

**Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Forestry, Fisheries and Environment 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 2022/23 Financial Year, Dated 31 October 2023**

The Portfolio Committee on Forestry, Fisheries and Environment (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 2022/23, 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 (MLRF), 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.

Ahead of the BRRR and following its mandate under Section 5(1) of the Money Bills Act, the Committee received briefings on and discussed all four quarterly reports of the Department for the 2022/23 financial year. A comprehensive review and analysis of the prior financial year's performance was conducted to lay the groundwork for the BRRR.

In addition to the Annual and Quarterly reports, the BRRR also draws on documents from 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 Portfolio Committee's BRRR is based on information gathered through various engagements with the Department and its respective entities, namely, SANParks, iSimangaliso, SAWS, SANBI, and MLRF, as well as the AGSA on their respective reports on the performance of the environmental portfolio.

To effectively carry out its oversight mandate as required by the Money Bills Act, the Portfolio Committee on Forestry, Fisheries and the Environment received and considered briefings from the Department of Forestry, Fisheries and Environment and its respective entities: SANParks, iSimangaliso, SAWS, SANBI, and MLRF, as well as from the Office of the Auditor-General on 10 and 11 October 2023 on the Annual Reports and Financial Statements of the Department and its entities for the 2022/23 financial year. The Committee hereby reports as follows:

### **3 OVERVIEW OF THE AUDITOR-GENERAL'S AUDIT OUTCOME REPORT FOR 2022/23**

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 2022/23 fiscal year. The AGSA reported that the overall audit outcomes in the portfolio improved when compared with the prior year (2021/22). The Department moved from a qualified opinion with findings to an unqualified 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. Four departmental entities SAWS, iSimangaliso and MLRF received unqualified audit opinions with no findings (clean audit), while SANBI and SANParks remained stagnant with an unqualified audit with findings on annual performance reporting and compliance with legislation in the current year under review (2022/23).

The DFFE and SANBI submitted deficient performance information, primarily because the reported achievements were not supported by verifiable evidence or appropriate documentation. The DFFE had material irregularities and material non-compliance on procurement, contract and asset management, while SANParks and SANBI's non-compliance was on procurement and revenue management, respectively. Finally, the Department and all its entities incurred irregular expenditures amounting to R6.3 billion for the 2022/23 financial year. The closing balance of irregular expenditure rose to R6.3 billion because the irregularly awarded contracts in the 2017/18 financial year are still in place and being investigated. 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**

It is the first time in the current parliamentary term that the Department received an unqualified audit opinion. This is a significant improvement from the qualified audit opinions that were consistently received since the 2019/20 financial year. The Auditor-General noted that the Department is gradually improving the quality of its planning for service delivery and performance reporting. However, there are still issues with proper record management and the provision of evidence to validate some reported achievements. The Department incurred R5.4 billion (unchanged from R5.4 billion in 2021/22) of irregular expenditure (IE), which constitutes 90 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 R1 million (down from R62.9 million in the 2021/22 financial year). The Department is implementing the Audit Action Plan to correct the AG's findings.

#### **3.2 iSimangaliso Wetland Park Authority**

It is commendable that for the 2022/23 financial year, the iSimangaliso Wetland Park Authority improved from an unqualified audit opinion with findings to an unqualified audit with no findings. The entity corrected all causes of findings that were identified in the 2021/22 financial year, implying the applied controls and systems are effective.

#### **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, since 2020/21 after improving from a qualified audit opinion in the 2019/20 financial year. SANBI was qualified on reported achievements that are not supported by sufficient and appropriate documentation, quality of financial statements and failure to curb irregular, unauthorised, fruitless and wasteful expenditure. The entity incurred an irregular expenditure of R1.9 billion (down from R8.7 billion in 2021/22), while fruitless and wasteful expenditures amounted to R10 thousand in the current 2022/23 financial year. 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**

SANParks maintained an unqualified audit opinion with findings on compliance with key legislation for the fiscal year 2022/23, a status that has remained unchanged since the start of the current administration's term. However, irregular expenditure totalling R202 million was identified on several contracts due to non-compliance with supply chain management practices. This represents a significant decrease from the R393.7 million in irregular expenditure incurred in the 2021/22 financial year. While SANParks did not incur any fruitless and wasteful expenditure in the 2022/23 financial year, there is still room for improvement in other audit areas. In particular, there is a need for stronger consequence management measures to deter non-compliance with supply chain prescripts.

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

The South African Weather Service's audit outcome improved from an unqualified audit opinion with findings in 2021/22 to a clean audit in the year under review (2022/23). This is the first unqualified audit opinion without findings after a string of unqualified audit opinions with findings from the 2019/20 fiscal year. SAWS did not incur new irregular, fruitless and wasteful expenditures during the 2022/23 financial year. The irregular expenditure of R43 million is a carry-over from the 2021/22 financial year mainly from irregular appointment of service providers and employees in the previous years.

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

The MLRF improved from an unqualified audit opinion with findings in the 2021/22 cycle to an unqualified audit opinion with no findings in the 2022/23 year. The MLRF started the current administration with a disclaimed audit outcome in 2019/20, then maintained an unqualified audit with findings. During the 2022/23 year, an amount of R529 703 was identified as irregular expenditure incurred in the 2021/22 cycle.

## **4 OVERVIEW OF PERFORMANCE BY THE DEPARTMENT OF FORESTRY, FISHERIES AND ENVIRONMENT IN THE 2022/23 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 (2022/23), 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 sixth administration, the Department directly contributes to all seven government priorities that are monitored by the Department of Planning, Monitoring and Evaluation (DPME). The DFFE submits bi-annual performance reports to the DPME to gauge progress made towards achieving the seven outcomes. While the 2022/23 annual report does not disaggregate the contributions to the priorities, there are notable contributions under the various programmes and entities of the Department.

For the 2022/23 financial year, the Department's contribution to alleviating the triple challenges of inequality, poverty, and unemployment was primarily made through the Environmental Programmes Branch (EP). The EP created 20 209 Full-Time Equivalent (FTE) jobs (equivalent to a one-year full-time job), instead of the targeted 30 507 FTEs. Additionally, the EP created 58 858 work opportunities, instead of the targeted 67 002 work opportunities. The EP's programmes benefited 30

784 women, against the target of 40 201, as well as a total of 35 372 young people, instead of the targeted 36 851 youth.

Although the EP has a high impact, it has been underperforming due to poor contract management and weak supply chain management systems. This has resulted in the creation of far fewer jobs than planned since the beginning of the current administration. To improve performance, the DFFE is taking steps to strengthen contract management and supply chain management within the EP. The Department is also working to ensure that job creation targets are more realistic and achievable.

The Department achieved 73 per cent of planned targets in 2022/23, an improvement from 68 per cent in 2021/22. However, the number of targets was reduced from 149 to 78, and it's possible that some of the more difficult targets were eliminated, making the performance improvement appear more significant. Put differently, the bar was set lower. Despite the reduction in the number of targets, there are repeat findings that should have been resolved, such as reporting a target as achieved without providing credible evidence or supporting documents. The number of targets that lacked credible evidence decreased from six in 2021/22 to two in 2022/23. In 2021/22, the offenders were Programmes 7 (Chemical and Waste Management) and 8 (Forestry Management), while in 2022/23 they were Programmes 1 (Administration) and 7 (again). The overall performance is below the undertaking of achieving at least 80 per cent of targets and attaining a clean audit, but there is a notable improvement.

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

The purpose of the Programme is to provide strategic leadership, management and support services to the department. The programme is made up of four sub-programmes, *Management, Corporate Management Services, Financial Management Services, and Office Accommodation*. The Administration Programme has improved its performance by 40 percentage points, from 60 per cent to 100 per cent, in the 2022/23 financial year compared to the previous year. Some of the annual targets were achieved and exceeded during the third reporting quarter of the financial year. Under this Programme, targets were reduced from 15 in 2021/22 to only 6 targets during the year under review. It is worth mentioning that the target of achieving a clean audit is among those that were removed, hence the Branch achieved all its set targets, despite failing to get a clean audit. Similarly, targets that are linked to contract management were removed and some targets were reduced.

#### **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 of an enabling legal regime and licensing authorisation system that will promote enforcement and compliance and ensure the coordination of sector performance. The Programme comprises six subprogrammes namely: *Regulatory Compliance and Sector Monitoring Management; Compliance; Integrated Environmental Authorisations; Enforcement; Litigation and Legal Support; and Law Reform and Appeals*. The performance of the RCSM Programme has improved from 75 per cent to 100 per cent when compared to the 2021/22 financial year. For this Programme, targets were reduced from 12 in the 2021/22 cycle to only 6 during the period under review. While some quarterly targets were missed, the annual targets were still achieved due to over-achievement during some reporting quarters.

#### **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 Economy and Project Management; and Specialist Monitoring Services*. The achievement of targets has been steadily increasing in the Oceans and Coast Programme from 60 per cent in the 2020/21 period, 82 per cent in the 2021/22 financial year and 90 per cent in the year under review. As is the case with the other Branches, the number of targets was reduced from 16 to 10. Some of those removed targets include the creation of aquaculture jobs, management plans of the recently promulgated marine protected areas and Biodiversity Management Plans for penguins.

#### **4.4 PROGRAMME 4: CLIMATE CHANGE AND AIR QUALITY**

The purpose of the Programme is to lead, promote, facilitate, inform, monitor and review the mainstreaming of environmental sustainability, low carbon emissions, climate resilience and air quality

in South Africa's transition to sustainable development. The Programme is made up of 10 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 Reporting; Climate Change Monitoring and Evaluation; and Environmental Sector Performance*. The Climate Change, Air Quality, and Sustainable Development Branch had initially set 18 targets for the 2021/22 financial year, but they scaled down to 8 targets in the 2022/23 period. Despite this substantial reduction in its target count, the Branch managed to attain only 63 per cent of its objectives, significantly lower than the impressive 89 per cent it achieved in the previous financial year. This was primarily due to challenges in implementing an early warning fire detection system and meeting air quality-related targets.

#### **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 Biodiversity and Conservation programme achieved 60 per cent of its 10 targets, which is down from 66 per cent of the 29 targets that it achieved in the 2021/22 financial year. This means that the programme achieved a lower percentage of its targets this year than it did last year, even though it had significantly fewer targets to achieve.

#### **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 Programme branch has generally underperformed, and this continued in the year under review. The branch had 12 targets but only achieved 42 per cent of them while spending 98 per cent of its R3.166 billion budget. This performance is a small improvement from the 33 per cent of its 15 targets that it achieved in the 2021/22 year. If you look even further back, the branch achieved 48 per cent of its 23 targets in the 2020/21 financial year. The branch has again missed all its targets for creating jobs, mostly because of poor supply chain and contract management. As a result, fewer jobs were created, fewer alien invasive species were cleared, and fewer Biodiversity Infrastructure buildings and accommodation units were constructed or renovated. The underperformance is impacting the environment and the people who are supposed to benefit from its implementation.

#### **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*. Programme 7 improved its achievement of targets from 71 per cent of the 15 targets in the 2021/22 cycle to 82 per cent of 11 targets in the cycle under review. However, it is important to note that the Programme still has room for improvement. For example, it is not clear why the number of targets was reduced from 15 to 11. The Programme may be focusing on achieving a smaller number of high-priority targets, but it is also possible that some difficult targets have been dropped altogether.

#### **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 reports the achievement of 50 per cent of the 8 planned targets, down from 72 per cent of the 14 targets as set out in the 2021/22 year. This is a regression that does not tally with the 93 per cent budget expenditure.

#### **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 achieved all seven targets set for the year under review and spent all its allocated budget. It might look commendable that the Branch achieved all its targets until one realises that the targets were reduced from 14 targets in the 2021/22 financial year. Critical targets such as allocation of small-scale fishing rights, development of a revenue strategy for the MLRF, and implementation of the Alternative Livelihood Strategy were removed in favour of much easier targets.

### **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 (2022/23), iSimangaliso met all its 53 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 and 2021/22 financial years, the iSimangaliso Wetland Park Authority met all set targets 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 (2022/23), SANBI achieved 46 of its planned 49 targets, translating to 94 per cent 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 one percentage point improvement from the achievement attained during the 2021/22 financial year, where SANBI had 44 planned targets and achieved 41. The 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 61 targets in the year under review (2022/23), of which the Entity fully met 53 targets – translating to 87 per cent achievement. This is a slight improvement from 86 per cent in the 2021/22 financial year where SANParks achieved 49 of 57 planned targets. SANParks has consistently been improving its achievement of planned goals since the start of the sixth administration. There has been a year-on-year improvement in the achievement of planned targets over the past four financial years.

### 5.4 South African Weather Service

The mandate of the 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 year 2022/23, the SAWS achieved 22 of its 28 annual performance targets, or 79 per cent. This is a decrease from the previous year (2021/22), when SAWS achieved 23 of 28 targets, or 82 per cent. However, SAWS's performance has improved since the start of the current administration. In the 2019/20 financial year, SAWS achieved only 67 per cent of its targets. This increased to 70 per cent in the 2020/21 financial year. SAWS is committed to providing accurate and timely weather information and services to the public. The agency is working to improve its performance by investing in new technologies and training its staff.

### 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.

In the year 2022/23, the MLRF had 10 goals, and they successfully achieved 9 of them, which is a 90 per cent success rate. This is a significant improvement compared to the 2021/22 financial year when they only achieved 59 per cent of their 17 planned goals. The MLRF's performance has been variable over the years. They began the 2019/20 financial year with a 60 per cent success rate against their set objectives, which then decreased to 57 per cent in the 2020/21 year. Since the start of the sixth administration in the 2019/20 financial year, it is the first time that the entity exceeded a 60 per cent success rate.

## 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 (2022/23 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 and the *five* departmental entities for the 2022/23 financial year and noted the following:

- The Committee noted improvement in audit outcomes of the environmental portfolio received more clean audits and fewer areas of qualifications;
- The Committee was worried that key deliverables such as improving air quality and aiding disaster preparedness could not be achieved;
- The Committee noted the capacity constraints in inspecting landfill sites among provinces and the low diversion of waste from landfill sites;
- 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, MLRF, SANBI and iSimangaliso by reducing the number of non-compliance issues, while at SANParks non-compliance that could potentially be fraud was noted as an issue;
- The Committee was concerned that RAMSAR sites were being polluted and poorly protected;
- The Committee noted that consequence management as shown by never-ending disciplinary processes, irregular expenditure, procurement and contract management was a general concern in the Department and its entities;
- The Committee was concerned that the Industry Waste Tyre Management Plan is still not implemented despite many talks about it;
- The Committee was concerned about the slow progress in recovering the irregularly disposed state assets under the Working on Fire Programme;
- The Committee was concerned that the Department has been struggling with achieving the refurbishment of the state nurseries and the corrective measures over the years have not yielded improvements towards achievement of the target; and
- The Committee was concerned that the lack of people with the skills to manage plantations and disagreements about how to collect money were impeding the implementation of Community Forestry Agreements.

## **6.2 Department of Forestry, Fisheries and Environment**

- The Committee was concerned that the Department's late submission of presentations prevented them from being properly analysed and reviewed before the meeting;
- The Committee noted the improvement in the achievement of targets and audit outcomes in the Department for the 2022/23 financial year. However, the Committee was concerned that the amount of money spent did not match the achievement of set targets;
- The Committee was concerned that confiscated fisheries products were not serving moral and public good, instead were sold to raise funds;
- The Committee noted with dismay the slow progress in fully implementing the remedial actions outlined in the Audit Action Plan wherein only 50 per cent was achieved;
- The Committee was concerned that recycling projects (paper, plastics, tyre, electronic waste, etc.) were not yielding the desired outcomes, instead were creating 'free riders';
- The Committee was concerned that most landfill sites are reaching their maximum capacity and are not being rehabilitated or repurposed;
- The Committee noted that the Department is not providing enough support to municipalities to help them manage their landfill sites better and support waste pickers to sustain their livelihoods and minimise pollution;
- The Committee was concerned about the impact of supply chain processes on different branches of the Department and requested measures to address this issue;
- The Committee was concerned about the underperformance of air quality monitoring stations that are not reporting regularly due to load-shedding;
- The Committee was worried that air quality was not improving as polluters were not held responsible for non-compliance and strategic water resources were not adequately protected;
- The Committee was disappointed that the Environmental Programmes, which are supposed to create jobs through the Expanded Public Works Programme and change people's lives, did not perform well;



- The Committee was disappointed that the Department has been unable to refurbish the state nurseries. The measures they have taken over the years have not helped them reach their goal;
- The Committee raised concerns about the delays in finalising disciplinary cases thus allowing offenders to resign and escape consequences; and
- The Committee noted with concern the inability to procure and install the fire warning system in the Garden Route.

### **6.3 SAWS**

- The Committee commended SAWS for improvements in its audit outcome, particularly on submitting performance and financial reports that are without material misstatements;
- The Committee noted the unreliable reporting or non-reporting on the SAAQIS website since the beginning of the parliamentary term, particularly the high-priority areas;
- The Committee also noted the impact of vandalism, load-shedding, lack of backup power and theft of critical equipment are contributing to data gaps;
- 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; and
- The Committee was concerned about commercial revenue loss and how they plan to address the causal challenges.

### **6.4 iSimangaliso**

- The Committee was pleased that the iSimangaliso Wetland Park Authority received a clean audit and met all of its targets;
- The Committee noted the impacts of severe weather conditions on the park and the impact on revenue that is derived from tourists;
- The Committee noted the improvements in cooperation with communities that are reducing incidences of wildlife poaching;
- The Committee was concerned about the deteriorated state of the accommodation and roads in the Park;
- The Committee inquired about the dredging of the estuary and estuary mouth as part of the estuary management; and
- The Committee was concerned about the possible impact of sewage leakages that could affect the estuary.

### **6.5 SANBI**

- The Committee commended SANBI for improving its performance against targets and for significantly reducing findings in its audit outcome; and
- The Committee noted that SANBI management was working with the AGSA on areas where they have different interpretations of the reporting standards.

### **6.6 SANParks**

- The Committee noted SANParks' *unqualified audit opinion* with findings and sought details on the lack of compliance and consequence management for the 2022/23 financial year;
- The Committee raised a concern that the SANParks was not providing details on polygraph tests carried out on SANParks officials since its commitment to implement the programme last year;
- 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 improvements in the revenue of SANParks from tourism and cost-containment efforts;
- The Committee was concerned that internal corruption, fraud, a lack of trust, difficult working relationships, and worsening organised crime are a bigger threat than poaching; and
- The Committee was concerned about the attribution of the decline in the rhino population at Kruger National Park to the 2016 to 2018 drought and low birth rate without mentioning poaching.

### **6.7 MLRF**

- The Committee noted the impact of delayed implementation of the Working for Fisheries Programme on job creation and poverty alleviation.

## **7 CONCLUSION AND RECOMMENDATIONS**

The Portfolio Committee concluded its meeting by expressing its gratitude to the officials from the Auditor-General of South Africa the Department of Forestry, Fisheries and the Environment and the entities under its purview for presenting their 2022/23 reports. The Committee was particularly

appreciative of the commitment made by all parties to improve performance and enhance governance and stewardship of the limited State resources.

In its overall assessment, the Portfolio Committee noted that the performance of the Department has improved since the start of the new administration in the 2019/20 financial year. While the DFFE has yet to achieve a clean audit outcome, the Committee is encouraged by the progress that has been made. In contrast, the performance of the entities under the DFFE's purview was excellent. Most of the entities exceeded the 80 per cent minimum performance target and achieved clean audit outcomes. The Committee commended the entities for their strong performance and urged them to continue to strive for excellence. The Portfolio Committee is confident that the DFFE will continue to make progress in the coming years and will eventually achieve its goal of a clean audit outcome and advancing the sector in general.

The Portfolio Committee made specific recommendations aimed at helping the DFFE and its entities to further improve their performance and stewardship of public resources.

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

- The Committee welcomed the Auditor-General oversight and verification work on air quality, waste diversion, conservation estate, protected areas, rhino population increase and air quality stations. The Committee should closely monitor the implementation of the remedial actions to correct the findings on the audited indicators;
- The Portfolio Committee directed that the AGSA prepare a presentation to go into detail about their findings to give the Committee a clearer understanding of the issues;
- 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 the desired results;
- The Office of the AGSA should provide the Portfolio Committee with the cost implications of the endless disciplinary processes in the Department and its entities;
- The Department should update the Committee on the plans to effectively manage tyre waste in the country;
- The Committee should be briefed on how the Department is performing on its 10 million trees programme and forestry management projects;
- The Committee should focus on monitoring the performance improvements of the underperforming and underspending departmental Branches;
- The Committee should visit the South African Weather Services;
- The Committee should schedule a briefing on the impact of plastic bag levies on waste reduction and progress made in reducing waste that goes to landfill sites; and
- The Committee should discuss the possibility of banning single-use plastics or finding other solutions. This is because waste management is weak at the local government level, and the circular economy has not been successful.

### **7.2 Department of Forestry, Fisheries and the Environment**

- The Minister of Forestry, Fisheries and the Environment must take the Auditor-General's findings seriously and take necessary action against staff who are responsible for the flagged findings or implement preventative measures in the Department and/or entities. This is to ensure that public funds are used in the best way possible for the benefit of the public;
- The Department should consider the amendment of the Marine Living Resources Act to improve the handling of confiscated fisheries products and limit its unintended consequences;
- The Department should provide the Committee with a clear plan on how they will help schools that received disposed or donated electronic assets to mitigate against incorrect disposal of electronic waste when computers reach the end of their useful life;
- The Department should provide the Committee with a detailed report on the state of all state nurseries;
- 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 2022/23 audit outcome. The progress that the Department makes in this regard should be presented to the Committee every quarter; and

- The Department should provide the Committee with details of the biodiversity infrastructure projects.

### **7.3 iSimangaliso Wetland Park Authority**

- The Committee should be provided with an update on the independent due diligence that was required before taking over Ezemvelo infrastructure.

### **7.4 South African National Biodiversity Institute**

- SANBI management and the AGSA continue to work together to resolve any areas where they have different interpretations of the reporting standards. This will help to ensure that SANBI's financial statements are accurate and comply with the financial prescript.

### **7.5 South African National Parks**

- The Committee should be provided details on how far they are on consequence management including a breakdown of statistics on those found guilty, suspended or expelled;
- SANParks should provide the Committee with a detailed roll-out plan for the polygraph test;
- SANParks should provide a detailed report on the shooting of an elephant from the Maseke Game Reserve; and
- SANParks should submit a comprehensive plan on how they plan to correct Supply Chain Management, internal investigations relating to poaching involvements, loss control committee, and human resources matters to address the findings from the AGSA.

### **7.6 South African Weather Service**

- The Committee should be provided with a comprehensive plan and its timelines for sourcing alternative power to support continuous operations of air quality and weather monitoring infrastructure by 16 October 2023.

*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 Forestry, Fisheries and Environment recommends the adoption of this Budgetary Review and Recommendation Report for the Department of Forestry, Fisheries and Environment and its Public Entities for the 2022/23 financial year.**

Report to be considered.