

ANNEXURE 4- PORTFOLIO COMMITTEE ON THE NATURAL RESOURCES, TOURISM AND LAND CLUSTER

- **Introduction**

On the 17th February, 2021, the Honourable Minister of Finance presented the Annual Budget and Estimates of Revenue and Expenditure for the 2021/22 Financial Year to the National Assembly, in terms of section 112(1) of the Constitution. Thereafter, the Budget Estimates for the Fiscal Year 2021/22 were referred to various Portfolio Committees for consideration and to make recommendations relating to budget estimates, from their respectively assigned Ministries. This Report supplements the main report, compiled and submitted to the House by the Portfolio Committee on the Economic and Development Cluster.

- **Methodology**

Pursuant to Standing Orders No 95 (1) (a and d) and 95 (2) (a, b, c and d), the Portfolio Committee held meetings with individual Ministries within its portfolio between 22nd and 26th February, 2021. The purpose of the meetings was to discuss their respective 2020/21 budget performances as well as their 2021/22 budget estimates, within the context of the National Strategic Development Plan II and international obligations.

According to Standing Order No. 94 (d), the Portfolio Committee on the Natural Resources, Tourism and Land Cluster is responsible for the Ministerial Portfolios of:

- **Tourism, Environment and Culture,**
- **Water,**
- **Public Works,**
- **Mining,**
- **Energy and Meteorology,**

- **Transport, and**
- **Forestry and Range and Soil Conservation.**

This report is an outcome of the Honourable Minister of Finance's budget presentation. It has been structured to reflect individual Ministry's mandates, 2020/21 budget performances, as well as this year's Ministerial budget allocations and plans for the year 2021/22. The report also includes Committee's recommendations.

3.0 MINISTRIES' PRESENTATIONS TO THE PORTFOLIO COMMITTEE

3.1. MINISTRY OF TOURISM, ENVIRONMENT AND CULTURE

3.1.1 Revenue performance

The Ministry's approved amount was M 4, 982,269.00; total collection was M822,520.80 and the variance of M4, 159,748 was caused by the following:

- The Licensing Board has not sat since the beginning of January 2020 to consider renewal and new applications due to Covid-19 restrictions;
- Non- renewal of site licenses due to Covid-19 restrictions;
- Most of the collections were made in Maseru district;
- The Ministry is unable to increase entry fees collection due to poor state of Tourism facilities; and
- The Ministry had trouble in reconciling transfers into single Government account.

The Ministry anticipates a collection of M3,093,954.08 for the Financial Year 2021/22. New sources of revenue have not been established in the coming financial year.

3.1.2 Recurrent Budget for 2020/2021

The Ministry's total amount released is M76,549,568.00, actual expenditure is M72,783,590.00 and the variance is M3, 765, 978.00. The Ministry experienced the following challenges:

- The unilateral cutting of budget by the Ministry of Finance on line-items where there are commitments and contracts necessitated virements; and
- Due to Covid-19 restrictions, the Ministry was unable to perform most of its activities.

The Ministry has budgeted M79,135,798.00 for the Financial Year 2021/22.

3.1.3. Capital Budget

The Ministry's approved budget from the Government of Lesotho was M23,490,000.00, the total amount released was M10,220,746.00 and the actual expenditure was M10, 220,746. Most of the donor funded projects did not perform well due to Covid-19 lockdowns; National and regional workshops were needed before most activities are completed. M10, 000, 000.00 was reallocated from the project by the Ministry of Finance towards Covid-19 Fund.

The Ministry has budgeted M19,235,649.00 for the current financial year 2021/22.

3.1.4 Observations and Recommendations

The Committee made the following Observations:

- The proposed budget will negatively affect the implementation of Maloti Drakensberg Transfonteir Program and Environmental Impact Assessment monitoring program;
- LTDC (Lesotho Tourism Development Cooperation) has no operational budget to undertake market and policy research, destination marketing both locally and

internationally, private sector capacitation, product development and investment promotion;

- The Tourism and Creative sectors have been identified as sectors earmarked to increase economic growth and generate income due to its rich heritage resources, however, the Ministry's budget allocation is not sufficient to implement such aspirations;
- Both Mpilo Hotel and Vitoria Hotel are no longer operational;
- The Ministry has not been able to collect rent from Lesotho National Convention Centre as it is being used by Cabinet without payment of rent. The boardroom and other offices at the National Library are also being used by the National Reforms Authority without paying rent; and
- The Ministry is willing to improve on their previous mistakes by monitoring compliance of their sector on signed contracts and issuance of new and renewal of licenses.

The Committee made the Following Recommendations:

- The Committee appeals to the House to grant LTDC funds to pay salaries, as the current budget ceiling is too low and LTDC will not be able to deliver on its mandate;
- Innovative strategies should be implemented by the Ministry to improve revenue collection; the LTDC needs to do effective marketing of the Country's rich heritage resources;
- The leases and prices on Government properties owned by the Ministry should be reviewed in order to increase revenue; Cabinet and National Reforms Authority should pay rent for the Ministry's buildings that they are using; and
- The Ministry should help the Communities to protect botanical gardens to have sustainable schemes.

3.2. MINISTRY OF WATER

The Mission and Vision of the Ministry are aligned with SDG6 and NSDP II, and promise all Basotho an improved standard of living through a well-developed and sustainable water resource base and sanitation services by the year 2030.

3.2.1 Revenue performance

The Ministry's 2020/21 approved budget was M1,061, 461, 378.00 and total collection of revenue is at M887, 456, 817.00. This is due to the following:

- Low demand for contractors' category registration and renewals;
- Limited consultancies undertaken due to Covid-19 restrictions; and
- More privatized Drilling works by private contractors were engaged in order to reduce the backlogs.

The Ministry anticipates a revenue collection of M1, 178, 767,361.00 in 2021/22 Financial Year.

3.2.2 Recurrent Budget

The Ministry's expenditure is at 95% of the M122, 494, 095 total amount released for the previous year. The variance was caused by the expenses to be covered in the last 2 months of the financial year. The Ministry is requesting M145, 298, 836.00 for its recurrent budget for 2021/22.

3.2.3 Capital Budget

The Ministry's expenditure is at 65% of the total amount released for the previous year. The variance was caused by the following factors:

- Delayed project consultancies and construction works due to covid-19 travelling restrictions and lockdowns;
- Wetlands damage and degradation due to floods experienced recently; and
- Property damage in Polihali Dam Project and other rural water supply projects due to heavy rainfalls.

The Ministry is requesting M709, 953, 701.00 for their 2021/22 Ministerial plans.

3.2.4 Observations and Recommendations

The Committee made the following observations:

- The reduced budget will negatively affect the maintenance of 'Muela Hydropower station and restoration of damaged infrastructure.

The Committee made the following recommendations:

- The Committee recommends that part of the Royalties should be saved in a revolving account, to cater for maintenance and other urgent expenses.

3.3 MINISTRY OF PUBLIC WORKS

3.3.1 Revenue performance

The Ministry's total collection of revenue for the Financial Year 2020/21 was M348,650.00 while the approved budget was M946,100.00. The variance of M597,450.00 was caused by the following:

- Only 3 tenders were made for small projects; and
- There were no demands for podium-hire due to Covid-19 restrictions.

The Ministry anticipates a collection of M831,500.00 for the Financial Year 2021/22. New sources of revenue have not been established in the coming financial year.

3.3.2 Recurrent Budget

The Ministry's approved budget for the previous year 2020/21 was M61,107,786, the total amount released was M52, 076, 779.00, The actual expenditure was M44, 405,337.00 and the variance was M7, 563, 717.00, which was caused by the following:

- Districts were not allocated funds due to insufficient budget; and
- Most of the budget is already committed, payments will be made by March,2021.

The Ministry has budgeted M73,982,477.00 for the Financial Year 2021/22.

3.3.3 Capital Budget

The Ministry's approved budget for the Financial Year 2020/21 was M799,844,068.24, the total amount released was M643,792,847.43 and the actual expenditure was M389,053,714.23. The variance of M254,739,133.20 was caused by the following:

- The Ministry delayed to attend to remedial works for Oxbow, Mapholaneng-Mokhotlong road because of pending cases in the Courts of Law;
- The contractor had some challenges with performance of local subcontractors who contracted Covid-19; and
- Some of the services are undertaken by most foreign personnel who were unable to travel.

M66, 500, 000.00 was reallocated from the project by the Ministry of Finance towards Covid-19 Fund.

The Ministry budgeted M800,233,620.00 for the Financial Year 2021/22.

3.3.4 Observations and Recommendations

- Due to heavy rainfalls, most of the roads need rehabilitation, the Committee therefore, recommends that the Ministry of Public Works work hand in hand with the Ministry of Forestry on Integrated Wetlands Management Project to rehabilitate those roads.
- Most of the Ministry's budget is utilized to pay contractors penalties, the Committee therefore, recommends that the Ministry of Finance assists the ministry with those penalties.

3.4. MINISTRY OF MINING

3.4.1 Revenue performance

The Ministry's actual collection of revenue for the Financial Year 2020/21 was M313,552,127.81. The approved budget was M 250, 360,208.85, after revision from M465,984,927.84 and there was a variance of M63,191,918.96 (over collection) due to the following:

- SMD and Mothae paid their due rent fees amounting to M3, 583, 492.00 well before their exempted time; and
- Lets'eng Diamonds declared M60 million in dividends.

The Ministry anticipates a collection of M644,165,737.00 in the Financial Year 2021/22. There are no new sources of revenue in the Financial Year 2021/22.

3.4.2 Recurrent Budget

The Ministry's approved budget was M26,825,316.00. The total amount released was M22,050,825.23 and the actual expenditure was M20,859,688.45. There was a variance of M1, 191,172.78, making the overall performance at 95%. The Ministry has outstanding payments to be made before the end of this financial year.

The Ministry has budgeted M23, 047, 760.00 for the Financial Year 2021/22 due to budget ceiling and it leaves a shortage of M7,866, 377 in order to meet its recurrent expenses.

3.4.3 Capital Budget

The Ministry's approved budget was M4, 157,905.00, total amount released was M845, 568.00 and the actual expenditure was M692, 914.00. There was a variance of M152,654.00 due to:

- A series of lockdowns which made it impossible to implement the field schedule as planned;
- Samples could not be sent for analysis due to cross-border restrictions. Diifficult terrain and heavy rainfall posed serious challenges for fieldwork to collect stream sediments samples; and
- Delays in completing the laboratory design and also in issuance of payment certificates for Mechanical, Electrical and Plumbing System (MEPS) Engineering consultants.

The Ministry has budgeted M2, 335, 294.00 for the Financial Year 2021/22.

3.4.4 Observations and Recommendations

- The Committee observed that budget ceilings have had a negative impact on the current budget's performance because most of the budget items do not have funds.

3.5. MINISTRY OF ENERGY AND METEOROLOGY

The Ministry made the following achievements in 2020/21:

- Established of Lesotho Generation Company (LEGCO) to oversee the construction of Phase I (30MW) and Phase II (40MW) of Ramarothole Solar Generation Facility and also launched Ramarothole Phase I Project;
- Launched of the Lesotho Renewable Energy and Energy Access Project for off-grid electrification in the country and grid extension to 6 industrial zones (Ha Belo, Tikoe Phase II, Berea, Qacha's Nek, Mokhotlong, Butha-Buthe, Mafeteng);
- Signed 8 Concession Agreements with private developers for the development of mini-grids in rural areas to provide electricity to 6,000 households in the Matsoaing, Tlhanyaku, Sehlaba-thebe, Lebakeng. Tosing, Sebakala, Sehong-hong and Mashai villages;
- Signed Grant agreements for 7 Energy Centres (Kubung, Koebunyane, Linakeng, Linakaneng, Malingoaneng, Litsoetse, Phamong); and
- Published Mini grids Regulations 2021.

3.5.1 Revenue performance

The Ministry's total collection of revenue for the Financial Year 2020/21 is at 60% due to the following:

- LEC still owes electricity supplied by 'Muela Hydro Power Plant;
- Low response to tenders/adverts made due to required technical expertise;

- Lockdown that happened in the first quarter of the Financial Year due to Covid-19; and
- Collection of February and March 2021 Oil Levy has not yet been received.

For the Financial Year 2021/22, the Ministry is anticipating a collection of M440,680,400.00.

3.5.2 Recurrent Budget

The Ministry's expenditure is at 88% of total amount released for the year. The variance was caused by late warrants issued and those released with lower amounts than requested.

The Ministry experienced the following challenges:

- Shortage of office space; and
- Lack of budget allocation for office furniture and equipment for the past four years.

The Financial Year 2021/22 budget is M28,802,381.00, which is lower than the previous year's budget by M404,972.00, resulting in M1.7million shortage.

3.5.3 Capital Budget

The Ministry's expenditure is 86.5% of M882, 712, 182.00 total amount released for the year 2020/21. The variance was caused by the budget cut of M112,350,000.00 towards funding of the COVID-19 response. The Ministry experienced the following challenges:

- Limited suppliers of Meteorological Equipment for procurement processes;
- Outstanding payment of M6,463, 348.00 on the Northern District Electrification Project;

- Insufficient funds to cover operations and personal emoluments;
- Scarce qualified consultants resulted in retendering of services in the Meteorology Sector thereby stalling the implementation of the projects;
- Inadequate financial resources to implement key programmes; the Ministry only managed to electrify 8,500 households out of the budgeted 18,000 due to COVID-19 budget cut-off;
- The delay in accessing government co-finance resources resulted in difficulties in the implementation of some activities, as well as delay in approval of virements; and
- Delay in project implementation due to COVID-19 restrictions.

The Capital budget for the Financial Year 2021/22 is M852, 000, 000.00, which is M22 million lower than the previous' year's budget.

3.5.4 Observations and Recommendation

- The Committee observed a serious backlog of projects that are not fully completed;
- The Committee recommends therefore, that the Ministry should try and prioritise their projects to be financed and implemented.

3.6. MINISTRY OF TRANSPORT

3.6.1 Revenue performance

The Ministry's approved budget for the financial year 2020/21 was M20,059,178.00, the actual collection was M32,584,206.80 and the variance of -M12, 525, 028.80 was caused by the following:

- The new fees which were effected after the projects were made, based on the old fees;

- Overcollection in vehicle inspection resulting from strict control measures implemented by the Department of Traffic and Transport.

The Ministry also indicated that lockdown affected normal passenger flights resulting in lack of collection for landing fees and airport service charges.

The Ministry anticipates a collection of M31,442,118 for the Financial Year 2021/22. New sources of revenue have not been established in the coming financial year.

3.6.2. Recurrent Budget

The Ministry's total amount released for the year 2020/21 was M58,530,711.76, the actual expenditure was M36, 038,535.93 and the variance of M22, 492, 175.83 was caused by the following:

- The Ministry has been operating under joint accounts for vehicle maintenance and repairs and fuel and lubricants; this has resulted in payments alternating between the Ministry of Public Works and the Ministry of Transport and causing under expenditure on travel and transport; and
- The exit of budgeted Officers due to early retirement, compulsory retirement, transfer on promotion and deaths during the Financial Year 2020/21;

The Ministry has budgeted M73,981,470.00 for the Financial Year 2021/22.

3.6.3. Capital Budget

The Ministry's approved budget was M17,385,680.00, the total amount released was M11,407,105.00 while the actual expenditure was M6,286,986.21. There was a variance of M 5,120,118.79 which was caused by the commitments of the Moshoeshoe1 International

Rehabilitation project, where Requests to Incur Expenditure (RIE) have already been made to the Ministry of Finance to effect all payments and this money will be used before the end of March, 2021.

M18, 000, 000.00 budgeted for Maputsoe Cross border was reallocated towards the fight against Covid-19 by the Ministry of Finance, which resulted in failure by the Ministry to pay the contractor; the contractor is now charging penalties of M426,000.00 on the delayed payments.

The Ministry has budgeted M44, 777, 000.00 for the Financial Year 2021/2022.

3.6.4 Observations and Recommendations

The Committee made the following observations:

- There is lack of transparency when it comes to recurrent expenditure, whereby the bills for Ministries of Transport and that of Public Works on certain line items have been posted to the Ministry of Public Works, which results in both Ministries alternating payments;
- The Committee noted that there's a lot of corruption within the Ministry especially on the services which generate the government's revenue; and
- Trucks and other vehicles have a tendency of transporting overloaded equipment or material across the country, which destroys roads, which costs the Government more money to rehabilitate roads.

The Committee made the following recommendations:

- That both the Ministry of Transport and Public Works resolve the issues they have with their service providers so that they may have separate bills;
- The Ministry should initiate strengthened measures and new Policies to curb corruption; and

- Weight bridges should be put in place at the borders and other parts of the country to ensure that trucks and other vehicles are not making overloads when transporting goods and equipment across the country.

3.7 MINISTRY OF FORESTRY, RANGE AND SOIL CONSERVATION

3.7.1 Revenue performance

The Ministry's total collection of revenue for the Financial Year 2020/21 is M51,046.00 as against the budgeted M177,500.00, due to Covid-19 restrictions which led to low demand for wood.

The Ministry anticipates a collection of M113,300.00 in the Financial Year 2021/22.

3.7.2 Recurrent Budget

The Ministry's approved budget for the Financial Year 2020/21 was M156,742,109.00, the total amount released was M130,280,787.00 and the actual expenditure was M91,248,157.63. The variance of M39,032,629.37 was caused by the following:

- Outstanding salaries for the month of March, 2021;
- payment of labourers for trips 3 and 4 to be made; and
- M1, 115,446.73 which will be utilized for special projects before the end of the Financial Year 2020/21.

3.7.3 Committee Observations and Recommendations

The Committee made the following observations:

- The Ministry's officers do not disseminate proper information about seedlings to the farmers;

- Labourers do not start work on time as information about their employment is not circulated on time; and
- The Ministry needs M211, 961, 289.00 to allow the Integrated Watershed Management Programme to operate for seven months.

The Committee made the following recommendations:

- That the Ministry should ensure they buy the seedlings that they had asked the farmers to produce, as failure to do so may have negative financial implications on the part of the farmers;
- That the Ministry sensitizes the farmers on their services and the quantity of seedlings they are willing to purchase;
- That the Ministry works hand in hand with the Councillors so that information can be transmitted smoothly to the wage paid workers; and
- That the House reconsiders the recurrent budget of the Ministry to enable the Ministry to help fight some of the socio-economic impacts of Covid-19 pandemic.

4.0 General Observations and Recommendations

- The Committee observed that separation of the Ministry of Public Works and Transport which was made during the financial year brought a lot of challenges for both the Ministry of Public Works and the Ministry of Transport and it will be difficult to account for certain funds in the future, as there were two Chief Accounting Officers in one Ministry. The Committee, therefore, recommends that in future, separation of Ministries be made before the beginning of the financial year so that there will be a smooth transition.

- The Committee noted that the budget ceiling across the Ministries was too low, therefore the Committee appeals to the Minister of Finance to consider increasing their budgets so that they can meet their objectives;
- The Ministries put in place good Policies, which were affected by a change of governments; the Committee, therefore, recommends that there should be a law which will bind governments to continue with those policies; and
- The Committee faced a challenge whereby some of the Ministries were not adhering to the template submitted to them for their performance and budget estimates reporting; the Committee, therefore, recommends that the National Assembly together with the Accountant General and the Minister of Finance revise the current template and come up with the user-friendly one for both the Ministries and the National Assembly Portfolio Committees.

LIST OF MEMBERS OF THE COMMITTEE

Hon. K. Mathaba (Chairperson)

Hon. T. G. Manyooko

Hon. M. M. Moremoholo

Hon. T. Ramatla

Hon. M. Lenkoane

Hon. L. D. Kompfi

Hon. M. `Muso

Hon. M. Sello

Hon. M. `Molotsi

Hon. M. Moletsane

Hon. T. Kholumo

Hon. S. Ntsekele

Hon. L. Litšoane

Hon. T. Tšolo

Hon. P. S. Molefi

Hon. J. T. Molise

Hon. L. G. Mots'oane

Hon. S. S. Sekhamane

Hon. E. Kaya

Hon. J. M. Sello