Durban Basin;
- There has to be a clear roadmap for dealing with matters of irregular, fruitless and wasteful expenditure in the Department and entities, considering the prevailing fiscal constraints in the public sector. Thresholds or amounts should be established for holding individuals to account to deter these expenditures becoming a norm both in the Department as well as in the entities;
- Accounting officers/authorities of these public entities should be made to understand that spending money outside of the guidelines of existing legislation for public finances is actually criminal;
- The Department should clarify how the threats of climate change, especially to livelihoods and issues of air pollution would be addressed when the Department’s spending is expected

to decrease at an average annual rate of 3.4 per cent, from R9.9 billion in 2020/21 to R8.9 billion in 2023/24 in nominal terms;

- The Department should explain the zero budget allocation to the *Green Fund*. How would this budgetary move affect efforts to transition to a green economy? It is stated that the *Green Fund sub-programme* invests in projects to protect the environment by working with the donor community and the private sector. How will this protection of the environment be achieved in the absence of any public spending, in this regard?
- Having noted the court challenges, the Department should present the audit report in relation to small-scale fishers' allocations;
- The Department should allocate interim fishing permits to allow fishers who had traditionally used the recreational fishing permit to continue fishing for livelihoods;
- The Department should streamline its communication of regulations among the national, provincial, and municipalities to avoid impeding fishing activities;
- The Department should establish a transparent and accountable mechanism to guide the fishing rights allocation process and associated recourse;
- The Department should inform the Committee on its planned strategy to improve consultations with industry stakeholders, in particular disadvantaged stakeholders to minimise exclusions; and
- The allegations of improper appointments at SAWS must be addressed expeditiously, and those responsible for those alleged appointments must be held to account.

The Minister should submit a detailed response to the Committee on all the recommendations made in this report within 90 days after the adoption of this report by the National Assembly.

Having considered the budget and annual performance plan of the Department of Forestry, Fisheries and Environment, the Portfolio Committee on Environment, Forestry and Fisheries recommends to the House to adopt the Forestry, Fisheries and Environment Budget Vote 32 allocation for the 2021/22 financial year, with the allocation of ***R8.717 billion***, as tabled on 24 February 2021.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON ENVIRONMENT, FORESTRY AND FISHERIES ON AN OVERSIGHT VISIT TO KWAZULU-NATAL PROVINCE FROM 03 TO 05 FEBRUARY 2021, DATED 11 MAY 2021

The Portfolio Committee on Environment, Forestry and Fisheries (hereinafter, the Committee), having conducted an oversight visit to KwaZulu-Natal Province, from 3 to 5 February 2021, reports as follows:

1. Introduction

The Committee conducted an oversight visit to KwaZulu-Natal Province (KZN) in relation to the iSimangaliso Wetland Park in the Richards Bay and the Engen Refinery (Refinery) in Durban. The focus of the oversight was to oversee and gain insights into:

- The aim of the visit to the iSimangaliso Wetland Park was to determine the impact brought about by the separation of the uMfolozi River from the St Lucia Estuary for a number of years, which resulted in imbalance in the estuarine ecosystem and compromised stakeholder relations. Secondly, the aim was to assess how the current opening of the mouth was bringing about positive restoration to both the estuarine ecosystem and stakeholder relations;
- In relation to the Refinery, the visit was about determining progress in relation to the fire incident, which happened in December 2020, follow up on commitments made by the Refinery during an urgent meeting convened by the Committee after the incident as well as stakeholder engagement, including surrounding affected community.

2. Terms of reference

The oversight activities of the Committee were informed by provisions of section 56 and section 24 of the Constitution. Section 56 of the Constitution provides that “The National Assembly or any of its committees may - (a) summon any person to appear before it to give evidence on oath or affirmation, or to produce documents; (b) require any person or institution to report to it; and (c) receive petitions, representations or submissions from any interested persons or institutions.” Section 24 of the Constitution which provides everyone with rights “to

an environment that is not harmful to their health or well-being" was what also compelled the Committee to undertake the oversight visit to the identified areas.

The Committee adopted an oversight schedule that entailed briefing sessions with the institutions, site visits and stakeholder engagements.

3. Objectives of the oversight visit to KwaZulu-Natal

The oversight visit to KZN specifically sought to:

3.1 Evaluate the current situation at the iSimangaliso Wetland Park after the opening of the river mouth flowing to the St Lucia Estuary;

3.2 Evaluate progress in the improvement of Park-Stakeholder relations, especially with surrounding communities after the opening of the river mouth;

3.3 Engage with the Refinery management about the fire incident and progress in relation to investigations of the incident; and

3.4 Engage with stakeholders surrounding the Refinery about challenges experienced, including those related to the fire incident.

4. Composition of the Delegation

The Portfolio Committee delegation on the oversight visit to KZN was composed of the following members of Parliament (MPs) and support staff:

Hon Mr Xasa, FD: Chairperson, (MP), African National Congress (ANC)

Hon Mr Modise, PMP, (MP), ANC

Hon Ms Mchunu, TBV, (MP), ANC

Hon Ms Mbatha, SGN, (MP), ANC,

Hon Ms Gantsho, N, (MP), ANC

Hon Mr Holomisa, BH, (MP), United Democratic Movement (UDM)

Hon Mr Paulsen, MN, (MP), Economic Freedom Fighters (EFF)

Hon Mr Bryant, DW, (MP), Democratic Alliance (DA)

Ms Phillips, C, (MP), DA

Mr PP Mbele, Committee Secretary

Mr G Mankay, Committee Assistant

Ms T Mpapela, Content Adviser

Mr Nhlanhla Ginindza, Researcher

5. COMMITTEE OVERSIGHT FINDINGS

5.1 iSimangaliso Wetland Park Authority

On 04 February 2021, the Committee visited the iSimangaliso Wetland Park (Park). The Chairperson of the Board, in her welcoming address, assured the Committee of the commitment in successfully executing the Park's three-fold mandate of ensuring conservation of biodiversity, sustainable eco-tourism and community benefit.

The CEO of the Park, Mr Sibusiso Bukhosini briefed the Committee about the background information which had led to the separation of the uMfolozi River from the St Lucia Estuary and the negative impact thereof on the estuarine ecosystem. He also talked about the projects undertaken to restore the estuarine ecosystem which included the decision to open the river mouth, as well as the positive impact of this on the St Lucia Estuary.

The CEO also briefed the Committee about stakeholder relations, particularly between the Park and surrounding communities, and how developmental projects undertaken by the Park, which benefit the local communities, have led to improved relations with stakeholders. The CEO further addressed other challenges facing the Park, including ageing infrastructure which has led to reduction in revenue collection.

5.2 Engagement with stakeholders

The Chairperson of the Committee gave an opportunity to available community representatives to make observations, and all the present stakeholders which ranged from small fishers'

representatives to local community members, all confirmed improved relations with the Park and appreciated the opening of the river mouth.

5.3 Site visit to St Lucia Estuary

After the presentations, the Committee visited the St Lucia Estuary to see the exact point of the river mouth. The Committee was also shown where the sand was dumped during the operation of opening the river mouth, as well as clogged mud which is now a challenge facing the Estuary. The Committee was also briefed about crocodiles in the Estuary which came from the Zambesi River as well as multiple fish species.

5.4 Site visit to the Crocodile Centre

The Committee proceeded to the St Lucia crocodile centre which houses different crocodiles and other reptiles, including one crocodile from Botswana which hauled three people from there. The Committee was briefed about the need for breeding crocodiles to balance their population. Members identified areas within the Centre which must be renovated urgently, and whether such renovations will not have a negative impact on tourists visiting the Centre.

5.5 Boat ride to St Lucia Wetland

The Committee took a boat ride to St Lucia Wetland to see the restoration of the ecosystem, which was out of balance, and now improving with the opening of the river mouth. The Committee was able to see a crocodile and a bloat of hippopotamus during the ride.

5.6 Committee observations

In response to the presentation by the CEO of the Park, members of the Committee made the following observations:

5.6.1 Members appreciated the improved relations between the Park and surrounding communities and further encouraged the Board and Management to ensure that communities benefit from all Park activities.

5.6.2 Members advised the Park to augment its funds by seeking additional funding from available global environmental funds and local funders like DBSA.

5.6.3 Members were concerned about what they termed “parasitic relation” between the Park and the Ezemvelo KZN Wildlife, wherein Ezemvelo KZN Wildlife employees are assisting the Park, while Ezemvelo is heavily indebted and in financial difficulties.

5.6.4 Members, while appreciating the efforts of the Park, were concerned about the unqualified audit outcome with findings that the Wetland Park Authority obtained, and implored the Park to work towards clean audit outcomes.

5.7 Engen Refinery

The Committee, on 05 February 2021 visited Engen Refinery in Durban. In outlining the purpose of the visit, the Chairperson referred to previous engagement with the Refinery in December 2020 after the fire incident. The CEO of the Refinery recapped on the presentations done to the Committee on 08 December 2020, and further gave a briefing on the status of investigations and the shutting down of the units to ensure safety of the Refinery. The CEO, while conveying the Refinery’s commitment to prevent future occurrences, also addressed the issue of improving stakeholder relations with surrounding communities and addressing community complaints regarding air pollution and the fire incident. The CEO also detailed a list of corporate social investment initiatives by the Refinery aimed at making a difference in the surrounding communities.

5.7.1 Bus tour around the site of the fire incident

The Committee was taken on a bus tour around the Refinery and the point of the fire incident to see the extent of damage.

5.7.2 Engagement with stakeholders and community representatives

After the bus tour, the Committee proceeded to engage with stakeholders at Fairvale High School. The idea of engaging with stakeholders was to gauge relations between them and the Refinery, and address other challenges experienced by stakeholders. The Chairperson of the Committee started the meeting by briefing the stakeholders about the outcomes of the earlier session with the Refinery management and what transpired. Thereafter, stakeholders were given an opportunity to address the Committee and the following issues were raised:

5.7.2.1 Stakeholders voiced their appreciation to the Committee about making time to engage and interact with the community and conveyed a wish that the Refinery could also show such commitment to engage with stakeholders. Stakeholders also vowed to shut down the Refinery if their issues are not addressed as a matter of urgency and within acceptable timelines.

5.7.2.2 Stakeholders voiced their dissatisfaction with unresponsiveness of local government departments about addressing non-compliance with environmental safety protocols by the Refinery. Community representatives reported of identified pollution hotspots around the Refinery, and the failure of responsible government departments to address the matter with the Refinery even after being made aware by local environmental activists, which has contributed to negative relations with local government departments.

5.7.2.3 Stakeholders informed the Committee about hazardous chemicals, which are being emitted by the Refinery, leading to prevalence of ill-health issues as the majority of community members are suffering from asthma, cancer, and other health issues, as well as death of fish and birds in the nearby Nature Reserve. Community representatives also reported about constant high levels of noise pollution from Refinery trucks.

5.7.2.4 Stakeholders felt that the Refinery is law unto itself, and always hide under their National Key Point Status when evading engaging with communities.

5.7.2.5 Stakeholders also informed the Committee that the fire incident caused an enormous physical and psychological harm to the surrounding communities, and that a small child was severely burnt in one of the damaged apartments during the incident. Stakeholders voiced their dissatisfaction with the way the Refinery handled the matter of residents at Block 10 whose houses were damaged during the fire incident. Stakeholders reported being aggrieved by lack of communication and engagement by the Refinery after the incident.

5.7.2.6 Stakeholders expressed their anger regarding accusations by the Refinery that the communities wanted to institute legal suits against the Refinery.

5.7.2.7 Stakeholders informed the Committee that the presence of the Refinery in their community does not benefit the community as neither the local qualified community members are employed due to use of labour brokers by the Refinery, nor local community businesses are given any opportunity to provide services at the Refinery. Stakeholders were also of the view

that incidents within the Refinery are due to employment of unqualified personnel from outside the surrounding communities.

5.7.2.8 Stakeholders requested the Committee, to compel the Engen Refinery to take heed of community needs, engage directly with communities, be held accountable for psychological trauma caused by the fire incident, and must arrange for psychological counselling for the community affected by the fire incident, which they hoped would also be a precursor to improved relations.

5.8 Committee observations

5.8.1 Engen (and the Refinery)

5.8.1.1 Members were concerned about the preliminary report providing that the fire incident was due to failure of a vendor supplied equipment, as they felt the Refinery was absolving itself from blame and as such wanted more information about the vendor and current contract obligations with the vendor.

5.8.1.2 Members were concerned about reports from environmental activists who were of the view that the Refinery did not adhere to regular maintenance protocols for its machinery and equipment.

5.8.1.3 Members voiced concern about lack of good relations between stakeholders and the Refinery or the Engen.

5.8.1.4 Members felt that the Refinery was not concerned about physical and psychological trauma suffered by the surrounding community because of the fire incident, as the

5.8.1.5 Members were also concerned about the disparity between the report by the Refinery and the stakeholders report.

6. RECOMMENDATIONS

Having interacted with the iSimangaliso Wetland Park Authority and the adjacent communities to the Park; having also interacted with the Management of Engen and the Refinery in the South Durban Basin on the massive explosion at the Refinery; and having further engaged the stakeholders and affected community members, the Committee recommends as follows:

6.1 **iSimangaliso Wetland Park Authority**

6.1.1 Members requested more information on the funding of the restoration project tasked to open the mouth, as well as details of scientists who were part of the project.

6.1.2 Members requested clarity about funds spent on development and refurbishment of offices instead of redirecting those funds towards other programmes within the Park.

6.1.3 Members requested information about employment equity targets of the Park, as they were concerned about the low number of persons with disabilities benefitting from the Park's economic activities.

6.1.4 The Committee requests the iSimangaliso Wetland Park Authority to provide it with a copy of the agreement that it signed with the Ezemvelo KZN Wildlife for the Committee to satisfy itself with the details of the said agreement.

6.2 **Engen (and the Refinery)**

6.2.1 Members requested maintenance, inspection and service-related information of all equipment and machinery for six months prior to the fire incident.

6.2.2 Members wanted to be provided with timelines for completion of investigation with regards to the fire incident.

6.2.3 Members also requested to be briefed about an incident which occurred on 03 December 2020, a day before the fire incident, where it was reported that there was a low power (dip) on that day.

6.2.4 Members wanted to know whether any employee was injured on the day of the fire incident.

6.2.5 Members wanted commitment for long-term plans to ensure safety of both the employees and the surrounding communities.

6.3 **Community and Stakeholders around the Refinery**

6.3.1 Community representatives should contact local government authorities about the 30 per cent preferential benefit for local suppliers and request that the Refinery be compelled to adhere to stipulated community benefit-sharing arrangements.

6.3.2 Members advised the community representatives to contact both the provincial and national departments responsible for environmental affairs to address air pollution issues at the Refinery. They should keep proper records of such interaction for future reference.

6.3.3 Members advised the community to write to the National Department of Environment, Forestry and Fisheries, and send a copy to the Committee about their issues with the Refinery.

Report to be considered.

4. REPORT OF THE PORTFOLIO COMMITTEE ON TOURISM ON BUDGET VOTE 38: TOURISM, DATED 11 MAY 2021

The Portfolio Committee on Tourism, having considered Budget Vote 38: Tourism, together with the 2021/22 – 2023/24 Annual Performance Plan of the Department of Tourism (Department) and the 2021/22 Annual Performance Plan of South African Tourism, reports as follows:

1. INTRODUCTION

The Annual Performance Plan of the Department is tabled at a time when the tourism sector is still practically non-performing. International tourism has come to a grinding halt whilst domestic tourism is recovering, albeit at a sluggish pace. Many countries have imposed travel restrictions and the United Nations World Tourism Organisation (UNWTO) expects the international arrivals to have declined by 70 to 75 percent for the whole of 2020. Consequently, global tourism has returned to levels of 30 years ago. South Africa has not been immune to these global trends and Statistics South Africa has reported that foreign arrivals decreased by 82.1 percent, from 1.5 million arrivals in December 2019 to 279,539 in December 2020.

The decline in both international and domestic tourism has caused an unprecedented distress to the tourism industry. The Committee has learned from the Department, South African Tourism and the Tourism Business Council of South Africa that the situation is dire on the ground. The sector is shedding jobs and businesses are closing down. The Committee acknowledges a number of interventions implemented by the government to cushion the sector, including the Tourism Relief Fund, the Tourist Guides Relief Fund, the implementation of the Temporary Employer/Employee Relief Scheme (TERS) and the development of Norms and Standards as safety protocols to facilitate the safe reopening of the sector. All these initiatives, and more, have not yet been able to adequately save the sector from decimation.

The Annual Performance Plans tabled for the current financial year and associated budget in the Medium Term Expenditure Framework (MTEF) have taken into consideration the current situation in the sector. The focus of the tabled budget for Vote 38 will focus on the recovery of the sector. The Cabinet has adopted a Tourism Sector Recovery Plan (TSRP) that has been developed in partnership with the private sector. The TSRP is premised on the government's Economic Recovery and Reconstruction Plan. These interventions will go a long way in assisting the sector to recover from the current predicament. The full participation of all stakeholders, coupled with well-coordinated activities, will determine whether or not the TSRP is able to salvage the sector. A whole government approach is also necessary to rally all the sector departments to the economic recovery of the country in general and the tourism industry in particular.

The purpose of this document is, therefore, to provide a budget report for Vote 38 with associated implementation strategies contained in the Annual Performance Plans (APPs) for the 2021/22 financial year. The report makes a number of inherent observations based on the current industry conditions and proffers incisive recommendations to the Minister of Tourism for her consideration and implementation.

2. COMMITTEE PROCESS

The Portfolio Committee on Tourism (Committee) held a meeting with the Department on the 4th May 2021 to consider its 2021/22 - 2023/24 Annual Performance Plan. The Committee also convened a meeting with South African Tourism on the 5th May 2021 to consider its 2021/22 Annual Performance Plan. The Committee then considered and adopted the budget report on the 11th May 2021.

3. DEPARTMENT OF TOURISM

The Department derives its core mandate and responsibilities from the Tourism Act (Act No. 3 of 2014) which aims to:

- promote the practice of responsible tourism for the benefit of the Republic and for the enjoyment of all its residents and foreign visitors;
- provide for the effective domestic and international marketing of South Africa as a tourist destination;
- promote quality tourism products and services;
- promote growth and development of the tourism sector; and
- enhance cooperation and coordination between all spheres of government in developing and managing tourism.

The Department's vision is for South Africa to become a leading sustainable tourism development destination that promotes inclusive economic growth. The Department executes its mandate through the following four key programmes:

(i) Programme 1: Administration - the purpose of this programme is to provide strategic leadership, management and support services to the Department.
(ii) Programme 2: Tourism Research, Policy and International Relations - the purpose of this programme is to enhance the strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations.
(iii) Programme 3: Destination Development - the purpose of the programme is to facilitate and coordinate tourism destination development.
(iv) Programme 4: Tourism Sector Services - the purpose of this programme is to enhance transformation, increase skill levels and support the development of the sector to ensure that South Africa is a competitive tourism destination.

3.1 Policy mandate

The policy framework that informs the work of the Department includes the White Paper on the Development and Promotion of Tourism in South Africa, 1996; the National Development Plan (NDP); the National Tourism Sector Strategy (NTSS) and the Medium Term Strategic Framework (MTSF: 2019-2024). The summary of the policy mandate is as follows:

(i) White Paper on the Development and Promotion of Tourism in South Africa (1996) – provides the framework and guidelines for tourism development and promotion in South Africa.

(ii) National Development Plan (NDP) – is the 2030 vision for the country. The NDP recognises tourism as one of the main drivers of employment creation and economic growth and envisages the promotion of South Africa as a major tourist and business events destination.

(iii) National Tourism Sector Strategy (NTSS) – is a blueprint for the tourism sector and sets bold commitments for the sector. The NTSS advocates for a coherent approach to promoting South Africa as a preferred destination of choice.

(iv) Medium Term Strategic Framework (MTSF: 2019-2024) – is the manifestation of an implementation of the NDP Vision 2030 and the implementation of the electoral mandate of the sixth administration of government. It recognises tourism as a national priority sector that can play a key role in the country's economic transformation, addressing unemployment challenges and developing a better Africa and world.

(v) State of the Nation Address – in the 2021 State of the Nation Address, the President of the republic announced that work was underway with the relevant departments to reform the visa and immigration regime to attract skills and grow the tourism sector. As international travel starts to recover in the wake of COVID-19, the government was planning to undertake a full roll-out of e-Visas to visitors from China, India, Nigeria, Kenya and 10 other countries.

3.2 Strategic priorities for 2021/22

In line with its vision of complementing the national priorities, the Department identified objectives that would accelerate the delivery of services in the tourism sector. The strategic outcomes of the Department, as stated in the 2020/21 – 2024/25 Strategic Plan, which correlate with the Government's Outcomes are depicted in Table 1.

In its efforts to accomplish the above, the Department will be focusing on the following:

- improving its governance and accountability systems towards achieving an unqualified audit outcome;
- implementing the departmental integrity management programme to promote integrity and ethical conduct;
- in partnership with SA Tourism, implementing measures and initiatives to increase the number of international tourist arrivals and domestic travellers; increase tourism's contribution to employment creation and the gross domestic product; increase diversification of the country's product offering; and improve transformation levels in the sector.

Table 1: Strategic priorities for 2021/22

MTSF Priority	MTSF Outcome	MTSF Outcome
Priority 1: Building a capable, ethical and developmental State	• Improved governance and accountability. • Functional, efficient and integrated government.	Achieve good corporate and cooperative governance.
Priority 2: Economic Transformation and Job creation	Re-industrialisation of the economy and emergence of globally competitive sectors.	Increase the tourism sector's contribution to inclusive economic growth.
Priority 7: A better Africa and world	Growth in tourism sector resulting in economic growth.	Increase the tourism sector's contribution to inclusive economic growth.

Source: Department of Tourism Annual Performance Plan – 2021/22 – 2023/24

These strategic priorities comprehensively cover the mandate of the Department and the envisaged contribution of the sector to the county's economy.

3.3 Institutional policy reviews

The following policies and strategies are due for review within this medium term:

- White Paper on the Development and Promotion of Tourism in South Africa, 1996.
- Tourism Act, No. 3 of 2014.
- National Grading System.
- National Tourism Sector Strategy, 2016.

The review of the White Paper, Tourism Act and strategies will determine which aspects of these policies should be retained and which ones should be changed to enhance the tourism sector's performance.

3.4 Budget allocation for 2021/2022

The Department receives a total budget of R7.4 billion over the medium term. Transfers to South African Tourism account for an estimated 53.6 percent (R3.9 billion) of this amount over this period. Cabinet-approved budget reductions of R606.4 million over the MTEF period will be effected on goods and services (R125.7 million), transfers and subsidies (R325.1 million), and compensation of employees (R155.5 million).

The Department's 2021/22 budget allocation amounts to R2 429.6 billion, R333.1 million of which is allocated to fund Compensation of Employees. National Treasury has imposed a ceiling on Compensation of Employees over the MTEF period and the ceiling amounts are

R334.4 million for 2019/20, R360.3 million for 2020/21 and R383.7 million for 2021/22.9 The Department is thus well within the compensation ceiling set by National Treasury for the current financial year. An amount of R471.7 million is budgeted for Goods and Services, R1 620.8 billion for Transfers and Subsidies and R4 million for the payments of Capital Assets. Table 2 reflects the allocation of funds per programme.

Table 2: Overall Budget Allocation 2019/20 – 2022/23

Tourism **R million**	**Budget**				**Nominal Rand Change**	**Real Rand Change**	**Nominal percent Change**	**Real percent Change**
Programme	**2020/21**	**2021/2022**	**2022/2023**	**2023/24**	**2020/21 – 2021/22**		**2020/21 – 2021/22**	
Administration	299.6	305.3	311.2	316.3	5.7	-6.6	1.90%	-2.20%
Tourism Research, Policy and International Relations	499.1	1 382.2	1 414.5	1 431.8	88.1	827.4	176.94%	165.78%
Destination Development	465.9	305.6	315.2	299.9	-160.3	-172.6	34.41%	-37.05%
Tourism Sector Support Services	162.2	436.6	441.9	444.3	274.4	256.8	169.17%	158.32%
TOTAL	1 426.9	2 429.6	2 483.9	2 492.3	1 002.9	905.0	70.29%	63.43%

Source: National Treasury ENE, 2020/21

Table 2 indicates that the overall budget allocation to the Department significantly increases by 63.43 percent in real terms from the adjusted budget of R1 426.9 billion in 2020/21 to R2 429.6 billion in 2021/22. The reason for this significant increase in budget is the reprioritisation of funds in 2020/21 towards COVID-19 relief. The Department organises its expenditure under four programmes, these are:

- Programme 1: Administration (R305.3 million);
- Programme 2: Tourism Research, Policy and International Relations (R1 382.2 billion);
- Programme 3: Destination Development (R305.6 million); and
- Programme 4: Tourism Sector Support Services (R436.6 million).

The main cost driver under Vote 38 is Programme 2 *(Tourism Research, Policy and International Relations)*, which consumes more than half (approximately 56.9 percent) of the total Vote allocation. This is mainly due to the significant transfer to the Department's Entity, South African Tourism. In contrast, Programme 3 *(Destination Development)* experiences a significant decrease at 37.1 percent in real terms. The Department reported that an amount of R540 million will be reprioritised over the medium term from this programme to Programme 4 *(Tourism Sector Support Services)* for the Tourism Equity Fund.

The major cost driver under programme 3 is the Working for Tourism, Expanded Public Works Programme, sub-programme. The sub-programme's allocation also sees a significant decrease from R378.1 million in 2020/21 to R216.6 million in the current financial year. The Committee will monitor how this decrease in funding will affect deliverables under this sub-programme, especially in view of its aim towards job creation. The cost driver under programme 4, the

Tourism Incentive Programme, sees a substantial increase for the year from R59.8 million in 2020/21 to R327.0 million in 2021/22. As alluded, a number of projects were cancelled for the 2020/21 financial year in this sub-programme. Some of these have been included for the 2021/22 financial year such as the Green Tourism Incentive Programme.

3.5 Annual Performance Plan per Programme

The Annual Performance Plan (APP) sets out performance indicators and targets for budget programmes and sub-programmes where relevant, to facilitate the Department realising its goals and objectives as set out in the Strategic Plan. The APP covers the upcoming financial year and the MTEF period. The 2021/22 APP specifies actions that will be undertaken by the Department for the country to achieve Economic Transformation, Job Creation and A Better Africa and World.

This section provides the details of the APP per programme, with a focus on specific select indicators. In addition to the identification of projects, targets and performance indicators were analysed to determine whether they are specific, measurable, achievable, relevant and time-bound (SMART) and they proved to be compliant with the SMART principles.

3.5.1 Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management and support services to the Department. The Programme is allocated R305.3 million in the 2021/22 financial year, which equates to 12.6 percent of the overall departmental budget. An amount of R151.6 million (49.7 percent) of the Programme's budget has been allocated towards Compensation of Employees and R150.2 million (49.2 percent) towards Goods and Services. The Goods and Services allocation includes contractual commitments for computer services and audit payments to the Office of the Auditor-General South Africa. The amount allocated for Office Accommodation amounts to R45.5 million. This is for the payment of the Head Office building of Tourism to the Department of Public Works towards the lease agreement. Table 3 reflects the allocation of funds per sub-programme.

Table 3 indicates that the budget allocation for Programme 1 increases by 1.9 percent in nominal terms from R299.6 million in 2020/21 to R305.3 million in 2021/22. Of this amount, R151.6 million (49.7 percent) is for Compensation of Employees.19 The major cost driver under this programme is Corporate Management, with an allocation of R168.9 million for the 2021/22 financial year. Sub-programme 2 (*Management*) experiences a significant decrease in allocation by 10.43 percent in real terms. The Committee will monitor the implications of this decrease to the departmental programmes.

Notably, the Department has introduced a new target under Programme 1 aimed at a number of initiatives implemented to support tourism sector recovery. In this regard, the Department will implement one initiative targeted at procurement of commercial venues for departmental conferences and meetings to support tourism sector recovery.

Table 3: Programme 1 Budget Allocation 2020/21 – 2021/22

Administration	**Budget**		**Nominal Increase/ Decrease in 2021/22**	**Real Increase/ Decrease in 2021/22**	**Nominal percent change in 2021/22**	**Real percent Change in 2021/22**
R million	**2020/21**	**2021/22**				
Ministry	36.1	36.4	0.3	-1.2	0.83%	-3.23%
Management	3.0	2.8	-0.2	-0.3	-6.67%	-10.43%
Corporate Management	168.7	168.9	0.2	-6.6	0.12%	-3.92%
Financial Management	48.6	51.6	3.0	0.9	6.17%	1.89%
Office Accommodation	43.2	45.5	2.3	0.5	5.32%	1.08%
TOTAL	**299.6**	**305.3**	**5.7**	**-6.6**	**1.9%**	**-2.20%**

Source: National Treasury ENE, 2021/22

The Committee will monitor the impact of reduced budget on the compensation of employees to the implementation of the Annual Performance Plan.

3.5.2 Programme 2: Tourism Research, Policy and International Relations

The purpose of this programme is to enhance the strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations. The Programme receives a budget allocation of R1 382.2 billion for 2021/22, of which R1 297.0 billion is transferred to South African Tourism. The programme's allocation represents 56.9 percent of the Department's budget allocation; while the transfer to the Entity represents 53.3 percent of the Department's budget allocation. The remaining allocation available for this Programme is R85.2 million, of which R53.6 million (62.9%) is allocated to Compensation of Employees. Table 4 reflects the allocation of funds per sub-programme.

The figures in Table 4 indicate that the budget allocation for Programme 2 increases by 165.78 percent in real terms from R499.1 million in 2020/21 to R1 382.2 billion in 2021/22. The main cost driver under this Programme is the transfer to the Department's Entity, South African Tourism. In 2020/21 the transfer to South African Tourism was significantly reduced to R438.9 million, with the funding allocated towards relief funds for COVID-19. The substantial increase is aimed at recovery strategies for the sector. The budget allocation for sub-programme 2 increases by 14.48 percent in real terms, and sub-programme 5 by 3.91 percent in real terms, respectively. The Department indicated that it will be conducting a number of monitoring studies to evaluate the impact of its projects and initiatives over the medium term. This will also include enhanced participation and engagement in order to advance national priorities over the medium term.

Some of the deliverables for Programme 2 in the 2021/22 financial year will include monitoring of the implementation of the Norms and Standards for safe operations in the sector; review of the Tourism Policy: Green Paper on the Development and Promotion of Tourism in South Africa; two systems developed and implemented: An Integrated Tourism Knowledge System, namely, the development of System Architecture for Integrated Tourism Knowledge System finalised and the Integration of Knowledge Systems commenced; and four outreach programmes to the diplomatic community implemented.

Table 4: Programme 2 Budget Allocation 2020/21 – 2021/22

Administration	**Budget**		**Nominal Increase/ Decrease in 2021/22**	**Real Increase/ Decrease in 2021/22**	**Nominal percent change in 2021/22**	**Real percent Change in 2021/22**
R million	**2020/21**	**2021/22**				
Tourism Research, Policy and International Relations Management	8.3	8.8	0.5	0.1	6.02%	1.75%
Research and knowledge management	28.0	33.4	5.4	4.1	19.29%	14.48%
Policy Planning and Strategy	13.2	14.1	0.9	0.3	6.82%	2.51%
South African Tourism	423.0	1 297.0	874.0	821.7	206.62%	194.26%
International Relations and Cooperation	26.6	28.8	2.2	1.0	8.27%	3.91%
TOTAL	**499.1**	**1 382.2**	**883.1**	**827.4**	**176.9%**	**165.78%**

Source: National Treasury ENE, 2021/22

The Norms and Standards for safe operations in the sector is a new indicator for the Department and is a much required one for the sector. The Committee will follow-up with the Department on how the synchronisation of these norms with the current safety protocols as developed by the Tourism Business Council of South Africa (TBCSA) will be done. The target of the four outreach programmes to the diplomatic community is also a new one. As a new target, the Department is commended for introducing such a target as the country finds itself on red travel lists of both regional and international markets.

3.5.3 Programme 3: Destination Development

The purpose of the programme is to facilitate and coordinate tourism destination development. The budget for this Programme is R305.6 million for 2021/22, the bulk of which, namely, R216.6 million (70.8 percent), is allocated to the Working for Tourism sub-programme. A total of R249.6 million is allocated to Goods and Services for the programme. Table 5 reflects the allocation of funds per sub-programme. Table 5 depicts that the budget allocation for Programme 3 decreases by 37.05 percent in real terms from R465.9 million in 2020/21 to R305.6 million in 2021/22. The main cost driver under this programme, at R216.6 million, is the Working for Tourism, which is the department's implementation programme for the

Expanded Public Works Programme. This sub-programme entails various skills development programmes and tourism projects. Through these the Department plans to create 12 569 work opportunities over the medium term. However, the budget for this sub-programme substantially decreased for the new financial year by 45.02 percent in real terms. The Committee will follow-up on how the decrease in the budget will impact its service delivery initiatives.

Table 5: Programme 3 Budget Allocation 2020/21 – 2021/22

Administration	**Budget**		**Nominal Increase/ Decrease in 2021/22**	**Real Increase/ Decrease in 2021/22**	**Nominal percent change in 2021/22**	**Real percent Change in 2021/22**
R million	**2020/21**	**2021/22**				
Destination Development	34.8	33.3	-1.5	-2.8	-4.31%	-8.17%
Tourism Enhancement	23.3	24.5	1.2	0.2	5.15%	0.91%
Destination Planning and Investment Coordination	29.7	31.1	1.4	0.1	4.71%	0.49%
Working for Tourism	378.1	216.6	-161.5	-170.2	-42.71%	-45.02%
TOTAL	**465.9**	**305.6**	**-160.3**	**-172.6**	**-34.4%**	**-37.05%**

Source: National Treasury ENE, 2021/22

Another decrease in allocation is experienced under sub-programme 1, *Destination Development Management*, by 8.17 percent in real terms. Some of the activities under this sub-programme include destination enhancement initiatives at tourism sites, and supporting South African National Parks sites through infrastructure maintenance programmes. The Committee will also follow-up with the Department on how the decrease in the budget will impact service delivery under this sub-programme.

Some of the programme performance indicators and targets for this programme include a pipeline of nationally prioritised tourism investment opportunities (greenfield projects) managed; a database of distressed high-impact tourism properties (brownfield projects) managed; four investment promotion platforms facilitated; and supporting the implementation of thirty Community-based Tourism Projects.

3.5.4 Programme 4: Tourism Sector Support Services

The purpose of this programme is to enhance transformation, increase skill levels and support the development of the sector to ensure that South Africa is a competitive tourism destination. The Programme is allocated R436.6 million for the 2021/22 financial year. This includes

Compensation of Employees with a budget allocation of R72.0 million and the Tourism Incentive Programme (TIP) with a budget allocation of R327.0 million.

Table 6: Programme 4 Budget Allocation 2020/21 – 2021/22

Administration	**Budget**		**Nominal Increase/ Decrease in 2021/22**	**Real Increase/ Decrease in 2021/22**	**Nominal percent change in 2021/22**	**Real percent Change in 2021/22**
R million	**2020/21**	**2021/22**				
Tourism Sector Support Services Management	10.3	11.1	0.8	0.4	7.77%	3.42%
Tourism Human Resource Development	23.0	27.9	4.9	3.8	21.30%	16.41%
Enterprise Development and Transformation	46.7	48.3	1.6	-0.3	3.43%	-0.74%
Tourism visitor Services	22.4	22.3	-0.1	-1.0	-0.45%	-4.46%
Tourism Incentive Programme	59.8	327.0	267.2	254.0	446.82%	428.78%
TOTAL	**162.2**	**436.6**	**274.4**	**256.8**	**169.2%**	**158.32%**

Source: National Treasury ENE, 2021/22

The projects within TIP include tourism market access, tourism grading support, tourism destination development and energy efficient projects. A number of these projects were placed on hold in the 2020/21 financial year due to the outbreak of COVID-19. This resulted in a decrease in budget from R148.3 million in 2019/20 to R59.8 million in 2020/21. The TIP consumes 74.9 percent of the total Programme budget and Enterprise Development and Transformation 11.1 percent. Table 6 reflects the allocation of funds per sub-programme.

Table 6 depicts that budget allocation for Programme 4 substantially increases by 158.32 percent in real terms from R162.2 million in 2020/21 to R436.6 million in 2021/22. This is mainly driven by the significant growth of more than 400 percent experienced in the Programme's priority sub-programme, the Tourism Incentive Programme, from R59.8 million in 2020/21 to R327.0 million in 2021/22. This programme aims to incentivise priority areas, including providing market access support, tourism grading support, implementation of energy efficiency initiatives and funding of transformation initiatives in the tourism sector towards unlocking capital investment by black tourism entrepreneurs. The substantial increase in allocation results from the inclusion of projects and initiatives that were excluded in 2020/21 due to the COVID-19 pandemic, such as the incentive projects, Tourism Transformation Fund,

National Tourism Careers Expo and capacity building programmes. Another significant increase in budget allocation is experienced in sub-programme 2, *Tourism Human Resource Development*, at 16.41 percent in real terms. This sub-programme focuses on human resource development initiatives for the tourism sector.

Some of the programme performance indicators and targets for this programme include Tourism Equity Fund (TEF) applications approved in 2021/22 (four adjudication meetings); Green Tourism Incentive Programme (GTIP) applications approved in 2021/22 (four adjudication meetings); Incubation Programme implemented to support tourism SMMEs through the following Incubators (Business support and development) - Food Services Incubator; Two (2) community-based enterprises incubation programmes; and the implementation of Educators Development Programme in all nine provinces.

The Committee notes that some of the incentive programmes that are not included for this financial year under the indicator are: Market Access Support, Tourism Grading Support and the Tourism Transformation Fund (TTF). The programmes were also excluded as targets for the 2020/21 financial year due to COVID-19. The Committee will follow-up with the Department on the TTF and whether the fund is still open for applications. In its 2019/20 annual report, the Department reported that only six applications were approved and only R2 million of the R40 million set aside for the programme was spent during the financial year. The TTF is managed by the National Empowerment Fund for the Department. The Committee also noted challenges with the implementation of the Tourism Equity Fund as it has been interdicted by the Pretoria High Court.

The Food Services Incubator, the two Community-based Enterprises Incubator Programme and the thirty community-based projects supported are also new performance indicators. These new performance indicators address the recommendations made by the Committee to focus tourism development in the villages, townships and small dorpies (VTSDs).

4. SOUTH AFRICAN TOURISM

Chapter 3, Section 41(1) of the Constitution of the Republic of South Africa (Act No. 108 of 1996) stipulates the relationship and principles underlying cooperation and assigning functions between various spheres of government. The Tourism Act (Act No.3 of 2014) mandates South African Tourism to market South Africa internationally and domestically as a preferred tourism and business events destination; ensure that tourist facilities and services are of the highest standard; and monitor and evaluate the performance of the tourism sector. Over the medium term, the Entity will focus on responding to the national Tourism Sector Recovery Plan. Primary activities will include revitalising South Africa's reputation as a premier travel destination; and protecting, defending and entrenching current markets while growing new strategically identified markets to drive domestic business travel and meet the rising demand for domestic leisure travel.

To revitalise South Africa as a premier destination brand, the Entity has set aside R3 billion over the medium term. Expenditure is expected to increase from R1.5 billion in 2020/21 to R1.6 billion in 2023/24. Transfers from the Department account for an estimated 90.1 per cent

(R3.9 billion) of total revenue. Other revenue is generated from tourism marketing levies, grading income, interest on investments and sundry income from events such as exhibitions.

4.1 Institutional policies and strategies

South African Tourism reported that COVID-19 and the economic shutdown has had a severe impact on the tourism sector, with many businesses struggling to recover from the related hard lockdown. Industry consultations have surfaced critical business continuity risks across the value chain. The Economic Reconstruction and Recovery Plan was published in late 2020, as the country's plan for overall recovery of the economy post the impact of COVID-19. The Plan identified 8 priority interventions, one of which is support for tourism recovery and growth. This priority emphasises 3 recovery phases: re-igniting demand; rejuvenating supply and building enabling capability.

The fundamental consideration is the manner in which South Africa will protect its tourism sector and outcompete in a market where every destination is simultaneously chasing recovery. Thus, the Tourism Sector Recovery Plan is anchored on the same pillars identified as the recovery phases in the ERRP.

The following strategic interventions will be implemented through the Tourism Sector Recovery Plan:

(i) Implement biosecurity norms and standards across the value chain to enable safe travel and rebuild traveller confidence;

(ii) Stimulate domestic demand through targeted initiatives and campaigns;

(iii) Launch an investment and resource mobilisation programme to support supply requirements of the post-COVID-19 era;

(iv) Support for the protection of core tourism infrastructure and assets;

(v) Execute a global marketing programme to reignite international demand;

(vi) Tourism regional integration; and

(vii) Review the tourism policy to provide enhanced support for sector growth and development outlines specific interventions under each strategic theme, with timeframes and lines of accountability.

4.2 Annual Performance Plan Programmes

South African Tourism delivers on its mandate through the five Programmes as follows:

(i) Programme 1: Corporate Support - provides effective support services to the organisation, as well as ensure compliance with statutory requirements; and ensures strategy development and integration with business performance monitoring, governance and evaluation.

(ii) Programme 2: Business Enablement - enhances collaboration with various stakeholders; and provides centralised tourism intelligence to support evidence-based decision-making.

(i) Programme 3: Leisure Tourism Marketing - creates demand through travel acquisition and growing brand equity for South Africa as a leisure and business events destination, in identified markets.
(ii) Programme 4: Business Events - grows the nation's business events industry.
(iii) Programme 5: Tourist Experience - ensures the delivery of quality assured tourist/ visitor experiences, which are diverse, unique and enriched.

4.3 Available budget for the 2021/22 financial year

In the 2021/22 financial year South African Tourism received from the Department of Tourism a total of R1,297.0 billion of the R2,429.6 billion allocated to the tourism Vote. This accounts for 53.6 percent of the total budget allocated to the tourism Vote. The Committee will scrutinise how this budget is spent to facilitate inclusive tourism growth through equitable marketing activities. South African Tourism has a total of R1.417.6 billion in the 2021/22 financial year. The Entity receives allocation from the Department of Tourism and other sources of revenue. The Sources of revenue for the 2021/22 financial year are depicted in Table 7.

The budget for the 2020/21 was reduced by R866 000. The Entity received revenue from other sources, including, R50 million from the TOMSA levies; R33.4 million from Indaba, Meetings Africa & other exhibitions; R12.2 million from grading fees and R24.8 million from sundry revenue. This is an improvement in the revenue collected in the 2020/21 financial year wherein no revenue was realised from the Indaba, Meetings Africa & other exhibitions; grading fees and sundry revenue.

Table 7: Projected revenue for 2021/22 MTEF

Revenue	**2019/20**	**2020/21**			**2021/22**	**2022/23**	**2023/24**
(R'000)	Audited	Approved	Special Adjustments	Revised Budget	Estimates	Estimates	Estimates
Department of Tourism	1,256,523	1,304,306	-866 000	438 306	1 297 038	1 329 206	1 344 672
TOMSA levies	133,304	144,224	-144 224	0	50 000	52 400	53 972
Indaba, Meetings Africa & other exhibitions	110,189	63,503	-62 823	680	33 498	35 106	36 159
Grading fees	23,164	25,134	-25 134	0	12 239	12 826	13 211
Sundry revenue	22,498	23,552	-23 552	0	24 847	26 040	26 821
TOTAL	**1,545,678**	**1,560,719**	**-1 121 733**	**438 986**	**1 417 622**	**1 455 578**	**1 474 835**

Source: adapted from South Africa Tourism 2021/22Annula Performance Plan

The available budget is inadequate to implement programmes aimed towards the recovery of the sector. The Entity has undertaken to conduct financial modelling in order to find ways to maximise the available budget and raise more revenue from other partners.

4.4 Annual performance targets

The Entity has set predetermined objectives for the 2021/22 financial years. In Programme 1, these will include implementation of the Employment Equity Plan through percentage of

women in South African Tourism, percentage of women in senior and top management positions, and percentage of people with disabilities employed.

In Programme 2, South African Tourism will strive to maintain at least 60 percent Black people (Africans, Coloureds and Indians) across all occupational levels; percentage of approved MOUs with provinces implemented; B2B and B2C portal supported; SA Tourism Reputation Index; number of reports assessing performance of tourism sector produced; and a number of sector engagements.

In Programme 3, the Entity will pursue 2.6 million international tourist arrivals; 2.0 million regional tourist arrivals; 3.1 million domestic holiday trips; R10.1 billion in domestic holiday direct spend; 116.1 million day trips; 39.9 brand strength index (leisure); four domestic deal-driven campaigns implemented; 481720 digital engagements-domestic; 1 regional brand campaign; 1 annual campaign launched and global roll-out; and the tourism activation at the World Expo 2020 in Dubai.

In Programme 4, the Entity will pursue Business Events brand strength index; 1 global business events campaign; 1 domestic business events campaign; 77 bid submissions; 3 national business events to be piloted in VTSDs; Hosting of Indaba and Meetings Africa in a hybrid format; and hosting of Lilizela Awards in a hybrid format.

In Programme 5, South African Tourism will implement a Net Promoter Score (NPS) improvement plan; 4 707 graded establishments; Enterprise and Supplier Development (E&SD) through the development of an E&SD programme, 25 percent of total seats at SA Tourism tradeshow platforms dedicated for SMME participants; implement Basic Quality Verification programme to support new accommodation entrants; 100 percent procurement from B-BBEE contributor status levels 1-5, 30 percent SMME, 40 percent Women-owned, 30 percent Youth-owned and 7 percent PWD-owned as a minimum percentage expenditure achieved on procurement of goods and services from targeted groups.

The tabled Annual Performance Plan is meticulously crafted and adapted to the current situation in the tourism industry. If effectively and efficiently implemented, the Entity would have been able to somehow respond to the crisis created by the COVID-19 pandemic.

5. COMMITTEE OBSERVATIONS

After a careful scrutiny of the Department of Tourism 2021/22 – 2023/24 and South African Tourism's 2021/22 Annual Performance Plans, the Committee made a number of organisation-specific and sector-wide observations that are meant to assist the Department and South African Tourism in their efforts towards the sector recovery. The Committee observations are as follows:

Observations with regard to the Department of Tourism

5.1 Court rulings

The Committee noted that on the 26th April 2021 the High Court in Pretoria stopped the Tourism Equity Fund (TEF) as the civic organisations AfriForum and Solidarity wanted the

fund interdicted. The Committee upholds the rule of law and appreciates the work done by the judiciary as another arm of the state. The Committee is, however, concerned that the court interdicts derail the efforts of the Department to drive transformation. This also frustrates the focus of the Committee on programmes that facilitate the transformation of the sector during the Sixth Parliament tenure.

It is noted that the main issue raised by the two organisations is the assertion that the TEF is a racial tourism fund. The two organisations took the Minister of Tourism, the Director-General for Tourism and the Small Enterprise Finance Agency (SEFA) to court. The Acting judge John Holland-Muter granted the interdict but withheld the reasons for his decision saying these will follow. The court interdicted the Department and SEFA from processing any application and/or making any payments from the Tourism Equity Fund pending the main application. The Committee awaits the finalisation of the matter.

The Committee noted with concern that it was the second instance that the two organisations took the Minister to court. Similar events unfolded when the Tourism Relief Fund was introduced in 2020 to provide relief to the distressed tourism sector as a result of the COVID-19 pandemic. At that time the court ruled in favour of the Minister and the fund was disbursed. When that happened, the Committee identified that the public, including some civic organisations, did not understand the spirit and letter of the Broad-Based Black Empowerment and the need to provide redress in the tourism sector. The Committee had recommended that the Minister intensified public education on the B-BBEE Act and the Tourism Sector Codes. The Committee maintains that more public education needs to be provided for the citizenry to understand the imperatives of transformation in the country.

5.2 Inadequate budget

The Committee noted that the total budget appropriated to Vote 38 in the current MTEF is R7.4 billion with transfers to South African Tourism accounting for an estimated 53.6 percent at R3.9 billion. The major concern is the amount allocated to compensation of employees at R333.1 million. This has a potential to affect the operations of the Department as there will be no sufficient budget to fund vacancies. The Committee was, nonetheless, satisfied that the Department will strive to maintain a vacancy rate of 10 percent in the 2021/22 financial year. The 2021/22 allocation amounts to R2 429.6 billion, R333.1 million of which is allocated to fund Compensation of Employees. National Treasury has imposed a ceiling on Compensation of Employees over the MTEF period and the ceiling amounts are R334.4 million for 2019/20, R360.3 million for 2020/21 and R383.7 million for 2021/22.9. The Cabinet-approved budget reductions of R606.4 million over the MTEF period will be effected on good and services (R125.7 million), transfers and subsidies (R325.1 million), and compensation of employees (R155.5 million).

This budget cut will also have a negative impact on the implementation of tourism projects, especially tourism development and destination development aimed at creating tourism supply at villages, townships and small towns. The Committee is also concerned about the continued imbalance in the budget as more funds in the Vote are allocated to marketing instead of tourism development. The Committee noted the sentiments raised by the Department that this imbalance is going to be a challenge for the foreseeable future as there is no envisaged budget increase in the near future.

5.3 Impact of the imbalanced budget prioritisation

As alluded, the Committee noted that South African Tourism receives more that 50 percent of the budget Vote. The impact of this skewed budget allocation is that the recommendations of the Committee on matters such as tourism development and enhancement of tourism in the Villages, Townships and Small Dorpies (VTSDs) will not be effectively implemented, culminating in a slow transformation of the sector. The large portion of the budget allocated to marketing continues to accrue benefits mainly to the existing tourism enterprises. This means that the gap between the established and the emerging enterprises will continue widening as tourism is currently concentrated in the Johannesburg-Durban-Cape Town Golden Triangle. The Committee considers this as an area that has huge oversight implications, as the available budget should equitably work for the benefit of all South Africans.

5.4 The general decline in the tourism sector and a threat of the third wave

The Committee observed that the 2021/22 -2023/24 Annual Performance Plan, with related budget, is tabled against the backdrop of a depressed tourism sector. The sector has contracted globally and in South Africa, putting a strain on important key performance indicators such as contribution to the GDP and employment creation. In a survey conducted by the Department in October 2020, the tourism businesses reported a more than 50 percent decline in revenue, less than 50 percent in forward bookings; and less than 50 percent in occupancy rates as some of the impact of the pandemic on the sector. The reality is that many businesses had no income at all and the sector will continue shedding jobs. This threatens the attributes of tourism as a labour intensive sector that contributes to the economic growth.

The Committee also noted with concern the developments in India with a predicted adverse effects on global tourism and safe opening of international travel. Countries are increasingly putting restrictions on travel from India, which is the same fate that had befallen South Africa when the second wave affected the country. The Committee was also concerned that a crew from India had tested positive for COVID-19 at the Durban harbour. The Committee will continue to monitor developments in this regard as this poses a threat of the third wave which may strike an irreparable damage to the tourism sector.

5.5 Proactive planning for recovery

The Committee commends the Department for the proactive planning that focuses on the recovery of the tourism sector. The Committee is contented that the tabled Annual Performance Plan (APP) has meticulously considered the major issues experienced by the sector and is geared for the recovery of the industry. The tabled APP addresses the issues of supply, especially in VTSDs, with the projects such as the thirty community-based projects and the incorporation of the Masterplans in the District Development Model. This will assist when the sector is fully recovered as the previously disadvantaged communities will also become part of the tourism value chain. It was noted with approval that the Minister had launched the Tourism Sector Recovery Plan (TSRP) on the 22nd April 2021 after the approval by the Cabinet. The Cabinet approval is crucial in that the TSRP is not just the plan for the

Department of Tourism but incorporates elements that need to be facilitated by other government sector departments. The TSRP is anchored on three strategic themes, namely:

- Re-igniting demand,
- Rejuvenation supply, and
- Strengthening enabling capability.

The thrust of these strategic themes is relevant to address the current distressed tourism sector in South Africa. If the TSRP is fully implemented, it will go a long way in facilitating the recovery of the sector.

5.6 The pursuit of transformation of the sector

The transformation imperative remains central to the work of the Committee. The Committee commends the Minister for the continued commitment in implementing the Tourism Equity Fund and the Tourism Transformation Fund. The Committee acknowledges the challenges experienced by the Department in implementing these funds. The successes reported in the implementation of the Tourism Transformation Fund were noted by the Committee whilst awaiting to address issues experienced in the Tourism Equity Fund, such as the pending court interdict.

The Committee also noted that the Department is implementing a number of projects aimed at improving the plight of the vulnerable groups, namely, the unemployed youth, retrenched youth, women and people living with disabilities. The beneficiaries of various training programmes implemented by the Department are these designated groups.

5.7 Addressing issues that may affect the implementation of the 2021/22 – 2023/24 Annual Performance Plan

Over time, the Committee has identified a number of challenges in the implementation of the planned projects and programmes in the previous Annual Performance Plans. The challenges have always led to poor performance against the quarterly targets, culminating in the non-achievement of the annual targets. Some of the common recurrent challenges include, but are not limited to:

- Poor project planning and implementation,
- Poor planning for projects implemented with third parties,
- Contract management,
- Delays in appointing service providers,
- Supply chain and procurement challenges,
- Poor implementation of infrastructure projects,
- Poor planning and implementation of training projects,
- Placement of learners for training projects, etc.

The Committee is satisfied that the Department has taken serious steps to address these challenges. Some of the improvement plans include limiting the amount of the project budget availed to project implementers as advance payments and the appointment of the Development Bank of Southern Africa (DBSA) as an implementing agent for the

infrastructure projects. The limit put on advance payments will reduce the exposure of the Department to unscrupulous project implementers. The Committee noted with approval that the DBSA has in-house built environment engineers who will oversee project implementation. This will eliminate a plethora of project implementation challenges as enumerated above.

5.8 Inclusion of Villages, Townships and Small Dorpies (VTSDs) in product development

The Department is undertaking to support the implementation of thirty community-based projects in the 2021/22 Annual Performance. This initiative is considered as a good intervention as it implements the Committee recommendations on supporting tourism development in the VTSDs. The Committee, however, noted that these are not greenfield (new) projects. These are (brown) historical projects that have been on the departmental books for many years. The programme implementation names of these projects have changed several times over the years, including being referred to as Social Responsibility Implementation Programme (SRI), Working for Tourism Projects, and now Community-Based projects.

The Committee will conduct a strict oversight on the implementation of these projects as the previous Committees of past Parliaments have conducted oversight over some of these infrastructure projects and discovered a number of challenges. Some of the issues exposed included, amongst others, poor project conceptualisation; poor project management; no value for money; poor workmanship and structural integrity; accountability, maintenance and management of facilities; lack of internal capacity by the Department to manage infrastructure projects; and operational challenges.

The Committee is aware that in response to the issues raised by Parliament on the implementation of infrastructure projects, the Department commissioned the Government Technical Advisory Centre (GTAC) to assist in the evaluation of SRI projects, both planned and active, to ensure their viability. The GTAC made various recommendations, including for the Department to continue implementing some of the infrastructure projects whilst others were found not viable and therefore recommended for discontinuation and to be taken off the departmental books. The Committee takes comfort in the new implementation methodology with the DBSA as an implementing agent.

5.9 Policy review considerations

The Committee noted that the Department has commenced with the policy review process aimed at providing an enabling policy milieu and influencing a legislative review process. The panel of experts appointed by the Minister has commenced with their work and the Minister is awaiting policy proposals. Given the current changes in the tourism industry, the Committee reiterated its position that the Minister ascertains that the following issues are included in the policy and the legislative review process, and are incorporated in the tourism strategies:

- Quality assurance – the Committee maintains the view that in order to ensure quality assurance in the destination, South Africa should implement a free but compulsory grading system.

- Health protocols – the Minister has already gazetted the National Norms and Standards for the Safe Operation of the Tourism Sector. There is a need to harmonise these with other countries for a coherent global strategy to safely open the sector and facilitate travel.
- Safety and security for tourists – the concerns about the safety and security for tourists predates the advent of the COVID-19 pandemic. The Committee maintains that the policy should provide clear policy directives in line with the protocols already developed in order to ensure safety and security for tourists. These should include emergency protocols.
- Air access and airlift – the recovery will depend on open and affordable air access. The Committee is of the view that the airlift should be improved in South Africa. This will be influenced by what the government does at global, continental, national and local government levels. The policy should enhance intersectoral engagements to activate other stakeholders, such as the Department of Transport to facilitate the development of an Airlift Strategy for the country. Cities and municipalities should be engaged in developing their air access strategies. The affordability issues should also be addressed through the engagements on the revision of airport taxes and tariffs.
- Getting the visa regime right – the policy proposals should consider engagements with the Department of Home Affairs on visa simplification and harmonisation. This includes expediting the pronouncements made by the President in the 2021 State of the Nation Address.
- Environmental sustainability – the success of the tourism industry in South Africa will depend on environmental sustainability. The policy review should strengthen the application of responsible tourism principles in all the government programmes and private sector investment initiatives.
- Regional integration – the government policy should clarify the regional integration issues, including regional marketing and trans-border guiding.

5.10 The current state of the tourism sector

The Committee learned, based on the recent meeting with the Tourism Business Council of South Africa (TBCSA) on the 23rd February 2021, that the industry is going through unprecedented hardship. The submissions based on lived-experiences by the trade revealed a number of issues that should be considered by the Minister and the Department. The Minister is urged to address the issues raised by the TBCSA, including:

- There has been little to no revenue for the sector, which has led to the closure of many tourism businesses.
- Low demand of tourism products due to low numbers of international tourists and impact of Lockdown on domestic demand.
- Hotels are operating at very low occupancies of about 30 percent, especially in the larger cities.
- The reduction in international flights to South Africa due to decreased passenger numbers.
- Employees are retrenched or put on reduced pay.
- The UIF TERS could abate the impact if extended for the tourism sector, therefore should be extended for the sector.
- The collections for the TOMSA levy had reduced to about 30 percent of their pre-COVID-19 levels.

- The impact on the MICE sector has been severe.
- The South African Association for the Conference Industry (SAACI) alluded that a number of events and meetings were being pushed into the third and fourth quarter of 2021 and that if the situation did not improve, the sector would permanently lose skills and experience, which would impact the sector's ability to roll out future events.
- The MICE sector was preparing for a safe reopening with the invention of some health passports.
- The above led the Committee conducting an oversight visit to the Health Passport Worldwide facility in Cape Town to see how the health passport works.
- The adoption of the health passport can assist to restart the sector, allowing large-scale events, exhibitions and attendance of spectators in stadiums.
- The sector was experiencing difficulties with the banks who expected loan repayments while there was zero income for businesses.
- Hotels had experienced challenges in claiming Business Interruption insurance.
- The sector had to continue paying rates and taxes to municipalities while there was no income made by the tourism businesses.

The Committee noted that the main cost driver for health passports is the rapid testing component. The Committee noted that South African Tourism is scanning the market for more service providers as this may assist with dealing with the price of testing. The Committee also noted that even when the price of testing is reduced, the travel policy environment will have to change for the health passports to be acceptable. Currently, the country allows everybody to travel to South Africa as long as they can produce a negative PCR test at the point of entry.

5.11 Impact of future trends on government funding and private investments

One of the probable future trends might be the demand for more isolated and secluded spaces at hotels and other tourist facilities and attractions. Previously, tourists had wanted to mingle with the locals at destinations and experience the culture with the locals and other guests. However, with the advent of the pandemic, tourists may become more demanding in terms of having more private spaces. This will have huge implications for hotels. The emerging tourism businesses in the VTSDs who might not have ample space for isolated and secluded enjoyment by the patrons may be more affected. It is therefore imperative that the Minister engages the private sector, especially the emerging tourism entrepreneurs about these probable future developments.

If this is not done, transformation may be reversed as the tourists will stop visiting smaller tourism establishments which lack facilities for private enjoyment and seclusion. This has implications for government funding such as the Tourism Equity Fund (TEF) and the Tourism Transformation Fund (TTF) in terms of the criteria and future of tourism in the country. The TEF and the TTF should also ensure that the smaller facilities are assisted to expand and provide ample isolated, open, clean air and secluded spaces for private enjoyment or and by patrons. If this is not done, there might be less traffic to the facilities in the VTSDs and transformation will be reversed. This is therefore a critical tourism development consideration for the government and the private sector.

5.12 The importance of airlift in the future of tourism in South Africa

The Committee noted that the closure of international travel due to the implementation of the Risk Adjusted Strategy had a huge impact on the aviation sector in South Africa. International flights were cancelled and this affected the airline industry worldwide. This, coupled with restrictions from other countries in the world, resulted in some unprecedented financial burden for airlines. The result was some airlines cutting certain routes to South Africa or reducing frequencies in some routes. The narrative about the South African variant has added more panic to international airlines about flying to South Africa. This caused more airlines to cancel their South Africa routes.

The Committee encourages the Minister to have ongoing interactions with the airlines to ensure that when the country is ready to accept international visitors there is sufficient airlift capacity to bring travellers to the destination. This is important as the budget spent on marketing will be futile if the demand is stimulated but access to the destination is limited. The importance of air transport in boosting South Africa's tourism recovery can, therefore, not be overemphasized.

The Committee also noted that there are aviation concerns that existed in the pre-COVID-19 period that will remain a challenge if not addressed sufficiently. The opportunity provided by the pandemic should be exploited to address all the issues and concerns pertinent to air transport. It is a given that South Africa is a long haul destination, which makes it expensive for tourists to travel to the country. The long distances between African markets; the exorbitant prices to fly between South Africa and other African markets; the lack of national or local carriers; exorbitant airport taxes; protection of national carriers; the poor air transport infrastructure; the lack of or non-implementation of the South African Airlift Strategy; poor connectivity between destinations; exorbitant domestic rates; no scheduled flights for potential tourism destinations; the non-implementation of African Open Skies Policy; and many other pertinent issues were a concern for tourism in Africa before the pandemic. The Committee is concerned that not enough is being done to resolve the challenges pertaining to airlift at a continental and country level, for the recovery of tourism in Africa and South Africa in particular. The Committee is also concerned about the non-implementation of the Yamoussoukro Declaration by the African States.

5.13 The roll-out of vaccines to tourism frontline staff

The Committee has previously recommended that the Minister considers recommending to the Cabinet that the tourism frontline staff be targeted for vaccinations. The Committee noted the response that the country follows the vaccine roll-out strategy as prescribed by the Minster of Health. As much as this is a vaccination trajectory taken by the government of South Africa, it is important for the Minister to note that our neighbouring country, Zimbabwe, has started with vaccinating the frontline tourism staff. Zimbabwe has started vaccinating the residents and staff of the Victoria Falls to boost tourism. This is being done as tourism is one of the important foreign exchange earners for Zimbabwe. The examination of the move by Zimbabwe is important because most of the South African Safari Packages include Kruger National Park in South Africa and Victoria Falls in Zimbabwe. It is crucial for the Minister to understand the dynamics and the impact of staff in the Victoria Falls being vaccinated whilst the other major component of Safari tours packages on the South African side are not vaccinated. The Minister needs to note that these regional tourism developments and packages are mutually dependent

on what happens inside and outside sovereign political borders. This is important as the Committee understands that tourism knows no political boundaries, and the regional tourism developments impact neighbouring sovereign states.

5.14 Harmonising the travel regulations

The Committee notes that a huge challenge for opening international travel is posed by varying policy provisions on travel restrictions imposed by sovereign states. South Africa has banned travelling from some countries whilst other countries have also banned travel from South Africa. This is a phenomenon among countries in various continents and within the continent of Africa itself. For example, the 54 countries in Africa have 54 various sets of travel regulations. It is also an impossible or arduous process for some foreign visitors to return to their countries of origin after completing their holiday in South Africa. Consequently, travellers opt not to visit South Africa as they would inadvertently be subjected to these arduous processes when they return home.

The different travel protocols cause uncertainty to travellers as they are not sure what will happen about their holiday whilst in South Africa. For example, there is an uncertainty about the holiday being cancelled, cut short and issues about refunds; uncertainty about quarantine on arrival in South Africa and when returning to the home country; uncertainty for airlines to carry the cost burden of returning back to original destination with passengers when they test positive on arrival in South Africa; uncertainty about the validity of COVID-19 tests and a fear of being returned home when testing positive on arrival. These are genuine concerns for travellers whilst countries are within their rights to protect their citizens. The main issue is with uniformity and certainty about the implications of these travel protocols. For example, South Africa just announces and implements travel protocols for implementation (Lockdown) with immediate effect whilst tourists are already in the country, causing logistical challenges for tour operators and tourists alike.

These concerns affect many countries in the region and throughout the world. The Committee is of the view that it might be prudent for the government of South Africa, using the platforms of the African Union and the World Tourism Organisation, to propose and initiate a mechanism that may investigate the possibility of common travel regulations (Norms and standards) amongst countries. This may be a system that is tested and adopted by the World Health Organisation to ensure that there is a common but reliable system of testing and clearing of people to travel among various countries. This will assist with ensuring that all the prospective tourists who want to travel anywhere in the world are cleared through a common and agreed process. This may assist South Africa and the region to recover very quickly as some of the tourism products are cross-country packages between countries in the region. A common travel protocol may also assist with providing certainty to the airlines about their obligations when flying to South Africa and elsewhere in the world. This will generally be useful in also safely opening the Meetings, Incentives, Conventions and Exhibitions (MICE) sector.

5.15 Lessons from the pandemic

The Committee has noted that there are various lessons that the government should learn from the pandemic in order to make pointed recommendations to the Minister for quick recovery and future sustainability of the sector. Some of these lessons include:

- The developments in India with the recent surge in the pandemic cases is an indicator that South Africa is not out of the woods yet as this poses a threat for the third wave and possible further restrictions on international travel. The government should therefore study the situation in India and take proactive actions to save lives and livelihoods in South Africa.
- A need to pay more focus on domestic tourism and encouraging citizens to travel within their own country.
- A need for a careful segmentation and targeting of regional and international markets.
- Being abreast of the fluidity and ever changing global tourism trends.
- A need to adapt to the changing consumer needs and meeting future expectations.
- A need to start planning for smaller groups and individual travellers instead of focusing on group travel and mass tourism.
- Entrenching responsible tourism in all the work done by the government and the private sector. This should be emphasised in the policy, but also enforced for implementation.
- Embracing technology and social media as a core for future tourism.
- A need for improved and coordinated communication between government and the private sector.
- A need to cultivate and enhance a mutual symbiotic relationship between the government and private sector.
- A need for more regional cooperation and coopetition instead of competition for regional success.
- A need to sign carefully structured bilateral agreements for regional and African success.
- A need for more coordinated government approach to tourism development.
- A need to revive international tourism as it is currently the bread basket of the sector, whilst vigorously getting domestic tourism right.
- A need to expedite the effective and efficient implementation of the Norms and Standards for safety protocols.
- A need to develop common international travel safety protocols.
- Ensuring that South Africa remains top of mind to international markets, even though the country and the world are still ravaged by the pandemic.

5.16 Increased focus on Responsible Tourism

The Committee recognises that the current White paper on the Development and Promotion of Tourism in South Africa (1996) advocates for a tourism industry that is anchored on responsible tourism, albeit not ubiquitously implemented. However, the pandemic has put the tourism industry in South Africa on a reset button. Responsible tourism has a strong element of community involvement. The major concern for the Committee is that the tourism activities in the country are still concentrated in Johannesburg-Durban-Cape Town golden triangle. The pandemic has presented new prospects for tourism development in the VTSDs. The new focus on domestic tourism provides opportunities for the shift of tourism concentration from big cities to villages and small towns. It is therefore imperative that as the country effectively implements its Tourism Sector Recovery Plan, the VTSDs are involved from a responsible tourism point of view. Tourism development in South Africa should be seen to empower and build local tourism. This will entrench the tenets of sustainable and responsible tourism in the county's tourism development initiatives.

Some of the responsible tourism principles that the Committee believes can be easily implemented in communities include:

- Promoting eco-friendly modes of practices - green transportation can easily be provided in villages, including traditional modes of travel and bicycle community tours.
- Supporting the local communities - tourism can contribute to local economies by supporting the usage of community facilities such as Homestays and integrating cultural practices in tourism offerings.
- Localisation and recycling - usage of the local offerings and only using minimal materials that degrade the environment can be easily adaptable to local tourism. The communities can also be encouraged to practice the practice of "reduce, reuse, recycle" in all the community facilities and attractions.

The Department is urged to ensure that all the government programmes incorporate and entrench responsible tourism practices.

Observations with regard to South African Tourism

5.17 Governance and administration

The Committee acknowledges that the 2021/22 Annual Performance Plan of South African Tourism is tabled with the tenures of the current Board and CEO of the Entity coming to an end soon. The Committee noted that the Minister of Tourism, in terms of section 13(3)(a) of the Tourism Act, 2014 issued an invitation for the nominations of suitable candidates to be considered for appointment to serve as members of the South African Tourism Board for a three-year term effective from 01 June 2021 until 31 May 2024. The Committee noted that the Cabinet has recommended the extension of the tenure of the current Board by a further one year due to the pending government process of repurposing state entities to avoid duplication. The Committee also noted that South African Tourism has common aspects in the mandate with Brand SA, and that necessary rationalisation engagements have taken place with the Acting Minister in the Presidency, and the outcome of the process is awaited. The Committee would like to thank the Board for the dedication and outstanding work they are performing in steering South African Tourism, especially given the challenges imposed by the COVID-19 pandemic.

The Committee also noted that the tenure of the current CEO is coming to an end soon. The advertisement was issued in February with a closing date for 12 March 2021. The Committee is satisfied with the process undertaken by the Board so far in ensuring that there is no leadership vacuum when the tenure of the current CEO ends. The Committee noted that the Board of South African Tourism solicited the services of an external service provider to drive the process of recruiting the new CEO. This move by Board is commended as it eliminates the conflict of interest as the current incumbent is still in office, should he wish to be considered. The Committee would also like to thank the outgoing CEO, Mr Sisa Ntshona, for the sterling work he performed at the Entity. The Committee observed that under his leadership, there was an improvement in public and stakeholder involvement through the initiative of regular webinars that addressed a number of industry specific issues. The

Committee will ensure that the incoming CEO continues this legacy which has set a new benchmark with regard to stakeholder involvement.

5.18 Budget implications

In the 2021/22 financial year, South African Tourism received from the Department of Tourism a total of R1,297.0 billion of the R2,429.6 billion allocated to the Tourism Vote (Vote 38). This accounts for 53.6 percent of the total budget allocated to the tourism Vote. The Committee appreciates the reimbursement of the R1 billion to the 2021/22 budget as the transfer to South African Tourism was significantly reduced to R438.9 million in 2020/21, with the funds redirected towards government relief funding for COVID-19. The additional R1 billion returned in the 2021/22 financial year is aimed at the marketing activities and the implementation of the Tourism Sector Recovery Plan. The Committee acknowledges that South African Tourism receives a large share of the Vote budget. As such, the work of South African Tourism is critical in the fulfilment of the tourism mandate bestowed unto the Department of Tourism. Currently, the budget allocation reflects an imbalance between the marketing and tourism development budget. The Committee, thus maintains that the budget allocated to the Tourism Vote is insufficient to adequately address the marketing and tourism development imperatives in South Africa.

The Committee noted that having realised the limited budget available for tourism marketing, the Entity has embarked on a project of financial modelling to fund the recovery. One of the goals of this financial modelling is to target domestic tourism, followed by regional tourism and ultimately international tourism. The Committee appreciates that the financial modelling also focusses on partnerships to augment the available financial resources.

5.19 The Marketing Investment Framework

The Committee recognises that the effective and efficient allocation and spend of the allocated marketing budget depends on the strength of the Marketing Investment Framework (MIF) developed by South African Tourism. For the purposes of oversight, the Committee considers the MIF as a carefully crafted marketing plan that identifies markets to optimise marketing investments across the identified target markets, and distributing available budget to help meet the set marketing objectives of the country. The Committee notes that the Entity is using the MIF developed in the 2016/17 financial year as revised in 2020. This MIF identified 24 markets or countries that are segmented into 16 Growth and 8 Defend markets. The Committee is of the view that the identified markets for the 2021/22 financial year should be those in which the travel restricts and advisories are not too restrictive for international travel. Spending money on activations in the markets that cannot travel to South Africa will be a futile exercise. However, the Committee also recognises the importance of continuation of the brand presence in the core markets to defend the market share for South Africa to ensure that the country remains a top of mind destination. The Entity is therefore urged to strike a balance between activations and defending the market share.

5.20 Partnerships

As alluded, the Committee noted that the Entity is looking more towards partnerships to augment the limited available financial resources. The Committee is pleased to note the two broad categories of partnerships pursued by the Entity. The one category focusses on channel partnerships that build and maintain channel relationship to ensure that when the sector recovers the country is ready to receive international tourists. The other category of partnerships focusses on enhancing the brand. This includes interventions such as a partnership with Netflix to enhance the esteem and the appeal of the brand.

5.21 Econometric forecasts

The Committee recognises that South African Tourism conducts the market analytics study to gain insights and understand future travel trends. These analytic studies should be viewed in the light of the target of 21 million additional tourist arrivals set for 2030. The Committee is concerned that this target was set before the advent of the pandemic and the operating environment may no longer be conducive for achieving this bold target. The Committee, is thus concerned that the Entity may not be able to meet the target of 21 million additional tourist arrivals. The Entity should therefore seriously scrutinise the prevailing conditions to ascertain if the set target is still applicable or needs to be revised down for realistic planning and budgeting. The Committee noted that the Entity still regards 21 million arrivals as the target as it is contained in their five-year strategic plan. The Committee is, however, adamant that the Entity needs to closely scrutinise this target and ascertain if it is still feasible to achieve.

The important fact noted by the Committee is that the recently launched Tourism Sector Recovery Plan states that tourism's contribution to economic output and employment is flat on pre-2008 levels, while global tourism growth has outstripped South Africa's performance in the past decade. Compounding these challenges is the impact of the COVID-19 pandemic. The prevailing circumstances turn the set target on its head, and the Committee understands that the Entity has its work cut out to make the Tourism Sector Recovery Plan work effectively. A proper econometric forecast, therefore, needs to be done once the sector starts to recover using a new benchmark imposed by COVID-19 conditions for realistic forecasting calculations.

5.22 The future of South Africa's source markets

The Committee understands that an African holiday has always been on a to-do-list of many travellers from mature and emerging markets. It is observed that tourism demand is currently subdued due to the fear of travel, travel advisories and travel restrictions imposed by many countries, including to South Africa. The Committee, nonetheless, is optimistic that there will be a pent-up demand (a strong demand) for South African tourism products after the current period of subdued demand. The Committee urges the Entity to take practical steps to ensure that South Africa is ready to deal with an increased demand once international travel has been fully opened. The Entity is thus urged to study the current and future demand patterns to ensure that the country understands the current and future trends that will determine demand. This is important as the future tourist, in the post-COVID-19 era, will be more safety conscious. The Committee is of the view that the consumers will take huge risks to travel. As such, these

consumers will expect more from the destinations they choose for their holidays. The Committee, therefore, encourages the Board of South African Tourism to engage the private sector to ensure that the South African tourism products are geared for the future tourism consumer needs.

5.23 Future trends in tourism development and marketing

The Committee noted that it is not going to be business as usual for the future of tourism development, management and marketing. The established trend in tourism is that mature travellers always return, but for more and better experiences. The consumers will, in future, seek better returns from their trips to particular destinations. This will also include better coordinated and seamless transport networks. The Committee admits that safety will be at the core of all future travel arrangements. With the current developments in the global tourism sector, it is clear that the destinations need to do things differently. As such, South Africa should rethink its tourism development and management trajectory. The responsible tourism that is part of tourism development in South Africa should be more entrenched and somehow enforced. The marketing should be more than a product portfolio, but also include other aspects of the destination such as safety protocols and ease of travel. The Committee, thus, considers it important for the country to recalibrate its tourism development, management and marketing.

Another big change in the travel patterns might be a shift from large group travel to small groups. This may affect how South Africa has to plan for markets such as China and India. This consideration is important as some markets are fastidious about their travel arrangements and facilities available at the destination. The Committee has previously advised that the Board of South African Tourism develops strategies for China and India. The Entity needs to adapt these strategies to the current and prevailing trends in the sector.

The future might also see a number of travellers opting to make their own travel arrangements and travelling as small groups or as individuals. The Committee considers this as requiring a special type of focus in marketing and tourism development, including the transportation and servicing of tourists when they arrive. The Committee, therefore, deems it necessary to conduct a future trends analysis study to better understand the future markets. This should be a living document that is updated from time to time as the changes in the sector will remain fluid and will keep changing at a very high pace.

5.24 The role of vaccinations in improving the perceptions about Destination South Africa

The Committee recognises that most countries have embarked on the vaccination drive against the COVID-19 pandemic. The vaccinations are not only good for saving lives, but are also important marketing tools for tourism destinations. A variety of anti-coronavirus vaccines have been developed by many pharmaceutical companies around the world with their efficacy growing to acceptable levels. This has led to vaccination campaigns being undertaken by many countries. South Africa has also not been left behind in this vaccination drive. This will have huge implications for tourism when the country reaches the herd immunity. Reaching the herd immunity could be incorporated into the marketing campaigns as a tool to reflect South Africa as a safe, even corona free destination. The Committee deems it necessary for the Minister of Tourism to have such conversations at the Cabinet level so

that the government can understand the cumulative impact of vaccinations to the tourism industry.

5.25 Volume vs value –the regional statistics debate

The Committee noted that the Entity is prioritising domestic and regional tourism to drive recovery. This is the consequence of poor prospects for early resumption of international tourism as the tourism activities at an international level have come to a grinding halt and the arrivals to South Africa are mainly from the three neighbouring countries in the region, namely, Lesotho, Zimbabwe and Mozambique. The big regional numbers always come from these top three regional markets. As such, the recovery is expected to be driven by the domestic market, and the Africa regional market is expected to play a huge role in the recovery. Whilst gearing up for recovery, the Committee urges the Minister to evaluate the volume vs value of the regional market from SADC countries. The SADC countries provide volume in terms of numbers coming to the country. However, the Committee is of the view that the value of the SADC region in terms of revenue generation is minimal. The Board of South African Tourism should question the reliance of recovery on such a precarious imbalance between the volume and value of the regional market.

5.26 Pricing and packaging tourism products

The Committee has always recommended that the government and South African Tourism should engage the private sector to provide competitive pricing for the tourism products. The Committee even mooted a differential and dual pricing for international and domestic tourism markets. The recommendation of dual pricing has always been rejected by both government and the private sector. However, the Committee is of the view that the prevailing situation dictates that the demand from international tourists is very low and innovative ways should be implemented to boost recovery.

The Committee acknowledges the efforts of the Minister in embarking on a campaign to crisscross the country to stimulate the domestic demand. The Committee asserts that the reality of the situation is that most tourism products in South Africa were developed for the international market. As such, the pricing has always targeted the international market. There is a serious need to consider price reductions to tailor-make travel packages for the domestic market. Otherwise, the Minister may stimulate interest for domestic travel only to find that affordability is the issue for the domestic market.

The Committee maintains that with the advent of the pandemic, the government and the private sector should realise that pricing is no longer the only issue for the domestic market. The considerations for the domestic market may be more than cheap and bargain holiday packages. The considerations may have become more similar to those of the international travellers with regard to safety and health protocols. It is therefore important to study and gain deep insights into the future domestic tourist in South Africa. This calls for the reconsideration of pricing in the tourism sector to stimulate demand and ensure conversion in the domestic market.

5.27 Possible future of the MICE sector in the VTSDs

Some of the emerging trends favour planning and hosting more meetings in the VTSDs. The Committee engaged the South African National Conventions Bureau on how these emerging trends could leverage more meetings for the VTSDs. The considerations included, but are not limited to:

- Hybrid platforms – many digital platforms are being adapted for virtual meetings. It has been observed that throughout lockdowns, digital platforms such as Zoom have been increasingly used to host meetings and other events. This has facilitated the virtual participation of delegates from all over the world. This is becoming a serious consideration for companies as it reduces the chances of infection whist also saving a huge amount of costs.
- Need for human interaction still necessary – it is emerging that the virtual meetings will not entirely eliminate the need for face-to-face meetings. The consideration for event planners is to determine which delegates need to be at the venue of the event and who could effectively participate remotely.
- Future size of events favours VTSDs – the virtual/ hybrid meetings have a significant impact on the meeting venues. As the numbers of meetings will get smaller due to hybrid meetings, the venues needed to host these meetings will also change. This means the meetings can now be held in smaller venues. This provides an opportunity for the small meeting venues in the VTSDs to be considered for the MICE events. The South African National Conventions Bureau needs to provide a strategy of how they will leverage more meetings for the VTSDs given that the size of the venues will not be a consideration of the foreseeable future.
- Ecotourism and the MICE sector (green thinking) – the Committee has recently been raising a number of issues that should be considered by the Department and South African Tourism with regard to greening the tourism sector. The smaller virtual meetings provide opportunities for the MICE sector to be held in villages and small towns. This provides more opportunities for the interaction between the delegates and communities. This is also a platform to take the MICE business to communities, thus ensuring that the economic benefits of the MICE sector also accrue to local communities. The smaller venues in communities can also be easily adaptable to eco-friendly practices in hosting meetings.

The Committee is satisfied with the initiatives taken by the Entity and the SANCB in stimulating tourism in the VTSDs. The Committee appreciates the Memoranda of Understanding that have been signed between South African Tourism and the provincial Destination Management Organisations (DMOs) to work on various projects at a local level. The MOUs target the VTSDs and the consultations will continue to improve implementation. The Committee also welcomes the initiative by the SANCB of identifying three small towns that will be supported and developed so that they may be able to host MICE events. The Committee appreciates that the SANCB has made an undertaking that all services will be sourced from and rendered by the local towns without anything outsourced to external service providers to prevent economic leakages from the MICE events.

5.28 An example of future meetings

The Committee has engaged the Minister and the Board of South African Tourism about the readiness of South Africa for the nature and future of the MICE sector. The Committee noted that the Africa Travel Week 2021was held from Wednesday, April 7 to Friday, April 9, albeit virtually. This trade show facilitated 5 000 one-on-one meetings, 4 000 views of content sessions and over 4 300 minutes of speed networking. This was a huge success given the new dynamics imposed by the pandemic. However, this is an event independently organised by the private sector. South African Tourism, through the South African National Conventions Bureau is responsible for organising events such as Africa's Travel Indaba and Meetings Africa.

The Committee welcomes the undertaking by the SANCB to plan hosting hybrid meetings for the Meetings Africa and Africa's Travel Indaba events. The Committee understands that there will be some teething problems but urges the Entity to go head so that these events may provide a benchmark of what is possible in the future of the MICE sector in South Africa.

5.29 The negative impacts of messages about the South African Variant

The Committee has previously raised concerns about the negative messages emanating from the discovery of the 501Y.V2 strain of COVID-19 in South Africa. The Committee raised concerns that referring to 501Y.V2 as a South African variant would cause an irreparable brand damage to the country as a tourism destination. The negative unintended consequences have already begun as some countries have issued travel advisories against South Africa; some airlines have cancelled their South Africa routes; some events planned for the country, such the Lions Rugby Tour were being affected as accommodation and flight bookings were being cancelled. The Committee notes that there are over 41 other countries with the same strain of the virus and the government had to take more serious steps to protect the country from being negatively targeted.

The Committee notes that the government is taking the matter seriously as there have been some critical steps taken to address the issue of the "South African Variant". The government has embarked on a number of initiatives to dispel the myths about the South African Variant, including that:

- The Government Communication and Information Systems Department arranged a panel discussion with CNN to address negative messages.
- The Minister has been interviewed by a number of German print and broadcast media where she addressed the matter of the South African Variant.
- The Minister has met various ambassadors from South Africa's key source markets to intervene on travel advisories.
- The Minister of Health serves in the World Health Organisation and provides health perspective on the matter.

The Committee also noted that South African Tourism has continuously engaged the trade channel partners on what is being done in South Africa to deal with the pandemic. The relationship with the embassies has also helped in addressing the issue of the South African

variant message, for example, the United States of America has put South Africa on Level 4 travel advisory as a result of the engagements with the embassy.

5.30 The safety protocols as a unique selling proposition to boost recovery

At the onset of the pandemic, the Committee recommended that the Minister develops a Tourism Recovery Strategy with safety protocols. This was done by the Department in partnership with South African Tourism and the Tourism Business Council of South Africa. The Cabinet has adopted the Norms and Standards and the sector is ready to implement. The Committee is of the view that the 2021/22 Annual Performance Plan will be successful if these Norms and Standards are effectively implemented. The Committee will closely monitor the implementation of the Norms and Standards. If these safety protocols are effectively implemented, they can provide an assurance to potential travellers that South Africa is a tourist destination that takes the safety of its visitors seriously. This can become a marketing tool that is used as a unique selling proposition for South Africa as a destination.

5.31 Promoting domestic tourism and ending reliance on international markets

The Committee observed that the tourism sector has many constituent parts that need to be considered separately but as a part of a whole in order for each component to be fully developed and supported. The hospitality sector is one part of the tourism sector that was decimated by the pandemic as there was no trading at all. The players in this category were heavily affected. The Committee heard from the Tourism Business Council of South Africa (TBCSA) that hotels were closing down. The impact was so devastating that the TBCSA reported to the Committee that some members even committed suicide. However, the Committee noted the reported comments of the Minister that the accommodation establishments, in particular, have seen up to 90 percent occupancy rate by marketing to the domestic market. The Committee considers this as a huge improvement, but ponders as to what extent is this assertion applicable throughout the country; whether this is a general upswing of the domestic market everywhere or just a lucky stroke for a few businesses; in which parts of the country has this upswing been recorded; and which type of accommodation establishments have experienced that type of recovery?

These pertinent details are important in order to understand this huge improvement that defies the odds when considering the subdued economic growth in the country and the burden caused by the pandemic on the households. This recovery in the domestic market may mean that there has been tourism substitution and replacement of international tourism by domestic tourism. The people that would have taken international trips might have opted for domestic trips. This is an important dynamic that should be studied and fully understood by the Board of South African Tourism. This calls for the Department and South African Tourism to engage the hospitality sector to understand the emerging trends in the sector.

Another cause for the upswing may be that some hospitality businesses have already adjusted well in using technology to address changing environments to remain competitive. As reported, hospitality brands that are positively responding to the crisis may have deployed more advanced technologies, digital products, and tech talent to speed up innovation, and they expect most of these changes to outlast the pandemic. Some hospitality establishments may have integrated technology in their businesses to streamline the booking process, eradicate paper

trails and the administration process, manage occupancy and revenue in real-time, and provide instant access to customer data for future sales and marketing. These trends should be studied and shared with the sector, especially emerging tourism businesses who might not have integrated technologies in their businesses. This is most important for the emerging businesses in the VTSDs.

5.32 Readiness for the hospitality industry when the tourism sector fully reopens and recovers

The Committee is of the view that South African Tourism should engage the tourism business sector, especially the emerging businesses about the nuanced changes that are expected for the future of the tourism sector as the tourism sector is no longer the same as the pre-COVID-19 period. The pillars of tourism recovery which are the strategic thrusts of the Tourism Sector Recovery Plan may not yield intended results for the emerging businesses if they are not attuned to the new prevailing conditions in the sector. The state of poor readiness may continue to put more tourism businesses under stress, or even lead to their permanent closure if they are not ready for the new business models.

The important observation is that technology is going to be increasingly important for tourism business in the near future. As alluded, the right technology will determine the rise and fall of many businesses. The Committee is concerned that some tourism businesses may still be using inefficient systems when the industry recovers. These old technologies will not be effective for the real-time all-in-one solutions needed by the future consumers. The consumers will seek efficient establishments that may respond to them in real time.

The Committee is also aware that the technological advancements may disrupt the attributes of the tourism sector as a labour-intensive sector. Most of the work done by a number of people employed in the sector will become automated. The tourism APPs are abounding and they are replacing the need for person-to-person interaction when booking and experiencing the products. These include destination APPs and maps that provide virtual interactive interaction between the consumer and the product.

The Committee urges the Minister and the Board of South African Tourism to study the nature of these future changes in the tourism labour requirements and the potential devastating impact they would have on the employment prospects in the sector. This is important to understand the nature of future tourism jobs.

6. RECOMMENDATIONS

After the judicious scrutiny of the Annual Performance Plans of the Department of Tourism and South African Tourism, the Committee makes the following recommendations to the Minister of Tourism for a response no later than 30 August 2021:

Recommendations in relation to the Department of Tourism

It is recommended that the Minister of Tourism:

6.1 Engages the National Treasury to reprioritise and allocate more budget for compensation of employees to Vote 38 during the Medium-Term Budget Policy Statement (MTBPS) to be tabled by the Minister of Finance in October 2021.

6.2 Appeals the interdict to implement the Tourism Equity Fund as made by the Pretoria High Court.

6.3 Given that the budget allocated to Vote 38 is gradually deceasing and not meeting the needs of the sector, explores merging Programme 3 and Programme 4 to maximise the impact of projects that further develop and maximise the involvement and incorporation of VTSDs in the formal tourism economy.

6.4 Establishes a funding mechanism that facilitates the funding of tourism start-up businesses.

6.5 Works closely with the private sector to maximise the impact of the appropriated budget through creation of collaborative partnerships.

6.6 Engages other government sector departments to ensure that cross-cutting sector issues that impact on tourism development and marketing are addresses effectively and efficiently.

6.7 Develops a tracking tool to oversee the implementation of the Norms and Standards for the safe operation of the tourism sector.

6.8 Considers the policy proposals made by the Committee in the finalisation of the new tourism policy for South Africa.

6.9 Ensures that the policy review process takes into consideration the principles of responsible tourism, ecotourism, climate change and address issues that improve the Blue Flag status of beaches in the country; water health for sporting events; and engage the relevant government departments and municipalities to improve on refuse removal and dumping in order to drive sustainable tourism development and marketing in the country.

6.10 Conducts public education on the transformation imperatives and the tenets of the Broad-Based Black Empowerment in general, and the Tourism Sector Codes in particular, to avoid further court actions interdicting the implementation of transformation programes.

6.11 Engages the relevant authorities to ensure that the Temporary Employer/Employee Relief Scheme (TERS) funding facility is extended for the tourism sector.

6.12 Conducts a Trend Analysis Study to understand the future trends that will drive tourism development and marketing based on the global changes imposed by the COVID-19 pandemic.

6.13 Analyses the possible future changes in the tourism policy trajectory at a global level that have a possible impact on global travel and international arrivals in South Africa.

6.14 Works with continental bodies such as the African Union (AU) and world organisations such the United Nations World Tourism Organisation (UNWTO) in influencing policy shifts, harmonising and implementing instruments such Norms and Standards for international travel, and open skies policy to facilitate air access and regional marketing organisation to accomplish regional integration at a SADC level.

6.15 Exploits the African Continental Free Trade Agreement for the benefit of tourism in South Africa.

6.16 Engages the Cabinet on the contribution expected from other government departments in unlocking the tourism potential of the country.

6.17 Tightens oversight over South African Tourism as the Entity receives more than 50 percent of the budget allocated to Vote 38.

6.18 Monitors the situation of rising COVID-19 infections in India and recognise its possible impact on global tourism and South Africa in particular.

Recommendations in relation to South African Tourism

It is recommended that the Minister of Tourism engages the Board of South African Tourism to:

6.19 Reprioritise the international marketing budget to Programme 3 and Programme 4 of the Department instead of returning the funds to the National Treasury should the third wave of the COVID-19 strike the country and international tourism come to a grinding halt.

6.20 Prioritise Economic Modelling to leverage funding in order to augment the available budget.

6.21 Improve on organisational efficiencies to maximise the utilisation of available budget.

6.22 Conduct an Econometric Forecasting Study to determine the trends on future international arrivals to set a realistic 2030 target on international arrivals and determine the future trends of domestic trips.

6.23 Develop a Partnership Model that will assist South African Tourism to identify and choose partners that will add value to the business of the organisation and leverage more funding for domestic and international marketing.

6.24 Engage the private sector to package value for money domestic holiday packages.

6.25 Package, coordinate and intensify communication to demystify the 501Y.V2 variant of the COVID-19 virus and mitigate the impact of the narrative at an international level about this strain as a South African variant.

6.26 Intensify the work done in VTSDs to more than three small towns for business events as the venue requirements will change due hybrid meetings.

6.27 Prioritise the thirty Community-Based Tourism projects implemented by the Department of Tourism in the marketing activities.

7. CONCLUSION

The Committee accepts and adopts the 2021/22 -2023/24 Annual Performance Plan and the 2021/22 Annual Performance Plan tabled by the Department of Tourism and South African Tourism respectively. These plans have aptly captured the current situation experienced by the tourism sector. The Committee is satisfied with these plans and commends the two organisations for developing programmes and strategies that are geared towards the recovery of the sector. The Committee also acknowledges that the road ahead is a difficult and a fluid one given the rapid global changes in the pandemic. The current situation in India poses a serious threat in global travel and fears of the third wave in South Africa. The Committee urges the government to keep an eye on the developments in India to cushion the country and continue saving lives and livelihoods.

Report to be considered.

5. Report of the Portfolio Committee on Sport, Arts and Culture on Budget Vote 37: Department of Sport, Arts and Culture, dated 11 May 2021

The Portfolio Committee on Sport, Arts and Culture (hereinafter referred to as "the Committee"), having considered the 2019/20 – 2024/25 Strategic Plan, the 2021/22 Annual Performance Plan (APP), and the budget of the Department of Sport, Arts and Culture, Vote 37, reports as follows:

1. Introduction

Section 42(3) of the Constitution of the Republic of South Africa, 1996 bestows the oversight function over the national executive to the National Assembly (NA). The Committee considered the 2021/22 budget of the Department of Sport, Arts and Culture (DSAC) as part of its oversight function over the Department as mandated by Public Finance Management Act (Act No 1 of 1999) and Money Bills Amendment Procedure and Related Matters Act (Act No 9 of 2009). The Department briefed the Committee on its 2021/22 budget and 2021/22 APP on 04 May 2021.

The 2020/21 financial year is characterised by minimising the effects of the COVID-19 pandemic on the economy. The overarching focus for this financial year is to renew the economy and restore public finances, thus medium-term fiscal policy focuses on:

- extending temporary support in response to COVID-19;
- narrowing the budget deficit and stabilising debt; and
- exercising continued restraint in non-interest expenditure growth, while improving the composition of expenditure.

This Vote 37: Sport, Arts and Culture budget vote is presented at a time when the effects of the COVID-19 pandemic are extremely pronounced. The pandemic has had a significant adverse impact on the Sport, Arts and Culture (SAC) sector due to the many restrictions placed on the movement and gatherings of people during the lockdown. Lockdowns across the world led to the cancellation of sporting and cultural events, such as athletic meetings, concerts and theatre performances. Venues such as stadiums, museums, libraries, and cultural/recreational centres were forced to close. Domestic and international travel restrictions imposed by most countries meant that

sports and cultural tourism came to a standstill. This led to professionals in the SAC sector being severely affected by lost job opportunities as well as the termination of jobs that had already been planned and agreed to. These extreme, but unavoidable, measures affected the livelihoods of performers, visual artists, museum and library personnel, writers, journalists, athletes, coaches and all the associated trades that support them.

Through budgetary realignments, the Department has responded to the pandemic and has implemented several interventions, mainly in the form of relief funds, specifically geared towards bringing relief for the SAC sector to retain jobs and create new employment opportunities, as per the national drive. These have, and continue to happen alongside the implementation of the Mzansi Golden Economy (MGE) Strategy and support given to athletes through the scientific support programme and sports academies.

In addition to responding to a global pandemic, the Department is in the process of ensuring a successful merger. In a presentation to the Committee on 16 March 2021, the Department provided an overview of the six work streams tasked with working on the merger. These include Human Resource (HR) Management, Organisational Design, Labour Relations, Change Management; Infrastructure; Finance; Information Technology (IT); Legal Services; and Communications and Marketing. At the time of the presentation, most key milestones set for each of the work streams either had been achieved, or were in progress and on schedule. The only two milestones that were running behind schedule were IT work stream projects that included the relocation from Regent Building to VWL Building (Sechaba House) because of delays in the physical relocation of staff and the review of Information and Communication Technologies (ICT) policies.

The purpose of this document, therefore, is to table the Committee report after scrutiny of the budget allocated to Vote 37: Sport, Arts and Culture in the 2021 Estimates of National Expenditure (ENE). This Budget Report thus provides a comprehensive analysis of the Department’s allocated budget.

2. Purpose of the Budget Vote:37

The purpose of the Vote is to provide an enabling environment for the sport, arts and culture sector by developing, transforming, preserving, protecting and promoting sport, arts and culture at all levels of participation to foster an active, winning, creative and socially cohesive nation.

3. Method

The Committee met to consider the 2020 – 25 Strategic Plans and 2020/21 APPs and budgets of the Department, the Robben Island Museum (RIM), Boxing South Africa (BSA), and the South African Institute for Drug-Free Sport (SAIDS). These were considered against the background of key Government policy documents, including, amongst others, the National Development Plan (NDP), the 2019 – 2024 Medium Term Strategic Framework (MTSF), and the 2021 State of the Nation Address (SONA). With national lockdown restrictions currently still in place, all meetings were held on virtual platforms.

4. Strategic Overview of the Department of Sport, Arts and Culture

Cabinet adopted the National Development Plan: Vision 2030 (NDP) in 2012 as a long-term vision and plan for the country. This broad policy is regarded as the road map to deal with the challenges of unemployment, poverty and inequality by 2030.

The Vision 2030 is conceptualised as standing on three policy pillars:

1. Achieving a more capable state;
2. Driving a strong and inclusive economy; and
3. Building and strengthening the capabilities of South Africans.

These are underpinned by seven Government priorities, as contained in the 2019-2024 Medium Term Strategic Framework (MTSF), namely:

- Priority 1: Building a capable, ethical and developmental state
- Priority 2: Economic Transformation and Job Creation
- Priority 3: Education, Skills and Health
- Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services

- Priority 5: Spatial Integration, Human Settlements and Local Government
- Priority 6: Social Cohesion and Safe Communities

Within that broad policy framework, the Department has to ensure that its outcomes and that of the entities reporting to the Minister are aligned to these seven broad policy priorities. This alignment ensures a direct focus of the work of the Department and its entities over the next five years as part of a capable, ethical and developmental state. This is a prerequisite for sector transformation, job creation and targeted strategies to facilitate nation-building and social cohesion.

To this end, Department responds to Chapter 15 of the NDP: 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 which are key values enshrined in the Constitution. In relation to the national priorities for the MTSF, with the exception of Priority 4 and 7, the Department contributes to the remaining Government priorities with a sharp focus on increasing the market share of and job opportunities created in the sector, and building a diverse, socially cohesive society.

In its effort to translate the broad policy statements into implementable programmes, the Department has stated the following as predetermined outcomes linked to the MTSF:

- Outcome 1: Increased market share of and job opportunities created in sport, cultural and creative industries.
- Outcome 2: A diverse, socially cohesive society with a common identity.
- Outcome 3: Transformed, capable and professional sport, arts and culture sector.
- Outcome 4: Integrated and accessible SAC infrastructure and information.
- Outcome 5: Compliant and responsive Governance/Administration.

In support of these outcomes, the Department has developed focus areas categorised into the following ten points:

1. Create job opportunities and support entrepreneurs.
2. Increase market share of sport, cultural and creative industries.
3. Capacitate and professionalise the sport, arts and culture sector.

4. Increase access to infrastructure and information.
5. Establish a common national identity.
6. Engender compliant and responsive governance.
7. Strengthen sport and cultural diplomacy.
8. Accelerate social cohesion.
9. Promote official languages.
10. Implement the emergency response plan on gender-based violence and femicide.

The Department has devised a range of high impact projects to respond to the outcomes and focus areas. These include, among others, the amalgamation of entities; the provision of Government support to anti-doping agencies; support high-performance athletes to achieve success at international events; and support to practitioners through the SAC academies, centres of excellence and incubators.

Over the MTSF, the Department's policy and legislative programme is be guided by two White Papers. The White Paper for Arts and Culture needs to be implemented so that it can contribute to the transformation of the sector. The White Paper for Sport and Recreation will co-exist with that of Arts and Culture. The APP notes that the Department is in the process of developing and/or reviewing the following policies and framework documents:

- Athletes Support Policy;
- South African Sports Academies Strategic Framework and Policy Guidelines;
- The Prioritisation of Sport and Recreation Bodies Policy;
- Women in Sport Policy;
- Infrastructure Policy;
- Implementation Framework of the South African Language Practitioners' Council Act;
- National Strategy for the development and promotion of a South African literary culture;
- Visual Arts Strategy;
- Arts and Culture Promotion and Development (ACPD) Funding Policy;
- Craft Strategy;
- Cultural and Creative Industries Masterplan;

- International Relations;
- Repatriation and restitution of human remains and heritage objects policy; and
- National Policy Framework on the Digitisation of Heritage Resources.

The Department has embarked on a process to that sees the temporary deprioritisation of some programmes and projects that do not directly support relief measures. It has refocused the integrated medium-term planning for resilience and inclusive development and has focused efforts to improve the capacity and capability of the State to deliver efficiently and effectively. The intention of the MTSF is to integrate all key plans into a results-based framework. This will assist with coordination and ensure that important interventions and milestones are monitored to support delivery and accountability.

5. Summary of budget expenditure (2021/22)

The Department organises its expenditure under four programmes, these are:

- Programme 1: Administration (R440.1 million);
- Programme 2: Recreation Development and Sport Promotion (R1.44 billion);
- Programme 3: Arts and Culture Promotion and Development (R1.28 billion); and
- Programme 4: Heritage Promotion and Preservation (R2.53 billion).

The table below reflects the budget allocation for 2021/22 and over the medium term.

Table 1: Overall Budget Allocation 2020/21 – 2023/24

Programme	Budget				Nominal Rand Change	Real Rand Change	Nominal % Change	Real % Change
R million	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2020/21 – 2021/22**		**2020/21 – 2021/22**	
1: Administration	432.7	440.1	446.9	448.7	7.4	-10.3	1.7%	-2.4%
2: Recreation Development and Sport Promotion	1 171.7	1 441.8	1 463.5	1 487.8	270.1	212.0	23.0%	18.1%
3: Arts and Culture	1 537.5	1 284.8	1 311.4	1 321.3	-252.7	-304.5	-16.4%	-19.8%

Promotion and Development								
4: Heritage Promotion and Preservation	2 168.8	2 527.2	2 606.5	2 628.6	358.4	256.5	16.5%	11.8%
TOTAL	**5 310.7**	**5 693.9**	**5 828.3**	**5 886.5**	**383.2**	**153.7**	**7.2%**	**2.9%**

Source: National Treasury ENE, 2021/22

The following points are for noting when considering the budget over the medium term:

- Total expenditure is expected to increase at an average annual rate of 3.6 percent, from R5.31 billion in 2020/21 to R5.89 billion in 2023/24.
- Spending on transfers and subsidies accounts for 80.2 percent (R13.9 billion) of the Department's budget over the MTEF period.
- Cabinet has approved reductions to the Department's budget of R341.6 million in 2021/22, R441.3 million in 2022/23 and R494.4 million in 2023/24. These reductions mainly affect transfers and subsidies to public entities, Mzansi Golden Economy (MGE) work streams, heritage and legacy infrastructure projects, the Mass Sport Participation and Development Grant, the Community Library Services Grant (CLSG), Compensation of employees, and Goods and services. To mitigate the effects of these reductions on Transfers and subsidies, affected public entities will be required to implement cost-saving measures and raise their own revenue, where possible.

Due to these reductions, the Department anticipates delays in:

- the completion of infrastructure projects in 2023/24, when the reductions are effected on allocations to heritage and legacy infrastructure projects and CLSG;
- the procurement of fewer library materials over the medium term; and
- fewer mass sport participation and development programmes over the same period.

For the 2021/22 financial year, the total budget allocation is R5.69 billion. This is projected to increase to R5.83 billion in 2022/23 and to R5.89 billion in 2023/24. When comparing the nominal amounts for the budget allocation across the medium term,

allocations show a year-on-year increase. However, when the projected inflation rates (2021/22: 4.2 percent; 2022/23: 4.2 percent; and 2023/24: 4.4 percent) are taken into consideration, the cumulative growth rate between 2020/21 and 2023/24 is -0.7 percent.

Programme 4 receives the bulk of the total budget allocation for the Department, i.e. R2.53 billion or 44.4 percent. This is mainly due to the significant transfers to the Department's heritage institutions and the CLSG that is transferred to all nine provinces. Programme 2 that receives next highest allocation, i.e. R1.44 billion or 25.3 percent. This programme transfers subsidies to the South African Institute for Drug-Free Sport (SAIDS), Boxing South Africa (BSA) and to various capital works projects underway at entities. Programme 3 receives R1.28 billion or 22.6 percent of the vote allocation and transfers grants to, *inter alia*, the performing arts institutions, the Pan South African Language Board (PanSALB), the National Film and Video Foundation (NFVF), the National Arts Council (NAC), and funds the MGE strategy. The smallest proportion of the budget is allocated to Programme 1, i.e. R440.1 million or 7.7 percent of the vote allocation.

The report will now turn to budgetary allocations per programme.

Programme 1: Administration
Purpose: Provide strategic leadership, management and support services to the Department.

This programme plays an important role in giving effect to the first priority of the NDP, that is, to build a capable, ethical and developmental state. This priority is also expressed in the Medium Term Strategic Framework (MTSF) for the five-year term 2019-2024, as a crucial mode that is required to achieve Vision 2030. The outputs delivered in Programme 1 contribute predominately to DSAC Outcome 3: Transformed, capable and professional sport, arts and culture sector and Outcome 5: Compliant and responsive governance.

With the process of merging of two departments, in its APP DSAC has highlighted the following in relation to administration:

- The two merged departments were at different levels of efficiency at the time of the merger. While SRSA obtained consecutive clean audits, DAC obtained consecutive unqualified opinions with findings. Through shared expertise and resources, the Department is working towards ensuring a clean audit for the new department.
- Although the Department is working towards a restructuring process following the merger between SRSA and DAC, it is important that vacancies of critical posts are filled, and demographic issues such as gender and disability are given attention. These must inform HR policies and recruitment of staff.

For the 2021/22 financial year, the budget allocation for this programme is R440.1 million. Compared to the previous financial year, this represents a nominal increase of R7.4 million, or 1.7 percent. When considering the inflation rate of 4.2 percent into account, the allocation has decreased by R10.3 million or 2.4 percent.

Table 2: Programme 1 Budget Allocation 2020/21 – 2021/22.

Administration	Budget		Nominal Rand change	Real Rand change	Nominal percent change 2021/22	Real percent change 2021/22
R million	**2020/21**	**2021/22**	**2020/21 – 2021/22**		**2020/21 – 2021/22**	
1: Ministry	5.1	5.7	0.6	0.4	11.8%	7.3%
2: Management	65.7	82.6	16.9	13.6	25.7%	20.7%
3: Strategic Management and Planning	20.8	23.3	2.5	1.6	12.0%	7.5%
4: Corporate Services	158.5	147.8	-10.7	-16.7	-6.7%	-10.5%
5: Office of the Chief Financial Officer	60.6	60.3	-0.3	-2.7	-0.50%	-4.5%
6: Office Accommodation	122.0	120.3	-1.7	-6.5	-1.34%	-5.4%

Administration	Budget		Nominal Rand change	Real Rand change	Nominal percent change 2021/22	Real percent change 2021/22
R million	**2020/21**	**2021/22**	**2020/21 – 2021/22**		**2020/21 – 2021/22**	
TOTAL	**432.7**	**440.1**	**7.4**	**-10.3**	**1.70%**	**-2.4%**

Source: National Treasury ENE, 2021/22

Programme 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.

The outputs delivered in Programme 2 contribute predominately to DSAC Outcome 2: A diverse, socially cohesive society with a common national identity; Outcome 3: Transformed, capable and professional sport, arts and culture sector; and Outcome 4: Integrated and accessible SAC infrastructure and information.

Table 3: Programme 2 Budget Allocation 2020/21 – 2021/22.

Recreation Development and Sport Promotion	Budget		Nominal Rand change	Real Rand change	Nominal percent change 2021/22	Real percent change 2021/22
R million	**2020/21**	**2021/22**	**2020/21 – 2021/22**		**2020/21 – 2021/22**	
1: Wining Nation	74.9	86.7	11.8	8.3	15.7%	11.1%
2: Active Nation	450.0	714.6	264.6	235.8	58.8%	52.4%
3: Sport Support	349.3	171.2	-178.1	-185.0	-51.0%	-53.0%
4: Infrastructure Support	297.5	469.3	171.8	152.9	57.7%	51.4%
TOTAL	**1 171.1**	**1 441.8**	**270.7**	**212.6**	**23.1%**	**18.1%**

Source: National Treasury ENE, 2021/22

The Programme receives a budget allocation of R1.44 billion for 2021/22. Compared to the previous financial year in which this programme was allocated R1.17 billion, this represents a nominal increase of R270.7 million, or 23.1 percent. When considering the inflation rate of 4.2 percent into account, the allocation has actually only increased by R212.6 million or 18.1 percent. The budget allocation to Sub-programme 3 decreased

significantly by 53.0 percent in real terms, while the allocation to Sub-programme 2 and 4 increases notably by 52.4 percent and 51.4 percent respectively in real terms.

This programme will ensure that:

- athletes are supported through a range of interventions including the scientific support programme, the sports academies and the ministerial sports bursary programme;
- people participate in organised sport and active recreation events;
- the Department embarks on sport and recreation promotion campaigns and events;
- schools, hubs and clubs provided with equipment and/or attire;
- school sport is supported at district and national level;
- National Federations meet 50 percent or more of all prescribed Charter transformation targets; and
- the Department supports and facilitates the implementation of sport and heritage infrastructure projects.

The Department has revised one indicator under this programme. This is the "Number of heritage legacy facilities (including the Resistance and Liberation Heritage Route [RLHR] sites) developed and/or maintained to transform the national heritage landscape". For the current financial year, efforts will be concentrated on three heritage legacy projects, namely Isibhubhu Cultural Arena (Enyokeni); the Sarah Bartmann Centre of Remembrance and the Dr John L Dube House.

Programme 3: Arts and Culture Promotion and Development

Purpose: Promote and develop arts, culture and languages, and implement the national social cohesion strategy.

The outputs delivered in Programme 3 contribute to all five departmental outcomes. These outputs will ensure:

- the promotion and development of official languages, and the support to efforts to increase qualified language practitioners through language bursaries;

- the development of the Cultural and Creative Industries (CCIs) through supporting practitioners and their enterprises in various cultural and creative sectors to gain access to both local and international markets;
- capacity-building projects are financially supported to enhance the ability of practitioners and enterprises to participate effectively in various stages of the value chain of their sector;
- provincial community arts development programmes have implemented that position and organise, community arts development to align with the overarching Government objectives of access and participation in the arts by South Africans; and
- the coordination of international engagements on the continent and globally;
- the promotion and support of programmes and partnerships that foster nation-building and social cohesion, including Gender-Based Violence (GBV) and anti-femicide programmes;
- the increase in support to the creative industry, including placement of artists in schools to promote and support arts education through the MGE Strategy.

Table 4: Programme 3 Budget Allocation 2020/21 – 2021/22.

Arts and Culture Promotion and Development	Budget		Nominal Rand change	Real Rand change	Nominal percent change 2021/22	Real percent change 2021/22
R million	2020/21	2021/22	2020/21 – 2021/22		2020/21 – 2021/22	
1: National Language Services	53.8	56.2	2.4	0.1	4.5%	0.2%
2: Pan South African Language Board	110.8	120.9	10.1	5.2	9.1%	4.7%
3: Cultural and Creative Industries Development	67.9	91.2	23.3	19.6	34.3%	28.9%
4: International Cooperation	31.4	42.9	11.5	9.8	36.6%	31.1%
5: Social Cohesion and Nation Building	58.4	93.2	34.8	31.0	59.6%	53.2%
6: Mzansi Golden Economy	149.4	323.0	173.6	160.6	116.2%	107.5%
7: Performing Arts Institutions	306.9	291.3	-15.6	-27.3	-5.1%	-8.9%
8: National Film and Video Foundation	325.3	145.9	-179.4	-185.3	-55.1%	-57.0%

Arts and Culture Promotion and Development	Budget		Nominal Rand change	Real Rand change	Nominal percent change 2021/22	Real percent change 2021/22
R million	**2020/21**	**2021/22**	**2020/21 – 2021/22**		**2020/21 – 2021/22**	
9: National Arts Council	433.6	120.1	-313.5	-318.3	-72.3%	-73.4%
TOTAL	**1 537.5**	**1 284.8**	**-252.7**	**-304.5**	**-16.4%**	**-19.8%**

Source: National Treasury ENE, 2021/22

Programme 3 receives an allocation of R1.28 billion for 2021/22. This represents a nominal decrease of R252.7 million, or 16.4 percent, compared to the allocation of R1.54 billion it received in the previous financial year. Upon consideration of the inflation rate of 4.2 percent, the allocation has decreased significantly by R304.5 million or 19.8 percent in real terms. The once off funding allocated to Sub-programmes 8 and 9 in 2020/21 for the Presidential Employment Stimulus Programme (PESP), has resulted in an apparent decrease in allocations to these programmes by 57.0 percent and 73.4 percent respectively in real terms.

Of the total budget allocation of R1.28 billion for this Programme, the allocation for Transfers and subsidies amount to R1.03 billion or 80.0 percent. Through its sub-programmes, this programme funds among others, PanSALB, the NFVF, the NAC, and performing arts institutions such as the State Theatre, the Performing Arts Centre of the Free State (PACOFS), and the Artscape.

New indicators under this Programme are:

- Number of monitoring reports on the implementation of a social compact for social cohesion and nation building. Two reports are planned for 2021/22.
- Number of films and documentaries supported telling stories of the history of liberation, cultural and heritage importance. For this financial year, the Department will support a total of ten films and documentaries.

Programme 4: Heritage Promotion and Preservation

Purpose: Preserve and promote South African heritage, including archival and heraldic heritage. Oversee and transfer funds to libraries.

The outputs delivered in Programme 4 contribute predominately to DSAC Outcome 2: A diverse, socially cohesive society with a common national identity; Outcome 3: Transformed, capable and professional sport, arts and culture sector; and Outcome 4: Integrated and accessible SAC infrastructure and information.

Through its sub-programmes, this Programme will:

- support and implement a range of projects including awarding heritage bursaries; books documenting Living Human Treasures; development of heritage policies, as well as the promotion of national identity utilising the flag at national days, major cultural and sporting events in schools, the Monument Flag Project and "I am the Flag Campaign";
- upgrade national archives infrastructure to address infrastructure challenges in relation to space, technology and processes;
- financially support newly built and/or modular libraries; and
- transform and standardise geographical names.

Table 5: Programme 4 Budget Allocation 2020/21 – 2021/22.

Heritage Promotion and Preservation	Budget		Nominal Rand change	Real Rand change	Nominal percent change 2021/22	Real percent change 2021/22
R million	**2020/21**	**2021/22**	**2020/21 – 2021/22**		**2020/21 – 2021/22**	
1: Heritage Promotion	50.5	59.4	8.9	6.5	17.6%	12.9%
2: National Archive Services	52.3	58.8	6.5	4.1	12.4%	7.9%
3: Heritage Institutions	547.7	605.7	58.0	33.6	10.6%	6.1%
4: National Library Services	195.5	143.1	-52.4	-58.2	-26.8%	-29.7%
5: Public Library Services	1 179.9	1 524.6	344.7	283.2	29.2%	24.0%
6: South African Heritage Resources Agency	73.3	58.2	-15.1	-17.4	-20.6%	-23.8%
7: South African Geographical Names Council	2.7	5.2	2.5	2.3	92.6%	84.8%
8: National Heritage Council	67.0	72.2	5.2	2.3	7.8%	3.4%

Heritage Promotion and Preservation	Budget		Nominal Rand change	Real Rand change	Nominal percent change 2021/22	Real percent change 2021/22
R million	**2020/21**	**2021/22**	**2020/21 – 2021/22**		**2020/21 – 2021/22**	
TOTAL	**2 168.8**	**2572.2**	**403.4**	**299.7**	**18.6%**	**13.8%**

Source: National Treasury ENE, 2021/22

Programme 4 receives an allocation of R2.53 billion for 2021/22. This represents a nominal increase of R403.4 million, or 18.6 percent, compared to the allocation of R2.17 billion it received in the previous financial year. Upon consideration of the inflation rate of 4.2 percent, the allocation has increased significantly by R299.7 million or 13.8 percent in real terms.

The budget allocation to Sub-programme 4 decreased significantly by 58.2 percent in real terms. This sub-programme funds libraries and institutions such as the National Library of South Africa, the South African Library for the Blind, and Blind South Africa; and develops related policy. The allocation to Sub-programme 6 has also seen a decrease of 17.4 percent. This sub-programme funds the South African Heritage Resources Agency (SAHRA) whose mandate is to formulate national principles, standards and policy for the identification, recording and management of the national estate in terms of which heritage resource authorities and other relevant bodies must function in relation to South African heritage resources.

Of this Programme's allocation for 2021/22, R2.4 billion, or 95.6 percent, is classified as Transfers and subsidies. Through this programme, the Department funds a significant number of entities including, but not limited to, national museums, the National Heritage Council (NHC), the SAHRA, and public library services. The latter (Sub-programme 5 in the budget structure), transfers funds to Provincial Departments for conditional allocations to community library services for constructing and upgrading libraries, hiring personnel and purchasing library materials, i.e. the CLSG. The main aim of the CLSG is to transform urban and rural library infrastructure and services through targeting previously disadvantaged communities. This Grant primarily contributes to Government Priority 6: Social cohesion and safe communities. The

allocation for 2021/22 is R1.5 billion, or 59.3 percent, of the total budget allocation for this programme.

The Department plans to build 87 new libraries, upgrade 120 community libraries and procure 290 000 library materials over the medium term at an estimated cost of R4.6 billion through the CLSG. For the current financial year, the following outputs are planned as per the division of revenue:

- 290 000 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 25 identified community libraries in all provinces;
- 22 new library structures completed;
- 4 new library services established for dual-purpose libraries;
- 13 upgraded library structures;
- 22 maintained library structures;
- 2 473 existing contract library staff maintained in all provinces;
- Number new staff appointed for dual-purpose libraries;
- 68 new staff appointed at public libraries to support the shifting of the function to provinces;
- Capacity building programmes for public librarians;
- Number of units of personal protective equipment procured (by type);
- Litres of sanitisers procured; and
- Community libraries deep cleaned due to COVID-19.

Under this Programme, there are two revised indicators and one new indicator. These are as follows:

- Revised indicator: Number of books documenting living human treasures published. The number of books increases from two to five to be published by the end of the financial year.
- Revised indicator: Number of heritage legacy projects where exhibition content is developed. Content will be developed for three sites, namely the Sarah Bartmann

Centre of Remembrance; Winnie Mandela Brandfort House Memorial; and the OR Tambo Garden of Remembrance.

- New indicator: Number of workshops hosted to advance knowledge of national symbols. Ten workshops are planned for this financial year.

6. Engagements with entities and/or federations

The Committee engaged three entities and one national federation that receive transfers from the Department to enable them to contribute towards implementing the mandate of the Department as an extension of its service delivery network. An overview of these engagements is presented below.

6.1. Robben Island Museum (RIM)

The RIM is a schedule 3A public entity established in terms of the Cultural Institutions Act (Act No. 11 of 1998). The Robben Island Museum (RIM) was established in 1997. It functions as the Management Authority responsible for responsible for managing, maintaining, developing and marketing Robben Island as a National Heritage and World Heritage Site, i.e. the Robben Island World Heritage Site (RIWHS), in terms of the National Heritage Resources Act (NHRA) (No. 25 of 1999) and the National World Heritage Act of 1999.

The entity's vision is to preserve and promote Robben Island as an inspirational national treasure and World Heritage Site that symbolises the triumph of the human spirit over extreme adversity and injustice.

RIM carries out its mandate through the following key programmes:

- Programme 1: Business Development - aims of this programme include to protect and conserve cultural and natural values of the Island; maintain the site's outstanding universal value; undertake research; promote; promote, brand and market the Island; maintain the ferry service; improve visitor experience; and protect and maintain the built environment.
- Programme 2: Public Engagement - provides a visitor experience through an integrated and holistic narrative of the island; access to academic

scholarship, research and training through postgraduate programme; and inclusive access to information through outreach programmes.

- Programme 3: Administration - endeavours to strengthen governance to ensure effective management.

RIM briefed the Committee on its 2021/22 APP and other related matters on 05 May 2021.

6.1.1. RIM Budget Overview 2021/22

The entity's projected total income for the 2021/22 financial year amounts to R107.3 million. The Department will transfer a grant amounting to R87.1 million or 81.1 percent of this total income. The Government grant thus represents the bulk of the income for this entity. The overall DSAC transfer is projected to increase from R87.1 million in 2021/22 to R88.8 million in 2022/23 and to R89.1 million in 2023/24. However, when considering inflation, the transfer is estimated to decrease slightly from R83.6 in 2021/22 to R81.6 million in 2022/23 and to R78.6 million for 2023/24, i.e. a real decrease is observed over the MTEF.

For the 2021/22 financial year, RIM generates the remaining income of R20.2 million mainly through tours, and also museum shop sales, rental income, among other sources. Programme 1: Business Development receives the bulk of the total budget, R118.8 million or 66.5 percent. Programme 3: Administration receives R49.2 million or 27.5 percent. Programme 2: Public Engagement receives the smallest allocation, i.e. R10.7 million or 6.0 percent.

Personnel costs for the 2021/22 financial year amounts to R120.8 million. This is R33.7 million greater than the grant of R87.1 million received from the Department.

COVID-19 has negatively impacted revenue generation. RIM was not able to operate for six months of the 2020/2021 financial year. Furthermore, due

to various lockdowns across the world, foreign visitors, whom constitute almost 80 percent of RIM's visitor numbers, was not able to travel. Thus an estimate of only 18,800 tickets were sold against an initial planned number of 322,000 which constitutes less than 6 percent of required sales. This has severely impacted on RIM's financial stability and sustainability as all reserves were utilised to service contractual (including an unfunded mandate relating to diesel in order to produce electricity and water on the Island) and employment commitments.

6.2. Boxing South Africa (BSA)

BSA is a public entity that reports to the Department. The South Africa Boxing Act (Act No.11 of 2001) mandates BSA to accomplish the following functions:

- Provide a new structure for professional boxing in the Republic.
- Ensure effective and efficient administration of professional boxing in the Republic.
- Recognise amateur boxing and create synergy between professional and amateur boxing.
- Promote interaction between associations of boxers, managers, promoters, trainers, officials and Boxing SA.

The entity's vision is to be a leading sport code in South Africa and a world-class boxing authority.

BSA carries out its mandate through the following programmes:

- Programme 1: Governance and Administration - ensures compliant corporate governance and reporting, prudent financial management and procurement of goods and services and ensures that governance structures perform its strategic oversight and leadership functions, monitoring performance and manage and mitigate entity risks and drive compliance assurance.
- Programme 2: Boxing Development – ensures that that there are capacity development programmes developed and implemented in the sector for the benefit and development of licensees across all categories ensuring that they meet and fulfil compliance requirements The programme also seeks to ensure

that there is compliance in all spheres of boxing administration particularly in sanctioning of tournament, rating of boxers in various weight divisions, and always promoting health and safety

- Programme 3: Boxing Promotion – raises the public profile of BSA and boxing and to increase its brand value to such an extent that the public and sponsors will compete for a space boxing programmes and enlist their support and resources for its development further.

6.2.1. BSA Budget Overview 2021/22

The Committee met with the entity on 05 May 2021 to scrutinise its APP and budget for the 2021/22 financial year.

Boxing South Africa's main long-term revenue base is its annual allocation from the Department totaling R19.1 million for the current financial year. In addition to the money appropriated from the fiscus, a total projected income of R3.5 million comes from internally generated revenue sources that include licensing, sanctioning levies, penalties and interests from the investment revenue. Collectively this brings the total budget for 2021/22 to R22.7 million. Programme 1: Governance and Administration receives the bulk of the total budget, R16.7 million or 73.6 percent. Programme 2: Boxing Development receives R3.4 million or 15.0 percent. Programme 3: Boxing Promotion receives the smallest allocation, i.e. R2.5 million or 11.0 percent. The total expenditure is expected to increase to R23.4 million in 2022/23 and to R23.8 million in 2023/24.

The total budget for this financial year will be spent as follows: R8.9 million or 39.2 percent on Compensation of employees; R12.9 million or 56.8 percent on Goods and services; and R870 000 or 3.8 percent on Capital expenses.

The following are some of the challenges flagged by BSA:

- Insufficient funding vis à vis total mandate as per Boxing Act.
- Insufficient personnel capacity to deliver on strategic objectives.
- Resistance to change by licensees.

- Unaligned financial assistance by most municipalities and provincial departments when sponsoring boxing tournaments.
- Diminished boxing broadcasting.
- Few programmatic relations between BSA and the South African National Boxing Organisation (SANABO).

6.3. South African Institute for Drug-Free Sport (SAIDS)

The South African Institute for Drug-Free Sport (SAIDS) is a public entity established by the SAIDS Act (Act No. 14 of 1997) to "promote participation in sport free from the use of prohibited substances or methods intended to artificially enhance performance, thereby rendering impermissible doping practices which are contrary to the principles of fair play and medical ethics, in the interest of the health and well-being of sportspersons; and to provide for matters connected therewith". SAIDS is a non-profit organisation. As such, no dividends are declared to any members or outside parties and all funds received are utilised for the furtherance of the Institute's objectives as outlined in Section 10 of the Act. The entity receives the majority of its funding from the Department.

SAIDS carries out its mandate through the following programmes as per the ENE:

- Programme 1: Administration
- Programme 2: Doping Control
- Programme 3: Education
- Programme 4: International Relations

6.3.1. SAIDS Budget Overview

On 06 May 2021, the Committee engaged SAIDS on its APP for 2021/22.

For this financial year, SAIDS will receive a total budget of R28.6 million. Expenditure and revenue is expected to increase at an average annual rate of 4.3 percent, from R26.8 million in 2020/21 to R30.3 million in 2023/24. The institute is set to derive 98.2 percent (R87.1 million) of its revenue over the

MTEF period through transfers from the Department. Spending on goods and services accounts for an estimated R62.2 million or 70.2 percent of the institute's expenditure over the medium term as it to meet national sports federations' demand for testing services to comply with their respective international obligations.

The budget of R28.6 million for this financial year will be spent as follows: Programme 1: Administration receives the bulk of the total budget, R13.5 million or 47.2 percent; Programme 2: Doping control receives R13.2 million or 46.1 percent; Programme 3: Education receives R1.7 million or 5.9 percent; and Programme 4: International relations receives the smallest allocation of R290 000 or 1.0 percent.

Over the MTEF, the SAIDS intends to focus on implementing processes to ensure stricter compliance with the 2021 World Anti-Doping Code. One of the international standards, the International Standard for Testing and Investigations (ISTTI) in the Code requires a minimum level analysis on banned substances in specific sports. This will see a projected minimum of 1100 increasing to 1600 drug tests conducted on South African athletes each year over the medium term. The full accreditation to the Bloemfontein Laboratory was restored in September 2018 and SAIDS resumed sending all its drug testing samples to the South African Laboratory and savings in courier costs will be realised through additional tests.

The effect of the national lockdown on the Laboratory and subsequent shutdown of sport has not yet been fully determined with respect to the resumption of full operations. The revenue generated from testing analyses funds the Laboratory. Should the Laboratory close, in the medium term, due to financial constraints, SAIDS' expenditure will be significantly affected due to samples having to be sent overseas for analysis. The testing expenditure will be subjected to the volatility of the South African Rand with respect to other international currencies.

7. Committee observations

Having considered and examined the Departmental and above-mentioned entities' 2020/21 – 2024/25 Strategic Plans and 2020/21 Annual Performance Plans with associated budgets, the Committee made the following observations:

Observations in relation to the Department of Sport, Arts and Culture

7.1. Consequence management: The Committee noted the matter of consequence management to deal with transgressions within the Department and its entities and sought further insight into how the Department implements consequent management.

7.2. Collaboration: In a previous engagement with the Department, the Committee agreed to adopt schools yet to receive national flags as part of the Department's Flags in Schools project. The Committee enquired about the status of this resolution.

7.3. The Cultural & Creative Industries Federation of South Africa (CCIFSA): The Committee noted that artists are displeased with the Federation to the extent that some artists do not wish to be affiliated to it. The Committee sought further clarity on this matter and wished to know what budgetary support the Department provides to CCIFSA.

7.4. Merging of the two departments: The Committee noted that while the process of merging the DAC with SRSA is currently still underway, it sought further clarity on the finalisation of the process.

7.5. Organisational stability and human resources: Given that the Department is newly merged, the Committee enquired about the Department's plan to fill vacancies.

7.6. Governance of entities: Some council members who have a record of poor performance have been moved to other entities. The Committee asked how the Department is going to rectify this issue.

7.7. LoveLife: The Committee asked why LoveLife is still funded by the Department given that in an engagement with the Committee, it surfaced that the targets set are not measureable.

7.8. Costs related to governance of entities: The Committee noted that the Department spends a significant amount on board politics and asked about plans to reduce such costs.

7.9. Outstanding legislation: The Committee requested information on the status of this and sought further clarity on legislation the Department will prioritise and fast track.

7.10. Support for sector practitioners in light of the COVID-19 pandemic: The Committee asked that in light of the its recent oversight visit to follow up on the concerns of disgruntled artists if the Department could provide further insight into how it goes about to provide training to artists.

7.11. Library function: The Committee noted that a large percentage of the budget for Programme 4 is transferred for the provision of library services and noted that this function is hidden within the Programme that, to some extent, hampers oversight.

7.12. Support for Caster Semenya: The Committee is of the view that more should be done to support Ms. Semenya.

7.13. Soccer Indaba: The Committee noted that a Soccer Indaba is urgently needed.

7.14. Cricket South Africa (CSA) and the Sports Confederation and Olympic Committee (SASCOC): The Committee noted with concern the challenges that hamper these organisations.

Observations in relation to the Robben Island Museum

7.15. Reduced ability to generate revenue: The Committee notes with concern that the RIM has been severely affected by the COVID-19 pandemic to the point where it has failed to generate a significant portion of its budgeted revenue during the last financial year.

7.16. Business rationalisation: The Committee notes with concern that due the budgetary constraints, the RIM has embarked on a process of business rationalisation and has invoked Section 189 of the Labour Relations Act as final resort after requesting staff to take salary cuts.

7.17. Internal/external audit function: Due to financial constraints, the Committee expressed its unease with the fact that some audits could not go ahead as planned.

7.18. Investigation in alleged corruption and mismanagement: The Committee is appreciative of the fact that consequent management is currently being implemented at the RIM stemming from this investigation.

Observations in relation to the Boxing South Africa

7.19. Sanctioning fees: The Committee expressed concern over the poor collection on sanctioning fees by BSA.

7.20. Development of boxing nationally: The Committee showed concern that the boxing development and tournaments were concentrated in one province, i.e. the Eastern Cape and inquired if there is a roll-out for boxing to take place in the rest of the provinces, with particular emphasis on rural areas.

7.21. Collaboration and partnerships: The Committee was concerned about the relationship between BSA and SANABO and need to do follow-up as to whether the two organisations have a good working relationship.

7.22. Planning: The Committee noted that BSA should try to stay the course with the strategic plan set out at the Boxing Indaba in 2013 and continue an upwards trajectory, by implementing the resolutions of their indaba.

7.23. Women's boxing: The Committee expressed concern regarding the development and lack of funding over women's boxing and would like to see more support for female boxing.

7.24. Popularity of the sporting code: The Committee noted with concern that boxing in SA was not popular among the public and called for BSA to speed up the process of acquiring a licence with the National Broadcaster (SABC) in order for it to broadcast live professional boxing matches.

Observations in relation to the South African Institute for Drug-Free Sports

7.25. Doping in school sports: The Committee wishes to see an increased rollout of Sports Doping Education at the school level given that there has been an increased steroid use among high school students and athletes.

7.26. Drug testing at schools: The Committee noted that there needs to be some form of legislation allowing for increased drug testing at the school level without the interference of parents and coaches.

7.27. Irregular expenditure: The Committee is concerned over the increased level of irregular expenditure at SAIDS.

8. Recommendations

It is requested that the Minister of Sport, Arts and Culture considers the following recommendations and reports back to the Committee within six months of the adoption of the budget.

Recommendations in relation to the Department of Sport, Arts and Culture

It is recommended that the Minister:

8.1. Consequence management: The Committee notes with appreciation the progress the Department has already made with implementing consequence management within the Department and its entities and requests that this work continues.

8.2. Collaboration: The Department should provide Members with a list of schools still requiring flags and provide said flags for Members to deliver to schools within their constituency areas. The DBE will then take responsibility of the hoisting and maintenance of the flags.

8.3. CCIFSA: As the Department noted that CCIFSA is a work in progress, the Department should provide the Committee with CCIFSA's current status and keep the Committee informed on further developments.

8.4. Merging of the two departments: The Department should keep the Committee abreast of developments on this front.

8.5. Organisational stability and human resources: The Department to provide the Committee with regular updates on the filling of vacancies to ensure that service delivery happens effectively.

8.6. Governance of entities: The Department should look into into the matter of consequence management for board members who are not bringing value..

8.7. LoveLife: The Committee has resolved to meet with LoveLife again to strengthen oversight.

8.8. Costs related to governance of entities: The Department to provide the Committee with a report on the costs of litigation stemming from board politics.

8.9. Outstanding legislation: The Department to provide a list of all outstanding legislation that it has prioritised.

8.10. Support for sector practitioners in light of the COVID-19 pandemic: The Department should look into providing more capacity building opportunities for artists.

8.11. Library function: The Department to consider moving this function to become a standalone programme.

8.12. Support for Caster Semenya: The case of Caster Semenya should be fully supported by the Department at the European Court for Human Rights.

8.13. CSA and SASCOC: The Minister should continue to monitor the work of Cricket South Africa (CSA) and the South African Sports Confederation and Olympic Committee SASCOC given the challenges the organisations have been facing.

8.14. Soccer Indaba: The Department must ensure that this Indaba is hosted as a matter of urgency.

Recommendations in relation to the Robben Island Museum

8.15. Reduced ability to generate revenue: The RIM should look creatively at generating revenue through alternate means through specifically focusing on marketing to promote the Island.

8.16. Business rationalisation: While in the last financial year, additional resources have been allocated to retain staff, the Department and the entity should work together on a viable solution to stave off possible retrenchments.

8.17. Internal/external audit function: The Department should assist the entity to ensure that all audit functions are carried out to reduce the risk of an unfavourable audit outcome.

8.18. Investigation in alleged corruption and mismanagement: The Department should keep the Committee updated on the progress made in respect of the consequent management that has been initiated and currently underway.

Recommendations in relation to the Boxing South Africa

8.19. Sanctioning fees: The accounting authority must implement consequence management and there must be an action plan to deal with investigations for

cases of irregular, fruitless and wasteful expenditures to ensure that matters of discipline, financial misconduct and recovery are dealt with.

8.20. Development of boxing nationally: The Committee would like to see the roll out of boxing development and tournaments throughout the country, especially in rural areas, as boxing is currently concentrated in one province.

8.21. Collaboration and partnerships: BSA should strengthen and maintain good working relationships with SANABO.

8.22. Planning: BSA should stay on course with the strategic plan set out at the Boxing Indaba in 2013 by implementing the resolutions of their Indaba. BSA should familiarise itself with the Framework for Managing Strategic Plans and Annual Performance Plan (FSAPP) and Framework for Managing Programme Performance Information (FMPPI). BSA should make sure that their performance indicators and targets are clearly defined, measurable, and specific to the overall strategy of the organisation.

8.23. Women's boxing: BSA should put more effort into the development of women's boxing, especially in cases where tournaments receive State funding.

8.24. Popularity of the sporting code: The Committee calls for BSA to speed up the process of acquiring a licence with the SABC in order for live professional boxing matches to be broadcasted on the National Broadcaster.

Recommendations in relation to the South African Institute for Drug-Free Sports

8.25. Doping in school sports: With the assistance from the Department through school sport and community sport programmes, SAIDS must consider reaching out to townships and rural areas to implement the anti-doping education projects specific to youth sports and this point was raised in the previous financial years.

8.26. Drug testing at schools: Through engagements with the Department, SAIDS needs to look at drafting legislation that will address drug testing at school sport level to avoid resistance from coaches and parents.

8.27. Irregular expenditure: SAIDS needs to update its Supply Chain Management (SCM) and Procurement Policy to include the requirements for local production and content, and continue with the strict compliance practices currently in place.

9. Conclusion

The Committee welcomes the 2020 – 25 Five-year Strategic Plans and the 2020/21 Annual Performance Plans of the Department of Sport, Arts and Culture and the entities and federation with which it engaged.

The Committee acknowledges the importance of the mandate of the Department of Sport, Arts and Culture in building and uniting South Africa. It further acknowledges that through various programmes, the Department plays a vital role in facilitating job creation in the sector as well as developing and capacitating sport, arts, culture and heritage practitioners. Struggling sport federations should continue to be provided with financial assistance through sports trust, especially those affected by the postponements and cancellation of events during lockdown. This is crucial in light of the current economic climate as many sector practitioners have been adversely affected through loss of income and/or job opportunities.

The Committee further notes that the Department should prioritise the issue of transformation in sport, given the slow pace in some sporting codes. The development of school sport and community sport clubs programmes can be facilitated by fast tracking and implementing the Memorandum of Understanding (MoU) between both the Department and the Department of Basic Education.

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

Report to be considered.

6. REPORT OF THE PORTFOLIO COMMITTEE ON HIGHER EDUCATION, SCIENCE AND TECHNOLOGY ON CONSIDERATION OF THE BUDGET VOTE 17: HIGHER EDUCATION AND TRAINING, DATED 11 MAY 2021

1. INTRODUCTION AND MANDATE OF THE COMMITTEE, THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING AND ITS ENTITIES

The Portfolio Committee on Higher Education, Science and Technology (hereinafter referred to as the Committee), having considered the Revised Strategic Plans 2020 - 2025 and the 2021/22 Annual Performance Plans (APP) and budgets of the Department of Higher Education and Training (hereinafter referred to as the Department), the Council on Higher Education (CHE), the Quality Council for Trades and Occupations (QCTO), the National Student Financial Aid Scheme (NSFAS) and the South African Qualifications Authority (SAQA), reports as follows:

1.1. Purpose of the Budget Vote 17 Report

The Report accounts for the work done by the Committee in the consideration of the Strategic Plans 2020 – 2025 and 2021/22 Annual Performance Plans (APPs) and budgets of the Department, the NSFAS, the CHE, the SAQA and the QCTO in accordance with Section 27(1) of the Public Finance Management Act, 1999 (Act. No 29 of 1999), and as referred by the Speaker of the National Assembly (NA) to the Committee in terms of Rule 338 for consideration and reporting.

1.2. Mandate of the Committee and DHET

Section 55(2) of the Constitution of the Republic of South Africa stipulates that "the National Assembly (NA) must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) national executive authority, including the implementation of the legislation; and (ii) any organ of state." Rule 227 of the Rules of the National Assembly (9th edition) provides for mechanisms contemplated in section 55(2) of the Constitution.

The Department derives its mandate from section 29 of the Constitution of the Republic of South Africa and the following legislation: Higher Education Act, 1997 (Act No.101 of 1997), National Student Financial Scheme Act, 1999 (Act No. 56 of 1999), Continuing Education and Training Act, 2006 (Act No. 16 of 2006), National Qualifications Framework Act, 2008 (Act No. 67 of 2008), Skills Development Act, 1998 (Act No. 97 of 1998), Skills Development Levies Act, 1999 (Act No. 9 of 1999) and the General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001). The Committee oversees the implementation of the above-mentioned legislation.

1.3. Method

The Revised Strategic Plans 2020 - 25 and the 2021/22 APPs and budgets of the Department, the CHE, QCTO, NSFAS and SAQA were considered against the background of key government policy documents, including, amongst others, the National Development Plan (NDP), the 2019 – 2024 Medium Term Strategic Framework (MTSF), and the 2021 State of the Nation Address (SONA). The Committee had briefing sessions with the Department, the CHE and the QCTO on 4 May 2021 and SAQA and NSFAS on 5 May 2021 to consider their Strategic Plans and APPs.

2. OVERVIEW OF THE KEY POLICY FOCUS AREAS RELEVANT FOR THE DEPARTMENT AND THE ENTITIES

2.1. Key government policies

2.1.1. National Development Plan (NDP) Vision 2030

The NDP identifies the decent work, education and capacity of the state as particularly important priorities. For the post-school education and training sector, the NDP envisages that by 2030, South Africans should have access to education and training of the highest quality. The education, training and innovation system should cater for different needs and produce highly skilled individuals; and graduates of the post-school system should have adequate skills and knowledge to meet the current and future needs of the economy and society.

2.1.2. White Paper for Post-School Education and Training (WPPSET)

The White Paper articulates a vision for an integrated system of post-school education and training, with all institutions playing their role as parts of a coherent but differentiated system. The White Paper sets out strategies to expand the current provision of education and training

in South Africa, to improve its quality, to integrate the various strands of the post-school system. Interventions are set in the White Paper for implementation by different sectors within Post-School Education and Training. The Department has developed a Draft National Plan for Post Education and Training (PSET) from the White Paper, which will be an implementation plan with measurable targets for each sub-system of the sector. The main policy objectives are:

- A post-school system that can assist in building a fair, equitable, non-racial, non-sexist and democratic South Africa;
- A single, coordinated post-school education and training system, expanded access, improved quality and increased diversity of provision; and
- A post-school education and training that is responsive to the needs of individual citizens, employers in both public sectors, as well as broader societal and development objectives.

2.1.3. Medium-Term Strategic Framework (MTSF) 2019 – 2024

In 2019, the new Administration identified seven Apex Priorities derived from its electoral mandate and the 2019 State of the Nation Address (SONA) to focus on interventions for the 2019 – 2024 MTSF period. The 2019 – 2024 MTSF is a five-year strategic plan of government, and forms the second five-year implementation phase of the NDP. The Department of Higher Education and Training is responsible for contributing to the realisation of the policy priorities as outlined in the MTSF Priority 3: Education, Skills and Health. For the 2020 – 2025 planning period, the Department will focus on these outcomes as follows:

- Expanded access to PSET opportunities;
- Improved success and efficiency in the PSET system;
- Improved quality of PSET provisioning;
- A responsive PSET system; and
- Excellent business operations within the DHET

In implementing Priority 3, the Department will be supported by the Department of Science and Innovation, the Department of Employment and Labour and the Department of Agriculture, Land Reform and Rural Development.

2.1.4. 2021 State of the Nation Address (SONA)

On 11 February 2021, the President addressed South African citizens during his State of the Nation Address. The February 2021 State of the Nation Address (SONA) key focus areas were the following:

- To defeat the Coronavirus (COVID-19) pandemic;
- To accelerate economic recovery;
- To implement economic reforms to create sustainable jobs and drive inclusive growth; and
- Fight corruption and strengthen the State.

One of the key focus areas of the February 2021 SONA remains inclusive growth and addresses critical priorities for the Higher Education and Training sector. There has been a steady improvement in the reach of education; although it is acknowledged that it is inadequate. The continued focus on inclusive growth is about the critical actions that are required to build a capable state and place the economy on the path to recovery.

In response to the huge challenge of youth unemployment the country faces, the President announced that the Department of Small Business Development would provide Grant funding and business support to 1 000 young entrepreneurs within 100 days. While the programme had to be put on hold due to the Coronavirus restrictions, it nevertheless managed to reach its target of 1 000 businesses by International Youth Day on 12 August 2020. This provides a firm foundation for efforts to support 15 000 start-ups by 2024.

3. OVERVIEW AND ASSESSMENT OF THE DEPARTMENT'S REVISED STRATEGIC PLAN 2020 – 2025

The Minister of Higher Education, Science and Innovation noted that the Department of Higher Education and Training's Revised 2020 – 2025 Strategic Plan is the implementation plan for the amended 2019 – 2024 MTSF due to the outbreak of COVID-19 and worsening of the economic environment. The Minister further indicated that the pandemic has presented a set of unprecedented challenges, while simultaneously continuing to focus on the transformation and expansion of opportunities in the Post-School Education and Training.

The Department's Strategic Plan 2020 – 2025 was revised as follows:

3.1. Downward adjustment of the MTSF 2019 – 2024 targets in the following Outcomes

3.1.1. Expanded access to PSET opportunities

- Number of student enrolments at TVET colleges annually, from 710 000 to 620 000.
- Number of students enrolled at the CET colleges annually, from 555 194 to 388 782.

3.1.2. Improved success and efficiency of the PSET system

- Number of TVET students enrolled in the Prevocational Learning Programme (PLP) annually, from 7 000 to 4 000.

3.1.3. Improved Quality of the PSET Provisioning

- Number of New Generation of Academics Programme (nGAP) posts allocated to universities every year, from 100 to 85.

3.1.4. A responsive PSET system

- Percentage of TVET college lecturing staff appropriately placed in industry or in exchange programmes, from 33% to 18%.

3.2. Inclusion of MTSF 2019 – 2024 outcome indicators and targets that have been excluded in the original Strategic Plan

3.2.1. Improved quality of the PSET Provisioning

Table 1: Inclusion of MTSF outcome indicators and targets that did not reflect in the original Strategic Plan 2020 – 2025

2019 – 2024 MTSF policy priorities		MTSF policy priorities as reflected in the DHET's original 2020 – 2025 Strategic Plan and Revised Strategic Plan		
Outcome Indicator	**Target by 2024**	**Outcome Indicator**	**Target by 2024 as per original Strategic Plan**	**Target by 2024 as per Revised Strategic Plan**
OUTCOME 3: IMPROVED QUALITY OF THE PSET PROVISIONING				
Percentage of PSET institutions (universities, TVET,	95% of institutions	Percentage of TVET colleges that	N/A	95%

CET, SETAs) that meet the standard of good governance		meet the standard of good governance		
		Percentage of universities that meet the standard of good governance	N/A	95%
		Percentage of CETCs that meet the standard of good governance	N/A	95%
		Percentage of SETAs that meet the standard of good governance	N/A	95%

In addition to the MTSF system targets included in the DHET's Revised Strategic Plan 2020 – 2025, the Department has also included new indicators and targets in Outcome 4: A responsive PSET System as follows:

- Number of lecturers participating in project-based lecturer capacity-building programmes in engineering (electrical, plumbing and mechanical), (300 by 2024). Number of TVET colleges with 4IR centres of excellence established, (50 by 2024).
- Number of lecturers participating in digital literacy programmes, (6 000 by 2024).

3.2. MTSF Outcome indicators and targets that do not reflect in the Revised Strategic Plan 2020 - 2025

Notwithstanding the inclusion of some of the MTSF outcome indicators and targets that were not reflected in the original Strategic Plan of the Department, it should be noted that there are some of the MTSF outcome indicators and targets that have not been included in the Revised Strategic Plan 2020 -2025.

3.2.1. Expanded access to PSET opportunities:

- Number of learners registered for SETA supported skills learnerships annually (116 000).
- Number of learners registered for SETA-supported internships annually (18 000).

In relation to the above outcome indicators and targets, the Department reflected only the number of learners who will complete these programmes.

3.2.2. Improved quality of the PSET provisioning

- Number of protocols signed with industry to place TVET college students and lecturers for workplace experience, (target: all TVET colleges sign protocols with industry and place learners for workplace experience accordingly).

4. 2021/22 MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF) BUDGET

4.1. Overview and assessment of the 2021/22 Medium-Term Expenditure Framework (MTEF) Budget and the 2021/22 Annual Performance Plan (APP)

Table 1: Summary of the overall Budget Allocation and Expenditure Estimates: 2021/22 MTEF

Programme	Budget		Nominal Increase / Decrease	Real Increase / Decrease	Nominal Percent change in	Real Percent change in
R million	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
Programme 1: Administration	402,2	504,0	101,8	81,5	25,31%	20,26%
Programme 2: Planning, Policy and Strategy	189,0	230,7	41,7	32,4	22,06%	17,14%
Programme 3: University Education	78 321,5	81 223,3	2 901,8	-372,1	3,70%	-0,48%
Programme 4: Technical and Vocational Education and Training	12 652,2	13 096,2	444,0	-83,9	3,51%	-0,66%
Programme 5: Skills Development	282,6	307,9	25,3	12,9	8,95%	4,56%
Programme 6: Community Education and Training	2 247,4	2 422,0	174,6	77,0	7,77%	3,43%
Sub-total	**94 094,9**	**97 784,1**	**3 689,2**	**- 252,2**	**3,9%**	**-0,27%**

Direct charges against National Revenue Fund	**10 174,6**	**17 812,9**	**7 638,3**	**6 920,3**	**75,07%**	**68,02%**
Total expenditure estimates	**104 269,5**	**115 596,9**	**11 327,4**	**6 668,0**	**10,86%**	**6,39%**

The Department's budget over the MTEF period amounts to R358 billion. The allocation for the 2021/22 financial year amounts to R115,5 billion. The budget increased in nominal terms by R11,3 billion or 10.9%, from the 2020/21 adjusted appropriation of R104,2 billion. When factoring in inflation, the budget increased by 6.4%. The budget is made up of R97,7 billion from voted funds (Department's programme budget) and R17,8 billion from Direct Charges against the National Revenue Fund, for Sector Education and Training Authorities (SETAs) and the National Skills Fund (NSF). Allocations from voted funds decreased in real terms by 3.9% when factoring in inflation, while Direct Charges against National Revenue Fund have increased from the previous financial year by 68.02% in real terms. The Department's total budget, including Direct Charges, is projected to grow by an average growth rate of 5.5% between 2020/21 and 2023/24 MTEF period, from R107,0 billion in 2020/21 to R122,2 billion in 2023/24.

The allocation for spending on transfers and subsidies constitutes 90.49% (R104,6 billion) of the R115.5 billion budget of the Department. Allocations for transfers and subsidies to the Departmental agencies and accounts and higher education institutions, amounting to R99,1 billion (86%), continue to dominate the budget of the Department. Transfers and subsidies budget is projected to grow at an average growth rate of 5.5% between 2020/21 and 2023/24 MTEF period. An allocation amounting to R10,9 billion for spending on current payments constitutes the second-highest spending, or 9.5% of the Department's budget. The budget is made up of R10,311 billion for compensation of employees and R666,1 million for goods and services. The current payments budget increased by 8.91% from the 2020/21 allocation and it is projected to grow at an average growth rate of 5.0% between 2020/21 and 2023/24. Payments for capital amounts to R18,0 million. The budget decreased by 22.75% and it is also projected to decrease in 2022/23 to R16,5 million and grow marginally by R0,5 million to R17,0 million in 2023/24.

Cabinet has approved reductions to the Department's baseline amounting to R24,6 billion over the MTEF period, to be effected on transfers and subsidies (R19,6 billion), compensation of employees (R4,6 billion), and goods and services (R290,2 million). These reductions include R6,8 billion on the allocation to the National Student Financial Aid Scheme for loans and bursaries, R5,0 billion on university subsidies, and R947,1 million on TVET college infrastructure grants.

The National Treasury notes in the 2021 Budget Review that in the post-school education and training sector, slower growth in subsidies and grants for universities, Technical and Vocational Education and Training (TVET) colleges, and the National Student Financial Aid Scheme (NSFAS) will require a review of student enrolment growth and bursary allowances. Institutions will need to contain costs, including staff numbers and salaries, and develop ways of using information and communication technology (ICT) more effectively to enhance blended learning.

4.2. Overview and assessment of the 2021/21 MTEF budget allocation per programme and the 2021/22 performance targets

4.2.1. Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management and support services for the Department. The Programme has five budget sub-programmes, namely, Department Management, Corporate Management Services, Office of the Chief Financial Officer, Internal Audit and Office Accommodation.

4.2.1.1. Overview and assessment of the 2020/21 MTEF budget allocation

The Programme has a total budget of R1,4 billion over the MTEF period. For the 2021/22 financial year, the total budget amounts to R504,0 million, which represents 0.52% of the Department's total voted funds. The programme's 2021/21 budget increases by a nominal amount of R101,8 million from R402,2 million in 2021/22. This represents, when considering inflation, an increase of 20.26 %.

The bulk of the budget of this programme, R232,5 million or 46.13% is apportioned to sub-programme 2: Corporate Services. The sub-programme is responsible for providing corporate services management support to the Department and colleges in support of the attainment of its strategic objectives. Sub-programmes 3: Office of the Chief Financial Officer and Office Accommodation receive the second and third highest at 22.92% (R115,5 million) and 21.59%

(R108,8 million), respectively. The programme's budget is projected to decrease in the outer two years of the 2021/22 MTEF to R480,9 million in 2022/23 and R495,7 million in 2023/24.

For 2021/22, the allocation for spending on current payments amounts to R495,3 million. The budget is made up of R268,3 million for compensation of employees and R227,9 million for goods and services. Notably, the bulk of the budget for goods and services, R64,5 million is apportioned to operating leases, followed by R44,3 million for computer services and R42,8 million for Consultants: Business and Advisory Services. The allocation for spending on Consultants: Business and Advisory services increased significantly by 71.26%, from R12,3 million allocated in 2020/21. Notably, the budget for this line item is projected to decrease significantly in the outer two years of the MTEF period to R13,4 million in 2022/23 and R14,0 million in 2023/24.

4.2.1.2. Overview and assessment of the 2021/22 performance targets

The programme is responsible for the MTSF outcome focusing on Excellent business operations within the DHET. There are seven output indicators and seven targets planned for the 2021/22 financial year.

For the 2020/21 financial year, the programme has seven output indicators and seven predetermined targets. The Branch will, amongst others, ensure the development of demand and procurement for 2022/23 and get it approved by the Director-General by 31 March 2022; ensure that 100% of valid invoices received from creditors are paid within 30 days; work towards obtaining an unqualified audit opinion; to achieve an average of 120 days to fill an advertised post per annum. The Branch strives towards resolving 100% of disciplinary cases and ensure 98% network connectivity uptime and conclude 100% of investigations on irregular, fruitless and wasteful expenditure within 180 days.

4.2.2. Programme 2: Planning, Policy and Strategy

The programme provides strategic direction in the development, implementation and monitoring of departmental policies and the Human Resource Development Strategy for South Africa. The Programme has six budget sub-programmes, namely, Programme Management; Human Resource Development Council of South Africa; Policy, Planning, Monitoring and Evaluation; International Relations; Legal and Legislative Services and Social Inclusion and Quality.

4.2.2.1. Overview and assessment of the 2020/21 MTEF budget allocation

The programme's budget over the 2021/22 MTEF amounts to R695,5 million. For the 2020/21 financial year, the programme has a total budget of R230,7 million, which increased, when adjusted for inflation, by 17.14% from the previous financial year allocation of R189,0 million. The programme's budget constitutes 0.24% of the Department's total voted funds. The programme's budget is projected to decrease slightly to R230,2 million in 2022/23 and increase slightly to R234,6 million in 2023/24.

The Programme will focus its spending on monitoring and implementing policies on social inclusion, Gender-Based Violence (GBV), Recognition of Prior Learning (RPL) and the provision of reports aimed at supporting decision making regarding improving the responsiveness of the PSET system during the medium-term.

The bulk of the budget of this programme, 59.08% or R136,3 million of the programme's total budget is apportioned to sub-programme 6: Social Inclusion and Quality. The sub-programme is responsible for promoting access to PSET opportunities and participation by students in education and training programmes; manages the development, implementation, evaluation and maintenance of policy, programmes and systems for CDSs, social inclusion, open learning and the National Qualifications Framework (NQF), and monitors the implementation of these policies. The sub-programme budget increase in real terms by 9.64% or R11,5 million.

Sub-programmes 3: Policy, Planning, Monitoring and Evaluation receives the second-highest allocation of R24,4 million, representing 12.7% of the programme's total budget. The sub-programme monitors and evaluates the policy outputs of the Department; coordinates research in the fields of higher education and training; and ensures that education policies, plans and legislation are developed into systems.

In terms of economic classifications, an amount of R123,0 million is apportioned for current payments, of which R100,9 million is for compensation of employees and R22,1 million is for goods and services. The bulk of the budget on goods and services allocation, R10.4 million is apportioned for travel and subsistence, followed by R5,4 million for legal services.

An amount of R107,0 million is apportioned for transfers and subsidies, of which R82,8 million is allocated for Departmental agencies and accounts, which is the grant for the South African

Qualifications Authority (SAQA), R20,1 million for Higher Health and R4,2 million to foreign governments and international organisations (India-Brazil-South Africa Trilateral Commission and Commonwealth of Learning).

4.2.2.3. Overview and assessment of the 2020/21 performance targets

The programme contributes to the interventions to achieving four of the five MTSF outcomes of the DHET, namely, expanded access to PSET opportunities; improved success and efficiency of the PSET system; improved quality of PSET provisioning and a responsive PSET system.

For the 2021/22 financial year, the programme has 15 output indicators and 15 targets. In support of the Department's aim to expand access to PSET opportunities, the programme will, amongst others, produce a report of the Ministerial Task Team (MTT) on multi-modal, blended learning and get it approved by the Minister by 31 March 2022; to ensure the availability of five courses or subjects on the National Open Learning System (NOLS) by 31 March 2022, produce a baseline report for articulation implementation between TVET and universities and get it approved by the Director-General. The programme also planned to have two new agreements on international scholarships entered with foreign countries per annum and produce a report on the implementation of Social Inclusion in the PSET system and get it approved by the DG.

In improving the success and efficiency of the PSET system, the programme will publish a report on PSET Statistics and produce a report on the implementation of a national integrated CDS system and get it approved by the DG. Additionally, the Branch will develop an E-learning/ open learning strategy in PSET and get it approved by the DG, to have the NQF Amendment Bill approved by Parliament by 31 March 2022.

In ensuring a responsive PSET system, the Branch planned to have a report on Skills Supply and Demand and approved by the DG and to have a monitoring report on priority skills approved by the Minister by 31 March 2022.

4.2.3. Programme 3: University Education

The programme develops and coordinate policy and regulatory frameworks for an effective and efficient university education system and to provide financial and other support to universities, the National Student Financial Aid Scheme, the Council on Higher Education and national institutes for higher education.

This programme has six budget sub-programmes, namely, Programme Management, University Planning and Institutional Funding, University Governance and Management Support, Higher Education Policy Development and Research, Teaching, Learning and Research Development and Universities Subsidies.

4.2.3.1. Overview and assessment of the 2021/22 MTEF budget allocation

Over the 2021/22 MTEF period, the programme has a total budget of R249,9 billion and its 2021/22 financial year allocation amounts to R81,2 billion. The programme's budget constitutes 83.06% of the Department's total voted funds for the 2021/22 financial year. The 2021/22 allocation, when adjusted for inflation, decreased by R372,1 million. Though the budget has increased by R2,9 billion from the 2020/21 allocation (R78,3 billion), the budget, when factoring in inflation has decreased in real terms by -0.48%. The budget is projected to grow slowly at an average growth rate of 2.6% between 2020/21 and 2023/24.

Cabinet has approved reductions to the Department's baseline amounting to R24,6 billion over the MTEF period. The Cabinet approved budget reductions impacting the programme are R6,8 billion on the allocation to the National Student Financial Aid Scheme for loans and bursaries and R5 billion on university subsidies. It is of great concern that instead of supporting the expansion of access to education and training, the Cabinet approved reductions in the baseline of the Department. The reductions in university subsidies will likely lead to a decrease in the number of first-year enrolments at universities. It would also have a longer-term impact on the number of new graduates emerging from the system. Consequently, this will impact the critical and scarce skills required by the economy and the potential to increase youth unemployment.

On 24 February 2021, the Minister of Finance, Mr. Mboweni announced during the budget speech that Government was committed to ensuring that deserving students were supported through higher education. The Minister further noted that the National Treasury was working with the Department of Higher Education and Training to work on a policy and funding options that would be detailed in the Medium-Term Budget Policy Statement (MTBPS).

The bulk of the programme's total budget, R45,5 billion or 56.09% is apportioned to sub-programme 6: University Subsidies. The sub-programme is responsible for transfers payments to universities annually. The budget is towards expanding access to universities by ensuring that there is adequate infrastructure for teaching and learning as well as student accommodation. An amount of R42,1 billion is allocated for higher education institutions, of which R40,6 billion is subsidies to 24 universities. Allocation for spending towards the operations of the two universities, Sol Plaatje and the University of Mpumalanga amounts to R357,8 million and R446,3 million, respectively.

For the 2021/22 financial year, an amount of R3,8 billion is allocated for capital expenditure, of which R2,3 billion is for infrastructure efficiency grants

(IEG) for the 24 universities and R1,0 billion is allocated to the University of Mpumalanga and Sol Plaatje University.

The second highest allocation amounting to R35,5 billion is apportioned to sub-programme 3: University Governance and Management Support, which is responsible for monitoring and supporting institutional governance management, and providing sector liaison services. The sub-programme is also responsible for transfer to Departmental agencies and accounts and these are, the National Student Financial Aid Scheme (NSFAS) for student loans and bursaries and operations, the Council on Higher Education (CHE) and the non-profit institutions: National Institute for the Humanities and Social Sciences (NIHSS). Allocation to the NSFAS, accounts for 99.63% (R35,4 billion) of the sub-programme's total budget. The allocation to the NSFAS has increased slightly by R362 million from an allocation of R34,7 billion in 2020/21. The slow growth is ascribed to the Cabinet approved budget reductions.

Allocation for spending on current payments for the 2021/22 financial year amounts to R95,5 million, of which R86,7 million is for compensation of employees and R8,8 million is for goods and services.

4.2.3.2. Overview and assessment of the 2021/22 performance targets

The programme supports the Department in its intentions towards the expanded access to PSET opportunities; improved success and efficiency of the PSET system; improved quality of PSET provisioning; and a responsive PSET system. The programme contributes to the Department's direct deliverables and the system deliverables as per the MTSF. For 2021/22, the programme has 27 output indicators and 27 targets.

The Departments notes that expansion of the public university system requires a careful and systematic enrolment planning process that aligned with available resources, capacity and funding. The programme with its public universities, will develop and ensure the implementation of enrolment plans for the period 2020 to 2025. This process will ensure equitable participation that is supported by increased numbers of quality staff, affordable fees, inclusive and sustainable financial aid and improved infrastructure.

In supporting the efforts to expand access to PSET opportunities, the programme will amongst others, develop a report on the achievement of Ministerial enrolment planning targets and get it approved by the DG; to submit a fee regulation framework to the Minister by 31 December 2021; conduct a feasibility study to establish the nature and scope as well as the location of the new institution in Ekurhuleni Metro and get it submitted to the Minister for approval by 31 March 2021. The programme will also get norms and standards for PSET students housing approved by the DG and have the updated guidelines for the implementation of the DHET bursary scheme for poor and working-class students at public universities submitted to the Minister by 31 December 2021 and have 13 public universities and 25 TVET colleges utilising the Central Application Services (CAS) by 31 March 2022.

In contributing to improved success and efficiency within the public university system, the programme will get reports on the University Capacity Development Programme (UCDP) and an undergraduate cohort study report tracking student throughput approved by the DG by 31 March 2022.

In supporting the Department's intention to improve the quality of provisioning in the higher education sector, the programme will focus on implementing the Staffing South Africa's Universities Framework (SSAUF) by having 40 scholarship or internship positions allocated to universities through the Nurturing Emerging Scholars Programme. The programme will also support the following interventions: 85 nGAP lecturer posts supported at universities, 40 doctoral scholarships allocated to universities through the University Staff Doctoral Programme (USDP) for award to permanent instructional or research staff members, make 50 awards to permanent instructional or research staff participate in the Future Professors Programme. For the 2021/22 financial year, the programme will have a draft revised reporting

regulations for public universities submitted to the Minister for approval for public consultation by 31 March 2021. Three Centres for African Language Teaching will be supported.

4.2.4. Programme 4: Technical and Vocational Education and Training (TVET)

The programme aims to plan, develop, implement, monitor, maintain and evaluate national policy, programme assessment practices and systems for TVET colleges. It also provides financial and other support to TVET colleges and regional offices.

The programme has six budget sub-programmes, namely: Programme Management; Technical and Vocational Education and Training System Planning and Institutional Support; Programmes and Qualifications; National Examinations and Assessment; Technical and Vocational Education and Training Financial Planning and Regional Offices.

4.2.4.1. Overview and assessment of the 2021/22 MTEF budget allocation

The programme's budget over the MTEF period amounts to R39,7 billion. For the 2021/22 financial year, the total budget of the programme amounts to R13,0 billion. Though the programme's budget for 2020/21 increased by R444,0 million from the previous financial year allocation, it has actually decreased by -0.66% when considering inflation. The programme's budget accounts for 13.39% of the Department's total voted funds. Notwithstanding the projected average growth rate of 1.5% between 2020/21 and 2023/24, the budget is projected to increase marginally by R281,7 million to R13,3 billion and to R13,2 billion in the last financial year of the METF (2023/24).

The bulk of the programme's total budget, R12,2 billion, representing 93.21% is apportioned to sub-programme 2: Technical and Vocational Education and Training System Planning and Institutional Support This sub-programme provides support to management and councils, monitors and evaluate the performance of the TVET system against set indicators, develops regulatory frameworks for the system, manages and monitors the procurement and distribution of learning and teaching support materials, provides leadership for TVET colleges to enter into partnerships for the use of infrastructure and funding resources, and maps out the institutional landscape for the rollout of the TVET college system. The sub-programme budget increase, when inflation-adjusted, by 0.23% from the previous financial year allocation.

The second highest allocation amounting to R593,2 million, represents 4.53% of the programme's total budget. The sub-programme administers and manages the conduct of national assessments in TVET and CET colleges. The sub-programme budget increased by

R12,0 million. However, the budget, when inflation-adjusted, has decreased by -2.05%. An amount of R252,6 million, representing 1.93% of the programme's total budget is allocated to sub-programme 6: Regional Offices, which manages, supports, coordinates and monitors the implementation of the DHET programme in the regional offices. Notably, the sub-programme budget has decreased by R21,6 million from the previous financial year allocation.

The programme's funding will go towards supporting expanded access to education and skills programmes that address the labour market's needs for immediate skills that include practical components, improving success and efficiency, improving quality and responsiveness of the TVET sector.

An allocation amounting to R7,8 billion is apportioned for current payments, of which R7,5 billion is for compensation of employees and R382,0 million for goods and services. Transfers and subsidies allocations for 2021/22 amounts to R5,1 billion and it is projected to decrease in the outer two years of the MTEF period to R5,0 billion in 2022/23 and R4,8 billion in 2023/24. In terms of transfers and subsidies, an amount of R4,0 billion is allocated for transfers to TVET colleges and R404,1 million for the operationalisation of the new TVET college campuses. An amount of R17,1 million is allocated for transfer allocation to Education, Training and Development Practices Sector Education and Training Authority (ETDP SETA). The allocation for capital expenditure for the 2021/22 financial year amounts to R714,5 million. this is towards improving the maintenance of infrastructure in TVET colleges through the infrastructure efficiency grant, with a particular focus on improving the teaching and learning environment.

The allocation for TVET college infrastructure efficiency grant is projected to decrease in the outer two-years of the MTEF period to R710,5 million and R541,9 million in 2022/23 and 2023/24. This is due to the Cabinet approved reductions to the Department's baseline amounting to R24,6 billion over the MTEF period, which includes R947,1 million on TVET college infrastructure grants. The National Treasury notes that although the reduction to TVET college infrastructure grants could lead to delays in beginning new projects, it will ensure that funding is more closely aligned with the sector's capacity to spend.

4.2.4.2. Overview and assessment of the 2021/22 performance targets

The programme supports the Department in its intentions to expand access to PSET opportunities; improved success and efficiency of the PSET system; improved quality of PSET provisioning; and a responsive PSET system.

The key contribution of the programme is to provide mid-level skills to support the priority sectors targeted by government. It is expected that the critical issue of pervasive youth unemployment and acute shortage of scarce and critical skills provision will be addressed and mitigated. The goal is ultimately to produce TVET graduates who are ready for the world of work. Achieving this requires an enabling environment for quality teaching, a competent teaching workforce, entrenching an enterprising culture among students, fostering skills for the digital economy, and strengthening the management and governance structures in TVET colleges, while ensuring accountability through an improvement in monitoring and oversight of these institutions by the Department.

A key output of the programme is aimed at improving access and the success of enrolled students to contribute to the employment of youth, and consequently, contribute towards combatting unemployment, poverty and social inequality. The increase in student enrolments is, however, constrained by fiscal funding to colleges, which sees a levelling off of student enrolments for the MTSF period. The focus on scaling up occupational qualifications in TVET colleges also requires colleges to seek alternate sources of funding through concrete and sustainable partnerships with various stakeholders.

In terms of improving student access, success and efficiency in the sector, the programme, will amongst others, enrol students in the Pre-Vocational Learning Programme (PLP), improve lecturer competencies to deliver vocational education and review the college programmes and qualifications to make them more responsive and aligned to government priorities. In the 2021/22 financial year, the TVET colleges will enrol 3 500 students in the PLP to improve success. In improving lecturer competencies, the sector will have 65% of TVET lecturers with professional qualifications and 12% of TVET college-lecturing staff appropriately placed in industry or in exchange programmes.

The introduction of entrepreneurial and digital skills aimed at contributing to the responsiveness of TVET colleges, as well as strengthening exit support to graduates for self-employment in the context of a poor labour-absorptive capacity in the economy. In the 2021/22 financial year, the Department will support five TVET colleges to establish hubs to promote entrepreneurship.

There will also be a dedicated focus on service delivery for students with disabilities in 2021/22, and this will be addressed through the establishment of Disability Support Units in two TVET colleges.

4.2.5. Programme 5: Skills Development

The programme aims to promote and monitor the National Skills Development Strategy. Develop skills development policies and regulatory frameworks for an effective skills development system. This programme has five sub-programmes, namely, Programme Management; Sector Education and Training Authority (SETA) Coordination; National Skills Authority Secretariat; Quality Development and Promotion, and National Artisan Development.

4.2.5.1. Overview and assessment of the 2021/22 MTEF budget allocation

Over the MTEF period, the programme has a total budget of R934,8 million. For the 2021/22 financial year, the total budget amounts to R307,9 million, which represents 0.31% of the Department's total voted funds. The programme's 2021/22 budget increases by R25,3 million from R282.6 million in the previous financial year. This represents, when considering inflation, an increase of 4.56% when factoring in the inflation rate. The budget is projected to grow at an average growth rate of 3.6% to R312,9 million and R314,2 million in 2022/23 and 2023/24, respectively.

The bulk of the programme's budget is apportioned to sub-programme 2: Sector Education and Training Authority (SETA) Coordination at 51.15% (R157,5 million). The sub-programme supports, monitors, reports on the implementation of the national skills development strategy at the sectoral level by establishing and managing the performance of service-level agreements with SETAs, and conducting trade test at the Institute for National Development of Learnerships, Employment Skills and Labour Assessments (INDLELA). The second highest allocation of R100,7 million is allocation to sub-programme 5: National Artisan Development. This sub-programme manages and monitors the development of artisans, and accounts for 32.71% of the programme's total budget.

An amount of R158,3 million is apportioned for current payments, of which R141,3 million is allocated for compensation of employees and R17,0 million for goods and services. The

allocation for transfers and subsidies amounts to R147,7 million, of which R26,6 million a grant for the Quality Council for Trades and Occupations (QCTO) and R120,1 million is for transfer to the Public Services SETA. It is critical to note that the MTEF allocation for the QCTO is not growing in real terms when factoring in inflation. Spending on payments for capital assets amounts to R1,9 million.

4.2.5.2. Overview and assessment of the 2021/22 performance targets

The programme contributes towards the achievement of three of the five DHET MTSF Outcomes: Expanded access to PSET opportunities; improved success and efficiency of the PSET system; and a responsive PSET system. For the 2021/22 financial year, the programme has 10 output indicators and 10 targets. Of the 10 targets, 4 are direct deliverables and six MTSF system targets.

In expanding access to PSET opportunities, the programme will ensure that the 21 sector kills plans (SSPs) aligned to the updated SSP Framework are approved by the Minister. This will ensure that the SSPs will assist the country, among other things, to identify the top ten occupations in high demand in each sector of the economy, as well as the interventions that are required. For e 2021/22, the programme will ensure that SETAs enrol 103 750 learners or students in work-based learning programmes; 147 000 learners are registered in skills development programmes, and 21 500 learners enrol in artisan programmes. In contributing towards the achievement of Outcome 2: improved success and efficiency of the PSET system, the programme will focus on increased completion of learners in artisanal (19 500), learnership programmes (30 650) and internships (4 875).

In contributing to the responsiveness of the PSET system, the programme will get the sectoral occupations in high demand approved by the DG by 31 March 2022, and develop four SETA monitoring reports and conducting trade tests.

4.2.6. Programme 6: Community Education Training (CET)

The purpose of this programme is to plan, develop, implement, monitor, maintain and evaluate national policy, programme assessment practices and systems for community education and training. It also provides financial and other support to the CET colleges. The programme has four sub-programmes, namely: Programme Management; Community Education and Training

Systems Planning, Institutional Development and Support; Community Education and Training College Financial Planning and Management; and Education and Training and Development Assessment.

4.2.6.1. Overview and assessment of the 2021/22 MTEF budget allocation

The Community Education and Training programme budget over the MTEF period amounts to R7,4 billion. For the 2021/22 financial year, the total budget amounts to R2,4 billion, which constitutes 2.48% of the Department's total voted funds. The budget for 2021/22 increases, when inflation-adjusted, by 3.43% from the adjusted appropriation of R2,2 billion in 2021/22. The budget is projected to grow by an average growth rate of 4.6% between 2022/21 and 2023/24.

The bulk of the budget of the programme, at 90.08% (R2,1 billion) is apportioned to sub-programme 2: Community Education and Training Colleges Systems Planning, Institutional Development and Support. This sub-programme provides support to management and councils; monitors and evaluates the performance of the CET system; develops regulatory frameworks for the system; manages and monitors the procurement and distribution of learning and teaching support materials; provides leadership for community education and training colleges to enter into partnerships for the use of infrastructure for college site-hosting centres, and the funding of these partnerships, maps and institutional landscape for the rollout of the CET system; and is responsible for the planning and development of CET infrastructure. The sub-programme's budget is projected to grow in the outer two years of the MTEF to R2,2 billion and R2,3 billion in 2022/23 and 2023/24, respectively.

The second-largest allocation amounting to R219,3 million or 9.05% is apportioned for sub-programme 3: Community Education and Training Financial Planning and Management. The programme sets up financial management systems; develops the financial management capacity of CET colleges; manages and determines the fair distribution of funding to CET colleges in accordance with funding norms and standards; monitors compliance with supply chain management policy; and ensures the timely submission of audited performance information, annual financial statements, and quarterly and annual reports.

For 2021/22, the current payments budget amounts to R2,213 billion, of which R2,052 billion is for compensation of employees and R8,3 million for goods and services. Allocation for

compensation of employees accounts for 91,06% of the programme's total budget. The allocation for spending on transfers and subsidies amounts to R207,1 million, of which R204,6 million is for transfers to CET colleges and R3,1 million is a transfer to ETDP SETA.

4.2.6.2. Overview and assessment of the 2021/22 performance targets

The programme contributes towards the achievement of four of the five DHET MTSF Outcomes: Expanded access to PSET opportunities; improved success and efficiency of the PSET system; improved quality of the PSET provisioning and a responsive PSET system. For the 2021/22 financial year, the programme has 15 output indicators and 15 targets. The programme has both direct and system deliverables.

Working towards improving access to PSET opportunities, the programme will appoint a service provider for the development of a sustainable funding model for CET colleges by the end of September 2021. Since its establishment, the CET sector has not achieved its headcount enrolment targets, and this ascribed to, amongst others, the lack or inadequate advocacy strategy. In remedying the current situation, the programme will develop the advocacy strategy intended to support colleges to meet their enrolments targets by attracting more youth into CET opportunities. The NDP committed government to increase youth and adult participation in the CET sector to 1 million by 2030 in appreciation of the challenge of the growing number of youth who are not in education, employment and training (NEET).

To improve success and efficiency as well as the quality of provisioning of the CET sector, the programme will develop bi-annual reports on teaching and learning improvement plans as well as developing Open Learning and Teaching Support Material (LTMS) in Adult Education and Training sub-level 3 in the fundamentals and get approved by the DG.

In contributing to the Department's intention to improve the quality of the PSET, the focus during the 2021/21 financial year will be dedicated to finalising the governance standards and regulations for CET college councils; to have 900 CET college lecturers trained, to develop a report on capacity-building workshops conducted to capacitate student leadership, centre managers, management and councils; and to have 36 CET Regional Staff trained on National Policy on student and community services. The programme will further accredit 54 pilot community learning centres. The accreditation of community learning centres will open

opportunities for training to individuals who could not meet the requirements for entry into TVET colleges and other institutions of further learning.

The programme will also work towards contributing to a responsive PSET system. During the financial year, the programme will get the register of CET programmes approved by the DG. The programme will have entrepreneurship and digital skills programmes in the CET colleges approved. The skills programmes seek to address issues of unemployment, poverty and inequality within communities while providing skills for establishing sustainable entrepreneurship.

5. ENTITIES OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING

The Committee considered and assessed the 2020 – 2025 Strategic Plans, 2021/22 Annual Performance Plans and the MTEF Budget allocations of the CHE, QCTO, NSFAS and SAQA. These entities are funded through a Parliamentary grant (voted funds) and also generates other income through services they provide, fundraising. The NSFAS generates other revenue from loan recoveries from previous beneficiaries and management fees from managing funds from other funders.

5.1. Council on Higher Education (CHE)

The mandate of the CHE is premised on the Higher Education Act, 1997 (Act No. 101 as amended) and the National Qualifications Framework Act, 2008 (Act No. 67 of 2008 as amended). In terms of its mandate as per the two primary legislation, the CHE is responsible for the following:

- Advising the Minister of Higher Education and Training on all higher education matters upon request and at its own initiative;
- Promoting quality and quality assurance in higher education through its permanent sub-committee, the Higher Education Quality Committee (HEQC), including auditing the quality assurance mechanisms and accrediting programmes offered by higher education institutions;

- Monitoring the state of higher education and publish information regarding developments in higher education regularly, including arranging and co-ordinating conferences on higher education issues;
- Developing and managing the qualification sub-framework for higher education, namely, the Higher Education Qualifications Sub-Framework (HEQSF), including the development of qualifications that are necessary for the higher education sector; and
- Advising the Minister of Higher Education and Training on matters relating to the HEQSF.

The mandate is further premised on key policies; namely the National Development Plan: Vision 2030, the White Paper for Post-School Education and Training, the National Plan for Higher Education, and the Medium-Term Strategic Framework 2019 – 2024: Priority 3: Education, Skills and Health, amongst others.

The MTSF 2019 – 2024 does not specify any direct contribution from the CHE to the five-year outcome indicators and targets. However, the CHE, as the quality council for the higher education sector has a critical role to play in supporting the Department and the institutions to ensure achievements of the MTSF targets. The MTSF has four outcomes that are relevant for the Post-School Education and Training sector and they are: Expanded access to PSET opportunities; improved success and efficiency in the PSET system; improved quality of PSET provisioning, and a responsive PSET system. One of the Output indicators in the MTSF is to accredit 10 universities to offer TVET college lecturer qualifications. The role of the CHE is more pronounced in this area as it is responsible for the accreditation of qualifications in the higher education sector. The CHE will also support the work of the Department in the feasibility study to establish the nature and scope, as well as the location of the new institution in the Ekurhuleni Metro.

The CHE has not revised its Strategic Plan 2020 - 2025

Focus over the MTSF period and Strategic Outcomes

The work of the CHE over the MTSF period will be informed by its Strategic Outcomes; namely,

- Strategic Outcome 1: CHE as an effective custodian of the HEQSF
- Strategic Outcome 2: Comprehensive and coherent quality assurance system for the higher education sector

- Strategic Outcome 3: A reputable centre of intellectual discourse, knowledge generation and advancement
- Strategic Outcome 4: Governance, compliance and risk management
- Strategic Outcome 5: Sustainable, responsive and dynamic organisation

In realising the Strategic Outcomes, the activities over the five-years will be implemented under four budget programmes; namely, Management of the Higher Education Qualifications Sub-Framework, Quality Assurance, Research, Monitoring and Advice and Corporate.

For 2021/22, the CHE's Annual Performance Plan has a total of 50 targets spread across the four programmes.

Selected programme key deliverables for the 2021/22 financial year.

- **Programme 1: Management of the Higher Education Qualifications Sub-Framework**.

The purpose of the programme is to manage the development and implementation of HEQSF policies, qualification standards and data to meet the goals of the NQF, NPPSET and the National Development Plan (NDP). The programme has four sub-programmes; namely, Qualification Standards Development, Data management, Policy Development and Review, Partnerships and Collaboration and Quality Promotion and Capacity Development.

The programme's key deliverables for 2021/22 include:

- Development of two qualification standards are developed;
- Initiating development or review of three qualification standards
- 80% of higher education institutions have all required sets of data records in the database;
- Two data uploads onto the National Learner Records Database;
- Providing support to three higher education institutions with respect to the development and implementation of relevant institutional policies;
- Submission of five project reports or other submissions from the joint or collaborative projects with the SAQA, other Quality Councils, the Department and professional bodies;
- Coordination of 10 capacity development interventions or initiatives.

- **Programme 2: Quality Assurance**

The programme aims to contribute towards the fulfilment of the mandate of the CHE as the national authority for quality assurance in higher education. The programme develops and implements processes to inform, assure, promote and monitor quality in higher education institutions. The programme has four sub-programmes, namely Accreditation, Institutional Audits, National Reviews and Development of Integrated Quality Assurance Framework. The programme implements Strategic Outcome 2: Comprehensive and coherent quality assurance system for the higher education sector.

The programme's key deliverables for 2021/22 include:

- Process and present 85% of programme accreditation applications received that go through the accreditation to the HEQC within 12 months from date of appointment of evaluators;
- Undertake 95% of site visits whose reports are presented to the HEQC within 12 months from the date of receipt of reports from the site visit panels;
- Conduct 10 workshops related to the new frameworks for institutional audits;
- Complete 100% of National Reviews that have their reports finalised and approved.
- Approve Quality Assurance Framework plan.

- **Programme 3: Research, Monitoring and Advice (RMA)**

The programme aims to revitalise and strengthen the research, monitoring, evaluation and advice capabilities of the CHE to advance the realisation of Outcome 3 in the Strategic Plan 2020 – 2025, namely, to make the CHE a reputable centre of intellectual discourse, knowledge generation and advancement on higher education. The programme has three sub-programmes (Research, Monitoring and Advice) that seek to contribute to the achievement of this outcome.

The programme's key deliverables for 2021/22 include to:

- Produce three research reports;
- Publish two journals/journal articles or books/book chapters
- Produce four policy briefs or Briefly Speaking articles;
- Produce one VitalStats;
- Respond to 100% of requests with submission of advice, and produce and submit two pieces of proactive advice.

- **Programme 4: Corporate.**

The programme aims to provide leadership, oversight, systems, activities and structures that enable the organisation to operate effectively and efficiently in fulfilment of its mandates and pursuit of its outcomes. The programme focuses on setting the policy and tone for good governance, statutory compliance, and transfer of business best practices across the organisation; and ensuring the efficient and effective provision of corporate services – administrative, financial, technical and professional - to support the discharge of the core functions of the CHE. Furthermore, the programme is the vehicle by which the organisation seeks to achieve outcomes 4 and 5 in the Strategic Plan 2020 – 2025. These outcomes are, Governance, compliance and risk management, and sustainable, responsive and dynamic organisation.

The programme has four sub-programmes; namely, Governance, Corporate Services, Finance and Supply Chain Management, and Communications and Stakeholder Relations.

The programme's key deliverables include to:

- Develop or review 7 ICT policies, frameworks and procedure;
- Develop or review 7 Human Resources policies, frameworks and procedure;
- Develop or review 8 financial management and supply chain management policies, frameworks and procedure;
- 85% of approved posts on the organisational structure that have incumbents;
- Submit 4 approved expenditure reports to the DHET; and
- A 20% year-to-year increase in the users of the CHE website.

Overview and assessment of the CHE 2021/22 Medium Term Expenditure Framework (MTEF) Budget

The CHE's budget amounts to R251,8 million over the MTEF period. For the 2021/22 financial year, CHE has a total revenue amounting to R77,1 million. The budget is made up of R7,1 million or 9.2% of entity revenue (administration fees, interest and recovered funds) and R70,0 million or 90.8% from DHET transfers. The overall budget is projected to grow in the outer two years of the MTEF to R82,8 million for 2022/23 and to R91,8 million for 2023/24. However, when considering inflation, the budget is estimated to only grow marginally to R75,8 million for 2022/23 and to R80,4 million for 2023/24.

Notably, the DHET Grant allocation to the CHE has increased significantly by 27.5% from the allocation of R52,7 million in 2020/21. The increase was ascribed to the reprioritisation of R43,0 million from the University Education allocation to assist the expanded mandate of the CHE.

Programme 2: Quality Assurance receives the bulk of the total budget, 41.2% or R31,7 million, with ten targets. This is followed by Programme 4 that receives 36.4% or R28,1 million, Programme 3 Research, Monitoring and Advice receives R1,4 million or 16.1%. Programme 1: Management of the HEQSF receives the smallest allocation, i.e. R4,7 million or 6.2%. The allocation to compensation of employees amounts to R41,7 million and goods and services receive R34,2 million.

5.2. Quality Council for Trades and Occupations

The Quality Council for Trades and Occupations' mandate is based on two primary legislations; namely, the National Qualifications Framework Act, 2008 (Act No. 67 of 2008 as amended) and the Skills Development Act, 1998 (Act No 97 of 1998 as amended). The mandate is further premised on key policies; namely the National Development Plan: Vision 2030, the White Paper for Post-School Education and Training, the National Skills Development Plan, the Medium-Term Strategic Framework 2019 – 2024: Priority 3: Education, Skills and Health.

The overall mandate of the QCTO is to develop and manage the OQSF of the NQF. This includes the development and quality assurance of occupational qualifications (including trades) and part qualifications registered on the OQSF, with a specific focus on occupational qualifications that address the national demand.

Over the MTSF 2019 – 2024 period, the QCTO will in collaboration with other stakeholder within the PSET work towards the achievement of the interventions as directed by the MTSF. The QCTO will support the intention of the Department in contributing towards the achievement of two Outcomes; namely, Expanded access to PSET opportunities and a responsive PSET system.

In expanding access to PSET opportunities, the following MTSF 2019 -2014 interventions are relevant to the work of the QCTO:

- The training of young artisans through the centres of specialisation at TVET colleges.
- The development of new occupational and trade qualifications to increase access to trades and occupational programmes and therefore, contributing towards the achievement of the target of 30 000 artisans by 2030.

In supporting a responsive PSET system, the QCTO will support the following interventions.

- Introduction of compulsory digital skills training, specific to programme offerings at TVET colleges and the piloting of the CET college skills programmes around community needs.
- Implementation of hubs to promote student-focused entrepreneurship development activities and the establishment.
- Percentage of NEET students taking part in CET occupational skills programmes becoming economically active.

Focus over the MTSF period and Strategic Outcomes

Over the MTSF period, the work of the QCTO will be informed by the three Strategic Outcomes; namely,

- **Strategic Outcome 1: A single, national, quality-assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness.**
  The Outcome aims to contribute to the simplified NQF promoting articulation, access and encouraging lifelong learning. It further aims to contribute to quality education and skills training provisioning and assessment, as well as the relevant qualifications responsive to industry and the demands of the Fourth Industrial Revolution (4IR).

- **Strategic Outcome 2: Public TVET and CET Colleges offer occupational qualifications and skills programmes that respond to the skills needs of our country**
  This Outcome aims to contribute to making TVET colleges “institutions of choice”; close mid-level skills gap; redefine CET colleges through skills programme and provide for a skilled and capable workforce. Over the five-years, performance will be measured against the following Outcome Indicators as follows:

- **Strategic Outcome 3: QCTO is a responsive learning organisation**

This Outcome aims at the QCTO being responsive to the changing environment ensuring capacity to respond.

In implementing the Strategic Outcomes, the QCTO has four budget programmes; namely, Administration; Occupational Qualifications Management, Assessment and Certification; Occupational Qualifications Quality Assurance and Research Analysis.

For 2021/22, the QCTO's Annual Performance Plan has a total of 31 targets spread across the four programmes.

Selected programme key deliverables for the 2021/22 financial year.

- **Programme 1: Administration**

The programme aims to enable the QCTO performance through strategic leadership and reliable delivery of management support services that will ensure a responsive and learning organisation. The programme's key deliverables for 2021/22 include:

  - Implementing 100% of Master System Plan deliverables.
  - Implementing 40% of the Marketing and Communications Strategy (Year 1).
  - Approving the Change Management Strategy.

- **Programme 2: Occupational Qualifications Management, Assessment and Certification**

The programme aims to ensure that occupational qualifications, part-qualifications and skills programs on the OQSF are available; issuing certificates to qualifying learners; verify the authenticity of issued certificates; and maintain stakeholder relationships. During 2021/22 the programme focuses its efforts on achieving the following deliverables:

- Recommending 70 prioritised occupational qualifications (full/part) to SAQA for registration on the OQSF.
- Recommending 100 Historically Registered Qualifications to SAQA for deactivation on the OQSF.
- Approving 100 skills programmes by QCTO Council.
- Quality assures 90% of assessments for QCTO developed skills programmes against the QCTO standard within 21 working days.
- Verifying the authenticity of 95% of certificates requests received and verified within the turnaround time (5 working days).

- **Programme 3: Occupational Qualifications Quality Assurance**

The programme aims to establish and maintain quality standards for Accreditation and Assessment within the OQSF. The deliverables for 2021/22 include:

- Processing 90% of Skills Development Providers (SDPs) accreditation applications for Occupational qualifications and, part qualifications within the turnaround time (90 working days.
- Processing 80% of SDPs accreditation applications for historically registered Qualifications (Trades, Non-Trades, National Accredited Technical Education Diploma (NATED) Report 190/191, Skills Programmes) within the turnaround time (90 working days)
- Quality assuring 25% of accredited SDPs with implemented historically registered qualifications (Excluding NATED Report 190/191 Programmes) against QCTO compliance standards
- Quality assuring 100 NATED Report 190/191 (e.g. N4 – N6) Instructional Offering Exams sessions conducted at accredited SDPs, quality assured against QCTO standards

- **Programme 4: Research Analysis**

The programme aims to establish and maintain QCTO Standards for quality assurance through research, monitoring, evaluation and analysis. For the 2021/22 financial year, the QCTO will ensure will produce 3 research reports approved by the CEO and will publish the Research Bulletin online.

Overview and assessment of the QCTO's 2021/22 Medium Term Expenditure Framework (MTEF) Budget

The QCTO's budget amounts to R308,6 million over the 2021/22 MTEF period. For the 2021/22 financial year, the total budget amounts to R95,3 million (R122,7 million in 2020/21). The budget is comprised of R27,6 million from DHET Grant and R67,7 million or 71% from SETA Grant. Notably, the overall budget decreased 22.3% from the 2020/21 budget. Remarkably, the SETA grant allocation decreased significantly by 30.3%. The reduction in SETA Grant to the QCTO is ascribed impact of the four-months skills levy payment holiday on the revenue of the SETAs, which resulted in the decreased SETAs allocation to the Entity. The QCTO receives 80% of its revenue from the SETA Grant of the 0.5% allocation, as per the SETA Grant Regulations.

The SETA Grant allocation is projected to experience healthy growth in the outer years of the MTEF period to R74,5 million and R81,9 million in 2022/23 and 2023/24, respectively. The bulk of the allocation of the QCTO budget at 73.7% or R70,3 million is apportioned to compensation of employees and 25% or R24,3 million is allocated for good and services.

Programme 1: Administration receives the bulk of the Entity's budget at 39.6% or R37,7 million, followed by programmes 3: Occupational Qualifications Quality Assurance and Occupational Qualifications Management, Assessments and Certification at 31.2% (R29,7 million) and 27.2% (R25,9 million), respectively.

Key issues affecting the QCTO

- The 0.5% SETA Grant allocation to the QCTO is inadequate to enable the Entity to implement its new organisational structure and to fully take over the quality assurance function delegated to the Quality Assurance Partners.
- The decision was taken to freeze all vacant posts, which meant that the Research and Analysis Unit could not be staffed, and remains with only the Director as the single employee in the unit. Given the uncertainty associated with the COVID-19 pandemic, and the chronic staff shortage in the Research Unit, targets for Research outputs have been reduced in the medium-term.
- The low uptake of occupational qualifications by TVET colleges and other providers. The current uptake of e occupational qualifications is 11% (32 out of 300).

- The successive resignation of members of Council, including the Chairperson and its impacts on governance and stability of the Entity.

5.3. National Student Financial Aid Scheme (NSFAS)

The mandate of the NSFAS is informed by the Constitution of the Republic of South Africa, 1996, section 29(1) (b) of the Bill of Rights of the Constitution, the National Student Financial Act, 1999 (Act No. 56 of 1999 as amended), the Higher Education Act, 1997 (Act No. 101 of 1997 as amended), and the Continuing Education and Training Act, 2006 (Act No. 16 of 2006). In addition to the core legislative mandate, the work of the Entity is informed by key government policies; namely the NDP, the White-Paper for PSET, the MTSF 2019 – 2024.

The NSFAS's main responsibility is to administer loans and bursaries and allocating these to eligible students, developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education ("the Minister"), raising funds, recovering loans, maintaining and analysing a database, undertaking research aimed at better utilisation of financial resources and for advising the Minister on matters relating to student financial aid.

The NDP commits the NSFAS to provide all students who qualify for the NSFAS with access to full funding through loans and bursaries to cover the costs of tuition, books, accommodation and other living expenses. In terms of loan recoveries, the NDP enjoins the NSFAS to recover through an arrangement with the South African Revenue Service. Furthermore, MSTF has identified Seven Apex Priorities, including Priority 3: Education, Skills and Health. There are four outcomes; namely, expanded access to PSET opportunities, improved success and efficiency of the PSET system, improved quality of the PSET provisioning and a responsive PSET system. The NSFAS directly contributes to Outcome 1: Expanded access to PSET opportunities. The MTSF commits the NSFAS to fund 420 000 and 400 000 number of University students and the number of TVET college students by 2024, respectively.

Overview of the NSFAS Revised 2020 – 2025 Strategic Plan

The new NSFAS Board reviewed the Strategic Plan 2020 – 2025 and the 2021/22 APP. The Board noted that this was to address the findings of the Auditor-General (AG). In 2020, the AG awarded a disclaimer opinion on the annual performance report of the Entity for 2019/20. Additionally, the AG also made a finding against the strategic planning and performance management of NSFAS.

The AG found that procedures for facilitation of effective performance monitoring, evaluation and corrective action through quarterly reports were not established, as required by Treasury Regulation 30.2.1. The Board noted that some of the reasons for the revision of the Strategic Plan were, amongst others to re-look into the NSFAS strategic outcomes, strategic objectives, Key performance indicators and targets; to ensure that Key Performance Indicators were developed in a specific, measurable, attainable, relevant and time-bound (SMART) principle and in line with the NSFAS business model, to conform to the standards of the requirements of the revised framework on Strategic Plans and Annual Performance Plans; to improve the quality of SP and APPs and to improve on evidence-based performance and to contribute to the achievement of long-term National Strategic Goals and Outcomes.

Focus over the MTSF period and Strategic Outcomes

The Entity has developed new seven Strategic Outcomes as follows:

- Outcome 1: Alternative pool of funding available for eligible students
- Outcome 2: A sustainable and improved system of recoveries
- Outcome 3. Fund the right students, correct amount at the right time
- Outcome 4: Engaged and informed stakeholders.
- Outcome 5: Research and knowledge management database for improved decision making and stakeholder needs
- Outcome 6: Clean governance embedded in all behaviour practices
- Outcome 7: Optimal organisation that deploys resources efficiently

In addressing the shortcomings identified by AG in relation to performance reporting as per the previous Strategic Plan and the APP, the Entity also developed new outcome indicators.

The NSFAS new Strategic Plan 2020 - 2024 retained the two budget programmes; namely, Administration and Student-Centred Model. For 2021/22, the NSFAS's Annual Performance Plan has a total of 18 targets spread across the two programmes.

Selected programmes key deliverables for the 2021/22 financial year.

Programme 1: Administration

The programme aims to implement effective and efficient processes and operations to ensure stakeholder objectives are achieved. The programme will conduct the overall management, administration and governance of the entity and provide efficient and effective support services

to sustain the student-centred operating model. The programme is responsible for implementing two Outcomes, namely Clean governance embedded in all behaviour practices and optimal organisation that deploys resources efficiently.

The focus of the programme in 2021/22 will be to:

- Obtain unqualified audit;
- Achieve Level 3 with respect to Cyber Security;
- Obtain ISO 9001-2015 Certificate;
- Fill 90% of approved funded position per annum; and
- Conduct 100% of training interventions rolled out according to the Human Resources Training Plan

Programme 2: Student-Centred Model

The purpose of this programme is to increase access to funding for eligible students by raising funds, maximizing loan recoveries and creating a Student-Centred loans and bursaries model through improved communication support for students and the central application process. The programme further aims to improve the provision of financial aid to an increasing number of eligible students and to improve the efficiency of the application and funding of students. The programme implements five Outcomes.

The focus of the programme in 2021/22 will be to:

- Raise R43,9 million from new funders;
- Recover R425,5 million from NSFAS debtors;
- Communicate funding decision to applicants of 90% of all valid applications received in each academic cycle, within 30 days of the closing date;
- Achieve 90% of first-time entry students where bursary accounts are created within 10 days of receipt of registration data from institutions
- Fund 90% university students for which the instalments of tuition and allowances to institutions are paid on the 25th day of every second month;
- Develop a framework for the measurement of customer and stakeholder satisfaction; and
- Produce 4 research reports.

Overview and assessment of the NSFAS 2021/22 Medium Term Expenditure Framework (MTEF) Budget

The NSFAS budget amounts to R118,0 billion over the MTEF period. For the 2021/22 financial year, the budget amounts to R38,6 billion. The budget is comprised of the Entity's revenue of R1,4 billion or 3.7%, R35,4 billion or 91.8% from DHET Grant and R1,7 billion or 4.6% from other grant funders. Notably, the overall budget decreased by R2,9 billion or 7.0% from the 2020/21 allocation of R41,5 billion. Similarly, the DHET Grant allocation to the NSFAS decreased by R2,7 billion or 7.2% from R38,1 billion in 2020/21. The budget reduction in the DHET Grant was due to the Cabinet reduction to the Department's baseline funding, which for the NSFAS meant a reduction of R6,8 billion over the MTEF period. The DHET grant allocation to the NSFAS is projected to experience slow growth in the outer two years of the MTEF period.

The bulk of the budget of the NSFAS, 95.8% or R37,0 billion is apportioned to programme 2: Student-Centred Model, which is the core mandate of the NSFAS and has 11 targets for the 2021/22 financial year. The second highest budget allocation amounting to R274,3 million or 0.7% is allocated to programme 2: Administration.

Allocation for spending on transfers and subsidies, which is for loans and bursaries to students at universities and TVET colleges amounts to R36,9 billion, which constitutes the bulk of the budget of the Entity. Compensation for employees is allocated R236,3 million and goods and services R137,1 million. Accounting expenditure is allocated R1,3 billion.

Key issues affecting the NSFAS

- The cabinet approved budget reductions of R6.8 billion over the MTEF period will impact access to education and training.
- The IT systems are not fit for purpose and still not linked to institutions system, which makes data sharing a challenge.
- The delays in the finalisation of students' appeals.

5.4. South African Qualifications Authority (SAQA)

SAQA derives its legislative mandate from the National Qualifications Framework Act, 2008 (Act No. 67 of 2008 as amended). In terms of the Act, SAQA is mandated to, amongst others:

- Provide advice, oversee NQF implementation and collaborate with the Quality Councils;
- Develop NQF policies and criteria;
- Maintain a National Learners' Records Database (NLRD), and provide an evaluation and advisory service with respect to foreign qualifications;
- Undertake research, collaborate with international counterparts, and drive the communication and advocacy strategy to promote the understanding of the NQF architecture; and
- Perform any function consistent with the NQF Act that the Minister of Higher Education and Training may determine.

SAQA further derives its policy mandate from the NDP Vision 2030, the White Paper on PSET, including the National Plan for the Post-School Education and Training and the Department's five-years Strategic Plan.

The MTSF does not specify any direct contribution from SAQA to the five-year outcomes, outcome indicators and targets. The DHET recommended that the SAQA, as the custodian of the NQF should focus their work towards contributing to the achievement of the three outcomes, improved quality; expanded access (Recognition of Prior Learning and Articulation) and improved efficiency. Over the five-years, SAQA in contributing to expanding access to education and training, will review its NQF policies and amend them s to ensure a dynamic NQF that is responsive, adapts to, and supports the changing needs of life-long learning. In ensuring well-articulated quality-assured qualifications and relevant professional designations that instill trust and meets the needs of people, it will ensure that all qualifications registered on the NQF after 1 January 2014 have Articulation pathways within or across Sub-Frameworks. SAQA will also re-design its organisational structure to better suit the delivery of its strategy. The WPPSET emphasises that articulation should be both vertical in terms of moving to higher levels of the NQF and horizontal, catering for movement from, say, a vocational "stream" to an academic one or vice versa.

Overview of the SAQA Revised 2020 – 2025 Strategic Plan

SAQA revised its Strategic Plan 2020 – 2025. The Entity had experience funding shortfalls dues to the impact of Covid-19. SAQA struggled to balance its 2020/21 budget because it could generate revenue from services it rendered on the evaluation of foreign qualifications, the verifications of national qualification and services offered to recognised professional bodies.

Due to the closure of borders during the lockdown, there were no requests for evaluation of foreign qualifications and government departments also halted their recruitment process, which minimised the verification of national qualifications. SAQA's own generated revenue constituted 56% of the Entity's revenue, and the lockdown had adverse effects on the financial sustainability of the Entity. The budget of the Entity for 2020/21 was also reduced. The budget deficit for e 2020/21 amounted to R10,6 million.

Some of the mitigating strategies to avert the instability due to financial pressures were to retrench employees and automate some of its manual processes. The mitigating strategies identified required additional funding.

SAQA revised its Strategic Plan as follows:

Table 3: Amendments to the Strategic Plan

SECTION	REVISED TEXT	REASON FOR REVISION
8.2	**The SAQA Board utilises the following committee structures:** • Executive Committee • Remuneration and Human Resources Committee • Audit and Risk Committee • Information and Information Technology Committee • NQF Qualifications Committee • Professional Bodies Committee • National and Foreign Qualifications Appeals Committee • Professional Body Appeals Committee	• The term of office of the 6th Board ended on 31 December 2020. The 7th Board took office on 01 January 2021. • At its first meeting on 29 January 2021, the Board adopted a new governance structure. • The amendment reflects SAQA's new Board Committees.
8e	**Information on the capacity of the institution to deliver on its mandate.**	SAQA's new microstructure was designed on the basis of

	The SAQA Board approved SAQA's new microstructure for implementation, in January 2021. Only once the microstructure has been implemented, monitoring and evaluation completed to identify and fill gaps, will the Board approve the final microstructure. The Board expects to approve this microstructure by July 2021. SAQA has a staff complement of 81 members. The distribution of staff is as follows: • CEO plus support = 2 • Programme 1: Governance, Strategy, Legal, People, Communications & Stakeholder Relations: 16 • Programme 1: Finance and Administration: 15 • Programmes 2 – 5: NQF Operations: 48 The current capacity is the minimum structure required to carry out SAQA's functions. SAQA's approach to managing unexpected and short-term crises is to make use of short-term contract staff. Also, SAQA will be considering ways to automate processes so that capacity is available to deal with more complex functions. SAQA's new structure will be phased in on 1 April 2021 and will be implemented fully by 15 May 2021.	available funding. Though not ideal, it was designed to support the delivery of mandated functions. This structure may change over time if new functions are added, more service delivery avenues are explored and funding permits. This structure is set up to complement efforts to automate processes and employ 4IR technologies to SAQA's work.
8.2	**SAQA's capacity to deliver on its mandate** The SAQA Board approved SAQA's new microstructure for implementation, in January 2021. Only once the microstructure has been implemented, monitoring and evaluation completed to identify and fill gaps, will the Board approve the final microstructure. The Board expects to approve this microstructure by July 2021. At this stage, it seems that the new structure accommodates eighty-one posts. The areas most impacted are the following: • NQF Advisory Services – closure of this service • Foreign Qualifications Walk-in Centre – closure of this service	SAQA experienced financial difficulties during the lockdown. It was unable to balance its budget. The SAQA Board approved the implementation of Section 189 of the Labour Relations Act. Approximately, 71 employees were to be retrenched. Hours before retrenchment letters were

	• Advocacy, Communications and Advisory Services – closure of this Directorate and a more streamlined function focusing on the media and communication with stakeholders via social media platforms will emerge. • NLRD – closure of this Directorate. The database itself will be managed by IT, and the MIS unit will have minimal staff to ensure the integrity of the information on the database. • International Relations – closure of this Directorate and a more streamlined function is considered under Stakeholder Relations. • Combining the Verifications Project (Programme 3) with the Foreign Qualifications Evaluations and Advisory Service (Programme 4) for a more streamlined service provision with less staff and an investment in automation if funding allows. • SAQA's new microstructure will be implemented on 1 April 2021. The microstructure currently accommodates eighty-one posts. This may change during implementation. Approximately one hundred and six employees may be retrenched during this process.	to be issued, DHET gave SAQA an additional R 5 million which stopped retrenchments in the short term, and gave SAQA an additional 3 months to restructure. The new Board approved the microstructure for implementation on 09 February 2021, via a round-robin process. After implementation on 01 April 2021, SAQA will perform a monitoring and evaluation process to determine the effectiveness of the new structure and make changes where required. The Board will approve the final structure at its meeting on 29 July 2021.

Source: SAQA Combined Strategic Plan 2020-25 and APP 2021/22

Focus over the MTSF period and Strategic Outcomes

Over the MSTF period, the work of the Entity will be informed by five Outcomes; namely,

- Outcome 1: A dynamic NQF that is responsive, adapts to and supports the changing needs of life-long learning
- Outcome 2: Visionary and influential leadership that drives a clear, evidence-based NQF Agenda
- Outcome 3: Well-articulated quality-assured-qualifications and relevant professional designations that instil trust and meet the needs of the people
- Outcome 4: A competent and capable team, dedicated and resourced to develop and maintain the NQF
- Outcome 5: Stakeholders and role-players who are aligned to deliver on the NQF.

In realising the SAQA Outcomes, the activities will be implemented under six budget programmes; namely, Administration, Registration and Recognition Certification, National Learners' Records Database, Foreign Qualifications Evaluation and Advisory Service, Research and International Liaison. For the 2021/22 financial year, the Entity has 20 targets.

Selected programmes key deliverables for 2021/22:

- **Programme 1: Administration**

The programme covers the activities under the Division Strategy, Governance, People, Legal, Stakeholder Relations and Communications; as well as the Finance and Administration Division and IT under the NQF Operations Division in the new microstructure. Its purpose is to support the operations of SAQA. The purpose of this programme is to support the operations of SAQA. It covers the activities of the Executive office and the following Directorates: Finance and Administration; Human Resources; Information Technology; and Advocacy, Communication and Support. The programme contributes to the achievements of three of the five outcomes, to have visionary and influential leadership that drives a clear, evidence-based NQF Agenda; to have a competent and capable team, dedicated and resourced to further develop and maintain the NQF and to have stakeholders and role-players who are aligned to deliver on the NQF.

The focus of the programme in 2021/22 will be to:

- Report on the effectiveness of the system of collaboration;
- Advise the Executive Authority on the NQF matters as required;
- Implement a plan for alternate funding;
- Implement the new structure;
- Provide every staff with learning interventions;
- Develop the electronic Register for misrepresented qualifications and fraudulent qualifications as part of the NLRD if budget permits;
- Implement four online campaigns aimed at informing the public about the
- Ensure that the NLRD contains 21 million learner achievements

- **Programme 2: Registration and Recognition**

The programme is responsible for registering qualifications and part-qualifications, recognising professional bodies and registering professional designations. The programme will implement the targets as follows:

- Register qualifications recommended by Quality Councils (QCs) that meet all SAQA's criteria within three months of submission;
- Track progress made in terms of ensuring that identified qualifications have articulation pathways across and within sub-frameworks.
- Clearly define the roles of statutory and non-statutory professional bodies in relation to SAQA's professional body function.

- **Programme 3: National Learners' Records Database**

The programme covers the work of the National Learners' Records Database (NLRD) Directorate and the Verifications Project. The NLRD unit is responsible for maintaining and further developing SAQA's Management Information System as the critical national source of information for human resource and skills development in policy, infrastructure and planning.

For the 2021/22 financial year, the programme will promote ensure that all recognised professional bodies load designation achievement that meet the requirements; update the Register of Misrepresented Qualifications and complete all applications received for verifications of national qualifications within 25 working days.

- **Programme 4: Foreign Qualifications Evaluation and Advisory Service**

The programme is responsible for evaluating foreign qualifications and providing advice on international learning and qualifications. For the 2021/22 financial year, the programme will complete all complaint applications received for evaluation of foreign qualifications within 3 months.

- **Programme 5: Research**

The programme is responsible for conducting evidence-based research to track the development and implementation of the NQF and to evaluate the impact of the NQF on the people in South Africa. The programme's key deliverables for 2021/22 are to review the one

NQF Policy, produce the draft 2021 NQF Impact Study Report and provide the Minister with a report on progress made by SAQA and the QCs in implementing the Articulation Policy.

- **Programme 6: International Liaison**

The programme is responsible for working with international partners on matters concerning qualifications frameworks and sharing best practice with stakeholders. For 2021/22, the programme will identify and implement two initiatives to promote the South African NQF. It will also identify and implement two initiatives to share national and international best practice with stakeholders.

The programme will focus on growing its national, regional and global standing, having well-informed stakeholders and implementing the Addis Convention. This Directorate no longer exists under the new structure, but the function falls within the Stakeholder Relations sub-unit in the Strategy, Governance, People, legal, Stakeholder Relations and Communications Division.

Overview and assessment of the SAQA 2021/22 Medium Term Expenditure Framework (MTEF) Budget

SAQA's revenue over the MTEF period amounts to R457,4 million. For the 2021/22 financial year, SAQA has a total revenue amounting to R147,0 million. The budget is made up of R64,2 million or 43.6% of entity revenue (Evaluation fees, Verifications, Interest, Sundry and Professional Bodies) and R82,7 million or 56.3% from DHET transfers.

The overall budget is projected to grow in the outer two years of the MTEF period to R152,6 million in 2022/23 and R157,8 million in 2023/24. However, when considering inflation, the budget is estimated to decrease to R139,7 million and R138,1 million in 2022/23 and 2023/24, respectively.

The budget is shared among the six programmes, Administration and Support, Recognition and Registration, National Learners Records Database Including Verifications, Foreign Qualifications Evaluation and Advisory Services, Research and International Liaison. The bulk of the budget, representing 53.1% or R78,1 million of the total budget of the Authority is allocated to Administration and Support. Programme 4: Foreign Qualifications Evaluation and Advisory Services receive the second-largest budget amounting to R33,4 million, which constitutes 22.7% of the total budget. This is followed by Programme 3 National Learners' Records Database (NLRD) and Verifications, which is apportioned the third largest allocation

amounting to R18,2 million or 12.4%. Programme 2 Registration and Recognition receive R9,7 million or 6.6%. Programme 5 Research receives R4,4 million or 3% and Programme 6 International Liaison receives R2,8 million or 1.9% of the SAQA's total budget.

Key issues affecting SAQA

- SAQA's revenue generation has been severely hampered by the imposition of the lockdown, consequently impacting negatively on its 2020/21 budget and 2021/22 MTEF.
- SAQA's revised revenue projections resulted in a shortfall of R19 million.
- SAQA's physical building and the ICT infrastructure have aged and required maintenance and updating. However, there is no budget to refurbish the building and update the ICT infrastructure.
- SAQA implemented retrenchments to mitigate against the budget shortfall and to continue implementing its mandate.

6. COMMITTEE OBSERVATIONS

The Committee, having considered and deliberated on the 2020 – 2025 Strategic Plans and 2021/22 Annual Performance Plans made the following key observations and findings:

6.1. Department of Higher Education and Training (DHET)

6.1.1. Programme 1: Administration

6.1.1.1. The Committee welcomed the appointment of the Deputy Director-Generals (DDGs) for the Planning, Policy and Strategy and Technical and Vocational Education and Training (TVET) branches and the Chief Financial Officer (CFO) for the Department. The Committee noted the progress made in the recruitment process of the DDG position for the Community Education and Training (CET) branch, which has never had a substantive DDG since its establishment. The Committee further noted and welcomed

the appointment of the first black and female CFO of the Department. Additionally, the Committee stressed that the filling of the senior management posts would contribute to the stabilisation of the senior management level and ensure that the Department delivers on its commitments and achieves its vision and mission.

6.1.1.2. The Committee was informed that the DG's contract would be coming to an end in August 2021, and the advert had already been published to fill the post so that there will not be a gap upon DG's departure.

6.1.1.3. The Committee welcomed and commended the Department for implementing employee benefits for the CET sector. CET lecturers did not receive benefits such as pension, housing, medical like other public service employees. This intervention will go a long in ensuring harmonisation of conditions of services and ensuring that the sector becomes the employment of choice.

6.1.1.4. The Committee noted the impact of the budget reduction on the compensation of employees over the 2021/22 MTEF. Although the Department indicated that it would reprioritise its savings resulting from the unfilled vacancies to fill critical vacancies and use innovations, including automating some of the systems and working with the Department of Public Service and Administration (DPSA) and National Treasury in the implementation of the E-Recruitment, the Committee, was however concerned that the funding shortfall will impact on the Department's ability to implement staffing norms in the CET sector, especially the appointment of administration and cleaning staff.

6.1.1.5. The Committee noted with grave concern that the budget cuts of the Department's budget on compensation of employees may in the long term have adverse impact on the TVET and CET sectors, as the Department would have to freeze the filling of the lecturer posts, which will affect the quality of education and training provision in those sectors as highlighted by the CFO.

6.1.2. Programme 2: Planning, Policy and Strategy

6.1.2.1. The Committee noted the exploitation of students by private student accommodation providers during the COVID-19 lock down period. This was exacerbated by a lack of a framework to regulate private student provision. The Committee was concerned that the target to develop the Framework for the accreditation of private student accommodation for Ministerial approval has been deferred to the end of March 2023, while this is urgently needed to address the myriad of challenges with private student

accommodation. The Department indicated that it would consider bringing the target forward.

6.1.2.2. The shifting of the infrastructure development programmes of the Department to the Planning branch was welcomed by the Committee with the hope that this would improve their management and coordination.

6.1.2.3. The Committee noted that the Department would be tabling in Parliament the NQF Bill in March 2022, while the 2019 NQF Act Amendment Bill proclamation is yet to be assented by the President. The Committee is concerned about the destabilisation of the system with the shorter successive reviews.

6.1.2.4. The Committee noted that the NSFAS Act in its current form is inadequate to enable the Entity to strengthen its systems. The Act has not been reviewed to take into consideration fee-free higher education and the move from loans to grants.

6.1.2.5. The Committee welcomed the plans of the Department to address Gender-Based Violence (GBV) through the allocation of funding to Higher Health, including the annual reporting on the implementation of the GBV Framework for the PSET system.

6.1.2.6. The Committee welcomed the Department plans to take into consideration the work of the Ministerial Task Team on multi-modal, blended learning in preparation for the development of the strategy for expanding online learning in the PSET system. It was noted that evidence-based research into the viability of blended learning would assist the PSET sector to plan better post Covid-19 period.

6.1.3. Programme 3: University Education

6.1.3.1. The Committee welcomed progress made by the Department and its stakeholders in the appointment of the Steering Committee to commence the work on the feasibility study to establish the nature and scope as well as location of the two new institutions of higher learning, University of Science and Innovation in Ekurhuleni and University for Crime Detection in Hammanskraal.

6.3.1.2. The Committee commended the Department and universities for the successful completion of the 2020 academic year despite the disruption due to the Covid-19 pandemic.

6.3.1.3. The Committee welcomed the appointment of the team to review student funding in general and to come up with proposals to assist students whose parents earn above the NSFAS threshold of R350 000 per annum or better known as the missing middle.

6.3.1.4. The Committee expressed serious concern with regard to the destruction of University property whenever the students' protest for their legitimate demands. The Committee was informed that the estimated damage to property amounted to R1 billion. It was noted that this funding could have been utilised for other priorities in the sector as opposed to repairing or rebuilding damaged infrastructure. The Committee also noted that the universities' assets belonged to the future generation, and their destruction will impact negatively on those that are still in the schooling system.

6.1.4. Programme 4: Technical and Vocational Education and Training (TVET)

6.1.4.1. The Committee noted and commended the interventions by the Department to ensure that the TVET sector is responsive and fit for purpose. The plans to have 300 lecturers participating in training in project-based lecturer capacity building programmes in engineering (electrical, plumbing and mechanical); 6 000 lecturers participating in the digital literacy programmes and 50 TVET colleges with Fourth Industrial Revolution (4IR) centres of excellence established were commended by members as they will go a long way in ensuring that relevant skills are offered in TVET colleges.

6.1.4.2. The Committee noted that TVET colleges were still not funded at 85% programme funding, which hindered the expansion of access to education and training opportunities. This was also exacerbated by the reductions in the baseline funding for the sector. The Committee noted with concern that the MTSF target to have headcount enrolment in the TVET colleges has been adjusted downwards from 710 000 to 620 000 due to funding shortfall. The Committee noted that this was against the aspirations of the White for Post-School Education and Training and the NDP. The other MTSF targets that were adjusted down due to funding constraints included, the placement of TVET lecturers in industry or in exchange programmes which was reduced from 33% to 18%, and Prevocational Learning Programme enrolment from 7 000 to 4 000.

6.1.4.3. The Committee noted that TVET colleges were still not able to spend their allocation on Infrastructure Efficiency Grant since its introduction and this was ascribed to the lack of capacity within colleges.

6.1.4.4. The inclusion of the interventions by the Department to support TVET colleges in establishing disability units to provide comprehensive academic support to students with disabilities was commended. However, the Committee noted that the target was very low more needed to be done in supporting students with disabilities in the sector.

6.1.5. Programme 5: Skills Development

6.1.5.1. The Committee noted the reported Skills Development Strategy by the Minister to support the Presidential Economic Reconstruction and Recovery Plan (ERRP). In addition, the Committee welcomed the report by the Minister that the Sector Education and Training Authorities (SETAs) uncommitted funds would be redirected towards supporting the ERRP priorities. The invitation proposal by the Minister to present the Skills Development Strategy to the Committee was welcomed.

6.1.5.2. The negative impact of the four months' skills payment holiday on the revenue of SETAs and the National Skills Fund (NSF) was noted as a concern. The Committee was concerned that the skills interventions meant to support youth and adults would be affected due to the downward revision of targets for these interventions.

6.1.6. Programme 6: Community Education and Training

6.1.6.1. The downward revision of the enrolment targets (555 194 to 388 782 by 2024) for the CET sector was concerning to the Committee given the important role CET colleges play in up-skilling youth and adults out of school with no basic education, training and skills.

6.1.7. Budget

6.1.7.1. The Committee was cognisant of the current economic conditions arising from the impact of the Covid-19 pandemic and the lock down to mitigating the spread of the virus. However, the Committee noted that Education and Skills were one of the seven Apex Priorities of Government for the 2019 – 2024 MTSF period. It was concerning that the Department responsible for developing human capital to support the country's economy was experiencing a budget shortfall. Cabinet has approved budget reductions to the Department's baseline funding amounting to R24.6 billion over the MTEF period, to be effected on transfers and subsidies (R19.6 billion), compensation of employees (R4.6 billion), and goods and services (R290.2 million). These reductions included R6.8 billion on the allocation to the National Student Financial Aid Scheme (NSFAS for

loans and bursaries, R5.0 billion on university subsidies, and R947.1 million on TVET college infrastructure grants.

6.1.7.2. The Committee noted with concern that Government expenditure on post-school as a share of the Gross Domestic Product (GDP) was projected to decrease in the outer two years of the 2021/22 MTEF period to 2.1% and 2.0%, respectively. For the current financial year, Government expenditure on the PSET sector represents 5.7% as a share of the total national consolidated expenditure and 29.5% of the total education expenditure. The Committee further noted that government funding to university as a share of the GDP will grow marginally from 1.3% in 2020/21 to 1.4% in 2021/22 and 2022/23 and will drop to 1.3% in 2023/24. Of grave concern to note is that the budget of the Department declined in both nominal and real terms.

6.1.7.3. The Committee noted with concern that instead of increasing allocations for subsidies to universities, Cabinet was reducing the allocation by R5 billion over the MTEF period, while institutions were grappling with payments of tuition and residence fees by students. Student historic debt was estimated at R14 billion and the cuts in subsidies will force the institution to increase fees to make up for the funding shortfall. This would exacerbate the current difficulties, especially for self-funded students.

6.1.7.4. The Committee noted with concern the reduction in the allocation for the National Student Financial Aid Scheme (NSFAS), which would adversely impact access to post-school education and training for many students from the poor and working-class families. The NSFAS is an important instrument in supporting access to post-school education and training opportunities for students from the poor and working-class families. Additionally, the reported reprioritisation of R3.09 billion (R2,490 billion from universities; R500 million from TVET Infrastructure Efficiency Gant; R50 million from goods and services) from the voted funds and R3,3 billion from the National Skills Fund (NSF) to cater for the 2021/22 NSFAS funding shortfall, which will be effected in the 2021 MTBPS was noted with grave concern. The Committee was concerned that funding meant to support quality of provision in the TVET sector and for skills interventions for the unemployed youth has been redirected to support University students.

6.1.7.5. The Committee expressed a concern regarding the risk that student funding continues to grow at the expense of University subsidies and if this trend is maintained, student funding will overtake the subsidies to universities. Consequently, in the medium to long

term, universities' budgets will be constrained and this will compromise the quality of higher education, as there will be more students than the universities can service.

6.1.7.6. The Committee noted that the budget reductions have resulted in the downward adjustments of targets in headcount enrolments in the TVET and CET colleges and long-term knock-on effects on graduate outputs.

6.1.7.7. The Committee noted that the Minister of Finance, Mr Mboweni announced during the February 2021 Budget Speech that government was committed to ensuring that deserving students were supported through higher education. The Minister further noted that the National Treasury was working with the Department of Higher Education and Training to work on a policy and funding options that would be detailed in the Medium-Term Budget Policy Statement (MTBPS).

6.1.7.8. The Committee commended the interventions by the Department to absorb the budget cuts amounting to R41 million that were to be effected on the South African Qualifications Authority's (SAQA) baseline over the MTEF period, including the additional allocation of R5 million to address the funding shortfall.

6.2. Council on Higher Education (CHE)

6.2.1. The Committee welcomed the appointment of the entity's new CEO, Dr W Green and it wished him well.

6.2.2. The Committee expressed its concern with respect to the nine vacant posts at the entity and the impact this will have on its ability to deliver on its mandate.

6.2.3. Members noted that the entity had previously opposed the review of the NQF Act in the fifth Parliament, and proposed that the process be halted owing to the recommendations contained in the NQF Act Implementation Evaluation of 2018, which recommended for the review of the Act. The Committee was concerned that the NQF Amendment Bill is planned to be introduced in Parliament in March 2022 despite the pending proclamation by the President of the NQF Amendment Act of 2019.

6.2.4. The Committee noted that there were indications which suggested that student performance in higher education had improved since the implementation of remote learning, and suggested that the entity consider undertaking research on this to determine whether there are advantages with the implementation of hybrid learning.

6.2.5. The Committee expressed a concern with respect to some universities that were offering programmes that were not in line with the requirements of some professional bodies or were being phased-out. This negatively affects students when they have to get accreditation to practice in their relevant professions. An example was made of the Durban University of Technology's (DUT) dental technology programme which was alleged to not have been accredited by the South African Dental Technicians Council.

6.2.6. The Committee expressed its concern with regard to the existing articulation barriers across the NQF sub-frameworks.

6.3. Quality Council for Trades and Occupations (QCTO)

6.3.1. The Committee expressed a concern regarding the four vacancies in the Entity's Council that was appointed in September 2020. The successive resignation of members of Council, including the Chairperson impacts on governance and stability of the Entity.

6.3.2. The Committee noted the impact of the four-months skills levy payment holiday on the operational budget of the QCTO, which resulted in the decreased SETAs allocation to the Entity. The QCTO receives 80% of its revenue from the 0.5% of SETA Grant allocation, as per the SETA Grant Regulations. Notably, the SETA Grant allocation to the QCTO decreased by R29,4 million or 30.3% from R97,2 million in 2020/21 to R67.7 million in 2021/22. The QCTO's total projected revenue for the 2021/22 financial year decreased by R27,3 million or 22.3% from R122,7 million in 2020/21 to R95.3 million in 2021/22. It should be noted that the 0.5% SETA Grant allocation to the QCTO is inadequate to enable to Entity to implement its business model and to fully take over the quality assurance function delegated to the Quality Assurance Partners.

6.3.3. The Committee noted and welcomed the commitment of the Department to engage with relevant stakeholders with the aim of increasing the SETA grant contribution to the QCTO.

6.3.4. The Committee noted the role the QCTO will have to play in the rolling out of the ERRP and the Department's Skills Development Plan through its occupational qualifications development, accreditation of providers and quality assurance in the skills provision. Given this critical role, the existing funding levels of the Entity were of great concern as they will negatively impact this important mandate.

6.3.5. The Committee noted and welcomed the undertaking that the QCTO's Annual Performance Plan (APP) commitments would be implemented. The QCTO assured the

Committee that it would mitigate the 2021/22 budget shortfall by applying to National Treasury for roll-over of funds from the previous financial year.

6.3.6. The Committee noted the concerns of the Department regarding the low uptake of the QCTO occupational qualifications, especially by TVET colleges due to their method of delivery, including accreditation challenges. The QCTO reported that the current uptake of the occupational qualifications was 11% (32 out of 300).

6.3.7. The Committee commended the QCTO for signing service level agreements with non-profit organisations and non-governmental organisations in ensuring that its extent its footprint by ensuring that people at the grassroots are provided with relevant skills.

6.3.8. The Committee was concerned by the delays in the finalisation of the purchase of the QCTO own precinct. The issue has been going on for a few years.

6.4. National Student Financial Aid Scheme (NSFAS)

6.4.1. The Committee commended the leadership of the Entity for the work that had been done thus far in addressing the inefficiencies at the Scheme. The Committee also expressed its support of the new leadership to turn-around the situation.

6.4.2. The inadequate communication between the Entity and institutions as well as students was noted as a serious concern. Members noted that they were inundated with student' queries which take time to be resolved by the Entity.

6.4.3. The delays by the Entity in finalising the outstanding financial decisions and appeals dating back to the previous academic year were noted as a concern. There were students that met all the academic requirements for progression. However, they have not yet received their allowances.

6.4.3. The Committee expressed its concern with respect to the ICT systems of the entity which were not fit for purpose. The entity has been struggling to have its ITC systems linked with that of the universities and TVET colleges to improve data exchange to expedite funding decision and disbursements of tuition fees and student allowances.

6.4.5. The delays with the filling of outstanding vacancies at the entity was noted as a concern and hindrance to service delivery.

6.4.6. The Entity has been struggling to meets its targets with regard to the collection of debts from debtors some of whom are in well-paying employment.

6.4.7. The entity continued to fund programmes that are not relevant to the labour market, and this was not a good investment in light of the constrained budget.

6.5. South African Qualifications Authority

6.5.1. The Committee welcomed the newly appointed Chairperson and CEO of the entity, and observed that the entire leadership of the entity was women. This was commended as progressive.

6.5.2. The Committee expressed its concern with respect to the impact of the Covid-19 pandemic and economic distress, which hindered SAQA's ability to generate income from services rendered and contributed to the undesirable financial situation, which has also contributed to staff retrenchments.

6.5.3. The Committee welcomed the efforts put in place by the entity to re-imagine its existence in light of its revised organisational structure.

6.5.4. The Committee expressed its solidarity towards all staff that have unfortunately lost their jobs at the Entity due to its financial distress. It was noted that the public sector has always provided job security to staff personnel, and the retrenchments that were implemented at the entity were unfortunate and would have a detrimental impact not only on the SAQA staff but their extended family. The Committee also welcome the commitment by SAQA to recall the retrenched employees in the event that its financial situation improves.

6.5.5. The delays in the proclamation of the National Qualifications Framework Amendment Act, 2019 were noted as a concern. The Committee noted that the planned introduction to the NQF Amendment Bill in March 2022 may expand the mandate of the SAQA, and urged it to proceed with some caution when reconfiguring its business model.

6.5.6. Members raised concerns with the number of registered qualifications that had no articulation pathways and institutions offering professional qualifications not accredited by the professional bodies.

6.5.7. The Committee noted that the Entity had to close its National Learners' Records Database (NLRD), International Liaison and Advocacy Units due to the impact of the Covid-19 pandemic and inadequate funding to support these units and their personnel.

7. SUMMARY

The Department and the Entities presented their 2020 – 2025 Strategic Plans and Annual Performance 2021/22 and the budgets. The 2021/22 financial marks the second year of the implementation of the MTSF 2019 – 2024. The Plans are presented amidst the unprecedented economic challenges emanating from the impact of covid-19. The Department and the Entities experienced budget cuts on their baseline as government had to make difficult financial decision to still mitigate the impact of the pandemic and supporting efforts to grow the economy.

The Department revised the 2020 – 2024 Strategic Plan and adjusted down some of the MTSF targets. This was necessitated by the constrained funding. Headcount enrolments for both the TVET and the CET programmes were adjusted down. The Department also included MTSF output indicators that were omitted in the original Strategic Plan. The Strategic Plan and APP of the Department continue to support the realisation of Priority 3: Education, Skills and Health.

The APP 2021/22 will focus on ensuring that effective human resource management within the Department through human resource management practices. The Department through the programme will implement effective financial management practices. In 2021/22, the Planning, Policy and Strategy branch will dedicate focus to GBV at universities and TVET colleges, will support the decision in terms of enrolment planning, funding and policy making, expanding online learning in PSET and career development system.

The University Branch with its public universities, will develop and ensure the implementation of enrolment plans for the period 2020 to 2025. This process will ensure equitable participation that is supported by increased numbers of quality staff, affordable fees, inclusive and sustainable financial aid and improved infrastructure. The Branch will conduct a feasibility study to establish the two new universities announced by the President in 2020. The Branch will also produce monitoring and evaluation reports of the system.

In 2021/22, TVET colleges will focus on increasing enrolment and growing training of artisans through the centres of excellence. Enrolment in the sector is capped at 620 000 due to funding constraints. There will be upscaling of entrepreneurship activities as well as the offering of digital skills, including in the CET sector.

The Department is allocated a budget of R97,74 billion, excluding direct charges against the National Revenue Fund. Notably allocation from voted funds for 2021/22 financial decreased in real terms by 3,9%. The Cabinet has approved reductions on the Department’s baseline

amounting to R24,6 billion over the MTEF period, to be effected on transfers and subsidies. The reductions will have adverse effects on the operations of the Department, including the NSFAS which the reductions on its baseline amounts to R5,8 billion over the MTEF.

The Committee noted the impact of the budget reductions, especially on access to education and the reprioritisation within the Department's budget to cater for the NSFAS 2021/22 budget shortfall.

The Committee considered and accepted the APPs of the CHE, QCTO, SAQA and NSFAS. The Committee is concerned about the financial constraints that the entities are experiencing, especially the QCTO and SAQA. The impact of the Covid-19 pandemic and lockdown had adversely hampered SAQA's ability to generate revenue from rendered services. Consequently, due to the budget deficit, SAQA had to retrench its staff in order to balance its budget. The QCTO's revenue for 2021/22 decline due to the four-months skills levy contribution holiday. The QCTO receives 80% of its revenue from the 0.5% SETA Grant allocation. SETAs revenue declined due to the four-month skills levy contribution holiday. The QCTO indicated that it will apply to the National Treasury for rollover funds to mitigate the budget shortfall.

8. RECOMMENDATIONS

The Committee, having considered the Strategic Plan 2020 – 2025 and Annual Performance Plan 2021/22 of the Department, the NSFAS, the CHE, the SAQA and the QCTO recommends that the Minister of Higher Education, Science and Innovation consider the following:

8.1. DHET

8.1.1. Programme 1: Administration

8.1.1.1. The filling of the DDG positions for the University Education and CET programmes be expedited.

8.1.1.2. The Department should expedite the automation of its recruitment process to improve the turn-around time in filling vacancies.

8.1.2. Planning, Policy and Strategy

8.1.2.1. The Department considers reviewing the timeframes for the development of a Framework for the accreditation of private student accommodation for Ministerial approval, which has been deferred to end of March 2023.

8.1.2.2. The Department should proceed with caution in the amending of the NQF considering that the pending proclamation of the NQF Act Amendment Act of 2019. This would ensure that there is no instability in the sector.

8.1.2.3. The Department needs to improve its oversight function over the PSET institutions to improve governance and accountability.

8.1.2.4. The planning and development of infrastructure in the PSET system should take into consideration the utilisation of multimodal / blended learning method as an alternative in the future and the need to improve on ICT infrastructure.

8.1.2.5. The Department in collaboration with Universities South Africa (USAf) and student leadership of universities and TVET colleges should work on a programme to conscientise students on the importance of safeguarding property and assets of institutions during student protests.

8.1.2.6. The Department should continue engaging with and provide support to SAQA in light of its funding challenges and restructuring.

8.1.2.7. The Department considers reviewing the NSFAS Act, 1999 (Act No. 56 of 1999) considering that the introduction of fee-free higher education and the shift from loans to grants, including strengthening governing structures.

8.1.3. Programme 3: University Education

8.1.3.1. The Department should ensure that requisite funding is made available to the Steering Committee that will undertake the feasibility of the establishment of the two new universities in Gauteng. The terms of reference of the Steering Committee should be shared with the Committee.

8.1.3.2. The Department should engage with National Treasury regarding the declining subsidies to universities. Universities need financial support to maintain and support their core business in achieving the system MTSF targets.

8.1.3.3. The Department considers entering into partnership with the private sector to address the acute shortage of student accommodation in higher education.

8.1.4. Programme 4: Technical and Vocational Education and Training (TVET)

8.1.4.1. The TVET sector needs to be assisted with additional funding to ensure that they are funded at 80% and to be able to increase its headcount enrolment in line with the 2019 – 2024 MTSF and NDP targets.

8.1.4.2. The development and the expansion of TVET infrastructure are crucial in supporting quality teaching and learning and improving the uptake of Occupational Qualifications that are relevant to the labour market. Thus, the Department should engage with Treasury to ensure that no further budget cuts on TVET IEG.

8.1.4.3. The capacity of TVET colleges to roll-out infrastructure projects should be improved to avert the underspending on infrastructure grants in this sector.

8.1.5. Programme 5: Skills Development

8.1.5.1. The Department should expedite the engagement process to review the 0.5% SETA Grant allocation to the QCTO to address the inadequate funding of Entity and ensure that it implements its business model, especially with the critical role it has to play in support of the ERRP and the implementation of the Department's Skills Development Strategy.

8.1.6. Community Education and Training (CET)

8.1.6.1. The CET sector is severely underfunded and unable to meet its basic operational needs. Additional funding to support and expand this sector is critical.

8.1.6.2. The harmonisation of the conditions of service for all employees of the CET sector should be expedited.

8.2. Budget

8.2.1. The Minister of Finance committed that the National Treasury will work with the Department of Higher Education and Training to work on a policy and funding options that would be detailed in the Medium-Term Budget Policy Statement (MTBPS). The Department should follow up with National Treasury.

8.2.2. In addition to engaging on a policy and funding options for students, National Treasury should also consider additional funding to increase universities subsidies to avert the

increase in student and residence fees by universities to make up for the government funding shortfall as this will increase student debt and instability in the higher education sector as witnessed at the beginning of 2021 academic year.

8.3. Council on Higher Education (CHE)

8.3.1. The CHE in collaboration with the Department undertakes a research study to look into the higher education sector post Covid-19 period and the changing assessment processes given the multimodal teaching and learning methods in the sector.

8.3.2. The filling of the vacant positions be expedited to improve service delivery at the entity.

8.4. Quality Council for Trades and Occupations (QCTO)

8.4.1. The Minister should expedite the appointment of the four members of the QCTO Council.

8.4.2. The QCTO should expedite the application to National Treasury for roll-over funds to address the 2021/22 financial year budget shortfall.

8.4.4. The QCTO in collaboration with the SETAs should support TVET and CET colleges in addressing the current challenges that contribute to the low uptake of occupational qualifications.

8.4.5. The process undertaken by the QCTO to purchase its own building to avert the rental costs has been ongoing for over a few years without reaching its finality. The QCTO should finalise this process.

8.5. National Student Financial Aid Scheme (NSFAS)

8.5.1. The new leadership should focus on rectifying the inefficiencies that had been hindering the Entity's ability to delivering on its mandate. The NSFAS should be in a position to fund the correct eligible student at the right time.

8.5.2. The filling of vacancies, in particular senior management positions should be expedited to improve service delivery at the entity. The Board should ensure that those appointed at the Entity possess the requisite skills and experience.

8.5.3. The entity should develop a fund raising strategy aimed at improving its revenue in light of the fiscal constraints.

8.5.4. The entity should invest more resources into its debt recovery strategy to meet its targets of recouping funds from former beneficiaries.

8.5.5. The process of procuring the ICT system that is fit for purpose should be expedited to improve the disbursement of funding and allowances to institutions and ultimately to students. The new ICT system should be synchronised with that of universities and TVET colleges to improve data exchange.

8.5.6. The deployment of resources to institutions to respond to student queries should be improved.

8.6. South African Qualifications Authority (QCTO)

8.6.1. The Committee urges the Entity to continue to soldier on in delivering on its mandate despite the difficult financial situation and retrenchment of staff.

8.6.2. The entity considers leasing parts of its building to tenants with the objective of generating more revenue to meet its expenses.

8.6.3. The process of filling the CFO position and other vacant posts be expedited.

Report to be considered.