



10 May 2021

## **THE 2021/22 ANNUAL PERFORMANCE PLAN AND BUDGET ANALYSIS FOR VOTE 32: THE ENVIRONMENT, FORESTRY AND FISHERIES DEPARTMENT**

### **1 BACKGROUND**

Parliament has a constitutional obligation to oversee the work and spending of public resources by the Executive, as outlined in Section 55(2)(a) and (b) and Section 92(2) and (3). Parliament, through its Committees and other mechanisms, should be the guardian of the use of State resources, the overseer of fiscal discipline and cost-effectiveness for the common good of all the citizens. The oversight responsibility of ensuring the execution of constitutional and statutory obligations extends to other State organs. Therefore, Parliament should assess the plans and conduct regular performance reviews and annual performance assessments of the Department of Environment, Forestry and Fisheries (the Department) and its entities. The Strategic Plan and Annual Performance Plan (APP) of the Department are the main documents that will inform the use of allocated funds. The Strategic Plan and APP are guided by the long-term vision of the country articulated in the National Development Plan, the 2019-2024 Medium Term Strategic Framework (MTSF) and other overarching national policies, as the leading implementation tools to guide State organs.<sup>12</sup>

The Department is in a transition phase to incorporate the transferred functions of Forestry and Fisheries from the former Department of Agriculture, Forestry and Fisheries. The process of streamlining the functions and services is ongoing.<sup>34</sup> In the interim, the Department has nine Programmes that ensure the effective achievement of its constitutional mandate. The nine different programmes and their purposes reflect the different focus areas and sub-sectors of environmental management.

This paper provides an analysis of the tabled 2019-2024 Strategic Plan of the Department, its 2021/22 Annual Performance Plan and associated budget allocation.

### **2 LEGISLATIVE AND POLICY PRIORITIES FOR 2021/22<sup>5</sup>**

The mandate of the Department 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. The constitutional provision stipulates 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 the relevant legislation.

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<sup>1</sup> MLRF. (2018)

<sup>2</sup> The Presidency. (2014)

<sup>3</sup> *Marine Living Resources Act No. 18 of 1998*

<sup>4</sup> DAFF (2019)

<sup>5</sup> DAFF. (2021)



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 a number of “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. These comprise the National Environmental Management: Biodiversity Act, No. 10 of 2004; the National Environmental Management: Protected Areas Act, No. 57 of 2003; the National Environmental Management: Air Quality Act, No. 39 of 2004; the National Environmental Management: Integrated Coastal Management Act, No. 24 of 2008; and the National Environmental Management: Waste Act, No. 59 2008, inter alia. In the forestry sector, the National Forests Act, No. 84 of 1998 and the National Veld and Forest Fire Act, No. 101 of 1998 are the primary legislation that provide for the sustainable management, transformation and development of forests in a manner that promotes the prevention and management of veld, forest and mountain fires. The Marine Living Resources Act, No. 18 of 1998, regulates the long-term sustainable utilisation of marine living resources. Furthermore, there are many other Government policies and legislation, which affect the South African environmental, forestry and fisheries sectors, both directly and indirectly.

## 2.1 National Development Plan

The NDP advocates for the transformation of the environmental, forestry and fisheries sectors in terms of ownership and economic contribution through viable fishing rights, support in plantations, the wildlife, bioprospecting, the waste sector and sustainable exploitation of resources. Alternative economic opportunities need to be created to supplement the livelihoods of rural and fishing communities. All programmes and projects should address socio-economic challenges in a manner that ensures environmental sustainability, broadens renewable energy and builds resilience to the effects of climate change, the transition to a low carbon economy and encourages recycling. Forestry operations should re-establish natural plant cover and enhance the sector’s significant potential and role in being a carbon sink.<sup>7</sup>

In response to the NDP, the Department will support and facilitate investments in reforestation, aquaculture production, wildlife, bioprospecting, and recycling. The intended outcomes are the creation of jobs, rebuilding of depleted fish stocks, revitalised State-owned forests, broader and equitable participation in the South African wildlife, forestry and fisheries sectors.

## 2.2 Medium-Term Strategic Framework<sup>8</sup>

The NDP vision is given expression through the following priorities of Government’s 2019-2024 medium-term strategic framework (MTSF), with which the work of the Department of Environment, Forestry and Fisheries is closely aligned:

- Priority 1: Economic transformation and job creation;
- Priority 2: Education, skills and health;
- Priority 4: Spatial integration, human settlements and local government;
- Priority 5: Social cohesion and safe communities;

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<sup>7</sup> National Planning Commission. (2012)

<sup>8</sup> Department of Planning Monitoring and Evaluation. (2019)



- Priority 6: A capable, ethical and developmental state and
- Priority 7: A better Africa and World.

However, the Department's 2019/20–2023/24 Strategic Plan and 2020/21 Annual Performance Plan only identified priorities 6 (Capable, Ethical and Developmental State), 1 (Economic Transformation and Job Creation) and 4 (Spatial Integration, Human Settlements and Local Government), but not priorities 2 (Education, Skills and Health), 5 (Social Cohesion and Safer Communities) and 7 (A Better Africa and World), which are intricately linked to the Work of the Department. For example, in terms of “Education, Skills and Health”, the Department undertakes initiatives that improve capacities for the environment, forestry and fisheries sectors, such as:

- the Department's internship and environmental, education programmes;
- placement of students in the Work Integrated Learning Programme;
- training teachers in various provinces in different aspects of environmental management through the “Fundisa for Change” programme (in partnership with the Department of Basic Education programme focusing on environmental learning and teacher education); and
- implementation of key environmental awareness interventions, inform society and change behaviours, inter alia.

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.

Similarly, Priority 5 (Social Cohesion and Safer Communities) is 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. This is done by assisting district municipalities to incorporate environmental priorities in their Integrated Development Plans (IDPs); pursuing sound environmental management of hazardous waste streams to protect communities from being affected by dumped or badly managed waste; and implementing effective air quality management interventions and ensuring reduction of atmospheric emissions from major polluters. 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.

### **2.3 The State of the Nation Address<sup>9</sup>**

The 2021 State of the Nation Address used one of the unique or endemic biome found only in the Western Cape province of South Africa and nowhere else in the world, called Fynbos biome, to describe the hardship South Africans have suffered over the past year owing to the impact of COVID-19 on their livelihoods, lives and the economy.

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<sup>9</sup> SONA (2021)



“What is most unique and special about fynbos is that to be sustainable and survive, it needs fire. At least once every twenty years, fynbos must burn at extremely high temperatures to allow the ecosystem to be rejuvenated and grow afresh. Throughout the summer, the burned foliage lies desolate. But when the autumn rains return, the seeds germinate, and its life cycle begins all over again. The mountains bloom with new life as plants which once seemed lost grow back even stronger than before.”

The Presidential Employment Stimulus, one of the most significant expansions of public and social employment in South Africa’s history, has realised over 430 000 opportunities by the end of January 2021. The stimulus programme will create a further 180 000 opportunities, which are currently in the recruitment process. The programme is said to involve environmental programmes, such as the clearing of alien trees, wetland rehabilitation, fire prevention, and cleaning and greening across all municipalities.

SONA 2021 cautioned that the economic recovery path should also include the threat that climate change poses to our environmental health, socio-economic development and economic growth. Therefore, in fulfillment the country’s commitments under the United Nations Framework Convention on Climate Change and its Paris Agreement, which include the reduction of greenhouse gas emissions, Eskom, the largest greenhouse gas emitter, has committed in principle to net zero emission by 2050 and to increase its renewable capacity. This is envisaged through partnering with investors to repurpose and repower part of its coal fleet. This will be implemented in a manner that stimulates investment, local economic activity and local manufacturing, as part of a just transition. The climate change efforts will be guided by the Presidential Coordinating Commission on Climate Change. The Commission will develop a just transition plan to a low-carbon economy and climate resilient society.

To support the country’s reform process, the Presidential State-Owned Enterprises (SOEs) Council has outlined a clear set of reforms that will enable these vital public companies to fulfil their mandate for growth and development. Overarching legislation for state-owned companies will be tabled in Cabinet this financial year and in Parliament in the next financial year. A centralised SOE model is being implemented this financial year (2021/22), which will ensure a standardised governance, financial management and operational performance framework for all SOEs. The mandates of all SOEs are being re-evaluated to ensure that they are responsive to the country’s needs and the implementation of the National Development Plan.

### **Budget Speech: Alignment of Spending Priorities to the Economic Growth Plan<sup>10</sup>**

The 2021 Budget Speech calls for the alignment of spending priorities to the economic growth plan, as this is the biggest contribution that can be made to support the country’s Economic Reconstruction and Recovery Plan. The budget contained no specific pronouncements that directly affect the Environment, Forestry and Fisheries Sectors<sup>11</sup>:

- **The Fiscal Framework:** The fiscal policy framework, crafted under the supervision of the President, extends support to the economy and public health services in the short term, while ensuring the sustainability of public finances in the medium term. The

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<sup>10</sup> Budget Speech (2021)

<sup>11</sup> Ibid (2021)



framework creates a sound platform for sustainable growth and contributions towards supporting the Economic Reconstruction and Recovery Plan.

- **Progress on Economic Reforms:** Government has made meaningful progress in the implementation of structural economic reforms articulated in the Economic Reconstruction and Recovery Plan by aiming to remove the brakes on economic growth by lowering barriers to entry, broadening ownership patterns, raising productivity and lowering the cost of doing business. These are demonstrated through Operation Vulindlela that has made progress in accelerating the pace of implementation of high-impact structural reforms.
- **Public Procurement and Zero-based Budgeting:** National Treasury is fast-tracking the finalisation of the Public Procurement Bill, to be tabled before Cabinet by the end of the year. Further, National Treasury will be implementing a framework on zero-based budgeting across Government, to curtail spending in programmes that can no longer be afforded<sup>12</sup>. The Pilot of this new budgeting methodology is to be implemented by the Department of Public Enterprises and the National Treasury to produce significantly re-costed budgets from 2022/23.
- **Addressing Corruption:** The Department of Justice and Constitutional Development is allocated R1.8 billion to improve business processes. This allocation will support law enforcement agents in the fight against crime and corruption, which affects the Environment, Forestry and Fisheries Sectors differently. Law enforcement will be brought into the digital age through the Justice Modernisation Programme. The South African Revenue Service (SARS), South African Reserve Bank and the Financial Intelligence Centre (FIC) are working jointly on combating criminal and illicit cross-border activities through an inter-agency working group. This group has completed 117 investigations and found R2.7 billion for the country's fiscus. Customs and excise operations are reducing the illicit movement of goods across borders, assisted by specialised cargo scanners, resulting in 3 393 seizures valued at R1.5 billion for the fiscal year to January 2021.

## 2.4 Revitalising Agriculture and the Agro-processing Value Chain

The former Department proposed several projects that respond to the revitalisation of agricultural colleges, nurseries, fish hatcheries, fishing harbours and irrigation schemes. This revitalisation is mainly the implementation of the Agriculture Policy Action Plan developed by the former Department to respond to the National Development Plan and New Growth Path. The revitalisation of colleges is aimed at increasing the throughput of skilled and competent graduates in agriculture, forestry and fisheries.

In line with this commitment, the Department promised to explore, with the intention of developing and acquiring accreditation for forestry and fisheries courses in those agricultural colleges. The Committee may need to follow-up on this matter.

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<sup>12</sup>Zero-Based Budgeting “a budgeting process that asks managers to build a budget from the ground up, starting from zero.” (Kavanagh, 2011). This involves an in-depth examination of all the activities typical to government departments, including service delivery, investment and economic development.



Furthermore, the revitalisation programme seeks to create jobs in rural fishing communities where job opportunities are limited. Processing has generally been a terrain dominated by a few large commercial companies, and space has been challenging for the entry of smaller processors. Processing in rural communities is expected to help unlock the economic development potential through infrastructure development, increased product diversification, economic competitiveness, sustainable job creation and poverty alleviation.<sup>3</sup>

Most fisheries SMMEs, emerging forestry growers and small-scale fishers perform very little fish processing on their own. Fisheries processing is done by and through the industrial fishing companies. The Department will thus need to spell out what plans are in place to ensure adequate access to and utilisation of the available funds for the intended purpose and impact.

## 2.5 Operation Phakisa

The Department facilitates implementation of the Environment sector Phakisa programmes (Chemicals and Waste, Biodiversity Economy and Ocean and Coasts Economy Phakisa programmes) and various other initiatives. These interventions are aimed at stimulating economic growth in the respective sub-sectors of the environment and to facilitate employment creation, with a specific focus on women, young people and people with disabilities beneficiaries. An estimated 25 450 direct jobs are planned to be created during the MTSF period. The Department will further implement other interventions in these environment sub-sectors to stimulate economic development and support/stimulate the creation of more indirect economic opportunities (jobs creation and establishment and/or sustainable small and medium enterprises)<sup>13</sup>. This financial year the Department plans to develop the Waste Economy Master Plan and targets to create 2 000 jobs by 2021/22 and 5 500 jobs by 2023/24, through Chemicals and Waste Economy Phakisa.

The other component of Operation Phakisa, Marine Protection and Governance, was adequately implemented through joint programmes with other role players in the security cluster. During the 2014-2019 period, Operation Phakisa activities were not budgeted for and had to be funded from existing departmental programmes. Despite being under-funded, plans were implemented, albeit at a slower rate, hence targets had to be adjusted to match available resources. Operation Phakisa commitments are set to continue during the term of the current Administration. The funding for Operation Phakisa activities was expected to come from the sector or committed programmes.

The Department has funds allocated for the new Biodiversity and Recycling Economy projects. However, there is a need to ascertain whether these allocations would be retained under the current economic climate where SARS and Treasury are already geared for under-collection of tax and reduced budget allocations in the coming financial year.

## 2.6 Policies of Global Significance

The mission of the Department is to provide leadership in environmental management, conservation and protection towards sustainability for the benefit of South Africans and the global community. This role entails engagement at the local, regional and global level on matters of mutual interest. For the year under review, the Department plans to continue playing a proactive and influential role in global environmental threats, such as climate change and degradation of ecosystem services, including

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<sup>13</sup> DEFF (2021)



water quality and quantity, air quality and declining land, forestry and fisheries productivity impacting on food security. The global responses are driven by a changing world order that focuses on international economic competitiveness.

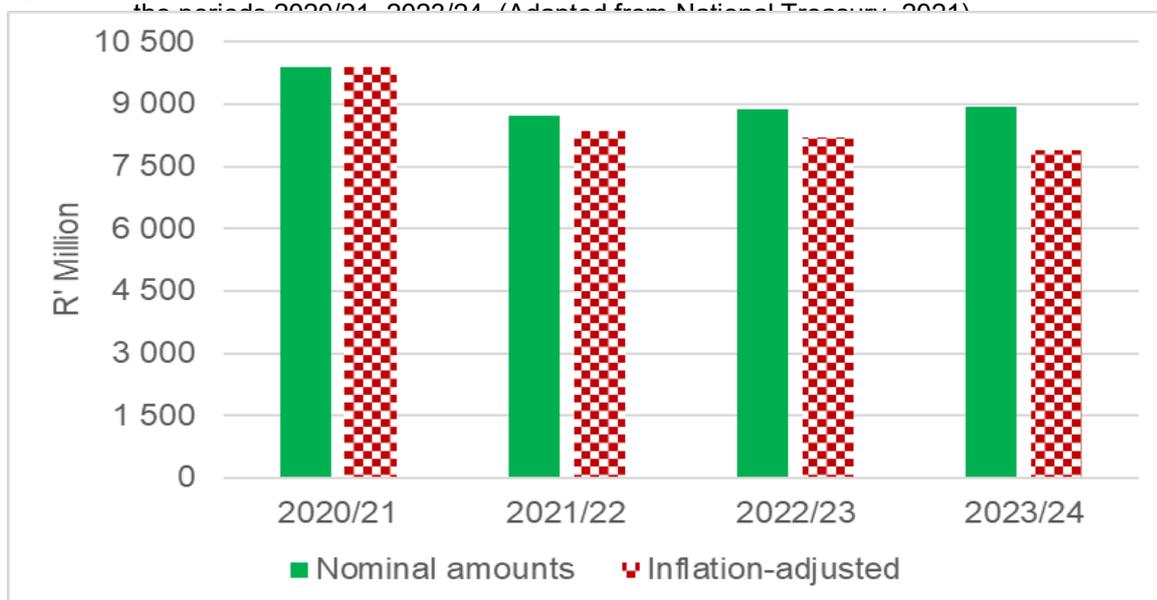
### 3 BUDGET ANALYSIS<sup>14</sup>

#### 3.1 General Budget Overview

Public spending on ensuring environmental sustainability, as indicated by the budget allocation to the Department (Vote 32) in the current 2021/22 financial year, constitutes about 0.4% of the overall Government expenditure of R2 trillion. This level of funding for the Department has been consistent since 2015/16, with no significant upward deviation, despite mounting environmental challenges. The Department's Budget slightly decreased during the previous financial year, and current allocations and projections show a continuation of the trend (Figure 1).

Figure 1 indicates the Department's actual (nominal) allocations for the past year, and budgeted expenditure for the current year and the upcoming two years of the Medium Term Expenditure Framework (MTEF), which is the three-year spending plans of national and provincial governments, published at the time of the budget. The declining trend in the budgeted expenditure of DEFF is merely based on the allocations, and also evident in the inflation adjustments. This general decline is of concern, as the value of goods and services has significantly increased, mainly owing to the global pandemic (COVID-19) affecting the global economies and trade.

Figure 1 Trend in Departmental budget allocations in nominal and inflation-adjusted terms for the periods 2020/21, 2021/22. (Adapted from National Treasury, 2021)



The total budget allocation to the Department is R8 716,8 billion for the 2021/22 financial year, which is a nominal decrease of 11.5 % (R1 180.4 million) from the R9 937,8 billion adjusted budget

<sup>14</sup> National Treasury. (2021)

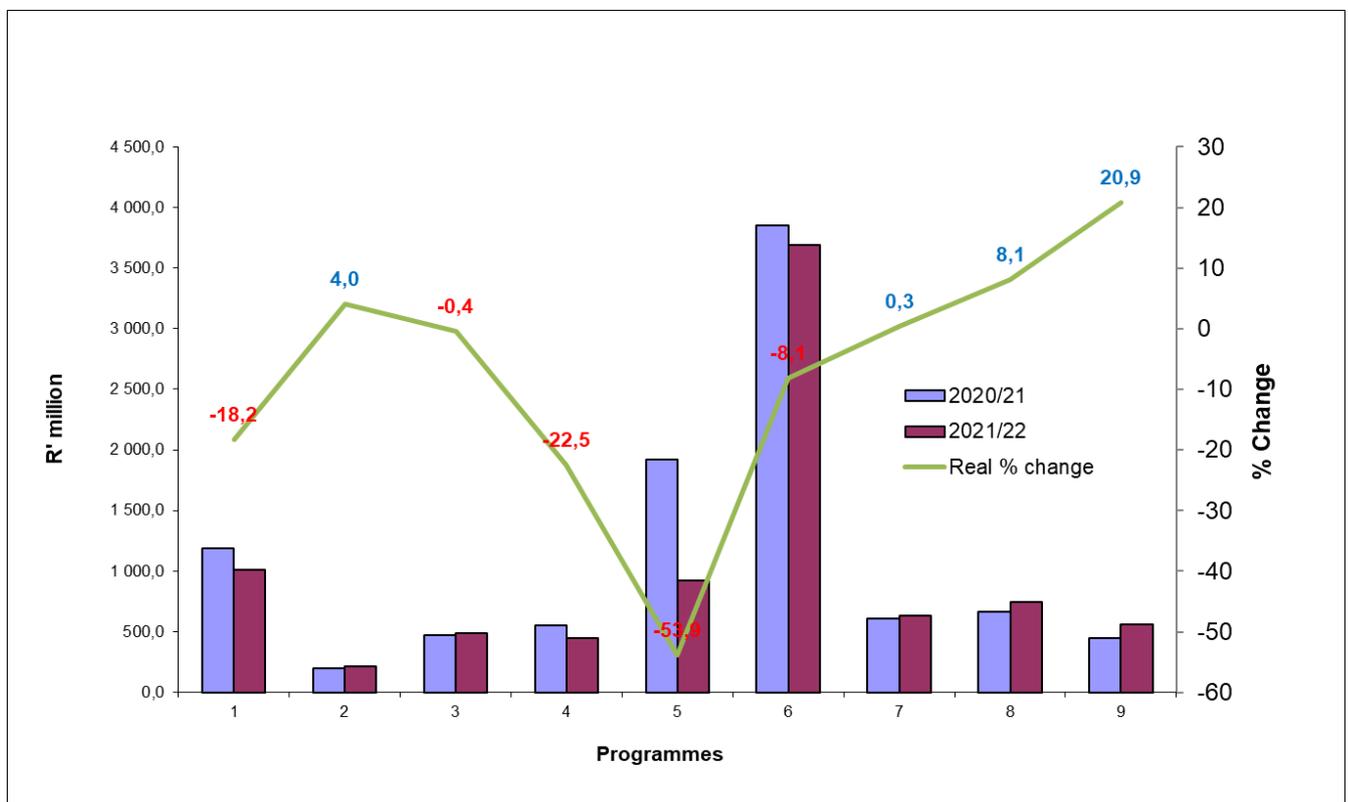


allocation received in the 2020/21 financial year. After factoring inflation, the real change in the allocation is a 15.48 % decrease, which in Rand value amounts to R1 531.8 million decrease when compared to the 2020/21 financial year, depicted in Figure 1.

There is an imbalance between the Department’s budget allocation and its critical role in ensuring South Africa’s environmental sustainability that has important implications for human health and wellbeing. This can be attributed to the focus being on economic recovery and management of the COVID-19 pandemic, with funds being prioritised for other Departments and programmes identified as critical for economic recovery and those at the forefront of curbing the pandemic. The medium-term expenditure estimate shows a possibility of further decline in the National Treasury allocation to the Department, that might be attributed the above mentioned reasons relating to the economy forecast over the mid-term.

Despite the negative impact of the global pandemic on the economy and revenue from tourism activities, biodiversity and conservation benefited over the national hard lockdown periods through significant reduced incidents of poaching and minimal disruption of conserved areas. In Figure 2 and Table 1, the programmes affected by the decline in the total budget allocation for the Department is shown, with Programme 5: Biodiversity and Conservation losing 53.9 % in real terms of its allocation compared to the previous financial year. This is followed by Programme 4: Climate Change, Air Quality and Sustainable Development (22,5 % decrease), Programme 1: Administration (18,2 % decrease), Programme 6: Environmental Programmes (8,1 % decrease), and Programme 3: Oceans and Coast (0.4 % decrease).

Figure 2 Comparative Analysis of Departmental budget allocations for the periods 2020/21 and 2021/22, with per cent real change trendline.





Over the medium term, the Department aims to create 1 638 work opportunities in the commercial fishing sector through the implementation of projects such as conserving fish stocks, constructing and maintaining aquaculture production systems, and cleaning coastal areas. The Department also intends to fast-track the process of issuing fishing rights. To this end, R1.7 billion is set aside over the MTEF period in the Fisheries Management programme<sup>16</sup>. This programme received the highest real increase in allocation for this financial year of 20.9 % compared to the 2020/21 financial year (Table2). This is followed by an 8.1 % increase in the Forestry Management Programme, the Regulatory Compliance and Sector Monitoring Programme with a 4.04 % real increase and lastly Chemicals and Waste Management with a 0.32 % increase.

The Department aims to review and strengthen the extended producer responsibility policy framework and regulations over the MTEF period, to ensure that priority waste streams, such as plastics and packaging, lighting, and electrical and electronics are minimised, and that a culture of reusing and recycling is widely adopted by industry. In this regard, over the medium term, the Department plans to finalise the waste economy master plan to implement work streams for bulk industrial waste, municipal waste, and product design and waste minimisation; and introduce a tyre industry waste management plan in partnership with the Council for Scientific and Industrial Research, and the Department of Trade, Industry and Competition. To strengthen capacity and improve waste management in municipalities, the Department will 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<sup>17</sup>.

Table 1. The Overall budget allocation to the Department and its programmes for the 2020/21 financial year

| Programme  | Budget  |         |         |         | Nominal<br>↑ or ↓ in<br>2020/21 | Real<br>↑ or ↓ in<br>2020/21 | Nominal<br>%<br>change<br>in<br>2020/21 | Real %<br>change<br>in<br>2020/21 |
|--|---------|---------|---------|---------|---------------------------------|------------------------------|---|-----------------------------------|
|  | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2020/21-2021/22                 |                              | 2020/21-2021/22                         |                                   |
| <b>R million</b>   |         |         |         |         |                                 |                              |   |                                   |
| 1. Administration  | 1 185,6 | 1 010,0 | 1 016,1 | 1 008,1 | - 175,5                         | - 216,3                      | -14,81                                  | -18,24                            |
| 2. Regulatory Compliance and Sector Monitoring             | 199,0   | 215,7   | 209,1   | 211,4   | 16,7                            | 8,0                          | 8,41                                    | 4,04                              |
| 3. Oceans and Coasts                                       | 469,9   | 487,5   | 494,4   | 496,2   | 17,6                            | - 2,1                        | 3,74                                    | -0,44                             |
| 4. Climate Change, Air Quality and Sustainable Development | 555,4   | 448,7   | 459,0   | 462,6   | - 106,7                         | - 124,7                      | -19,20                                  | -22,46                            |
| 5. Biodiversity and Conservation                           | 1 918,4 | 921,4   | 884,1   | 887,2   | - 997,0                         | - 1 034,2                    | -51,97                                  | -53,91                            |
| 6. Environmental Programmes                                | 3 851,3 | 3 688,2 | 3 839,3 | 3 886,3 | - 163,1                         | - 311,8                      | -4,24                                   | -8,10                             |

<sup>16</sup> National Treasury (2021)

<sup>17</sup> National Treasury (2021)



| Programme                         | Budget         |                |                |                | Nominal              | Real                 | Nominal                      | Real                         |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------------|----------------------|------------------------------|------------------------------|
|                                   |                |                |                |                | ↑ or ↓ in<br>2020/21 | ↑ or ↓ in<br>2020/21 | %<br>change<br>in<br>2020/21 | %<br>change<br>in<br>2020/21 |
| 7. Chemicals and Waste Management | 608,8          | 636,4          | 653,6          | 655,9          | 27,6                 | 2,0                  | 4,54                         | 0,32                         |
| 8. Forestry Management            | 662,2          | 746,2          | 753,7          | 754,8          | 84,0                 | 53,9                 | 12,68                        | 8,14                         |
| 9. Fisheries Management           | 446,8          | 562,8          | 573,9          | 584,6          | 116,0                | 93,3                 | 25,96                        | 20,88                        |
| <b>TOTAL</b>                      | <b>9 897,3</b> | <b>8 716,8</b> | <b>8 883,0</b> | <b>8 947,2</b> | <b>- 1 180,4</b>     | <b>- 1 531,8</b>     | <b>-11,93</b>                | <b>-15,48</b>                |

Source: Adapted from National Treasury (2021).

### Issues for consideration

- The Department's significant decline in budget allocation to Programme 4: Climate Change, Air Quality and Sustainable Development by 22.5 % might affect some of the planned activities. This despite the fact that this programme receives support from Foreign Donors such as Germany (for Climate Change Support Programme: Implementation of the Climate Change Web-based Monitoring and Evaluation System); Flanders (for Adaptive Capacity Facility); United Nations Environmental Programmes (for South Africa: Enabling activities for the preparation of the third national communications and biennial update report); Norway (for Capacity development within the national greenhouse gas inventory unit, once this is operational); and the European Union (for iThemba Phakama People PPP Model for Human Development and Inclusive Environmental Economic Growth). Activities likely to be affected if funds are not managed well will be the planned National Climate Change Adaptation Strategy and National Climate Change Bill, which will serve as an overarching legislative framework for adapting to and mitigating the effects of climate change, supported by the implementation of the low-emissions development and growth strategy for South Africa. The Bill and the strategy are key to ensuring that the country is equipped to manage and mitigate the effects of climate change. This would lead to much needed development of sector jobs' resilience plans in the coal, agriculture, tourism, petrol-based transport and metals sectors, as these are considered particularly vulnerable to climate change; and support provinces and municipalities with the development and implementation of climate adaptation plans.
- The allocation to Programme 5: Biodiversity and Conservation is reduced by more than half. The bulk of the cuts will affect two of the Department's entities, namely iSimangaliso Wetland Park Authority and South African National Parks. The Department needs to inform Parliament how it will ensure that this does not negatively affect the two entities' performance. Parliament might need to establish what measures are in place to ensure that this significant cuts don't affect operations in this entities, specifically relating to protection and conservation of endangered species management. Moreover, the needed measures to curb the COVID-19 infections by way of international travel restrictions and national lockdowns affected and still does impact the entities' income generation through eco-tourism and research.



### 3.2 Budget Allocation to the Departmental Entities

The Department addresses its mandate (mentioned in Section 1 Background, above) through support from its entities, namely the:

- **iSimangaliso Wetland Park Authority (iSimangaliso)** – the authority ensures that effective and active measures are taken in the park for the protection and conservation of the World Heritage Convention values. It promotes the empowerment of historically disadvantaged communities living adjacent to the park. Further, the authority promotes, manages, oversees, markets and facilitates optimal tourism and related development in the park; and encourages sustained investment and job creation. The authority receives a budget allocation of R83.5 million from Programme 5: Biodiversity and Conservation (as shown in Table 2) for the 2021/22 financial year.
- **Marine Living Resources Fund (MLRF)** – the mandate and core business of the Fund is to manage the development and sustainable use of South Africa's marine resources, and protect the integrity and quality of the marine ecosystem. The Fund also ensures fair and equitable access to South Africa's marine resources for the benefit of all citizens. The Fund's R305.3 million operational budget is received through a transfer from Programme 9: Fisheries Management, for the 2021/22 financial year .
- **South African National Biodiversity Institute (SANBI)** – the SANBI's mandate is to monitor and report regularly on the status of South Africa's biodiversity. This includes all listed threatened or protected species, ecosystems and invasive species; and the impact of any genetically modified organisms that have been released into the environment. The SANBI's operational budget for the 2021/22 financial year is R381.2 million, which is received through a transfer from Programme 5: Biodiversity and Conservation.
- **South African National Parks (SANParks)** - mandate is to conserve, protect, control and manage national parks and other defined protected areas and their biodiversity. The entity plays a significant role in the economy, as the presence of an efficiently managed system of national parks is a key component of the national tourism economy, and acts as a catalyst for local economic development. In the 2021/22 financial year, the entity receives an operational budget amounting to R287.3 million through a transfer from Programme 5: Biodiversity and Conservation.
- **South African Weather Service (SAWS)** - mandate is to provide two distinct services: the public good service, funded by Government; and commercial services, where the user-pay principle applies. The SAWS' key activities include maintaining, extending and improving the quality of meteorological services; providing risk management information; collecting meteorological data over South Africa and the surrounding southern oceans; and fulfilling Government's international obligations under the conventions of the World Meteorological Organisation and the International Civil Aviation Organisation. The SAWS receives an operational budget of R207.1 million through transfers from programme 4: Climate Change, Air Quality and Sustainable Development for the 2021/22 financial year.



Table 2. Transfers and subsidies trends and estimates

| R million   | Audited outcome |               |               | Adjusted appropriation | Medium-term expenditure estimate |               |               |
|---|-----------------|---------------|---------------|------------------------|----------------------------------|---------------|---------------|
|   | 2017/18         | 2018/19       | 2019/20       | 2020/21                | 2021/22                          | 2022/23       | 2023/24       |
| <b>Programme 4: Climate Change, Air Quality and Sustainable Development</b> |                 |               |               |                        |                                  |               |               |
| SAWS  | 205,5           | 200,0         | 204,1         | 340,0                  | 207,1                            | 212,0         | 212,9         |
| <b>Programme 5: Biodiversity and Conservation</b>                           |                 |               |               |                        |                                  |               |               |
| iSimangaliso  | 34,5            | 32,8          | 36,1          | 149,8                  | 83,5                             | 39,5          | 39,7          |
| SANParks  | 285,3           | 294,0         | 277,2         | 1 235,3                | 287,3                            | 292,4         | 293,6         |
| SANBI   | 252,7           | 325,8         | 344,1         | 358,9                  | 381,2                            | 389,8         | 391,2         |
| <b>Programme 9: Fisheries Management</b>                                    |                 |               |               |                        |                                  |               |               |
| MLRF  | 262,1           | 260,2         | 274,3         | 193,8                  | 305,3                            | 316,6         | 322,8         |
| <b>Total</b>  | <b>1040,1</b>   | <b>1112,8</b> | <b>1135,8</b> | <b>2 277,80</b>        | <b>1264,4</b>                    | <b>1250,3</b> | <b>1260,2</b> |

Source: Adapted from National Treasury (2021).

The budget allocations from the Department to its entities, presented in Table 3 below, indicate that the allocations to the SAWS, iSimangaliso Wetland Park Authority and SANParks will decrease significantly in 2021/22, as compared to the previous financial year (by 41.54%, 46.51% and 77.68% in real terms, respectively). The R141.2million decline in budget allocation to the SAWS might affect some of its functions, unless this can be sourced or covered by the entity from revenue raised through its commercial activities or donor funds. These SAWS functions likely to be affected by the decline in operational budget include:

- development of climate change products that feed into climate change policy and implementation strategies.
- South Africa Greenhouse gas emissions determination inventory to aid in maintaining the emissions trajectory range, as required in the Paris Agreement, which South Africa is signatory to. Currently, there is one station located in Cape Point that provide estimates of GHG, and more would be required should South Africa hope to achieve a low emission economy, as this will aid in determining if that has been achieved. (currently, numerical estimates from formulas are being used and these have their inherent uncertainties).
- Additionally, the installation, maintenance and provision of information from air quality monitoring stations. At present, these stations are not spatially representative and more would be required as they are currently near industrial and residential areas to provide a better view of air quality, not only in reference locations far from GHG activities.

The decline in allocation to SAWS, iSimangaliso Wetland Park Authority and SANParks would have an impact on conservation and protection of biodiversity that not only have intrinsic value but contributes to tourism revenue and hence local socio-economy. The sectors which these entities support are under pressure of poaching and environmental change, thus reduction in funding would negatively impact such efforts and enforcement of related policies.

Conversely, the SANBI and MLRF budget allocations for the 2021/22 financial year increased by R 6.9 million (i.e. a real percent change of 1.93 %) and R99.2 million (i.e. a real percent change of 51.18 %), respectively. These increments in budget allocations for iSimangaliso and SANBI would contribute to their on going work within biodiversity and conversation, moreover research that



support our understanding of the systems and that informs policy development, as well as management and monitoring tools thereof.

Table 3. Analysis of transfers to Departmental Entities

| Programme   | Budget         |                | Nominal<br>↑ or ↓ in<br>2021/22 | Real<br>↑ or ↓ in<br>2021/22 | Nominal %<br>change in<br>2021/22 | Real %<br>change in<br>2021/22 |
|---|----------------|----------------|---------------------------------|------------------------------|-----------------------------------|--------------------------------|
|   | 2020/21        | 2021/22        |                                 |                              |                                   |                                |
| R million   |                |                |                                 |                              |                                   |                                |
| <b>Programme 4: Climate Change, Air Quality and Sustainable Development</b> |                |                |                                 |                              |                                   |                                |
| South African Weather Service   | 340,0          | 207,1          | - 132,9                         | - 141,2                      | -39,09                            | -41,54                         |
| <b>Programme 5: Biodiversity and Conservation</b>                           |                |                |                                 |                              |                                   |                                |
| iSimangaliso Wetland Park Authority   | 149,8          | 83,5           | - 66,3                          | - 69,7                       | -44,26                            | -46,51                         |
| South African National Parks  | 1 235,3        | 287,3          | - 948,0                         | - 959,6                      | -76,74                            | -77,68                         |
| South African National Biodiversity Institute                               | 358,9          | 381,2          | 22,3                            | 6,9                          | 6,21                              | 1,93                           |
| <b>Programme 9: Fisheries Management</b>                                    |                |                |                                 |                              |                                   |                                |
| Marine Living Resources Fund  | 193,8          | 305,3          | 111,5                           | 99,2                         | 57,53                             | 51,18                          |
| <b>Total</b>  | <b>2 277,8</b> | <b>1 264,4</b> | <b>- 1 013,4</b>                | <b>- 1 064,4</b>             | <b>-44,5</b>                      | <b>-46,73</b>                  |

Source: Adapted from National Treasury (2021).

### Issues for consideration

- The increase pressure on budget allocation and bleak economic outcomes might require Parliament oversee how Government intends consolidating efforts or realigning activities across its entities whose function and activities overlap. For example, SAWS under DEFF, South African Environment Observation Network (SAEON) a national facility of the National Research Foundation (NRF), Agricultural Research Council (ARC) under Department of Agriculture, Land Reform and Rural Development (DALRRD) and others all implement and manage terrestrial monitoring (e.g. weather stations) stations.
- The SAWS, iSimangaliso Wetland Park Authority and SANParks need to show how they plan to cover the shortfall in budget allocations for 2021/22 while meeting their set targets.
- Similarly, Parliament would need to ensure that it oversees the MLRF's implementation of the oceans economy through creating work and licensing in the commercial fishing sector.
- Parliament would need to oversee that SANParks has necessary contingency plans in place to continue with its core business of conservation. This is particularly so owing to the entity's contributions to local community livelihoods, through programmes that promote access and benefit sharing, socio-economic development and improved living conditions for local communities adjacent to national parks<sup>18</sup>. These programmes foster conservation and protection of species, due to loss of revenue from the Tourism sector.

## 4 ADDITIONAL MATTERS FOR CONSIDERATION

<sup>18</sup> [https://www.sanparks.org/about/connecting\\_to\\_society/](https://www.sanparks.org/about/connecting_to_society/)



- The projected further decline in budget for the mid-term period (2020/21–2023/24) is of concern owing to impacts on critical operations of the Department. For instance, this financial year the Biodiversity and Conservation programme will be allocated less than half of its previous budget and this directly affected iSimangaliso Wetland Park Authority and South African National Parks, whose role is to protect and conserve biodiversity in South Africa.
- The Department identifies “Biodiversity Economy; Chemicals and Waste Economy and Oceans Economy Phakisa” as a target to be achieved in 2021/22, but how does the Department envisage measuring the sustainability of the “Chemicals and Waste Economy Phakisa”?
- In which Provinces or Municipalities will the 2000 jobs earmarked through Chemicals and Waste Economy Phakisa be developed?
- Waste dumping in rivers and other non-dumping sites is still an ongoing issue. What environmental impact will the 2000 jobs to be created through Chemicals and Waste Economy Phakisa have?

#### **South Africa Weather Services**

- The growing recurrence and intensity in climate events over the recent years, as well as the gaps in monitoring of climate over South Africa (specifically radar and weather stations in the northern parts of KwaZulu-Natal where Tornados or extreme thunderstorms were experienced) . What plans are in place to improve the country’s early warning systems to save lives and protect infrastructure?
- What is the weather services doing to provide support to the different economic sectors reliant and affected by weather to mitigate against or capitalise on weather events? There is a need to look at extreme weather events, such as flooding causing storms, as sources of water, and assist relevant sectors in capitalising on that.



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