THE DUPLICATION OF SERVICES AND INEFFICIENCIES IN THE HERITAGE SECTOR

Compiled by Letsepa Pakkies using data from 2012/13 - 2015/16

STUDY CONTEXT

A look at how efficiently public funding is utilized in the heritage sector

BACKGROUND

- The heritage sector has evolved into a disorganized and fragmented set of institutions with overlapping mandates.
- This lack of clarity around the mandate is reflected in the duplication of services across entities at national, provincial and local government.
- There are a number of institutions that provide heritages services in government. These include:
  - The Heritage promotion sub-programme of the **National Department of Arts and Culture,**
  - the **South African Heritage Resources Agency,**
  - the **National Heritage Council of South Africa** and national museums.

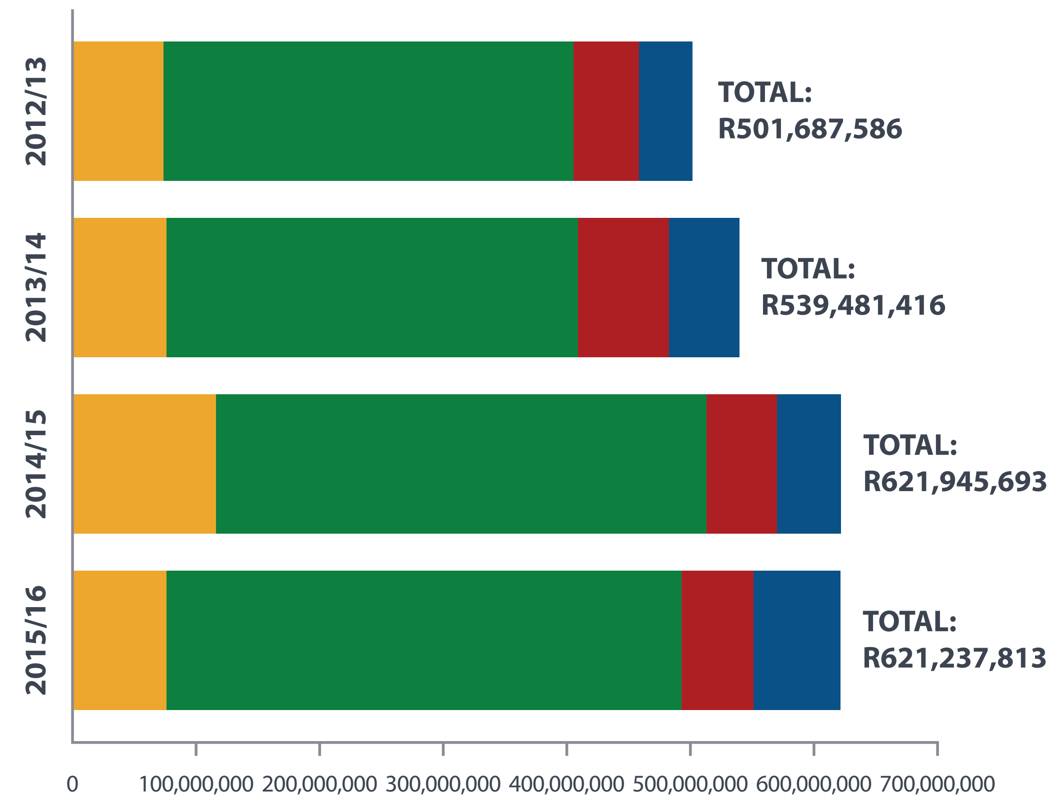
WHERE ARE SERVICES DUPLICATED?

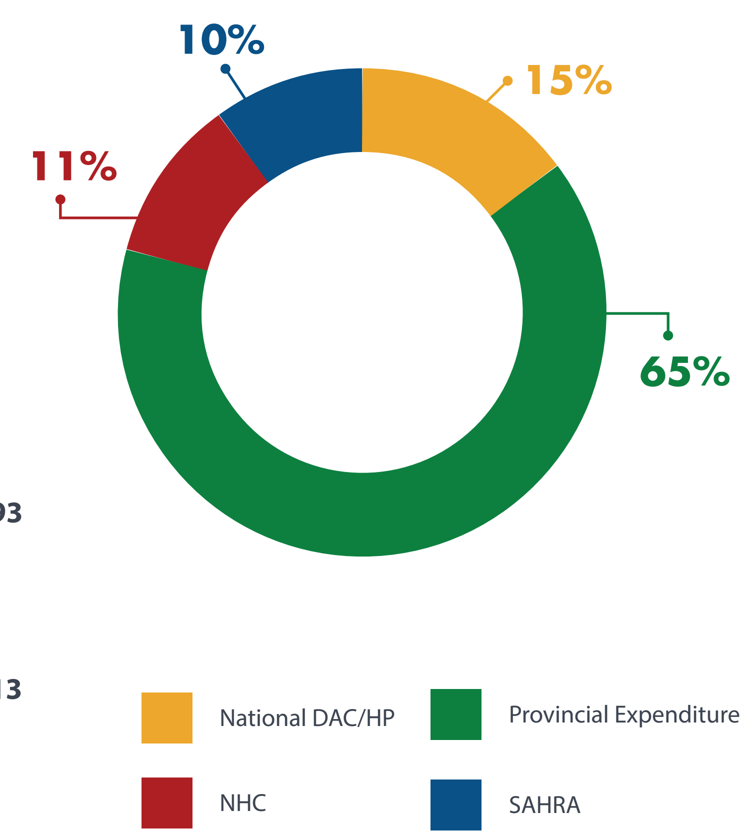
There is an overlap in activities related to the policy development & research, promotion of heritage and raising awareness.

- Each of the three entities undertakes activities in these areas, but there is no consultation among them when planning activities and outputs.
- This affects the coordination between heritage human resources development strategy (under **DAC: Heritage Promotion)** and supports the professional development of sector skills through developing and accrediting course modules, and providing training for the sector **(SAHRA).**
- There are also overlaps in the protection of heritage assets (between **NHC** and the **SAHRA)**
- In addition, these 'protection' related activities in **SAHRA** and **NHC** largely duplicate the role played by the museums and they have inefficiencies

SPENDING ANALYSIS

In the **2015/2016** financial year government allocated a total of **R621.2 million** to the heritage sector. **65%** of which was spent in the provinces.





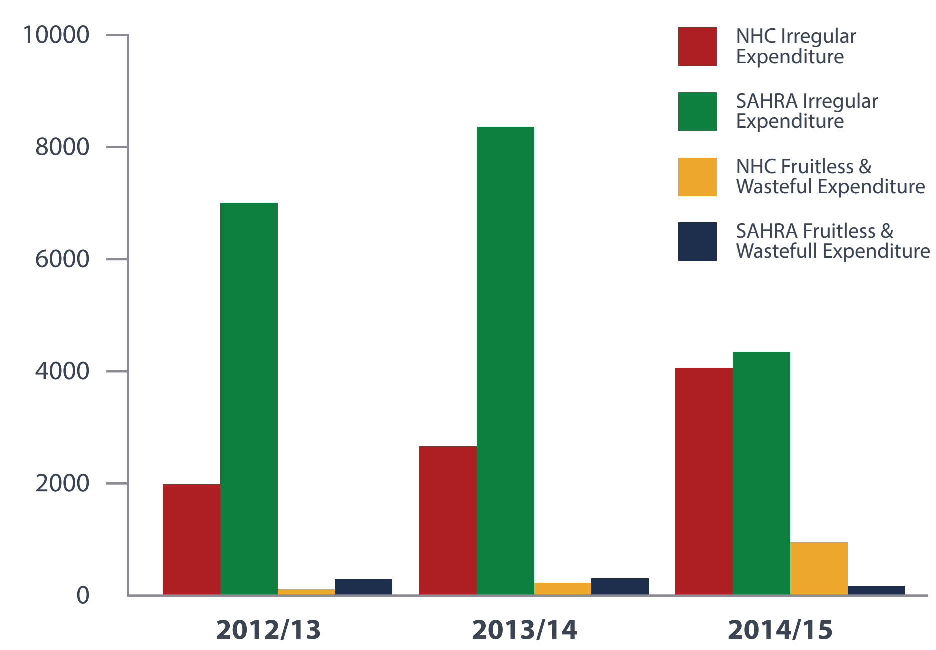
OPERATIONAL EFFICIENCY

There is a lot of inefficiency in how both **NHC** and **SAHRA** deliver their services. This lack of enforcement of rules is evident from the waste in government spending.

These are the 2 categories of inefficiency within the heritage sector: **(1)** irregular expenditure and **(2)** fruitless and wasteful expenditures

NHC over the past three financial years amounts to **R8.7 million.**

"Irregular expenditure continues to be of particular concern. This is expenditure that was not made in the manner prescribed by legislation. Such expenditure does not necessarily mean that money was wasted or that fraud was committed, but is an indicator that legislation is not being adhered to, including legislation aimed at ensuring that procurement processes are competitive and fair. It is also an indicator of a significant breakdown in controls at some auditees." (Auditor General, 2014: 2)



COST MODEL OUTCOMES

Total savings realized in **Scenario 1** (status quo scenario with regards to the allocation of functions) ensures that the sector attains efficiency savings of **R13.9 million** in 2017/18.

Scenario 2 (NHC as consisting exclusively as a board that funds heritage matters) shows savings of **R30.4 million.**

Scenario 3 (NHC being closed down) shows a savings of **R33.2 million** in the same period. Scenario 3 is the preferred option which will see government saving a total of **R33.2 million** in 2017.

CONCLUSIONS

- The lack of a process to clarify the mandates of institutions before and during their establishment has resulted in numerous issues including the duplication of activities and resources. This problem is particularly acute in the heritage sector.
- There are evidently some duplications, overlaps and inefficiencies in the functions being performed by **DAC** and its various institutions. This duplication is mainly evident with **NHC** and **SAHRA.**
- The analysis found noticeable variations in the distribution of these resources, which tended to coincide with patterns of recent reforms within each institution. The analysis indicates that inefficiency may be at the root of the disappointing performance by the heritage sector

RECOMMENDATIONS

- None of these institutions have an internal policy on cost saving and they have not implemented the guidelines on cost serving measures. All these heritage institutions need implement cost saving measures
- Expenditure reviews need to be integrated into the main stream budget process and inform policy and decision makers about programme effectiveness

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