

**Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Environment, Forestry and Fisheries on the Annual Reports And Financial Statements of the Department of Forestry, Fisheries and the Environment And its *Five* Entities, Namely: the South African National Parks, Isimangaliso Wetland Park Authority, South African Weather Service, the South African National Biodiversity Institute As Well As The Marine Living Resources Fund for the 2021/22 Financial Year, Dated 20 October 2022.**

The Portfolio Committee on Environment, Forestry and Fisheries (hereinafter the Committee), having considered the Annual Report of the Department of Forestry, Fisheries and Environment (hereafter referred to as the Department or DFFE) for the year under review 2021/22, as well as the performance of the entities reporting under the Department, namely: the South African National Parks (SANParks), iSimangaliso Wetland Park Authority (iSimangaliso); South African Weather Service (SAWS); the South African National Biodiversity Institute (SANBI); and the Marine Living Resources Fund (MREF), and having further interacted with the Auditor-General of South Africa (AGSA), reports as follows:

## **1 INTRODUCTION**

### **1.1 Mandate of the Committee**

The mandate of the Portfolio Committee is to advance the ideals of a developmental state by enacting legislation and facilitating public participation, monitoring and oversight functions over the legislative processes relating to the environment; confer with relevant governmental and civil society organs on the impact of environmental legislation and related matters; enhance and develop the capacity of committee members in the exercise of effective oversight over the Executive Authority. Thus, the core mandate of the Committee is to:

- Consider legislation referred to it;
- Conduct oversight of any organ of state and constitutional institutions falling within its portfolio;
- Consider international agreements; and
- Consider the budgets, strategic plans, annual performance plans and related performance reports and targets of the Department and entities falling within its portfolio.

## **2 PURPOSE OF THE BUDGETARY REVIEW AND RECOMMENDATIONS REPORT**

Section 5 of the Money Bills Procedures and Related Matters Amendment Act No 9 of 2009 (the Money Bills Act) sets out the process that allows Parliament through its committees to make recommendations to the Minister of Finance to amend the budget of a national Department. In October of each year, portfolio committees must compile the Budgetary Review and Recommendations Reports (BRRRs) that assess service delivery performance given the available resources; evaluate the effective and efficient use and forward allocation of resources; and may make recommendations on forward use of resources.

In preparation for the BRRR and in compliance with its mandate as set out in Section 5(1) of the Money Bills Act, the Committee was briefed and deliberated on all four quarterly reports of the Department of Forestry, Fisheries and the Environment for the 2021/22 financial year. The performance of the prior financial year has so been thoroughly reviewed and analysed to create the basis of the BRRR. In addition to the Annual and Quarterly reports, the BRRR also sources documents for the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The Budgetary Review and Recommendations Report of the Portfolio Committee is based on the information that it accessed through various engagements with the Department and its respective entities, namely, the SANParks, iSimangaliso, SAWS, SANBI, and MLRF as well as AGSA on their respective reports on the performance of the environmental portfolio.

To effectively undertake the oversight mandate of its work as required by the Money Bills Act, the Portfolio Committee on Forestry, Fisheries and the Environment having received and considered briefings from the Department of Forestry, Fisheries and Environment and its respective entities, namely: the SANParks; iSimangaliso; SAWS; SANBI; and MLRF, as well as from the Office of the Auditor-General on 11 and 18 October 2022 on the Annual Reports and Financial Statements of the Department and its entities for the 2021/22 financial year, reports as follows:

### 3 OVERVIEW OF THE AUDITOR-GENERAL'S AUDIT OUTCOME REPORT FOR 2021/22

The Auditor-General of South Africa (AGSA) has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, was established to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing of public governance and annual performance targets, *inter alia*. In so doing, the Auditor-General builds public confidence in the manner in which the environmental portfolio is governed and administered on behalf of the South African population.

Per this mandate, the South African Auditor-General gave a summary of the audit findings and other information on the environmental portfolio during the period under consideration - the 2021/22 fiscal year. The AGSA reported that the overall audit outcomes in the portfolio remained unchanged when compared with the prior year (2020/21). The Department remained stagnant with a qualified audit opinion with findings on the annual performance report and compliance with legislation. The only improvement from the Department was the significantly reduced number of qualification areas. All five departmental entities, SANBI, SANParks, SAWS, iSimangaliso and MLRF remained unchanged with an unqualified audit opinion with findings on compliance with legislation in the current year under review (2021/22).

The DFFE, SANParks, SANBI, iSimangaliso and MLRF submitted deficient performance information, primarily because they did not follow the SMART principle or lacked credible evidence to support their performance claims. The iSimangaliso and MLRF were able to correct the performance misstatements in their reports, while DFFE, SANParks and SANBI could not correct the findings after audit adjustments.

The DFFE, SANParks, SANBI, and MLRF submitted financial statements that contained material misstatements. Therefore, for these impacted entities to achieve unqualified audit opinions, these errors had to be fixed. However, the Department was unable to correct all the identified material misstatements which resulted in a qualified audit opinion. These material misstatements on the Annual Financial Statements were due to inadequate internal controls and reviews by management before submission for audit. The majority of the material misstatements identified for the portfolio were on immovable assets, expenditures and disclosure notes. These could also be attributed to slow progress in addressing internal control deficiencies identified by internal and external auditors. Some of the findings raised are recurring despite discussions held with the auditees on the implementation of preventive control measures. Finally, the Department and all its entities incurred irregular expenditures amounting to R975 million for the 2021/22 financial year. The closing balance of irregular expenditure rose to R5.41 billion because the irregularly awarded contracts in the 2017/18 financial year are still in place. These audit outcomes and findings are further described in the following sections, for the Department and the respective entities:

#### 3.1 Department of forestry, fisheries and Environment

The audit opinion of the Department remained unchanged, having retained the same audit outcome of a qualified audit opinion in the 2021/22 financial year as in the prior years (2019/20 and 2020/21). The Auditor-General noted that the Department did not improve the quality of its planning for service delivery and performance reporting. The Department did not define evidence to validate reported achievement, did not report on revised targets, and the reported performance achievements lacked credible, reliable and complete evidence. The Department incurred R888 million (down from R1.03 billion in 2020/21) of irregular expenditure (IE), which constitutes 91 per cent of the total irregular expenditure in the portfolio. The majority of irregular expenditures were identified and declared in the 2018/19 financial year from irregularly awarded contracts in the 2017/18 financial year. These contracts remain in place while an investigation is ongoing, hence the irregular expenditure balance increases annually. The Department did not incur any unauthorised expenditure during the year under review. Fruitless and wasteful expenditure amounted to R9.02 million because the Department allocated funds to implementing agents that did not spend per the approved memorandum of understanding. The Department is implementing the Audit Action Plan to correct the AG's findings.

#### 3.2 iSimangaliso Wetland Park Authority

For the 2021/22 financial year, the iSimangaliso Wetland Park Authority retained an unqualified audit opinion with findings on compliance with key legislation, since the beginning of the term for the current administration. Notwithstanding the finding, the findings from the 2020/21 financial year were

mostly resolved. The entity incurred an irregular expenditure of R41.2 million in the 2021/22 financial year as it procured services from non-compliant or unqualifying service providers.

### **3.3 South African National Biodiversity Institute**

SANBI remained unchanged with an unqualified audit opinion with findings on the annual performance report and compliance with legislation, as in the prior year (2020/21) after improving from a qualified audit opinion in the 2019/20 financial year. SANBI retained findings on the usefulness of reported performance information due to targets not being specific. The entity incurred an irregular expenditure of R8.7 million, while fruitless and wasteful expenditures amounted to R620 thousand in the current 2021/22 financial year. SANBI's fruitless and wasteful expenditure is the same amount as in 2020/21 and the reasons are still penalties and interest on late payments. The repeated findings reflect that consequence management from the concluded investigations is ineffective in curbing fruitless and wasteful expenditure.

### **3.4 South African National Parks**

The audit result for SANParks for the fiscal year 2021/22 remained unchanged having obtained an unqualified audit opinion with findings on compliance with key legislation since the beginning of the current administration term. Irregular spending totalling R36.8 million on several contracts was discovered due to non-compliance with supply chain management practices. There is currently an amount of R393.7 million of alleged irregular expenditure under assessment which relates to budget over expenditure on Operating leases and Operating expenses. SANParks also incurred a fruitless and wasteful expenditure of R10 thousand. There is overall regression in supply chain management (SCM) compliance that is partly driven by poor consequence management or ineffective steps taken to prevent irregular expenditure and/or fruitless and wasteful expenditure.

### **3.5 South African Weather Service**

The South African Weather Service's audit outcome remained unchanged in the year under review (2021/22) with unqualified audit opinion with findings on compliance with legislation. This is a continuation of the string of unqualified audit opinions from the 2019/20 fiscal year. SAWS is the only entity that submitted performance and financial information without material misstatements for the 2021/22 financial year. SAWS incurred irregular expenditures amounting to R353 thousand due to payments made on expired contracts. The total fruitless and wasteful expenditure amounting to R2.29 million relates to a cancelled contract and SAWS is still processing the settlement amount.

### **3.6 Marine Living Resources Fund**

The Marine Living Resources Fund (MLRF) maintained its *unqualified audit opinion with findings on compliance with legislation* in the current year under review (2021/22). The Entity started the current administration with a disclaimed audit outcome in 2019/20, then improved to an unqualified audit outcome with findings on procurement and contract management in 2020/21. The non-compliance with legislation identified in 2021/22 is similar to that reported in the prior year, as MLRF did not fully implement effective action plans to address significant internal control deficiencies relating to compliance with legislation. MLRF is among the four auditees that submitted financial and performance statements with material misstatements, which were subsequently corrected. MLRF did not incur irregular, fruitless or wasteful expenditures in the 2021/22 financial year. Nevertheless, MLRF still has a historical fruitless and wasteful expenditure of R149.8 thousand relating to fraudulent payments from donor funds by former employees.

## **4 OVERVIEW OF PERFORMANCE BY THE DEPARTMENT OF FORESTRY, FISHERIES AND ENVIRONMENT IN THE 2021/22 FINANCIAL YEAR**

The Department is mandated to ensure the protection of the environment and conservation of natural resources, balanced with sustainable development, resiliency to climate change and the equitable distribution of the benefits derived from natural resources. The Department is guided by its constitutional mandate, as contained in *section 24* of the Constitution of the Republic of South Africa of 1996. Consequently, the Department fulfils its mandate by formulating, coordinating and monitoring the implementation of national environmental policies, programmes and legislation with additional support from the five entities - the iSimangaliso, SANBI, SANParks, MLRF and the SAWS.

The execution of the Department's mandate, in the year under review (2021/22), is reflected in the performance of its *nine* departmental programmes outlined below, which operate within the context of the Department's *Strategic Outcome-oriented Goals*, comprising:

- Environmental Economic Contribution Optimised;
- Environmental/ Ecological Integrity Safeguarded and Enhanced;
- Socially Transformed and Transitioned Communities;
- Global Agenda Influenced and Obligations Met; and
- A Capable and Efficient Department

For the 6<sup>th</sup> administration, the Department directly contributes to all seven government priorities that are monitored. The Department submits bi-annual performance reports to the Department of Planning, Monitoring and Evaluation (DPME) to gauge progress made towards achieving the seven outcomes. The preliminary performance based on the information up to the third quarter of the 2021/22 financial year is summarised below:

1. Economic transformation and job creation: 33 planned targets contribute to this priority of which 22 were achieved, translating to 66.7 per cent achievement.
2. Education, skills and health: 55 planned targets contribute to this priority of which 24 were achieved, translating to 43.6 per cent achievement.
3. Consolidating the social wage through reliable and quality basic services: 97 planned targets contributed to this priority of which 37 were achieved, translating to 38.1 per cent achievement.
4. Spatial integration, human settlements and local government: 61 planned targets contributed to this priority of which 51 were achieved, translating to 83.6 per cent achievement.
5. Social cohesion and safe communities: 78 planned targets contributed to this priority of which 25 were achieved, translating to 32.1 per cent achievement.
6. A capable, ethical and developmental state: 88 planned targets contributed to this priority of which 39 were achieved, translating to 44.3 per cent achievement.
7. A better Africa and world: 18 planned targets contributed to this priority of which 10 were achieved, translating to 55.6 per cent achievement.

The cross-cutting focus areas or transversal priorities to all 7 priorities are women, youth, and persons with disabilities. For the 2021/22 financial year, the Department's contribution to alleviating the triple challenges of inequality, poverty, and unemployment took place via the Environmental Programmes Branch, where 18 208 Full-Time Equivalent jobs were created (equivalent to a one-year full-time job) instead of 31 243 FTEs as well as 43 911 work opportunities instead of 66 432 work opportunities. The Department further created 2 180 jobs in the forestry sector. The Environmental Programme benefited 22 798 women instead of 39 859 women, as well as a total of 27 695 young people instead of 36 583 youth. Although the Programme has a high impact, it has been underperforming due to poor contract management and weak supply chain management systems, thus creating much fewer jobs than planned.

The Department achieved 68 per cent (102/149) of planned targets during the year under review, which is the same when compared to the 2020/21 financial year. The only difference is the number of annual targets which increased from 129 to 149. When removing the six reportedly achieved targets that lack credible evidence or supporting documents, the performance of the Department drops to 64 per cent for the 2021/22 financial year. The number of targets that lacked credible evidence increased from four in the 2020/21 financial year to six in the 2021/22 financial year. Although these are repeat findings, they emanate from different Branches. During the 2020/21 financial year, the offender was Programme 5 (Biodiversity and Conservation), and during the year under review, it was Programme 7 (Chemical and Waste Management) and 8 (Forestry Management). This level of performance is far below the undertaking of at least achieving 80 per cent of targets and attaining a clean audit made by the Minister at the beginning of the sixth Parliament.

#### **4.1 PROGRAMME 1: ADMINISTRATION**

The purpose of the Programme is to provide strategic leadership, centralised administration, executive support, and corporate services and facilitate effective cooperative governance, international relations and environmental education and awareness. The programme is made up of four sub-programmes, *Management, Corporate Management Services, Financial Management Services, and Office Accommodation*. The number of targets for the Administration Programme has remained the same when compared to the 2020/21 financial year, yet achievement has declined from 67 per cent (10/15) to 60 per cent (9/15). The missed targets include the same as in the previous financial year, largely driven by underperformance in the Office of the Chief Financial Officer.



## 4.2 PROGRAMME 2: REGULATORY COMPLIANCE AND SECTOR MONITORING

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. The programme comprises six subprogrammes namely: *Legal, Authorisations, Compliance and Enforcement Management; Compliance Monitoring; Integrated Environmental Authorisations; Enforcement; Corporate Legal Support and Litigation; and Law Reform and Appeals*. The performance against the targets of the RCSM Programme has declined from 92 per cent (11/12) to 75 per cent (9/12) when compared to the 2020/21 financial year. The missed targets are the same as in the previous financial year, largely driven by underperformance in the Office of the Chief Financial Officer.

## 4.3 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. The programme is made up of five sub-programmes, including *Oceans and Coasts Management; Integrated Coastal Management; Oceans and Coastal Research; Oceans Conservation; and Specialist Monitoring Services*. The number of targets was increased from 10 in the 2020/21 financial year to 16 for the year under review. In terms of achievement, the Branch performed better in the year under review by achieving 81 per cent (13/16) - up from 60 per cent (6/10) in the 2020/21 period.

## 4.4 PROGRAMME 4: CLIMATE CHANGE AND AIR QUALITY

The purpose of the 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 programme is made up of eight sub-programmes, which comprise *Climate Change, Air Quality and Sustainable Development Management; Climate Change Mitigation; Climate Change Adaptation; Air Quality Management; South African Weather Service; International Climate Change Relations and Negotiation; Climate Change Monitoring and Evaluation; and Sustainable Development*. The Branch had 18 targets for both 2020/21 and the year under review. The Branch improved its achievement of targets from 78 per cent (14/18) in the 2020/21 financial year to 89 per cent (16/18) for the 2021/22 period.

## 4.5 PROGRAMME 5: BIODIVERSITY AND CONSERVATION

The purpose of the *Biodiversity and Conservation 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 Programme consists of eight sub-programmes, including *Biodiversity and Conservation Management; Biodiversity Planning and Management; Protected Areas Systems Management; iSimangaliso Wetland Park Authority; South African National Parks; South African National Biodiversity Institute; Biodiversity Monitoring and Evaluation; and Biodiversity Economy and Sustainable Use*. The number of targets for the Branch increased from 17 in the 2020/21 cycle to 29 in the year under review. During the year under review, the Biodiversity and Conservation programme achieved 66 per cent (19/29) of targets – up from 53 per cent (9/17) of audited performance in 2020/21. It is worth noting that the Branch had declared a 76 per cent (13/17) achievement in 2020/21, however, there was no audit evidence for the claimed achievement, hence achievement had to be reduced to 53 per cent.

## 4.6 PROGRAMME 6: ENVIRONMENTAL PROGRAMMES

The purpose of the *Environmental Programmes Programme* is to implementation of expanded public works and green economy projects in the environmental sector. The programme is made up of five sub-programmes, consisting of the *Environmental Protection and Infrastructure Programme; Natural Resource Management; Green Fund; Environmental Programmes Management; and Information Management and Sector Coordination*. The Environmental Programmes branch only achieved 33 per cent (5/15) of its targets during the year under review. The targets were reduced from 23 in the 2020/21 financial year, where only 48 per cent (11) were achieved. The Department missed all the targets relating to the creation of work opportunities and full-time equivalent jobs, largely because of the poor supply chain and contract management. The subsequent result is less clearing of alien invasive species or restoration of wetlands and estuaries.

## 4.7 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 chemicals and waste management authorisations, directives and agreements. The Programme is made up of six sub-programmes, which include *Chemicals and Waste Management; Hazardous Waste Management and Licensing; Integrated Waste Management and Strategic Support; Chemicals and Waste Policy, Evaluation and Monitoring; Chemicals Management and Waste Bureau*. After the audit process, the achievement of the Branch was revised downwards from 82 per cent (14/17) to 71 per cent (12/17) of targets. In the 2020/21 financial year, the Branch achieved all 9 targets.

#### **4.8 PROGRAMME 8: FORESTRY AND NATURAL RESOURCE MANAGEMENT**

The purpose of the Forestry Management Branch is to develop and facilitate the implementation of policies and targeted programmes to ensure the proper management of forests, the sustainable use and protection of land and water, and the management of agricultural risks and disasters. The programme comprises three subprogrammes, namely *Forestry Management; Forestry Operations; and Forestry Development and Regulation*. The Forestry Branch reported the achievement of 72 per cent (10/14) of the targets as set out in the 2021/22 Annual Performance Plan. This was a good improvement from the 50 per cent (6/12) achieved in the 2020/21 financial year. Following the audit process, four target achievements could not be supported by credible evidence, thus reducing the achievement to 43 per cent (6/14).

#### **4.9 PROGRAMME 9: FISHERIES MANAGEMENT (MARINE LIVING RESOURCES FUND)**

The purpose of the Fisheries Management Branch is to ensure sustainable utilisation and orderly access to marine living resources through improved management and regulation. The Branch comprises six subprogrammes, namely *Fisheries Management; Aquaculture and Economic Development; Monitoring, Control and Surveillance; Marine Resource Management; Fisheries Research and Development, and the MLRF*. The MLRF is the primary source of funding for the operational activities of the Fisheries Management Branch of the Department. In terms of section 10(3) of the MLRA, the Director-General of the Department administers the MLRF in consultation with the Minister. The staff of the Fisheries Branch, in partnership with other stakeholders in the fishing industry, execute the functions of the MLRF. The Fisheries Branch and the MLRF accounted for all set targets on the 2021/22 Annual Performance Plans in the annual reports and achieved 54 per cent (7/13) of the set targets. When compared to the performance achievement of 62 per cent (8/13) in the 2020/21 financial year, there is a slight performance decrease.

### **5 OVERVIEW OF PERFORMANCE BY THE DEPARTMENTAL ENTITIES**

#### **5.1 iSimangaliso Wetland Park Authority**

The iSimangaliso Wetland Park Authority in KwaZulu-Natal was established in terms of the World Heritage Convention Act (Act No. 49 of 1999), with the mandate to ensure that effective and active measures were taken 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. Covering a 3 280-square kilometres area, iSimangaliso is the third largest park in South Africa and the first listed World Heritage Site in South Africa in 1999.

In the year under review (2021/22), iSimangaliso met all its 57 annual performance targets across its four programmes of *Corporate Support Services, Biodiversity Conservation, Tourism and Business Development, and Socio-Economic Environmental Development*. For the 2020/21 financial year, the iSimangaliso Wetland Park Authority had a total of 61 performance targets, of which the entity met all of them despite being affected by lockdowns. iSimangaliso started the sixth administration term with 87 per cent (59/68) success against predetermined objectives for the 2019/20 financial year.

#### **5.2 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, which 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 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 the Environment on any matter regulated in terms of the Act, and any international agreements affecting biodiversity that are binding on South Africa.

In the year under review (2021/22), SANBI achieved 41 of its planned 44 targets, translating to 93 per cent of its targets across its four programmes – the *National Botanical and Zoological Gardens, Biodiversity Science and Policy Advice, Human Capital Development and Transformation, and Administration*. This is a significant improvement from the achievement attained during the 2020/21 financial year, where SANBI had 44 planned targets and achieved 39. This 2020/21 achievement translated to an 89 per cent achievement of planned targets. SANBI started the sixth administration term with 67 per cent where the Institute achieved 29 of its 43 planned targets for the 2019/20 financial year.

### 5.3 South African National Parks

SANParks' mandate is derived from the National Environmental Management: Protected Areas Act (Act No. 57 of 2003), which is to conserve, protect, control and manage national parks and other defined protected areas and biological diversity. SANParks is a *Schedule 3A Entity*, in terms of the Public Finance Management Act (PFMA) No. 1 of 1999. Thus, the mandate of SANParks is to develop, expand, manage and promote a system of sustainable national parks that represents biodiversity and heritage assets, through innovation and best practices for the just and equitable benefit of current and future generations. The entity executes its mandate through its four sub-programmes.

The South African National Parks had 57 targets in the year under review (2021/22), of which the Entity fully met 49 targets – translating to 86 per cent achievement. This is a slight improvement from 84 per cent in the 2020/21 financial year where SANParks achieved 42 of 50 planned targets. SANParks has consistently been improving their achievement of planned goals since the start of the sixth administration in the 2019/20 financial year where they achieved 68 per cent (41/60) of planned targets. There is a year-on-year improvement in the achievement of planned targets over the past three financial years.

### 5.4 South African Weather Service (SAWS)

The mandate of the South African Weather Service (SAWS) was established in terms of the South African Weather Service Act (Act No. 8 of 2001), which is to provide *two* distinct services, i.e., the public good service, which is funded by government and commercial services where the *user pays principle* applies. This entails maintaining, extending and improving the quality of meteorological services; providing risk information, which is essential for minimising the impact of disasters; collecting meteorological data over oceans; and fulfilling the government's international obligations under the World Meteorological Organisation and the International Civil Aviation Organisation. SAWS has four sub-programmes that fulfil the mandate - *Weather and Climate Services; Research and Innovation; Infrastructure and Information Systems; and Administration*.

In the period under review (2021/22), the South African Weather Service had 28 annual performance targets and achieved 23 targets – translating to 82 per cent success. When compared to the prior year (2020/21), SAWS improved where 14 of 20 targets were achieved – translating to 70 per cent achievement of its planned targets. The SAWS started the sixth administration term with 67 per cent (16/21) success against predetermined targets for the 2019/20 financial year. Overall, SAWS is steadily improving in the achievement of planned targets since the beginning of the new administration.

### 5.5 Marine Living Resources Fund

The Marine Living Resources Act (Act No. 18 of 1998) establishes the MLRF and in terms of the PFMA, is a Schedule 3A Public Entity. The MLRF is the primary source of funding for the operational activities of the Fisheries Management Branch (the Branch) of the Department. In terms of section 10(3) of the MLRA, the Director-General of the Department administers the MLRF in consultation with the Minister. The execution of the mandate is driven by the six sub-programmes of the Entity – *Aquaculture Development, Monitoring Control and Surveillance, Marine Resource Management, Fisheries Research and Development; Fisheries Operations Support; and the Marine Living Resources Fund*. The mandate and primary objective of the fund is to oversee the sustainable

development of South Africa's marine and coastal resources while also preserving the ecological integrity and quality of the region.

The MLRF had 17 targets in the year under review (2021/22), of which the Entity fully met 10 targets – translating to 59 per cent achievement. This is a slight improvement from 57 per cent in the 2020/21 financial year where MLRF achieved 8 of 14 planned targets. The MLRF started the administration term with 60 per cent (9/15) success against predetermined objectives for the 2019/20 financial year. The MLRF has never achieved above 60 per cent since the start of the sixth administration in the 2019/20 financial year.

## **6 COMMITTEE OBSERVATIONS**

Following the Committee's interaction with the AGSA, Department of Forestry, Fisheries and the Environment and its *five* departmental entities on their annual reports, financial statements and the audit outcomes in the period under review (2021/22 financial year) as well as engagements with their respective quarterly reports for the current year, the Committee made the following observations:

### **6.1 Committee observations on the Auditor-General's findings**

The Committee welcomed the audit report and findings by the Auditor-General for the Department of Forestry, Fisheries and Environment (DFFE) and the *five* departmental entities for the 2021/22 financial year and noted the following:

- The Committee noted with concern that none of the environmental portfolio received a clean audit, although there had been some improvement in performance compared to the prior (2020/21) financial year;
- The planning and reporting on performance has continued to be a problem for the Department and its entities (except for the SAWS) who submitted performance reports with material misstatements;
- Preparation of financial statements remained a concern at the Department and its entities (SANParks, SANBI, and MLRF), as material adjustments had to be made to the financial statements submitted for auditing;
- The slow pace of implementing audit action plans, consequence management and post-audit action plan outcomes;
- The Committee noted the improvements in compliance with legislation by the Department, SAWS, SANBI and iSimangaliso by reducing the number of non-compliance issues, while at SANParks non-compliance issues increased;
- The Committee noted that consequence management, procurement and contract management were a general concern in the Department and its entities (except for SAWS, although there is progress in reducing these incidences. Irregular expenditure arose due to inadequate monitoring of compliance with supply chain management (SCM) laws and regulations;
- The Committee was concerned by the potential impact of personal relations that may exist between auditee institutions and AG officials on the independence and objectivity of the Office of the Auditor General;
- The Committee was concerned that the improvement of audits and performance by the Department and Entities is not translating to the improvement of livelihoods in coastal communities.
- The Committee is concerned that only one entity of the Department (SAWS) submitted its annual performance and financial statements to AGSA free of material misstatements in the period under review;
- The Committee took note of the AGSA's willingness to scrutinise any programme it deemed warranted special attention.

### **6.2 Committee observations on the Department of Planning, Monitoring and Evaluation (DPME) findings**

- The Committee appreciated the presentation provided by the DPME, although it was concerned by the assessment of only two out of seven priorities and the low performance on MTSF targets;
- The Committee noted the immense challenge DPME faced, being such a small department with few officials mandated to verify, monitor and evaluate the work of all the government departments and to ensure consistency in the process;
- The Committee noted the slow progress on the auditing of municipal infrastructure resilience and readiness for climate change disasters;



- On the finalisation and implementation of Master Plans, the Committee noted the lack of a Waste Economy Master Plan, while there is limited achievement of outcomes from the implementation of the Forestry and Oceans Economy Master Plans.
- The Committee noted that the greenhouse gas emission reduction approach does not account for social impacts and is not managed at a centralised point resulting in existing plans such as the “*Just Transition and Job resilience*” remaining uncoordinated and unaccounted for;
- On the issue of “*Just Transition*” and industrialisation, the Committee noted that there are five Climate Sector Adaptation Plans have been developed to reduce vulnerability to risks associated with climate change even though there is no evidence on the extent of implementation and associated impacts on emission reduction, economic contributions, and industrialisation and localisation.
- The Committee noted that the Forestry Master Plan will form part of the pilot study by the DPME and Department of Trade, Industry and Competition to develop a computerised masterplan monitoring dashboard;

### 6.3 Department of Forestry, Fisheries and Environment

- The Committee noted the improvement in the ‘*environmental*’ portfolio in the 2021/22 financial, all five public entities received an *unqualified audit opinion with matters of emphasis*. However, the Committee is still concerned that the Department received a *fourth qualified audit opinion with two matters of emphasis*;
- The Committee noted the reaffirmation of the Minister that the departmental performance standard remains at 80 per cent;
- The Committee noted that there was no unauthorised expenditure in the 2021/22 financial but irregular, wasteful and fruitless expenditure, and non-compliance with the supply chain management legislation persisted, indicating weak internal controls and poor record keeping on financial accountability;
- The Committee noted the Audit Action Plan that the Department is implementing to address some of the issues raised by AGSA;
- The Committee noted the skills development in terms of workshops for employees and the full capacitation of the SCM Unit by the National Treasury and the Office of the Auditor General;
- The Committee noted with dismay the slow progress in fully implementing the remedial actions outlined in the Audit Action Plan wherein only 19 per cent was achieved;
- The Committee was concerned that departmental vehicles were transferred to the employees of the Working for Fire company;
- The Committee was alarmed that payments were made for work that was not done or payments were made to expired contracts;
- The Committee was disappointed that conditional grants that were meant for the implementation of the Expanded Public Works Programme to change people’s lives were returned to National Treasury due to poor contract or project management;
- The Committee raised concerns about the delays in finalising disciplinary cases thus allowing offenders to resign and escape consequences and get easily employed in a different government department;
- The Committee noted with concern that there might be audit regression now that the section 42 process of the PFMA for the transfer of these biological assets has been completed;
- The Committee was concerned that the Department was dumping the State plantations on communities after they failed to manage them productively;
- The Committee noted that efforts to renew the lapsed 5-year MoU with Laos have yielded no results, thus collapsing cooperation in the fight against rhino poaching;
- The Committee noted with concern what appeared to be the Department dumping more climate change mitigation and adaptation responsibilities on under-resourced municipalities without financial and human resource support to aid implementation;
- The Committee raised a concern about the slow progress towards the finalisation of Biodiversity Management Plans for species that are on the brink of extinction, as well as Management Plans for newly declared Marine Protected Areas;

### 6.4 South African Weather Service

- The Committee commended SAWS for improvements in its audit outcome, particularly on submitting performance and financial reports that are without material misstatements;
- The Committee also noted that SAWS had put a dedicated team and systems to prevent repeat findings and clear all outstanding matters during October 2022, except for those awaiting a decision from the National Treasury;

- The Committee noted the upgrades in critical infrastructure and refurbishment of some of the SAWS sites, thereby gradually addressing some of the challenges in achieving the targets;
- The Committee was concerned by improper appointments at SAWS, the appointment of a service provider that had no background in weather service infrastructure, irregular expenditure emanating from poor contract management;
- The Committee also noted that vandalism, load-shedding and theft of critical equipment are contributing to data gaps;
- The Committee was concerned that the investment into infrastructure upgrades could be lost if infrastructure safety cannot be guaranteed; and
- The Committee appreciated that SAWS was increasingly applying impact-based weather forecasting and integrating early warning system broadcasts in locally used languages.

#### **6.5 iSimangaliso Wetland Park Authority**

- The Committee appreciated the iSimangaliso Wetland Park Authority's achievement of an *unqualified audit opinion*, though with findings;
- The Committee welcomed the implementation of the audit action plan that addressed the audit findings relating to supply chain management and irregular expenditure;
- The Committee noted the ecosystem changes that had occurred since the natural breaching of the estuary mouth and the gradual reduction of silt and sludge;
- The Committee appreciated the update on the infrastructure upgrades, particularly the administration building and water availability in facilities;
- The Committee also noted the cooperation with surrounding communities, the community benefit scheme, and the 14 land claims that are still being processed; and
- The Committee raised concerns about the spread of alien invasive species along the coast.

#### **6.6 South African National Biodiversity Institute**

- The Committee commended SANBI for improving its performance from 89 per cent in the prior fiscal year to 93 per cent, and for significantly reducing irregular expenditure and in its audit outcome;
- The Committee noted the impact that COVID-19 had on the Institute's ability to meet visitor targets and associated income;
- The Committee appreciated the potential benefits that could come from the accreditation of SANBI for direct access to the Green Climate Fund such as mobilising the funds for projects in South Africa around biodiversity adaptation and climate change;
- The Committee noted the resumption of school trips to the facilities of the Institute and reminded the Institute and other departmental entities about the Committee's resolution of taking these services and awareness programmes to schools;
- The Committee noted the need to clarify or harmonise roles among Government departments in the fight against alien invasive species in different parts of the ecosystem;
- The Committee was concerned by how SANBI bypassed the local content requirement for tenders;
- The Committee appreciated the contribution of SANBI to jobs and skills through the implementation of Groen Sebenza and the Presidential Employment Stimulus Plan;

#### **6.7 South African National Parks**

- The Committee congratulated SANParks for the *unqualified audit opinion* for the 2021/22 financial year;
- The Committee raised a concern that the SANParks in Kruger National Park were not complying with the national Veld and Forest Fire Act, and the fires from the reserve were impacting livestock farmers and threatening their livelihoods;
- The Committee was concerned about the argument that natural mortality was contributing to the decline in the decline of rhino population, while poaching was the main cause;
- The Committee noted the net cash deficit that was mainly due to the decrease in government grant funding and other donations;
- The Committee noted with concern the vacant management, fence monitors and ranger positions that were impacting the delivery of the mandate of SANParks;
- The Committee noted with concern the contradictory information between Kruger National Park visitors and the Entity on waste management and the prevention of bin digging by baboons and the lack of sanctions against people who feed wildlife;
- The Committee was concerned that the CEO position was advertised while the disciplinary process was not concluded;

- The Committee expressed concern over the possibility that moving rhinos out of Kruger National Park would only be a temporary fix and would likely result in the spread of poaching to new places;
- The Committee was concerned about the decline in the rhino population at Kruger National Park, but noted the reported increase in the rhino population in other parks;
- The Committee noted that most of the revenue of SANParks came from tourism and the sector is recovering;
- The Committee reiterated its position that SANParks, SANBI, the Marine Living Resource Fund and iSimangaliso should create a common outreach programme for children in rural schools to expose them to the opportunities available and provide bursaries, to fight poverty, inequality and unemployment.

## **6.8 Marine Living Resources Fund**

- The Committee noted the impact of stakeholder engagements on the re-introduction of the Aquaculture Development Bill;
- The Committee noted that the Revenue Model for the MLRF and its strategy to increase fees for levies, permits, applications and harbour access was suspended in light of the prevailing economic climate;
- The Committee noted the delayed allocation of fishing rights to small-scale fishers in the Western Cape while DFFE awaited the court's decision but sought confirmation on the Department's readiness to allocate the rights should the court agree;
- The Committee should be provided with an update on the fisheries violation database or register that was planned to be finalised at the end of the 2019/20 financial year.
- The high confiscations of abalone and West Coast rock lobsters seem to indicate that the Department is losing the war on poaching of the fisheries resources, as supported by scientific reports that these stocks are declining instead of recovering. The Committee should be provided with a comprehensive report on why the applied methods are failing or, why are they not changed. For example, why are working shifts not created for Fisheries Compliance Officers instead of having all FCO working office hours?
- In November 2017, the Department mentioned that they had commissioned a study to review the state of the marine fishing sector and answer questions such as employment in the industry, economic contribution, transformation, and other vital indicators. The service provider was to complete the study during the 2019/20 financial year. A copy of the Report from this commissioned study should be sent to the Committee.

## **7 CONCLUSION AND RECOMMENDATIONS**

The Portfolio Committee, in its conclusions, thanked officials from the AGSA, the Department and entities for presenting their reports, and more importantly the undertaking to improve performance and stewardship of the limited State resources. Overall, the Portfolio Committee considers the performance of the Department unsatisfactory when considering that since the start of the new administration in the 2019/20 financial year, the Department has not met its 80 per cent performance target and is still receiving qualified audit outcomes. On the contrary, the performance of the entities is satisfactory, although some entities have more work to do than others to achieve or exceed the 80 per cent performance target that is coupled with clean audit outcomes. It is in this regard that the Committee recommends the following:

### **7.1 Recommendations (for the Committee)**

- The Committee welcomed the Auditor-General oversight and verification work on tyre waste management and the lack of measurements of waste diverted from landfill sites such as e-waste, lighting waste, and paper and packaging waste. The Committee should closely monitor the implementation of the remedial actions to correct the findings on tyre waste management and waste diversion from landfill sites;
- The Portfolio Committee should closely monitor the implementation of the recommendations of the AGSA directed at the Department and entities to ensure that all those recommendations are implemented to ensure desired results;
- The Department should update the Committee on the current extent of temporary unplanted areas, the planting of trees outside forested areas, and the applicable audit evidence at the municipal level;
- The Committee should ensure that the Department and entities present a unified awareness programme where they will reach out to rural communities and townships about career and bursary opportunities in the environmental sectors;

- The Department should update the Committee on progress made in ensuring that the planned indicators and targets not only adhere to the SMART criteria but that they contribute to what the portfolio wants to achieve and is responsible for in terms of delivery;
- The Committee should be briefed on the impacts of training, inspections, handover of cases to NPA, and enforcement targets that the Department often exceeds;
- The Committee should focus on monitoring the performance improvements of the underperforming and underspending departmental Branches;
- The Committee should monitor the operations and conditions of proclaimed fishing harbours to ensure their optimal performance and service to users;
- The Committee should host a closed session with the Department and SANParks on the implementation of the Rhino Conservation Strategy, which includes the Rhino Management Plan.

## 7.2 Department of Planning, Monitoring and Evaluation

- The DPME should brief the Committee in the next quarter on the Performance Report of DFFE and associated recommendations.

## 7.3 Department of Forestry, Fisheries and the Environment

- The Executive Authority (Minister of Forestry, Fisheries and the Environment) should pay due attention to the Auditor-General's findings and take such necessary action against staff for *irregular expenditure* and *fruitless and wasteful expenditure* in the Department and/or entities to ensure that public funds are used optimally for the greatest public good. This is necessary in light of the Auditor-General's determination that *irregular expenditures* would have been prevented, had effective and appropriate steps been taken to avert them;
- The Executive Authority should ensure that *repeat findings* do not occur and that public funds are prudently and can be accounted for;
- The Minister should ensure that her Department fully complies with DPSA's SMART principles when planning and setting targets and should equally provide credible evidence to support the achievement of targets;
- The Minister should comply with Sections 40(3)(a) and 55(2)(a) of the PFMA by ensuring that the Department and entities submit financial statements that are accurate and complete;
- The Department should ensure that its Audit Action Plan is implemented to the latter to ensure that there is no room for any *unclean audit opinion* moving forward from the 2021/22 audit outcome. The progress that the Department makes in this regard should be presented to the Committee every quarter; and
- Weaknesses in *internal control systems* must be strengthened to prevent, detected and curtail misstatements;
- The Department should send a copy of the Status Quo Report of Food Waste and Loss across the value chain;
- The Department should provide the Committee with the breakdown of each environmental programme (Working for Programmes), including their status, locations, contact people, and associated costs and statistics;
- The Committee noted that the Department will send the report on the cases referred to the NPA, their status and conviction rate since the start of the sixth administration;
- The Minister should ensure that the transferred biological assets do not contribute to audit regressions as was the case in the past;
- The Department should provide the Committee with the State of Marine Protected Areas report, including whether they are functional, allocated budgets for enforcement, adopted governance model, and assessed indicators (social, economic, ecological, biological, etc.); and
- While the Department is not directly responsible for job creation and sector growth, the policies and programmes should contribute and be assessed. The Minister should initiate discussions with StatSA and DPME to track the impact of the departmental policies or programmes and report to Parliament.

## 7.4 iSimangaliso Wetland Park Authority

- The Committee should be provided with a funding and implementation plan from the HLP Report;
- iSimangaliso to send a report to the Committee on the area (hectares) affected by alien species and plans to reduce it;
- The Entity should holistically implement its Audit Action Plan to ensure that the outstanding audit matter identified by the Auditor-General is addressed for the Entity to obtain a clean audit outcome at the end of the running financial year.



## 7.5 South African National Biodiversity Institute

- The Institute should submit a report to the Committee on the race and gender composition of its bursary beneficiaries and localities where they are from;
- SANBI should update the Committee on progress made on refurbishing and maintenance of infrastructure in its national botanical gardens, but more so at the National Zoological Gardens in Pretoria; and
- SANBI should provide the Committee with a plan or progress report for improving the status of venues that obtained average green star ratings to improve the rating in the future.

## 7.6 South African National Parks

- The Committee should be provided plans on the rollout of lifestyle audits or polygraphs testing;
- SANParks should submit a progress report on land claims in Kruger park and other parks;
- SANParks must submit to the Committee a submit a list of the animals that had been translocated to Mozambique;
- The Committee directed SANParks, MLRF, SANBI, SAWS and iSimangaliso to create a common outreach programme for children in rural schools should be exposed to the opportunities available and provide bursaries, to fight poverty, inequality and unemployment.
- The Committee needed a progress report on the engagements with communities that had blockaded roads leading to the park; and
- The Committee should be provided with a report on the Presidential Youth Employment initiative and responses that the programme contributes to youth unemployment.

## 7.7 South African Weather Service

- The Committee should be provided with a comprehensive report on the status of air quality and weather monitoring stations; and
- SAWS should upgrade the weather forecasting infrastructure or the processing of collected data to communicate accurate and locally-relevant fire danger ratings, as opposed to the outdated Lowveld Fire Danger Index to aid adequate fires preparedness.

## 7.8 Marine Living Resources Fund

- The Minister should capacitate the Fisheries Branch to facilitate the effective allocation of small-scale fishing rights and curb the slow progress to prevent illegal, unreported and unregulated fishing activities;
- There should be proper support programmes for small-scale fishers to ensure that the fishers derive livelihoods and economic benefits from fishing rights, including improved market access;
- The finalisation and implementation of the alternative livelihood strategy in fishing communities where job opportunities are already scarce;
- The Committee should be provided with a status report of all the fishing harbours, including allocated budgets, removal of sunken vessels, dredging, repairing and replacements of infrastructure on the shores, security, contract management, joint plan by the DPWI and DFFE to manage the harbour and its activities, etc.; and
- The Committee should be provided with a report on the volumes of the confiscated fisheries resources, the amount auctioned, their current market value, the volume in storage and the condition.

*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.*

**The Portfolio Committee on Environment, Forestry and Fisheries recommends the adoption of this Budgetary Review and Recommendation Report (BRRR) for the Department of Forestry, Fisheries and Environment and its Public Entities for the 2021/22 financial year.**

Report to be considered.